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DFID and China

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International Development Committee

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Map of China



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Summary

As China's economy has grown, so has its influence in the world. China matters to aid donors such as the UK's Department for International Development (DFID) because its growing global reach—especially within Africa—and its own record on poverty reduction have considerable influence on the achievement of the internationally agreed Millennium Development Goals (MDGs).

China presents a conundrum for DFID. It is now classed as a middle-income country and, despite real achievements in reducing poverty in China, the Department has announced its intention to withdraw bilateral aid in 2011. Yet around 16% of its population—equivalent to nearly one-third of the population of sub-Saharan Africa—still live in poverty. Just under half of the population have no access to basic sanitation, and a quarter lack clean drinking water. Affordable healthcare is beyond the reach of many and, amongst vulnerable groups, HIV/AIDS is spreading fast.

DFID has built one of the most successful aid programmes of all donors to China. Its highly cost-effective approach has relied on demonstrating small-scale, innovative projects in health, education, sanitation and water which have then been expanded by the Chinese Government. In the process, DFID has built influential relationships with policymakers in China.

These relationships are too important to lose. Nor is DFID's work in China yet complete. Withdrawing just four years before the 2015 MDG deadline may contribute to several targets being missed. The global financial crisis and the May 2008 earthquake have pushed people back into poverty.

We recognise that the UK's aid relationship with China should end. Nevertheless, we strongly believe that DFID's development partnership with China should continue. This will require not only the presence of DFID staff in Beijing but also a small funding element so that DFID can continue to demonstrate innovative approaches to poverty reduction in China through pilot projects. However, the small investment needed—probably between £5 million and £10 million annually between 2012 and 2015—would bring substantial returns, giving DFID influence on China's approach to development not just at home but overseas, including in relation to China's engagement with African countries.

Crucially, continued DFID support to China would also help China develop sustainably. The path that China chooses, in terms of carbon emissions, energy use and its sourcing of natural resources, will strongly affect the international community's efforts to address climate change. DFID currently leads UK Government support to adaptation to climate change in China and is a major international partner to China on climate change. It is also the lead Department for the UK-China Sustainable Development Dialogue. DFID has thus built influence and expertise on the development aspects of climate change that other UK Government Departments would struggle to replace.

DFID's relationship with China provides a mutual learning experience. The Department can help transfer lessons from China's own development to other developing countries,

particularly in global priority areas such as food security. It can also draw on its own innovative work in China to inform its programmes elsewhere.

The costs of not helping China to continue to develop, and to develop sustainably, are likely to be higher to the UK taxpayer than providing limited funding for an ongoing development partnership. The continuation of support in the run-up to 2015—with the amount of funding secondary to the exchange of ideas and expertise—would re-direct the UK's relationship away from a traditional donor-recipient model to a co-operative partnership based on mutual learning in a process that would be of enormous mutual benefit.

1 Introduction

1. Twenty per cent of the world's citizens—1.3 billion people—live in China making it the most populous country in the world. China has experienced a sustained period of huge economic expansion: growth has increased tenfold since 1978 and until 2007 was in double digit rates. As its economy has grown, so has its influence in the world. China's decisions on how it fuels and finances its continued growth, and how it uses its new-found wealth and influence, are felt across the world.

2. China matters to aid donors such as the UK's Department for International Development (DFID) because its growing global reach—especially within Africa—has considerable influence on the achievement of development objectives such as the Millennium Development Goals (MDGs). Around 476 million people were brought out of poverty in China between 1990 and 2005. This makes it the main contributor to global progress against MDG 1, which seeks to halve world poverty. The number of the world's poor decreased by 418 million between 1990 and 2005—but if China is excluded from the calculation, the number of poor people globally would have increased by 58 million during that time.¹ These figures illustrate starkly that China is on track to meet MDG 1, by more than halving the proportion of its population who are in poverty, while many poorer countries are not only off track, but actually moving away from the Goal.

3. We decided to launch an inquiry into DFID's support to China in February 2008. Key issues for the inquiry included: the appropriate size and scope of DFID's aid programme in China; the effectiveness of the UK Government's strategy to engage with China on international development; and DFID's decision to phase out its bilateral programme by 2011. We received 16 submissions of written evidence from a wide range of stakeholders including: government departments; NGOs; academics; consultancies; and the private sector. We held four evidence sessions in Parliament between May 2008 and January 2009. We are grateful to all those who took the time to engage with the inquiry, especially given that it took place over a more protracted time period than first envisaged. Our initial plan to visit China in May 2008 had to be revised following the devastating earthquake that hit China in that month. We did not want our visit to divert attention from the recovery effort in the immediate aftermath of the disaster, and took the decision to postpone our visit until later in the year.

China's development

4. China's own record of poverty reduction and development offers many lessons for donors and developing countries. Rapid job creation and infrastructure construction have quickly pulled whole swathes of the population above the poverty line. The production of global public goods such as science and innovation has propelled China into the global knowledge economy.² China has been hugely successful in feeding its vast population and,

1 Ev 71. This statistic uses newly revised World Bank estimates of poverty that are based on a \$1.25 poverty line.

2 Ev 64

given the current global problems in food production and supply, the country could have many crucial lessons to share with other developing countries.³

5. But it is equally clear that growth alone has not ensured poverty reduction throughout China.⁴ 208 million Chinese people, or 16% of the population, live on or below the \$1.25 per day poverty line.⁵ This is equivalent to nearly one-third of the population of sub-Saharan Africa.⁶ Poverty is concentrated in rural areas, within ethnic minorities and in western provinces. While Beijing and Shanghai have reached the development threshold of high-income countries such as Cyprus and Portugal, south-western provinces such as Guizhou bear more similarity to middle-income countries like Namibia or Botswana.⁷ Inequality across China is now higher than in any OECD country: the richest 10% of the population has 35% of total income, the poorest 10% has less than 2%.⁸ Now that China has emerged as a middle-income country, it needs to make more rapid progress on welfare policies and redistribution of resources from richer to poorer people through taxation and public spending.

Current challenges

6. Inequality is one of a series of internal and global challenges that are likely to affect China's development path. Another key challenge is internal migration. It is thought that China is undergoing the largest rural to urban migration in history, with an estimated 300 million people moving to cities over the next two decades.⁹ The implications for the country's development are wide-ranging and include poverty for those left behind in rural areas and overcrowded, polluted cities. It is estimated that 40 million children have been 'left behind' in their home communities by parents who have migrated for work.¹⁰

7. The future impact of this migration will be closely allied to the effect of the current global economic crisis on China's economy. The OECD has recently predicted that the downturn is causing China's economy to deteriorate faster than most other economies (in common with other countries with export surpluses such as Russia and Germany). Annual growth predictions for 2009 are being scaled down from 9% to as low as 5%.¹¹ This is causing concern about both people's livelihoods in China and the effect of China's economic decline on the world economy (and hence other countries' ability to reduce poverty). China's target growth level of 8% for 2009 is partly based on the prevailing wisdom in China that each 1% of growth represents 1 million jobs. China needs 8 million jobs each year just to satisfy the demand from new entrants to the labour market. It is estimated that unemployment could already have reached 26 million by January 2009 and

3 Ev 97

4 Ev 90

5 These statistics are for 2005. Ev 71

6 The population of sub-Saharan Africa was 769 million in 2005. UN, *World Population Prospects* online at <http://esa.un.org/unpp/p2k0data.asp>

7 "China's huge poverty gap slowing growth, UN says", *The Guardian*, 17 November 2008

8 Ev 66

9 Ev 99

10 Ev 99

11 "China falls the quickest as downturn goes global", *The Daily Telegraph* 13 January 2009

that 20 million migrant workers have returned to rural areas from Chinese cities.¹² In an attempt to stimulate the economy, the Chinese Government announced a fiscal stimulus worth £400 million in November 2008.¹³

8. In addition to these challenges, China suffered its most serious natural disaster for three decades in May 2008, when an earthquake measuring 8 on the Richter scale hit Sichuan province and killed up to 75,000 people. The Chinese Government was credited for its swift and comprehensive response but the need for huge amounts of reconstruction and recovery work remains. The Government estimates that at least 10 million people have been driven below the poverty line as a result of the earthquake.¹⁴

9. The process of climate change is likely to increase the incidence of extreme weather events in China, which could have a similar, devastating impact to the earthquake. Predicted impacts (some of which are already becoming apparent) include: increased flooding in the south; droughts in the north; Himalayan ice melt; and significant reductions in net agricultural production.¹⁵

China as a development actor

10. China has a critical role within international efforts to mitigate and adapt to climate change. It has recently overtaken the USA as the world's largest emitter of greenhouse gases (although its per capita annual emissions rates are still only a quarter of those in the United States—see paragraph 74) and its energy consumption continues to grow quickly.¹⁶ Its thirst for oil and other natural resources has intensified since the mid-1990s. China's approach to gaining access to natural resources in developing countries does not emphasise good governance and human rights in the way that most developed country approaches do. This has led to criticism that China has provided tacit support for rogue regimes such as those in Sudan and Zimbabwe.

11. Chinese investment has brought benefits to many developing countries. China is now Africa's second largest trading partner with two-way trade totalling \$70 billion. In the first nine months of 2006, China invested as much in infrastructure in Africa (at least \$5 billion) as the investments made by all OECD countries added together.¹⁷ China has also begun aid relationships with many countries. However, there are concerns over the transparency of these aid flows: China does not generally give details about the aid it delivers, does not usually describe it as aid, and it is not currently a member of the OECD, although it is discussing this with the organisation. We would welcome China joining the OECD and its Development Assistance Committee (OECD DAC), which reports on donor countries' international aid funding.

12 "Downturn in China leaves 26 million jobless", *The Guardian*, 3 February 2009

13 Q 156

14 Ev 70

15 Ev 62

16 Ev 81

17 Ev 61; see also speech by Lord Malloch Brown in Beijing, 30 August 2007, "Africa: New partnerships and opportunities".

The UK Government's development relationship with China

12. As a result of its growing wealth, China has graduated from the World Bank's 'low-income' category to become a 'middle-income' country. The Bank divides this category into upper and lower middle-income countries; China is in the lower middle-income bracket.¹⁸ However, because of the remaining poverty in China, a number of countries—including the UK—retain an aid programme in China. This foreign aid represents a very small proportion of China's Gross Domestic Product (GDP). Total Official Development Assistance (ODA) disbursed by all donors in China (currently 15 bilateral and four multilateral donors) in 2006 was \$2.76 billion, or less than 0.1% of China's GDP. Half of this amount was given in grant form and half as concessional loans.¹⁹ UK assistance through DFID represented around 2.5% of total aid spent in 2006.²⁰ This means that DFID assistance to China was worth 0.0025% of China's GDP.

13. DFID's aid programmes over the first half of the last decade (under its 1998-2001 and 2002-2005 Country Strategy Papers) incorporated work on social and economic reform with poverty-focused activities in health, education and sustainable environmental management. The opening of a DFID country office in 2003 led to a re-evaluation of the programme and social and economic reform was dropped in favour of a narrower focus on supporting China to reach the MDGs in: education; health (including HIV/AIDS and TB); and water and sanitation.²¹

14. DFID's 2006-2011 Country Assistance Plan continues the focus on the MDGs and adds a new strategy to engage with China on international development issues.²² DFID's projected expenditure for 2008-09, 2009-10 and 2010-11 is £35, £30 and £20 million respectively which it says are the amounts needed to fulfil its agreed programmes with China.²³

15. The 2006-2011 Plan also set out the anticipated future evolution of DFID's relationship with China:

We anticipate that by the end of 2011 our partnership will have evolved from a donor-recipient relationship to one largely based on dialogue and cooperation with China on international development issues.²⁴

DFID reiterated its intention to withdraw its bilateral programme in China in 2011 in its written submission: "Given the pace of China's development, the bilateral programme in China will end by 2011."²⁵

18 For further information see www.worldbank.org

19 Ev 55-56

20 Ev 55

21 Ev 56

22 'International development' is used in this context (and throughout this report) to describe China's engagement with development in third countries and with international development issues and processes, for instance climate change, sustainable development, China's role in Africa and poverty reduction.

23 Ev 55

24 DFID, *Country Assistance Plan in China 2006-2011*, Para A6

25 Ev 55

DFID's strategy for middle-income countries

16. The decision to withdraw bilateral aid from China conforms with DFID's 2005-2008 Strategy for middle-income countries (MICs). In this paper, DFID acknowledged that, given that nearly one-third of people living on less than \$1 a day are in MICs, it makes sense to channel a proportion of its bilateral assistance towards this grouping of countries, especially the "large, strategically important countries that affect the achievement of the MDGs regionally or globally."²⁶ The Strategy is based on DFID's commitment to spend 10% of bilateral aid in MICs, leaving the remaining 90% for low-income countries ('the 90:10 split').²⁷ In 2007-08, DFID allocated £263 million, or 12%, to MICs out of the £2,183 million that it spent on Country Specific Bilateral Aid.²⁸ DFID states: "We will develop clear graduation plans for DFID bilateral assistance in all MICs, which will be negotiated and shared with governments and other bilateral donors."²⁹ We strongly agree with this statement.

17. However, DFID's MIC Strategy expired in 2008. We asked DFID's Parliamentary Under-Secretary of State, Michael Foster MP, whether a successor strategy would be produced. The Department provided a short note telling us that they no longer have a public version of their middle-income strategy. This note reiterated the commitment to the 90:10 split. It set out two criteria for the use of this 10% allocation:

- Upon achievement of middle-income status DFID's general approach is to pursue a strategy of sustainable graduation from bilateral assistance.
- DFID's limited bilateral assistance for middle-income countries is increasingly focused on large, emerging global partners which have the potential to make a significant impact on poverty reduction in other countries (e.g. China, South Africa).³⁰

18. No further elaboration was provided of which MICs would receive funding and how programmes would be designed and implemented in such countries. We are disappointed that no follow-up strategy is in production, given engagement with MICs is a core part of DFID's overall programme of work. This lack of clarity over DFID's strategy for future engagement with MICs has made it difficult for us to assess China as an element in a coherent DFID strategy for MICs—but it seems logical to us that China should feature in any middle-income strategy.

19. Whether or not a successor strategy for MICs is produced, it is our view that China may need to be assessed on its own terms. However, the strategy adopted for China needs

26 DFID, *Achieving the Millennium Development Goals—The Middle-Income Countries: A Strategy for DFID 2005-08*, Summary, para 7

27 The 90% target was set out in DFID's Public Service Agreements (PSA) for 2003-06 and 2005-08; in the 1999-2002 PSA, the target was 75%. The 90% target is restated in the current PSA (see PSA Delivery Agreement 29, para 1.5). See also DFID, *Achieving the Millennium Development Goals—The Middle-Income Countries: A Strategy for DFID 2005-08*, para 4.11

28 DFID, *Statistics on International Development 2008*, p 78

29 DFID, *Achieving the Millennium Development Goals—The Middle-Income Countries: A Strategy for DFID 2005-08*, para 4.11

30 Ev 75

to be coherent and intellectually consistent with the strategy for other MICs, even though DFID itself admits that China represents a unique set of circumstances:

Country resource allocation within DFID is normally informed by DFID’s corporate resource allocation model. This uses relative country need and performance in reducing poverty and achieving improvements in living standards as the basis for allocation. However, China is specifically excluded from the model because of China’s overall population—1.3 billion; and still considerable number of poor people.³¹

DFID says that “In these circumstances, estimating what is a reasonable allocation for China is a matter of judgement.”³² It is certainly clear that China’s size and the pace of its development have given it an international influence which other DFID-supported MICs simply do not have (for example, Indonesia). We will return to the issue of China’s place within DFID’s future MIC strategy in Chapter 4.

The future UK-China development relationship

20. A number of factors have led us to believe that, whilst DFID is right to withdraw its bilateral aid programme to China in 2011, the Department should replace it with a new, bilateral development partnership with the country—a partnership that would include a funding element. We will explain how we have reached this conclusion over the coming chapters. However the considerable success of DFID’s aid programme in China over the last decade is a major factor.

21. Over the last 10 years, the Department has built, within a unique and sometimes challenging context, what is probably the most respected bilateral aid programme in China. It has used limited resources to maximum effect, building influential relationships and highly effective aid projects from relatively small amounts of money. Central to this approach has been DFID’s strategy of introducing small-scale pilot projects and, once their success has been proven, encouraging the Chinese Government to scale them up. DFID has called this approach “modest”, but the results have been anything but.³³

Our visit to China

22. The process of developing our view of the UK-China development relationship was greatly assisted by our visit to China in December 2008. Over the course of ten days, we visited three contrasting regions—the capital city, Beijing; Gansu, a poor, rural western province; and Sichuan province, the region most seriously affected by the earthquake of May 2008. We visited a number of sites and held discussions with a broad range of people including: government ministries; schools; clinics; provincial authorities; training schemes; and non-governmental organisations (NGOs). We met with other donors and with academics, consultants and representatives of the private sector. We witnessed the destruction wrought by the Sichuan earthquake in settlements close to the epicentre and

31 Ev 55

32 Ev 55

33 Ev 56

talked to local people. We were greatly impressed with the DFID staff and programme in China and would like to thank everyone who made the visit so worthwhile and interesting (see Annex for the visit programme).

The structure of this report

23. Following this introductory chapter, our report will continue by exploring DFID's aid programmes in China since 2003 which have mainly focused on supporting the achievement of the MDGs in: education; health (including HIV/AIDS); and sanitation and water. The chapter will also look at DFID's support to sustainable development. Chapter 3 will examine the impact of DFID's relationship with China on development in third countries and on international priorities such as climate change. Chapter 4 will draw together conclusions from the earlier chapters to inform our analysis of what form the UK's future development partnership with China should take.

2 DFID's programme since 2003

24. A primary focus of DFID's 2002-05 and 2006-11 bilateral aid programmes has been supporting the achievement of the MDGs in China. This chapter will explore the five major sectors on which this support has focused: poverty reduction; education; health; sanitation and water; and sustainable development.

Poverty reduction

25. DFID supports a major poverty reduction project with the World Bank with a contribution of around £22 million.³⁴ The project aims to improve the livelihoods of 1.4 million people in remote regions of Sichuan, Guangxi and Yunnan provinces, for instance by assisting with loans for agricultural activities, improved rural infrastructure and improved health and education. We met provincial officials in Sichuan who were using project money to target the poorest rural inhabitants (those with an annual per capita income of around \$100). The officials gave us a very impressive and detailed presentation of how they were using this funding. They had promoted community participation in all activities, which included infrastructure construction (especially roads and irrigation for agriculture) and the development of a medical assistance scheme. The May 2008 earthquake had increased poverty from 11% to 35% of the population in the worst-affected areas, and so a current priority was rebuilding affected areas.

26. The joint DFID-World Bank project shows how effective DFID has been in maximising its small budget by partnering with larger donors. DFID says that working in this way has "greatly improved the effectiveness of much larger amounts of loan financing."³⁵

27. DFID also supports poverty reduction in urban centres. Its Start and Improve Your Business (SIYB) project (run with the International Labour Organisation, ILO) was started in 2004 to help people vulnerable to poverty to develop their own businesses. The ILO representative in Beijing told us that, following the expansion from the initial 14 cities to a further 100, SIYB was the largest employment creation scheme in the world. She told us that, whilst DFID's funding had been relatively small (£3 million), its technical assistance had been enormously important and had, in fact, made the expansion of the project possible. We met entrepreneurs benefiting from the scheme in Chengdu, and heard about their successful ventures, which included a water processing product, pig breeding, a silk shop and a beauty therapy business.

28. During our visit, we travelled to the area of Sichuan province worst-affected by the May 2008 earthquake. In Hangwang township, 30,000 residents had had to be resettled following the almost total devastation of the town (4,000 citizens had been killed). At the resettlement site, ILO and DFID had launched a new scheme entitled 'Emergency Start and Improve Your Business' with DFID support of £350,000. The scheme, which had been

34 The total budget for the project is \$100 million, with a DFID commitment of \$32.45 million to reduce the interest rate on the Bank loan, plus £5.5 million as a grant (Ev 57)

35 Ev 56

running since August 2008, offered classes and coaching in re-establishing small businesses, and starting new commercial ventures, following the earthquake. Skills being taught included developing business plans, using marketing techniques and obtaining loans.

29. We were highly impressed with the joint DFID-International Labour Organisation Start and Improve Your Business (SIYB) project. DFID and the ILO have achieved a huge multiplier effect for their investment following the Chinese Government's expansion of the project from 14 initial cities to more than 100, making this the largest job creation scheme in the world. We were pleased to hear that the high quality technical assistance provided by DFID had played a key role in the expansion of the scheme. We were also very pleased to see that an adapted SIYB project had been launched as part of the emergency response to the May 2008 earthquake. We encourage DFID to ensure lessons from this particular application of the scheme are effectively transferred to the Chinese government so that they can form part of future emergency responses.

Education

30. China operates the world's largest education system, responsible for 20% of the world's students. The sheer task of providing education on this scale is quite staggering: in 2005, there were 170 million pupils, 9 million teachers and 360,000 primary schools in China. The Chinese Government has made it a priority to provide nine-year education (for ages 6-14) for all children and as a result it has met MDG 2 seeking universal access to education of primary school age. It has achieved gender parity in access to primary and junior secondary schooling and is on-track to reach it for the senior secondary and tertiary level by 2015.³⁶ This is strong overall progress but national figures conceal persisting problems at local levels especially in western provinces and among ethnic minorities and particularly regarding drop-out rates for girls in the early secondary years and in higher secondary schools.³⁷

31. As we saw during our visit to China, the focus is now moving from enrolment to educational quality. DFID has made this one of three priorities in its support to education, in addition to: supporting the enrolment and retention of marginalised children (the poorest children, girls, children with disabilities and children from ethnic minorities); and improving school organisation, financing and management.³⁸ The Department offers support in the poorest counties within a number of western provinces: Gansu, Sichuan, Yunnan, Guanxi, Guizhou and Ningxia. DFID has three ongoing education programmes:

- the World Bank-DFID Basic Education in Western Areas Project (£24.5 million, 2004-2009). DFID estimates that the project will improve the equality of education for 2.4 million pupils. Under this project, 220,000 children—mainly girls—will

36 UNESCO, *Education For All Global Monitoring Report 2009*

37 DFID China, *Briefing Paper: Basic Education* (September 2008)

38 DFID China, *Briefing Paper: Basic Education* (September 2008)

receive boarding subsidies (the availability of boarding often being the deciding factor in whether girls from remote areas attend school);³⁹

- the Southwest Basic Education Project (£27 million, 2006-2011), a bilateral project with the Ministry of Education to support the achievement of nine-year compulsory education in Yunnan, Sichuan, Guizhou and Guangxi provinces; and
- the Support to Universal Basic Education in Gansu Project (£6.25 million, 2006-2010). This project builds on lessons from a previous DFID-supported Gansu Basic Education Project (2000-2006) in other counties in the province.⁴⁰

32. We visited two schools during our visit. The first, Yao Jia Wan Primary School, was in a poor county in Gansu province (see Map) and all 270 students belonged to the Hui ethnic minority community. The second school that we visited was Yong Tai Township Centre Primary School, a larger school (1000 students) in Sichuan province. Both schools had received DFID support, the first from the original Gansu Basic Education project (£14.4 million, 1999-2006) and the second from the World Bank-DFID Basic Education in Western Areas Project.

33. In both schools, two particular innovations had been introduced under DFID's support: school-based planning and child-centred learning. School-based planning promotes a 'bottom-up' decision-making approach under which committees of parents, teachers, students and community leaders participate in the running of the school. The two main aims are to both increase local 'ownership' of the school and to ensure that school curricula, organisation and culture are locally appropriate. To promote child-centred learning, teachers receive training that emphasises children's participation and their ability to learn, rather than the use of 'rote learning' or lecturing techniques. We were told that David Dollar, the World Bank Country Director, can recognise a DFID-influenced school in China straight away simply from the layout of the room, which is no longer arranged in formal rows but in a more participatory way.⁴¹

34. Benefits from these two approaches were evident in both schools. At Yong Tai, a three-year 'school vision' had been developed by the school planning committee that emphasised the needs of the many local children whose parents had migrated to cities for work. At both schools, the children were highly confident and seemed very happy, something the teachers attributed to participatory learning techniques such as interactive lessons and small group activities. The headmasters were both very positive, enthusiastic individuals who were clearly providing highly effective leadership to their schools.

35. These two interventions are representative of an approach DFID has used across its support to social services in China. DFID has sought to pilot small-scale ideas and demonstrate their efficacy to the Chinese authorities, before promoting the transfer and scaling-up of the approach to provincial or national level. For example, the child-centred learning approach was trialled in DFID's initial 2000-2006 Gansu Basic Education Project. Lessons from this pilot were then disseminated to other poor counties in Gansu province

39 Ev 58-59

40 Ev 58

41 Q 162

under a follow-on project, Support to Universal Basic Education in Gansu, launched in 2006.⁴² The approach relies more on the provision of effective technical assistance than on substantial funding. Under the Basic Education in Western Areas Project, run jointly by DFID and the World Bank, DFID provides most of the technical assistance and operational research that are central to piloting good practice.⁴³

36. UK-based charity VSO told us that this approach of demonstrating good practice was highly effective:

We think DFID has created an enabling environment for really improving the quality of basic education and compulsory education in Western China [...] They have really supported very intensely certain counties in China to become models of good practice that we can then expose other parts of China to. [...] They have sensitised [...] educational authorities to a new way of delivering educational services, which makes it easy for international NGOs such as ourselves to then come along and do more. [...] They have really encouraged community participation in education, which we think is the best way to make sure some of the gains are sustained in the long term.⁴⁴

37. DFID told us that “China is unique amongst developing countries in its ability to draw on ideas and innovation from others and creatively build on them and roll them out across its vast country, pulling millions of people out of poverty in the process.”⁴⁵ As a result, the numbers of children whose lives are being improved by DFID’s education projects are likely to rise considerably. **We were struck in the two schools that we visited in China by the impact of DFID’s work in education in poor areas of China. DFID has targeted its support effectively towards marginalised children, prioritising interventions that specifically address the needs of poor rural children, ethnic minorities and girls. We were particularly impressed with the school-based planning and child-centred learning techniques that DFID has helped to implement successfully. We welcome the Department’s approach of demonstrating the effectiveness of innovative approaches to education at the micro-level, and then handing over such projects to the Chinese authorities to scale up. This approach has achieved a real and positive impact on the world’s largest education system and benefited millions of children and communities. It is also exploring innovative methods of teaching which could be applied in neighbourhoods of educational under-achievement in the UK.**

Health

Remaining health challenges within China

38. Health provision—in terms of access and quality of care—has improved significantly in China over recent decades. However, major challenges remain. There are substantial inequalities in access between poor western and richer eastern provinces, urban and rural

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43 Information provided during the Committee’s visit to China.

44 Q 70

45 Ev 56

areas and different social groups. In some areas, China is bearing the double burden of communicable diseases such as tuberculosis (TB) and HIV/AIDS, and non-communicable diseases associated with rising affluence such as diabetes. Disproportionate social investment in urban areas is contributing to huge disparities in health outcomes, with life expectancy now 11 years longer in Shanghai than in the relatively poor western province of Gansu.⁴⁶ Further, the proportion of healthcare costs that the Government expects individuals to meet has increased significantly over the last two decades.⁴⁷ DFID told us:

As a result of government policies, a de facto private health care system is operating within the structure of a former nationally funded and managed health system. This has weakened health systems and neglected public goods like preventative health. Many poor people cannot afford basic health care, because of the high level of out-of-pocket payments.⁴⁸

Because of the high costs of healthcare in China, people tend to save money in case they need to pay for healthcare or other emergencies. We were told that even the poorest people save up to 40% of their limited income to provide for illness and income failure. This is directly contributing to the financial crisis, as much of China's population cannot afford or do not want to risk spending on consumer goods, so the prospects for boosting domestic consumption are bleak.⁴⁹

39. The substantial challenges which China faces in ensuring access to quality healthcare were all too apparent at the hospital that we visited in a poor county in Gansu province. The hospital had been re-built in 2002 and was described as “top quality”. However, it had neither heating nor running water and could only offer 12 inpatient beds for a population of over 20,000 people.

40. Most of the health-related MDGs are likely to be met in China by 2015, but challenges remain for a number of targets:

- Whilst child mortality will be successfully reduced by two-thirds by 2015—and hence MDG 4 will officially be met—this masks the fact that huge numbers of children in certain parts of the country are at risk. A recent study of China's health system by *The Lancet* found that children born in parts of the Chinese countryside are up to six times more likely to die by the age of five as their counterparts in wealthy cities.⁵⁰ In the poorest counties, the study found infant mortality to be 123 for every 1000 births, higher than Zambia, Rwanda or Ethiopia.⁵¹
- China is on-track to meet the MDG 6 target seeking to “halt and begin to reverse” the spread of HIV/AIDS by 2015, but there is still work to be done in order to meet the second MDG 6 target of providing universal access to anti-retroviral treatment

46 “As China's cities boom, rural life is poor and short”, *The Daily Telegraph*, 21 October 2008

47 Ev 57

48 Ev 57

49 Q 157

50 Shenglan Tang et al, “Tackling the challenges to health equity in China”, *The Lancet*, vol 372 (2008), Issue 9648, p 1494

51 Shenglan Tang et al (2008) and UNDP, *Human Development Report*, 2007/08

by 2010—especially amongst vulnerable groups such as migrant workers, men who have sex with men, drug users and sex workers.⁵²

- China is making progress towards the third MDG 6 target seeking to reduce by half the number of TB cases, but a lack of staff means that its national TB programme has key gaps in coverage, especially in rural areas.⁵³ DFID has supported China's efforts to tackle TB by providing technical assistance and funding of £28 million (2002-2010) to a national programme that seeks to improve detection rates and increase access to treatment. 80% of TB cases are now detected and 94% cured.⁵⁴

Health sector reform

41. A major plank of DFID's assistance to health has been support for reform of the health sector to ensure that it prioritises access for poor people. Accordingly, it has sought to influence Chinese Government policy itself, rather than attempting to use its limited funds to secure gains in service delivery to a massive population.⁵⁵ DFID has provided support to provincial-level government through two initiatives over the last 10 years—the 'Health 8' Support Project co-financed with the World Bank (£21 million, 1999-2007) and the Urban Health and Poverty Project (£10 million, 2001-2007).

42. The 'Health 8' Project increased access to healthcare for 47 million poor people in 10 provinces in mid- and western China. The Project supported the Government's introduction of major new approaches to China's health system, such as an expansion of immunisation services and the promotion of birth deliveries in hospital.⁵⁶ The Urban Health and Poverty Project introduced the use of community health service centres and the concept of general practitioners being the first point of contact. Under the Project, DFID supported local governments in piloting Medical Financial Assistance (a scheme providing money to poor people to pay for health services). DFID says that lessons from these pilots were fed directly into the design and implementation of a national initiative that was subsequently introduced and now provides financial assistance in 86% of urban districts across China.⁵⁷

43. DFID is using experiences from these two influential projects to inform a new Rural Health Project co-financed with the World Bank (2008-11, £5 million) and a Health Policy Support project run with the World Health Organisation (WHO, 2005-2009, £6 million). Under the Health Policy Support project, DFID and the WHO work directly with policymakers from the ministries in Beijing that are responsible for health sector policy to promote health policies that explicitly focus on poor people's needs.⁵⁸ In its submission, the consultancy YozuMannion Ltd said that the Project had successfully influenced government policy and that it was a "good example of a government-led project focusing

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56 Ev 57-58

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on supporting policy dialogue in health with the aim of supporting government efforts to improve the access and affordability of health care for the whole population.”⁵⁹

44. During our visit to China, the Vice-Minister for Health told us that DFID was playing an “indispensable” role in guiding China’s health policies and institution-building and that joint China-DFID programmes were regarded as a model for international projects because they took account of local conditions and moulded programmes around them. **We commend DFID’s efforts to help influence health sector reform in China over the last decade. During our visit, we saw evidence of the substantial challenges facing China in ensuring access to quality healthcare for all, especially poor people in rural areas of western provinces. Over the last decade, DFID has successfully supported small-scale pilot projects, including a medical financial assistance scheme enabling poor families to pay for healthcare, that have fed directly into the design and implementation of national reforms to the health sector. DFID is now using the relationships it has built up with Chinese policymakers to work directly on health policy.**

HIV/AIDS

45. China has a generally low prevalence of HIV with 0.1% of the population affected.⁶⁰ But infection is spreading: at the end of 2007 China had an estimated 700,000 people living with HIV, a rise of 45% from 2006.⁶¹ A recent report by China’s state media said HIV/AIDS is now the leading cause of death, with almost 7,000 people dying from the infection in the first nine months of 2008. This represents a dramatic increase: China’s Ministry of Health say that until three years ago, fewer than 8,000 people altogether had died from HIV/AIDS.⁶² The epidemic in China had initially been concentrated amongst intravenous drug users (IDUs) but, increasingly, transmission is through heterosexual sex and men who have sex with men (MSM). Within groups vulnerable to HIV infection, prevalence is high: amongst IDUs it is estimated to be 6-7%, amongst MSM 5-6%, and amongst commercial sex workers about 1%. There are regional disparities in infection rates, with poor provinces and those which share borders with other countries experiencing the highest infection rates (Yunnan, Xinjiang, Sichuan and Guangxi).

46. Whilst the epidemic is currently concentrated within vulnerable groups and certain provinces, there is potential for it to spread quickly into the general population, due to:

- the growing number of sex workers within China;⁶³
- the increasing HIV prevalence within the MSM community, and the large number of MSM who risk transferring infection to female partners;

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60 UNAIDS, *Country Responses – China*, online at <http://www.unaids.org/en/CountryResponses/Countries/China.asp>

61 “China admits that cases of HIV/AIDS have risen 45 per cent”, *The Independent*, 23 February 2008

62 “Aids takes deadly toll in China”, BBC, 18 February 2009. Online at <http://news.bbc.co.uk/1/hi/world/asia-pacific/7896133.stm>

63 Jing Gu and Neil Renwick, “China’s Fight against HIV/AIDS”, *Journal of Contemporary China* (2008), vol 17 Issue 54, pp 88-89

- the number of migrant workers contracting the infection and then returning to partners/wives in their home province (and vice versa); and
- the fact that in most provinces the number of women being infected is rising steadily, leading to the risk of mother-to-child transmission.⁶⁴

During our visit to China, a non-governmental organisation (NGO) told us that China was at a crossroads: unless the right policies were implemented, China could move from low to high prevalence as quickly as high-burden countries such as South Africa had done.

47. In order to ensure both MDG 6 targets are met—the first target seeking to “halt, and begin to reverse” HIV and the second (currently off-track) target to provide universal access to anti-retroviral treatment—the following challenges will need to be tackled:

- meeting the needs of vulnerable groups;
- dealing with stigma: any discrimination on the basis of HIV status is now illegal, yet in practice it is widespread, including among healthcare workers;
- scaling up small pilot projects to ensure necessary coverage;
- improving co-ordination between multiple government sectors; and
- ensuring NGOs and community groups can play a full part in tackling HIV/AIDS.

Chinese Government resources for HIV/AIDS have steadily increased; the 944 million renminbi (RMB, approximately £96.4 million) allocated by central government in 2007 was an increase of 11% on 2006, and the 350 million RMB (£35.8 million) by provincial government an increase of 50%.⁶⁵

48. DFID’s support is focused in the poor western border provinces. Its projects support the development of models of HIV/AIDS prevention and care for vulnerable groups and building capacity to scale up responses. Its HIV/AIDS Prevention and Care project (HAPAC, £20 million, 2000-06) trialled large-scale replicable prevention and care models in Sichuan and Yunnan provinces. DFID called this “the single largest source of locally developed models, good practice and materials in China”.⁶⁶ An independent external review of the project concluded that it had led to a range of positive outcomes, including: significantly increased condom use; significant reduction in needle-sharing amongst IDUs; changes in gender power relationships, enabling sex workers to negotiate 100% condom use; and a reduction in stigma.⁶⁷ Models from the HAPAC project have now been scaled up to national level: DFID told us that “the policy environment was initially very restrictive but harm reduction and condom promotion are now central to government policy on HIV and AIDS”.⁶⁸ YozuMannion Ltd told us:

64 DFID China, *Briefing Paper: HIV/AIDS*, September 2008

65 DFID China, *Briefing Paper: HIV/AIDS*, September 2008

66 Ev 58

67 DFID China, *Briefing Paper: HIV/AIDS*, September 2008

68 Ev 58

DFID-funded projects have created a neutral space to pilot innovative approaches from abroad and build domestic support for them within China. HIV/AIDS pilots with the China/UK HAPAC Project, for example, provided an evidence base that has facilitated the dramatic reform of national HIV/AIDS policies by the Government of China.⁶⁹

49. In 2006, DFID committed £30 million (over five years) to what is China's largest HIV/AIDS project. This joint project with the UN and the Global Fund to Fight AIDS, Tuberculosis and Malaria targets high-risk populations in the seven highest prevalence provinces within China. It builds on the experiences of the HAPAC, extending the activities trialled in Sichuan and Yunnan to five other provinces. DFID says that direct beneficiaries will include 440,000 members of high-risk populations, 79,000 people living with AIDS and 4.5 million members of vulnerable groups.⁷⁰

50. During our visit, we saw some highly successful initiatives that were being funded from the new joint project, including a methadone maintenance treatment clinic in Chengdu. Because drug use is illegal in China, it is difficult for IDUs to approach government facilities for treatment or counselling. This drop-in clinic represents a ground-breaking approach which offers ongoing methadone treatment (currently to 300 patients) as a way to help IDUs break their addiction to illegal drugs such as heroin. The clinic also runs a needle exchange programme (currently being used by 423 people) and offers HIV counselling and testing services. It is run with full Ministry of Health, police and district authority co-operation. It demonstrated benefits for community relations in addition to its impacts on drug use and HIV infection—for instance, the local crime rate has dropped by over 20% since the programme began.

51. Within certain groups of the Chinese population, the country's HIV rate is high and is growing. Infection could easily spread within the general population. We believe this is a worrying situation that requires urgent attention. We were impressed to hear about the achievements of DFID's HIV/AIDS Prevention and Care project (HAPAC). Again, DFID seems to have achieved a 'demonstrator effect' by pioneering replicable models that have subsequently been scaled up at national level. We commend DFID for this, and for committing £30 million to a new joint project with the UN and the Global Fund to Fight AIDS, Tuberculosis and Malaria that will build on the experiences of the HAPAC. We were highly impressed with the methadone maintenance treatment clinic, funded by the new project, that we visited in Chengdu. It demonstrates the effectiveness of innovative approaches to HIV treatment and care, and the benefits of multi-sectoral co-operation. However, the project is on a small scale and we recommend that DFID continue to promote the replication and expansion of initiatives of this kind.

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Sanitation and water

Sanitation

52. In line with our 2007 report on this subject, we have chosen to reverse the conventional situating of sanitation as the second part of “water and sanitation”, and will address sanitation first.⁷¹ This is because the level of sanitation provision, so often a neglected sector, is of particular concern within China. UNDP states that 44% of China’s population uses an improved sanitation source (adequate latrines and sewers). This is lower than countries such as Zimbabwe (53%), Malawi (61%) and Zambia (55%).⁷² China says that it is on-track to reach the water and sanitation MDG 7 target, which seeks to reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. However, current trends suggest this is by no means assured—especially in poor rural areas.

53. We described the critical importance of accessing adequate sanitation in our 2007 report. We will not restate these points here, but will reiterate that progress on sanitation is closely linked to: improving gender equality (MDG 3); boosting school enrolment (MDG 2); and achieving a reduction in child mortality (MDG 4). It is also worth reiterating that, on current trends, the sanitation target will not be met globally until 2076.⁷³

54. Almost one in four people worldwide without access to sanitation and water live in China.⁷⁴ As in many countries, sanitation has historically been given much lower priority than water by the Chinese Government. Awareness of the benefits of sanitation and therefore demand for improved facilities is low, especially amongst many rural people and local government officials. Urban coverage is nearly twice that of rural areas (a 2006 Chinese Government health survey found 23% access outside the cities)⁷⁵—and, accordingly, the child mortality rate due to diarrhoeal diseases is nearly twice as high for rural children.⁷⁶ In light of such statistics, we were concerned on our visit to see that the rural hospital we visited in Gansu province had no running water, making basic hygiene extremely difficult for medical staff and patients.

55. The Chinese Government has now made sanitation an integral part of the New Socialist Countryside policy and has included it in the National Health Strategy. The 11th Five Year plan sets targets for 65% coverage of rural sanitation by 2010. Central funding for latrine improvements in rural China has increased considerably to an estimated RMB 300 million (£30.7 million) for 2008 and an expected RMB 1 billion (£102 million) for 2009 (up from around RMB 150 million/£15 million in 2007). However, international experience

71 International Development Committee, Sixth Report of Session 2006-07, *Sanitation and Water*, HC 126, para 14

72 All figures from UNDP, *Human Development Report 2007/2008*. Other sources estimate sanitation coverage to be higher e.g. the 2008 Joint Monitoring Programme of WHO/UNICEF reported 65% coverage in 2006. This is because different agencies set different standards for assessing coverage. ‘Improved sanitation facilities’ are defined by UNDP as “adequate excreta disposal facilities, such as a connection to a sewer or septic tank system, a pour-flush latrine, a simple pit latrine or a ventilated improved pit latrine.”

73 International Development Committee, Sixth Report of Session 2006-07, *Sanitation and Water*, HC 126, paras 2-3

74 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

75 Information provided during the Committee’s visit to China

76 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

shows that simply supplying sanitation facilities will not bring the required change unless demand is also boosted through awareness-raising and other complementary policies, including:

- the generation of political will;
- the avoidance of ‘institutional fragmentation’ (currently responsibility for sanitation is spread across a number of ministries in China);
- the appointment of sanitation ‘champions’;
- a focus on school sanitation, which both promotes girls’ attendance and ensures children learn about the benefits of sanitation;
- capacity-building at local government level; and
- a focus on addressing insecure land rights and increasing residents’ capacity to articulate their needs.⁷⁷

We highlighted the importance of these interventions in our report on Sanitation and Water.

56. DFID has committed £15.1 million to the Rural Water Supply, Sanitation and Hygiene Education programme (2007-2011) which is being implemented with the World Bank and Unicef to benefit around 750,000 people in Shaanxi and Sichuan provinces.⁷⁸ Under this ‘three-in-one’ approach, DFID is using a strategy familiar from the education and health sectors to develop pilot projects on a number of the interventions listed above, including handwashing campaigns that use social marketing to change behaviour, and a focus on sanitation within 400 schools. Lessons from the pilots are then disseminated at central level to inform policy development and promote implementation in other provinces.⁷⁹

57. DFID’s newly-launched policy paper on water and sanitation gives a stronger focus to sanitation (partly, it has said, in response to our 2007 report recommending such a move).⁸⁰ The paper highlights DFID’s considerable international experience in supporting policies that promote increased sanitation coverage and uptake, including grassroots approaches such as the Community-Led Total Sanitation scheme.⁸¹ **We are very concerned about the extremely low coverage of basic sanitation in China, especially in rural areas. Given China’s relative overall wealth, it is striking that one in four people worldwide without access to sanitation and water lives in China. The Chinese Government needs to dramatically increase its efforts in order to boost both China’s and the international community’s efforts to reach the sanitation MDG target by 2015. We believe this will require urgent investment in a full range of policy responses**

77 International Development Committee, Sixth Report of Session 2006-07, *Sanitation and Water*, HC 126, Chapter 2

78 Ev 59

79 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

80 Speech made by Douglas Alexander MP, Secretary of State for International Development, at the launch of the new policy, 28 October 2008

81 DFID, *Water: an increasingly precious resource. Sanitation: A matter of dignity*, October 2008

designed to achieve a rapid and sustainable expansion of access to sanitation. We urge DFID to do all it can to support this enhanced effort.

58. The DFID-supported Rural Water Supply, Sanitation and Hygiene Education programme is a good starting point. We understand that, whilst the project will only benefit 750,000 people directly, DFID's approach of demonstrating successful pilots is likely to lead to greater impact. But given DFID's wide international experience of implementing sanitation initiatives, including at community level, we believe it could do more in China. This is likely to necessitate support being provided after 2011, the projected date for the withdrawal of DFID's bilateral aid programme in China, especially if the MDG 7 target on sanitation is to be met by 2015.

Water supply

59. At 77%, the proportion of the population using an 'improved water source' (safe drinking water) is significantly higher than China's sanitation coverage of 44%. However, this still leaves one quarter of China's population without access to safe drinking water and compares poorly to coverage rates in other Asian countries (for instance, 90% in Nepal and 86% in India).⁸² Once again, coverage is far worse in rural areas: in 2005, over 300 million people in rural areas had no access to safe drinking water.⁸³ This is equivalent to the total number of people in Africa without access to water.⁸⁴ Water-borne diseases such as schistosomiasis are a concern in some areas, as are fluoride and arsenic poisoning.

60. The Chinese Government's 11th Five Year Plan aims to provide safe drinking water to an additional 160 million rural people by 2010, focusing on poorer western regions and rural schools. Central funding commitments are reported to be RMB 40 billion (around US\$5 billion) for 2006-10.⁸⁵

61. As described in the previous sub-section, DFID has chosen to integrate its responses to water supply with sanitation and hygiene into the £15.1 million Rural Water Supply, Sanitation and Hygiene Education programme (2007-11). The programme builds on DFID's previous approach towards improved water supply in Yunnan and Sichuan provinces, which developed models for community-based water supply management. DFID told us that these models and associated manuals are now used in domestic water supply projects across rural China.⁸⁶ **Nearly a quarter of China's population has no access to clean drinking water. The number of people without access to clean water in rural areas of China is equivalent to the total number of people in Africa without access to water. Whilst we credit DFID's support to water supply under the Rural Water Supply, Sanitation and Hygiene Education programme, we are concerned that this support will end in 2011. China's ability to improve access is crucial to whether the MDG 7 target,**

82 All figures from UNDP, *Human Development Report 2007/2008*. An improved water source is defined as "reasonable access to any of the following types of water supply for drinking: household connections, public standpipes, boreholes, protected dug wells, protected springs and rainwater collection." Reasonable access is defined as "the availability of at least 20 litres a person per day from a source within one kilometre of the user's dwelling."

83 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

84 Ev 59

85 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

86 Ev 59

seeking to halve the proportion of people without access to safe drinking water by 2015, will be met. We therefore believe that continued DFID support is likely to be needed beyond 2011. We will return to this subject in Chapter 4.

Water resources management

62. China's water resources are under huge strain. The processes of rapid economic growth, industrialisation, urbanisation and climate change are taking their toll on already constrained water resources. Essential infrastructure for sourcing, transporting and storing water is weak: for example, over 60% of China's reservoirs are in need of repair. For a country so dependent on agriculture to feed its huge population, this is a crisis situation. With 20% of the world's population, but only 7% of its water, China is having to work hard at managing its water crisis. It is estimated that the cost of water scarcity and pollution is 3% of GDP.⁸⁷ North China is especially water-scarce, with only one-third of the national per capita average water availability. More than 75% of the region's lakes and rivers are polluted.⁸⁸ Water scarcity across China is likely to be exacerbated by climate change, which is increasing the occurrence of droughts, floods and other extreme weather events.

63. DFID states that "water quality management and pollution control are at the heart of the policy debate in China."⁸⁹ China passed a new Water Law in 2002 stating that all people should have access to safe water, and that water conservation and protection are a priority. DFID provided support for the preparation of the law, partly by funding (with £1.4 million) the establishment of a regional network of the Global Water Partnership (GWP) in China in 2001. The GWP told us they were instrumental in amending the new Law to include a greater focus on integrated management of both surface and groundwater resources.⁹⁰

64. DFID is now supporting the implementation of the Water Law in two water-scarce river basins in Gansu and Liaoning provinces through its Water Resources Demand Management Assistance Project (£9.4 million, 2005-10). The Project evaluates and disseminates lessons from seven pilots in different rural and urban settings. This includes assessing the impact of climate change on water availability.

65. DFID has also paid attention to building local capacity so that communities can participate in the management of their water resources. Its Watershed Management Project (£5 million, 2003-2008) carried out capacity building of local institutions and communities in four watersheds in the Loess Plateau in Gansu province.⁹¹ Under the Pro-Poor Rural Water Reform Project (£7.5 million, 2004-09), DFID has helped to introduce nearly 500 water user associations that promote more equitable sharing of water resources between communities. DFID told us the "real benefits" that have resulted from the project include: the reduction of conflict; more equitable water delivery; water savings; increased transparency; revenue collection; and the empowerment of women (25% of leadership

87 Ev 59

88 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

89 DFID China, *Briefing Paper: Water and Sanitation Sector*, January 2008

90 Ev 59 and Ev 88

91 Watersheds are the lines separating neighbouring drainage basins.

positions within associations are filled by women). Water user associations are now part of government policy.⁹² When we met the Vice Minister for Water Resources in Beijing, he said that these user committees represented DFID's 'added value' in the water sector—that is, its ability to introduce innovative approaches. We also met with provincial government officials of the Sichuan Water Resource Bureau, who, with DFID Project support, had constructed a wide range of rural water infrastructure including supply systems, wells and school and household latrines.

66. China is facing a water crisis, with its already limited resources under further strain from the processes of rapid economic growth, industrialisation, urbanisation and climate change. DFID deserves credit for its role in ensuring that the 2002 Water Law prioritised integrated water resources management, and for its current efforts in helping to implement the Law in two water-scarce river basins. We were pleased to note that DFID is paying attention to building demand for improved water resources management and particularly commend its introduction of water user associations which simultaneously build local capacity and promote more equitable sharing of water resources between communities.

Sustainable development

67. China's development cannot be explored without addressing its social and environmental implications for both current and future generations. Indeed China's engagement with the climate change agenda is a crucial international issue. We will address the impacts of climate change as a separate topic in Chapter 3. As a way to share learning and promote collaboration, the UK Government has established the UK-China Sustainable Development Dialogue (SDD). The SDD was initiated by a joint prime ministerial declaration in 2004. It was recently extended for a further three-year phase (2009-11). A range of UK and Chinese government departments participate in the initiative, which is led by the Department for Environment, Food and Rural Affairs (DEFRA) in the UK but by DFID in China. The themes of the Dialogue are:

- sustainable consumption and production in the UK and China;
- natural resource management;
- sustainable urban development;
- capacity building and governance; and
- sustainable financing (added as a new topic for the 2009-11 phase).⁹³

68. We met the National Development and Reform Commission (NDRC), the Chinese Government department responsible for leading the SDD, in Beijing. They praised the UK's commitment to the Dialogue, including the regular high-level meetings that have taken place, and highlighted particular UK activities, including the UK-China Working Group on Forestry that had been set up.

92 Ev 59

93 Ev 63

69. The Working Group on Forestry includes a focus on illegal logging, a practice that was raised in evidence as an example of why the UK needs to maintain its dialogue with China on sustainable development. WWF-UK highlighted that China has become a key export destination for timber from some African countries. More than 80% of timber from Tanzania and Mozambique is exported to China. WWF state that much of this timber is harvested illegally and at unsustainable rates, and that this is due in part to the limited capability of Tanzania's government (local and national) to implement and enforce forest law. WWF suggested that DFID should do more to support civil society and governments in African countries to govern their natural resource sector effectively—and that DFID should maintain pressure on China to ensure that natural resources are imported sustainably.⁹⁴ Premier Wen Jiabao signed a new agreement on fighting illegal logging during a visit to Brussels on 30 January 2009.⁹⁵ During Premier Wen's visit to London in the following days, new UK Government funding of £250,000 was announced (with matched funding from WWF and other donors) for a project on sustainable trade in timber between China and East Africa (Mozambique and Tanzania).⁹⁶ We will return to China's engagement with Africa over natural resources in Chapter 3.

70. DEFRA's submission to this inquiry stated:

DFID has played an absolutely essential role in the establishment and subsequent management and delivery of the SDD [...] Its experience and expertise across a range of policy areas has been invaluable. DFID is a respected institution in China and the team has established an excellent working relationship which has enabled sometimes contentious issues to be addressed.⁹⁷

DEFRA particularly highlighted DFID's ability to use its strong working relationships to promote collaboration with and between Chinese government departments, a substantial achievement considering that cross-departmental co-operation is an area still under development in China and, we were advised, is unique to China's international relations. DEFRA also highlighted DFID's work on the UK-China Sustainable Agriculture Innovation Network (SAIN) which aims to build awareness of the impact of the changing climate on agriculture.⁹⁸ DEFRA said that, due to the successful relationships that DFID had established, and the long-term nature of sustainable development work, "DEFRA would very much like to see DFID continue to work on the UK-China SDD and on supporting China's strategies for managing the impacts of climate change beyond 2011."⁹⁹

71. We support the cross-departmental UK-China Sustainable Development Dialogue (SDD). DFID's position as lead UK department within China has been a driving force in the SDD's success. We believe that it is essential that pressure is maintained on the Chinese Government to address sustainable development issues such as illegal logging and sustainable agriculture. DFID's reputation and experience in China has enabled it

94 Ev 110-111

95 "China, EU to hold summit soon after G20", Reuters, 30 January 2009

96 "UK-China Summit: Key Outcomes 2009", online at www.Number10.gov.uk

97 Ev 81

98 Ev 81

99 Ev 82

to build highly effective working relationships across the Chinese government on these issues. If lead responsibility within China was transferred to another UK Department, it could take many years for them to develop similarly effective relationships. We recommend that, assuming the SDD is renewed for another three-year phase for 2012-15, DFID should continue to lead the Dialogue within China on behalf of the UK.

3 Working internationally with China

72. China's growth is having impacts far beyond its own boundaries. This has a number of implications for both high and low income countries around the world and contributes to China's increasing importance to donors such as DFID. In this chapter, we will explore: China's role within international efforts to address climate change; its engagement with development in third countries, particularly in African states; its participation within multilateral development institutions and frameworks; and the capacity of the international community to learn from China's own experience of poverty reduction and development.

Climate change

73. As discussed in the previous chapter, China is paying increasing attention to the environmental impacts of its economic growth. Probably the major challenge facing the country in this respect is the response to climate change. China's ability both to mitigate and adapt to the effects of a changing climate are crucial to international efforts, because of China's size, its contribution to climate change and its role as leader of the G77 countries.¹⁰⁰ Negotiations on a new international climate change framework are being intensified in the run-up to the UN Climate Change Conference in Copenhagen at the end of 2009.¹⁰¹

Mitigation

74. China has recently eclipsed the USA as the world's largest emitter of greenhouse gases. In 2006, it emitted 6,018 million tonnes of carbon dioxide, compared to the USA's 5,903 million tonnes and Europe's 4,721 million tonnes.¹⁰² However, its per capita annual emission rates are still substantially lower (5 tonnes) than the USA (20 tonnes) or the EU (10 tonnes). The 2006 Stern Report said that the global target should be 2 tonnes by 2050.¹⁰³ As the new UK Strategy for China states:

The decisions [China] makes on energy production in the next five years could lock in emissions trends for the next thirty [...] Chinese policies to reduce emissions, as part of an ambitious Copenhagen agreement, are crucial to maintaining global temperature rises from reaching dangerous levels.¹⁰⁴

75. China is also the world's second largest energy consumer, with 70% of its energy coming from carbon-heavy coal. China remains under international pressure to reduce its carbon emissions, pursue cleaner energy alternatives and participate in international frameworks. DFID told us that the Chinese Government has taken this on board: "At the top level, there is now an understanding that China can, and must, contribute to the global climate change effort. China's position at the Bali meeting [3-14 December 2007] reflected

100 The Group of 77 is the largest intergovernmental organisation of developing countries in the United Nations system.

101 Negotiations over a new climate change pact will be held at the Copenhagen conference.

102 "Climate change: The carbon atlas", *The Guardian*, Tuesday 9 December 2008

103 Information provided during the Committee's visit to China.

104 FCO, *The UK and China: A Framework for Engagement*, January 2009, pp 9 and 7.

that shift in thinking.”¹⁰⁵ However, the Government of China regularly points out that its historical emissions are low compared to western countries.

76. The UK Government works with China on all aspects of climate change. The stated aims of the UK Strategy for China include: “China signs up to ambitious action to combat climate change at Copenhagen at end-2009” and “China ratifies an ambitious and comprehensive post-2012 framework beyond that.”¹⁰⁶ The UK’s central message is that implementing a swift transition to lower emissions is not only essential for China’s own security and prosperity, but it is also feasible without undermining economic growth. There are six strands to the UK’s approach: agreeing an international post-2012 framework; a shift to low carbon; carbon capture and storage; economics of climate change; EU/China work on low carbon zones; and impacts and adaptation.¹⁰⁷

77. At a UK-China Prime Ministerial Summit in January 2008, a Joint Declaration on Climate Change was signed, including at least £50 million for low carbon development allocated from the Environmental Transformation Fund together with increased grant aid for climate change.¹⁰⁸ Partnership over climate change was reaffirmed at the UK-China Summit of January 2009, with a commitment to intensify joint dialogue (including through a joint visit by ministers from the Department of Energy and Climate Change (DECC) and the Department for Business, Enterprise & Regulatory Reform (BERR) in April 2009) and a UK Government announcement of £3 million to support adaptation in China.¹⁰⁹

78. DFID is now working to develop investment areas for the Environmental Transformation Fund allocation. It is also helping China to access and make use of additional financing for clean energy and energy efficiency, for instance by collaborating with the World Bank and other multilaterals on making the Clean Energy Investment Framework and the Strategic Climate Fund operational in China.¹¹⁰ DFID supports a taskforce on energy and low carbon development within the China Council for International Cooperation on Environment and Development, a high-level advisory body to the Chinese Government. DFID believes such mechanisms will help to create the right enabling environment for low carbon development, especially at provincial level.¹¹¹

Adaptation

79. Adapting to the effects of climate change—effects that are already evident in many regions of China—is a major priority for the country. The huge snowstorms of January 2008 affected 100 million people across China and provided evidence that weather patterns

105 Ev 62

106 FCO, *The UK and China: A Framework for Engagement*, January 2009, p 16

107 Information provided during the Committee’s visit to China.

108 The Environmental Transformation Fund (ETF) is a £800m joint DFID/DECC fund, announced in Budget 2007. The aim is to reduce poverty through environmental protection and helping developing countries respond to climate change.

109 *UK-China Summit: Key Outcomes 2009*, online at www.Number10.gov.uk

110 The Clean Energy Investment Framework is an initiative involving regional development banks and the World Bank to accelerate the adoption of technologies that enable cleaner, more efficient energy production and use in developing countries. The Strategic Climate Fund is a multi-donor mechanism that will channel funds into clean technology and other climate-related investments including forestry.

111 Ev 62

are changing. The melting of the Himalayan icepack—a process that could affect one-third of the world’s population, many of them in China and India—is likely to cause erratic river flows, resulting in increased flooding and drought downstream. Experts predict that climate change will make most of China warmer and wetter, but that western areas will become warmer and drier. Agricultural production is likely to be affected across the country.

80. DFID is the lead UK Government department on promoting adaptation in China. DFID told us that, of all donors, the UK “has the most comprehensive and advanced programme of engagement” with China on climate change adaptation.¹¹² DFID is working with China’s National Development and Reform Commission (the lead Chinese Government Department for climate change) on the development of a programme to implement an effective national and local adaptation strategy. In this work, DFID draws on two of its projects:

- co-funding, between 2001 and 2008, with DEFRA and subsequently DECC, a study on the impacts of climate change on Chinese agriculture, both nationally and in Ningxia province; and
- sharing lessons from research into how domestic infrastructure investments and projects may be affected by climate change.¹¹³

DFID’s support to addressing climate change in China

81. DFID told us that it is seen by the Chinese Government as a “trusted partner” on climate change.¹¹⁴ The current initiatives described above build on collaboration with China over the last decade, for instance through the Sustainable Development Dialogue (see Chapter 2 for further details). It is clear that work on development aspects of climate change, including the impact on agriculture and infrastructure, will need to continue after the projected date for DFID’s withdrawal of its bilateral aid programme in 2011. The Institute for Development Studies (IDS) highlighted that, whilst other UK Government departments, including DECC, DEFRA, FCO and BERR, will need to play a co-ordinated role in the UK-China climate change strategy, “there remains an ongoing need for in-country engagement that bears on development aspects of climate change”. The IDS believed that the right agency to undertake this work was DFID. It said “an ongoing DFID presence in China as part of a co-ordinated HMG [UK Government] approach will therefore be crucial.”¹¹⁵ DEFRA’s submission was in agreement, particularly given that DFID leads the Sustainable Development Dialogue in China (whilst DEFRA leads in the UK).¹¹⁶

82. The DFID Minister told us that, when considering which aspects of DFID’s development relationship with China should continue post-2011, climate change was his

112 Ev 62

113 Ev 62

114 Q 170

115 Ev 92

116 Ev 81-82

“number 1 area of choice”. He saw potential for current collaboration to “roll forward”, saying “it is not only where we can add value with the Chinese Government, it is where they have a real vested interest as they need to tackle this issue both in adaptation as well as mitigation.”¹¹⁷ During our visit, DFID told us that continuing its work on climate change in China would not require substantial funding, and that money could come from a range of sources, including DFID’s research budget and from China’s own resources, which the UK could help leverage. Officials said that the Chinese Government had money available for investment in adaptation but access to funding for research and policy analysis was more difficult. The IDS thought that the UK had a crucial role in supporting research and “collaborative expertise”, particularly given China’s limited engagement with the development studies field.¹¹⁸

83. We believe that DFID will need to continue to play a primary role in supporting China’s responses to climate change after 2011. DFID is the only donor with a comprehensive approach to climate change in China. It has spent a number of years building trusted relationships with the Chinese Government in this crucial area—it would be a risky and inefficient use of resources to give up this influence at this important stage of international climate change negotiations.

84. We reiterate our recommendation that DFID continue to lead the UK-China Sustainable Development Dialogue within China between 2012-2015. We further recommend that DFID continue its current valuable support to development aspects of both mitigation of and adaptation to climate change after 2011. This should include monitoring the £50 million allocated from the Environmental Transformation Fund and supporting China to use potential resources from the Clean Energy Investment Framework and the Strategic Climate Fund. We recommend that particular attention is paid to a ‘weak link’ in China’s current approach: research and policy analysis on climate change. DFID’s continued support to work on climate change in China should take place within a co-ordinated UK Government approach across all relevant departments.

Development in third countries

85. Over the last five years, China has been increasingly willing to assume an active leadership role within international development fora. DFID said that examples of this include: China’s support of the G22 at the Cancun trade negotiations in 2003; its endorsement of Prime Minister Gordon Brown’s MDG Call to Action in 2008; and, after years of shielding the Government of Sudan in the UN Security Council, its recent positive support for UN Security Council Resolutions on Darfur.¹¹⁹ DFID states that China has been a strong supporter of the MDGs.¹²⁰ The Beijing Action Plan, adopted in November 2006, made multi-billion dollar commitments to aid and investment in Africa, including the cancellation of \$1.3 billion of debt. China has consistently emphasised developed

117 Q 172

118 Ev 91

119 Ev 64

120 Ev 64

countries' aid commitments and the importance of MDG 8, which seeks a "global partnership for development".

86. China itself has also become a donor. It does not generally give details about its aid and it is not a member of the OECD's Development Assistance Committee (OECD DAC). However, Premier Wen recently announced that support to developing countries had amounted to \$30 billion by June 2008. Although the nature of this assistance was not disclosed, almost half of it was categorised by the Premier as "free aid".¹²¹ In 2007, China became a donor for the first time to the World Bank's International Development Association (IDA). DFID told us: "[China's] \$30 million contribution was modest (the UK provided £2.1 billion), but it showed China's acceptance of its global role in dealing with international poverty reduction".¹²² China also contributed \$120 million to the replenishment of the African Development Fund and will participate in the replenishment of the Asian Development Bank. It is in discussions about membership with the Inter-American Development Bank.¹²³

87. China's approach to supporting development in third countries, whether in Africa or in neighbouring poor states such as Cambodia, clearly differs from the 'western' model of development pursued by OECD DAC donors such as the UK, who seek to address the basic human needs of the poor—such as health, education, sanitation, water and livelihoods—while also encouraging trade liberalisation, financial and market reforms and making aid conditional on human rights, good governance and economic reform. But Professor Stephen Chan of the School of Oriental and African Studies told us that China's alternative approach comes with many advantages:

[The UK has] no choice but to put in [...] all kinds of regulatory mechanisms which safeguard the taxpayer's investment [...] The Chinese are not constrained in that manner and are able to see things in a much more holistic view [...] If the Chinese follow the remainder of the methodology in terms of actually building these things themselves [...] it is welcome by African leaders for more than one reason: sometimes you actually get a result.¹²⁴

88. In 2006, DFID launched a formal dialogue with China on international development issues. The Dialogue is underpinned by dedicated staff resources in Beijing and £1 million funding for research on relations between China and African countries.¹²⁵ DFID told us that this funding supports strategic studies, capacity building and seminars on development-related themes. It said:

121 According to Premier Wen Jiabao's speech at the UN High Level event on the MDGs, 25 September 2008, this sum represented "various forms of assistance", of which 90.8 billion renminbi was "free aid".

122 Ev 64

123 Ev 64

124 Q 120 [Professor Stephen Chan]

125 Ev 61

Support is being provided to African universities and think-tanks for better information, research and analysis. There is a general paucity of good research and studies, and the support is therefore filling an important gap.¹²⁶

Examples of this work include: supporting the publication of a report about Chinese aid for African policymakers; English language training for China's UN peacekeepers; and the DFID-WWF UK project with Chinese and African stakeholders on forestry in East Africa (see Paragraph 69).¹²⁷

89. DFID told us that high-level six-monthly formal dialogue sessions have been held at Director-General and DFID/FCO Africa Director level to discuss policy and potential collaboration. Partnership over global poverty reduction and the MDGs was reaffirmed at the UK-China Summit in January 2009.¹²⁸ DFID believes that the Dialogue still has a lot to achieve:

China's approach to engagement with some African regimes differs substantially from ours. It will require further sustained engagement in Beijing and in African capitals to make the case that Chinese and African interests will be better protected by encouraging conflict resolution, and that commercial and political factors are not divorced from development outcomes.¹²⁹

90. DFID says that it is now keen for this dialogue to move into practical measures. It is particularly keen to collaborate in the Democratic Republic of Congo (DRC) and in Sudan, but is also interested in co-operating in a range of countries on a variety of issues.¹³⁰ Some collaborative work has begun in the DRC, where DFID has been assisting with environmental assessments for a big Chinese road-building project.¹³¹ YozuMannion Ltd, a consultancy, agreed that moving into practical collaboration is important so that the UK and China can “develop greater understanding of each other's approach, and help to minimise situations in which respective approaches contradict or undermine each other.”¹³² The Vice Minister for Commerce told us in Beijing that China would potentially be interested in collaborating with the UK in third countries but no practical co-operation had yet been launched.

91. We support DFID's dialogue with China on international development issues, and the decision to underpin the process with funding and staff resources in Beijing. DFID-supported research about the relationships between China and African countries is a useful step towards greater understanding about international development. It is essential that the UK continues to strengthen this dialogue and begins to move it beyond discussion into practical collaboration in third countries. We believe that on

126 Ev 61

127 DFID Factsheet, *Achieving the Millennium Development Goals in Africa: Working with China*, December 2008

128 *UK-China Summit: Key Outcomes 2009*, online at www.Number10.gov.uk

129 Ev 61

130 Ev 61

131 Q 179 [Adrian Davis]

132 Ev 112

the ground co-operation in developing countries, particularly those in Africa, could help ensure that the benefits of UK and Chinese approaches are mutually reinforcing.

92. The dialogue on international development is embedded within the UK's wider strategy for China. This strategy has had the same three elements since its launch in 2005: getting the best for the UK from China's rise; fostering China's emergence as a responsible global player; and promoting sustainable development, modernisation and internal reform in China.¹³³ The current four-year phase of the strategy was launched by the Foreign Secretary on 22 January 2009.¹³⁴ We were not informed of the timetable for launching the Paper, despite it evidently having been in preparation since June 2008, and so we were not able to contribute to its content.¹³⁵ We were surprised to see that DFID is not mentioned at all in the document, despite the high profile of development issues within it. When we questioned the DFID Minister and a Foreign Office (FCO) official about this, we were told that this was because the Strategy is led by the FCO and that one of its key aims was to raise awareness within the UK of the importance of China. We were told that many Departments—including DFID—had contributed to the Strategy and “will be very closely involved in its delivery”.¹³⁶

93. We were surprised that the new UK Government framework document on engagement with China, launched in January 2009, did not mention DFID despite the fact that international development issues are an integral part of the Strategy. We fail to see how these development issues can be effectively implemented, or how a coherent UK Government strategy can be operated, without a clear delineation of departmental roles. We are concerned that this may lead to confusion and poor co-ordination. We urge the UK Government to ensure that all Departments working in China have a clear understanding of the interaction between their different areas of work and the importance of co-ordinating their activities.

China's engagement in Africa

94. The increasingly close links between China and African countries divide opinion. On one hand, the huge inflows of money and resources to poor African nations are much-needed. In 2006 China's EXIM Bank committed \$13 billion to Africa, over twice as much new lending as the World Bank.¹³⁷ WWF-UK told us that other benefits to China's increasing investment profile in the continent include: higher commodity prices (for instance, oil, copper, nickel and timber); the importation of cheap products that benefit local consumers; and increased investment in infrastructure (an area that has been underfunded by other donors in previous years).¹³⁸ China has been quick to reassure African governments that it has no plans to cut investment and further aid commitments were made to Tanzania and Senegal during President Hu Jintao's visit to Africa in

133 Ev 60

134 FCO, *The UK and China: A Framework for Engagement*, January 2009

135 Q 148

136 Qq 144-147

137 Ev 61

138 Ev 109

February 2009.¹³⁹ However, it remains to be seen whether current investment levels will be sustained throughout and following the global economic downturn.¹⁴⁰ Recent reports suggest China's biggest investment deal in Africa, a £6 billion mining project in the Democratic Republic of Congo (DRC) under which China will gain natural resources in exchange for building infrastructure, is already at risk due to reduced commodity prices and western donors' concerns about DRC taking on new commercial debt.¹⁴¹

95. Critics of China's engagement in Africa assert that few Chinese investments are truly pro-poor. Their concerns fall into three main categories. The first of these relates to the transparency and sustainability of Chinese investments. As stated earlier, China does not publish details of its aid and investment programmes. Loan agreements are not disclosed. Some argue that the availability of such loans releases countries with poor human rights and development records from working through multilateral concessional lending frameworks such as those offered by the IMF, who demand progress in transparency and economic management in return for funds.¹⁴²

96. Secondly, it is clear that the trading relationship is not always on equal terms. Chinese investments are often subsidised by cheap capital from the Chinese government and bring in Chinese labour rather than using local workers.¹⁴³ Thirdly, Chinese companies have been criticised for weak adherence to national safety, labour and environmental legislation. As we have said, violations of such codes are in part due to poor governance structures in many African countries. This includes the ability of governments to enforce tax collection, a pre-requisite for poverty reduction. Christian Aid told us that, in response, DFID should "channel support to those African governments who want more capacity to enforce labour, environmental [...] and tax legislation."¹⁴⁴

China's participation in multilateral processes

97. Christian Aid believed that addressing concerns about governance would require greater Chinese participation within multilateral approaches to private sector development and corporate responsibility, such as the UN Global Compact and the Infrastructure Consortium for Africa (ICA).¹⁴⁵ In our report on DFID and the African Development Bank (AfDB), published in May 2008, we recommended that securing Chinese membership of the ICA, which the AfDB hosts, would help increase Chinese engagement with the AfDB, one of the most important multilateral institutions in Africa.¹⁴⁶

98. Given that up to 80% of Chinese investment in Africa is concentrated in resource-rich countries, securing Chinese participation in initiatives specific to the natural resources

139 "China's Hu grants aid to Tanzania", BBC News Online, 17 February 2009

140 "Chinese keep low profile to cash in on the slump", *The Times*, 24 January 2009

141 "Congo pressed over China deal", *Financial Times*, 10 February 2009

142 Ev 109

143 Ev 85

144 Ev 87

145 Ev 86

146 International Development Committee, Seventh Report of Session 2007-08, *DFID and the African Development Bank*, HC 441, para 51

sector, such as the UK-led Extractive Industries Transparency Initiative (EITI), is a priority.¹⁴⁷ Thus far, China has not signed up to the EITI, despite its huge stake in the international natural resources sector. DFID said that China tends to view “looser” coalitions such as the EITI and the ICA “as rich-country/OECD clubs that it says are not suitable for China given that it is still a developing country”.¹⁴⁸ Daniel Large of the School of Oriental and African Studies said that China’s reservations about joining the EITI are likely to relate to a wish not to “revise its principles or renegotiate its terms of engagement” (for instance, publicly disclosing terms of contracts) and concerns about impairing the competitiveness of Chinese companies.¹⁴⁹

99. Dr Martyn Davies, Director of the Centre for Chinese Studies at South Africa’s Stellenbosch University, believed that the “goodwill” already established between DFID and China put the Department in a “unique position” to encourage Chinese participation in multilateral processes.¹⁵⁰

100. Chinese engagement with multilateral processes is also sought in connection with the impact of China’s investments on governance and human rights in African countries. China’s Africa Policy, published in 2006, explicitly states that Chinese economic aid comes with no “political strings”.¹⁵¹ China has attracted criticism for its policy of non-interference in countries with poor human rights records. Recent controversy has focused on: China’s trade and military links with the Sudanese government (around 70% of Sudanese exports, mainly oil, go to China); close links with Mugabe’s government in Zimbabwe, including weapons shipments; China’s veto of economic sanctions against Zimbabwe following what the EU termed the ‘sham’ presidential run-off election of 2008; and its £5 billion mining deal in the Democratic Republic of Congo, giving a large slice of DRC’s copper and cobalt resources to China. Chinese influence on the African Continent will be extended following the creation of five “special economic zones” in Africa. This initiative emanated from the Beijing Action Plan announced in 2006. The preferential trade and industrial zones aim to facilitate Chinese business entry in Africa. The first zone has already been established in Zambia, a second in Mauritius, and others are reportedly being negotiated in Egypt, Nigeria, and possibly Tanzania.¹⁵²

101. We are aware that China is developing its own channels for dialogue with African countries, for instance through the China-Africa Forum and the Shanghai Co-operation Organisation.¹⁵³ Of course, it is African and Chinese policymakers who should “drive the process” of dialogue, rather than the UK seeking to somehow govern their relationship.¹⁵⁴

147 The EITI is a partnership of oil, gas and mining companies, NGOs and producer/consumer countries which was launched by Prime Minister Tony Blair in 2002. By increasing public knowledge of revenue levels, the Initiative aims to empower citizens and institutions to hold governments and companies to account.

148 Ev 64

149 Qq 21-22

150 Ev 80

151 China’s Africa Policy, January 2006. Available online at <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm>

152 Ev 85 and Dr Martyn Davies, *How China delivers development assistance to Africa*, Centre for Chinese Studies, University of Stellenbosch (February 2008), p 3

153 Ev 64

154 Q 16 [Daniel Large]

However, a more multilateral approach by China would help ensure that the achievement of common development objectives such as the MDGs are given a high priority.

102. Whilst there are many positive aspects to China's increasing investments in African countries, there are also concerns regarding: transparency; sustainability; the capacity for equal partnership; weak adherence to safety, labour and environmental legislation; and governance and human rights. Finding the most appropriate way to address these concerns is a matter for the Chinese Government and the governments of African states. However, we believe that, within its wider work on governance issues, DFID should continue to help to build the capacity of African governments to regulate foreign investors and enforce labour and environmental legislation. We believe that DFID should also promote greater Chinese involvement in multilateral initiatives, including those relevant to private sector development such as the UN Global Compact and the Infrastructure Consortium for Africa, and those focused on the natural resource sector, such as the Extractive Industries Transparency Initiative.

Learning from China

103. China's recent record of rapid poverty reduction holds important lessons for other developing countries. A 2008 World Bank paper found that China had reduced poverty at a much higher rate than the rest of the developing world and said that Africa's situation today is "for the most part comparable to China's starting point after the Cultural Revolution and the Great Leap Forward [in the 1950-60s]."¹⁵⁵

104. The Chinese Government has highlighted 'south-south learning' as an objective within its international role as part of its MDG 8 commitment.¹⁵⁶ DFID says that it aims to draw out activities for south-south learning from most of its projects in China, and seeks to strengthen the dissemination of such lessons by:

- providing funding to the International Poverty Reduction Centre in China (where, amongst other support, DFID has collaborated on comparing poverty reduction in China and Africa);
- the production of a set of papers with the International Food Policy Research Institute on key reform experiences that have contributed to China's development success, and how these may be relevant for international experience; and
- supporting Zhejiang University in strengthening its training for African officials on rural development.¹⁵⁷

As the IDS pointed out, the learning process is a mutual one and there are many opportunities for DFID to develop ideas from both China's development and from the Department's own work in China, which it can subsequently use in its programmes elsewhere:

155 M. Ravallion, *Are there lessons for Africa from China's success against poverty?*, World Bank Research, 2008

156 'South-south learning' refers to the sharing of experiences between countries from the Global South, usually relating to poverty reduction and development. Ev 63

157 Ev 63-64

The exchange of ideas, technology and expertise remain valuable both to China as it continues to address development challenges; as well as to western donors in creating an opportunity to understand, learn from and work with China in other low income countries. It also provides a basis for fostering more direct south-south learning and engagement, something to which DFID's Beijing office has demonstrated commitment.¹⁵⁸

105. China has also raised its profile in the global knowledge economy, particularly in the fields of science and innovation. DFID told us that it is exploring collaboration with Chinese researchers in the production of global public goods, particularly in research and innovation, that can benefit countries in Africa:

We are exploring whether existing UK-China research collaboration has the potential for pursuing international development goals, working closely with colleagues at the Embassy, British Council, and the UK Research Councils, which recently opened an office in Beijing. We are also actively participating in a UK/China Ministerial dialogue on health.¹⁵⁹

DFID organised a series of consultations to explore the potential for collaboration whilst developing its Research Strategy for 2008-2013.¹⁶⁰

106. The range of topics on which China could share its learning with other developing countries is very broad. However, we were struck by one particular area in which Chinese expertise is much-needed: agriculture and food security. A recent World Bank paper points out that China is in a good position to help African countries to strengthen their agricultural sectors, given that agriculture has contributed significantly to growth and poverty reduction in China.¹⁶¹ Many international actors are calling for a second 'green revolution' to try to repeat the successes of Asian agriculture in Africa.¹⁶² Dr Giles Mohan of the Open University told us, "Much can be learnt from China's agricultural model and China has much expertise to bring Africa as well as commercial muscle. This, then, seems to be a primary area for co-operation and DFID has resources for research which could be used to develop these partnerships."¹⁶³ DFID launched a new package of support to agricultural research in 2008 which will see funding double to £400 million over five years.¹⁶⁴

107. China already offers some support to agriculture in Africa. The China Development Bank has granted loans worth several hundred million dollars to agricultural processing firms, mostly in East Africa. It has also agreed to help raise grain production in some

158 Ev 90

159 Ev 64

160 Ev 64

161 M. Ravallion, *Are there lessons for Africa from China's success against poverty?*, World Bank Research, 2008

162 Asia's 'green revolution' over the last 30–40 years has resulted in sustained agricultural development and improvements in productivity—although there is debate over whether this increased output is now slowing.

163 Ev 97

164 DFID Press Release, *UK announces aid package to tackle rising food prices*, 22 April 2008

African countries by using Chinese rice seeds and technology, and to set up demonstration farms.¹⁶⁵

108. The DFID Minister agreed that agriculture should be a priority area for establishing transferable lessons.¹⁶⁶ At the UK-China Summit in January 2009, an agreement was reached to “co-operate on food security, including agricultural research on food security, improving food safety and co-operation in agriculture in Africa.” The UK and China agreed to host “an important meeting on agriculture co-operation that includes officials and experts from African countries.”¹⁶⁷ As noted in Chapter 2, DFID supports work on agriculture in China through initiatives such as the UK-China Sustainable Agriculture Innovation Network (SAIN).

109. China offers many lessons about economic growth and poverty reduction for other developing countries. The learning process between donors such as DFID, China and third countries is a mutual one: there are many opportunities for DFID to develop ideas from both China’s development and from the Department’s own work in China, which it can subsequently use in its programmes elsewhere. Significantly, specific innovative development pilots to eradicate poverty could also be trialled in the UK.

110. We consider agriculture a priority area for lesson-sharing between China and other developing countries, especially those in Africa. We were pleased to hear that an agreement was reached at the UK-China Summit in January 2009 to strengthen co-operation between the UK and China on food security, including agricultural research, and that the two countries will host an international meeting on agriculture co-operation that includes officials and experts from African countries. We urge DFID to press ahead with implementing this new agreement as quickly as possible, and request that we are kept up-to-date with progress on organising the international meeting.

165 “Investing in Africa: Land and agriculture”, Reuters (8 October 2008). Online at <http://www.alertnet.org/thenews/newsdesk/L6139470.htm>

166 Q 183

167 *UK-China Summit: Key Outcomes 2009*, online at www.Number10.gov.uk

4 The UK's future development partnership with China

111. This chapter will draw together conclusions from our analysis of DFID's recent programmes in China, and its collaboration with China on international development. It puts forward our perspective on how DFID should engage with China following the expiry of its current programme in 2011.

DFID's strategy for middle-income countries

112. DFID's decision to withdraw bilateral aid from China in 2011, while retaining a presence to work in an advisory capacity on "beyond aid" issues such as international development and climate change, was made partly on the basis of the Department's approach to middle-income countries (MICs). As we have described, DFID's most recent Middle-Income Country Strategy expired in 2008. When we asked DFID when a successor Strategy would be produced, we were sent a short document that stated that the Department will no longer have a public version of its MIC Strategy. The note reiterated the commitment to spend 90% of bilateral assistance in low-income countries, and to allocate the remaining 10% to MICs. It set out two criteria for the expenditure of this MIC allocation:

- Upon achievement of middle-income status DFID's general approach is to pursue a strategy of sustainable graduation from bilateral assistance.
- DFID's limited bilateral assistance for middle-income countries is increasingly focused on large, emerging global partners which have the potential to make a significant impact on poverty reduction in other countries (e.g. China, South Africa).¹⁶⁸

However, no further elaboration of which MICs would receive funding and how programmes would be designed and implemented in such countries was included.

113. In our report on DFID's 2008 Annual Report, published in February 2009, we recommended that DFID clarify and publish its policy for engagement with middle-income countries (MICs) as a matter of urgency, following the expiry of the previous strategy in 2008. As we said then, the short statement that we have received is no substitute for a properly articulated and publicly available strategy for this crucial grouping of countries. We are disappointed that a successor strategy for MICs is not in production. As DFID itself highlighted in its previous strategy, middle-income countries are critical to the achievement of the Millennium Development Goals because of both the high levels of poverty which remain in some MICs and the influence they can have on global policies. We reiterate our recommendation that DFID urgently develop and publish a new MIC strategy to govern its policy and expenditure in these countries. In this context, we recommend that serious consideration is given to the use of loans as a funding tool in China and other middle-income countries. We intend to

return to this subject—and particularly the balance between loan and grant funding in UK assistance to middle-income countries—in the near future.

114. The lack of clarity over DFID’s strategy for future engagement with MICs has made it difficult for us to assess China as an element in a coherent DFID strategy for MICs. However, in many ways China is unique and this may mean it is better assessed on its own terms, provided that the strategy for China remains coherent and intellectually consistent with the strategy for other MICs. DFID itself admits that China is specifically excluded from its corporate allocation model because of its overall population and still considerable number of poor people.¹⁶⁹ Another reason why China may need to be treated as an outlier to standard categorisations is its international role and influence. DFID told us: “China also matters for the overall achievement of the UK’s international development objectives. It is as important to engage with China on these issues as any of our G8 partners.”¹⁷⁰

115. It is clear, however, that, for DFID’s resource allocation purposes, any future funding for China is most likely to come from its 10% MIC allocation—which DFID has told us will be increasingly focused on large, emerging global partners like China which have “the potential to make a significant impact on poverty reduction in other countries.”¹⁷¹

116. We agree that DFID should give high priority to working with large and influential middle-income countries that have the potential to make a significant impact on poverty reduction in other countries. There is also still substantial poverty in China. We therefore support DFID’s decision to devote a proportion of its 10% MIC allocation to China. We will now discuss a range of other factors that have influenced our view that a development partnership should continue with China after 2011.

Meeting the MDGs in China

117. We have highlighted that several key MDG targets—including those on sanitation, HIV/AIDS and TB—remain off-track in China. We described DFID’s impressive approaches to catalysing progress on these targets. In particular we emphasised DFID’s approach of piloting small-scale projects that have subsequently been scaled up at national level. This approach has been used with particular success in the education, health, HIV/AIDS, sanitation and water sectors.

118. We highlighted that the sanitation target, in particular, is highly unlikely to be met by 2015 and emphasised DFID’s wide international experience of implementing sanitation initiatives, including at the community level. We concluded that DFID support might well be needed after 2011 if the MDG 7 target on sanitation is to be met by 2015.

119. Throughout this report we have emphasised that broad overall progress on the MDGs masks huge gaps in poor counties in access to basic services such as education and healthcare. Girls in remote areas and from ethnic minorities still drop out of school prematurely; HIV/AIDS is spreading fast within some vulnerable groups; and people pay high user fees to access medical care. The situation regarding child mortality is particularly

169 Ev 55

170 Ev 55

171 Ev 75

worrying; the rate of child deaths in the poorest counties is higher than some of the world's least developed countries, such as Rwanda and Ethiopia.

120. The vulnerability of the 16% of the Chinese population that live on or below the \$1.25 per day poverty line¹⁷²—equivalent to nearly one-third of the population of sub-Saharan Africa—is being exacerbated by major challenges, including: the global financial crisis (from which China is likely to be amongst the worst-hit countries); climate change; earthquake reconstruction; inequality; and rapid migration and urbanisation.¹⁷³ **We understand that many other developing and middle-income countries face challenges resulting from global problems such as the financial crisis and climate change. We also understand that China's per capita GDP, at US\$1,713, is relatively high, representing around three times the aggregate rate for low-income countries.¹⁷⁴ However, given the vulnerability of many people in China to falling back into poverty, we believe that it may be premature and unworkable to reduce DFID's role to an advisory one, focused on international development and climate change, only a few years before the Millennium Development Goal deadline in 2015.**

121. **MDG targets on sanitation, HIV/AIDS and TB remain off-track in China. Overall progress on other targets, such as child mortality and access to clean water, mask huge regional disparities. We reiterate our praise for DFID's achievements in China in catalysing progress on the MDGs. Its approach of demonstrating small-scale pilot projects in education, HIV/AIDS, health, sanitation and water has been highly successful. But the job is not complete. The Department has particular expertise from elsewhere in the world that it could bring to bear in these sectors. We therefore believe that leaving China just four years before the MDG deadline of 2015 would not make sense. DFID still has considerable value to add to China's efforts over the next five to six years, especially in terms of introducing innovative approaches within specific sectors and sharing international expertise.**

DFID's relationships with policymakers in China

122. We believe that another primary reason for DFID to stay on after 2011 is the strong relationships that the Department has built in China over the past decade. During our visit, we heard how crucial the building of trust and partnership is for external actors working in China. Martin Gordon, chairman of a UK charity working on HIV/AIDS in China, gave us an insight into the working culture:

It is the nature of China that you cannot just fly in and start operating in a major way—whether you are doing charitable work or business. However important or rich you are, you have to spend time building up relationships and trust [...] extended groundwork is necessary before one can operate effectively [...] This characteristic of

172 Ev 71

173 In 2005, 208 million people lived under the \$1.25 per day povertyline in China (16% of the population – Ev 71). The population of sub-Saharan Africa was 769 million in 2005. UN, *World Population Prospects* online at <http://esa.un.org/unpp/p2k0data.asp>

174 Aggregate GDP per capita for low-income countries is US\$610. UNDP, *Human Development Report 2000/08*.

operating in China needs to be borne in mind in any consideration of the future of DFID in China.¹⁷⁵

123. We heard from a large number of witnesses about the influential relationships that DFID has built up across the different sectors in China.¹⁷⁶ The Institute of Development Studies highlighted the extent of the influence that DFID has established within the Chinese health sector and cautioned against relinquishing this after 2011:

There are good reasons for the UK to continue to build its partnership with the Chinese health sector in support of its ongoing reforms. The Chinese Government has recently negotiated another World Bank loan, at commercial rates, and has been eager to include the UK in the project partnership. This is not principally because of the modest amount of grant funding that DFID will provide. It reflects the degree to which the relevant government departments have valued the partnership with DFID.¹⁷⁷

This influence within the health sector is evident from the Health Policy Support Project, under which DFID and the WHO work directly with the appropriate ministries in Beijing (see Chapter Two).

124. The strength of DFID's relationships at both central and provincial level was evident from many of the discussions that we held in China. For example, the NDRC, the lead Chinese Government department for climate change, have said that the UK is its "partner of choice" on climate change. We were also impressed by the value of locally recruited advisers able to blend DFID thinking with the needs of the Chinese people. It concerns us that, were DFID to close its office in Beijing, or to retain it without any significant funding for demonstration/pilot projects, the relationships that DFID has built may be jeopardised. VSO told us:

The DFID basic education and HIV and AIDS programmes have provided an opportunity for a wide variety of authorities and organisations to work together. Once these programmes have been completed, however, there is a risk that this valuable learning exchange could discontinue.¹⁷⁸

High-level multilateral representatives whom we met in China emphasised strongly that DFID risked becoming marginalised if it became an 'outsider' and was only in a position to express its views to the Government, rather than contribute and demonstrate ideas. David Dollar, World Bank Country Director for China, told us, "There is a risk that if DFID was no longer involved domestically in China it would lose its influence with the Government."¹⁷⁹

125. DFID has gradually built successful and influential relationships with Chinese policymakers, at both the provincial and national level and across a range of sectors.

175 Ev 78

176 For example, Ev 111

177 Ev 91

178 Ev 108

179 Note of meeting on 4 December 2008 in Beijing, agreed with David Dollar

Building the right relationships is the only route to securing influence in China. We believe that DFID's relationships have been hard-won and well-developed, and that the Department is possibly the only donor to have forged such influential links on development with the Chinese Government. We recommend that, having spent considerable time, effort and money forging these connections, DFID should avoid weakening them. We believe that this is another strong reason for DFID engagement to continue beyond 2011.

Funding a post-2011 development relationship with China

126. Maintaining such relationships as part of an ongoing development partnership with China would clearly require the presence of DFID staff in Beijing. But we also believe it would require a small funding element. We heard from a number of interlocutors that, in order to achieve influence in China, ideas and suggestions must be accompanied by money, however small the amount. David Dollar told us "The UK should probably continue to spend some money in China to avoid risking loss of influence. This could be defined as 'a subscription to join the conversation'".¹⁸⁰ Other high-level multilateral representatives whom we met in China agreed that it was very difficult to participate in discussions about development in China unless you offered some financial or material assistance.

127. The amount of funding accompanying a future development relationship need not be substantial. David Mepham, Policy Director for Save the Children, told us:

It strikes me as unlikely, if DFID post-2011 [...] wants to continue to engage with development issues in some way that it will not have to spend some money. It may be pretty small amounts of money and it may be less than they are spending now [...] I do not see that as being primarily about large-scale resource transfer. I think it is very much about the sharing of expertise, skill and knowledge.¹⁸¹

In fact, DFID's approach to working in China over the last decade has always been more about expertise than large-scale funding. IDS told us that DFID's approach "was never a conventional aid programme: it was built on a basis of knowledge transfer, policy engagement and influence, rather than resource transfer."¹⁸² As we described earlier, DFID's major approach towards helping achieve the MDGs in China has been to build support for ideas by trialling small-scale pilots that have then fed directly into the design and implementation of national reforms. So, were a programme to continue post-2011, this successful approach could be retained, but with even more emphasis on ideas, innovation and expertise with only minimal funding attached. As Save the Children told us,

With vast foreign exchange reserves, China clearly does not need large amounts of aid money to drive its development progress. But with millions of people falling through the loose weave of China's social protection nets, what is required is support

180 Note of meeting on 4 December 2008 in Beijing, agreed with David Dollar

181 Q 74 [David Mepham]

182 Ev 90

that is attached to development knowledge that can pilot and demonstrate options for the future which will target those currently trailing in the wake of economic progress.¹⁸³

128. As we have said, we believe that sectors in which DFID could continue to add value in China include education, health, HIV/AIDS, sanitation and water. We feel particularly strongly about the latter two sectors because sanitation and drinking water coverage is still so low in China, and because the achievement of these two targets is so tightly tied to meeting all the other MDGs. Current DFID expenditure on the integrated water, sanitation and hygiene project is £15.1 million for 2007-11.

129. It is difficult and inappropriate for us to provide detailed costings for any future DFID support given these should be based on careful needs assessments. But it seems reasonable that £7-8 million over three years would enable a scaled-down version of this water, sanitation and hygiene project to run. A similar sum would also enable DFID to continue small stand-alone pilot projects in the other sectors we have highlighted as still requiring progress—education, health and HIV/AIDS—to run from 2012-2015.

130. We believe that maintaining the influential relationships that DFID has built over the last decade will require not just staff resources in Beijing but a funding element. The reality is that participating in discussions about development in China is only practicable if financial resources are attached. We believe that the amount of funding would be secondary to the ideas, expertise and innovation that DFID brings to the table in China. Any funding that is provided will undoubtedly unlock significantly larger amounts of Chinese money and thus is likely to be highly cost-efficient.

131. Sanitation and water coverage is still very low in China, and this jeopardises progress towards the achievement of all the other MDGs. We believe there is a strong case for DFID to continue to fund small-scale pilot projects in these sectors in the run-up to the MDG deadline of 2015, using its proven approach of demonstrating innovative ideas at the micro level. Whilst it is for DFID, rather than us, to calculate exact costs of what interventions are needed and where, our initial judgement is that £7-8 million over three years would enable a scaled-down version of DFID's integrated sanitation, water and hygiene project to run from 2012-2015.

132. We hope DFID might also be able to continue discrete, scaled-down pilot projects in the other sectors that risk seeing MDG targets being missed—health, HIV/AIDS and education. We estimate that another £7-8 million over three years to cover the three sectors would allow several valuable small-scale 'demonstrator' projects in these sectors to continue to 2015.

The international benefits of a continuing development relationship with China

133. The DFID Minister understood that the benefits of continuing to work on development in China would extend internationally:

[The pilots] can be rolled out not only in China but because China is increasingly a major player elsewhere in the world, we could look to influence Chinese influence and policy, say, in Africa, through a research programme that they have seen running domestically in China, possibly seeing whether it is successful in China and then move forward.¹⁸⁴

This interpretation of DFID's support to China being a learning experience, both for the Chinese Government but also for the Department itself, was shared by David Mepham of Save the Children:

DFID has been a positive force in trying to share best experience, in creating a space for dialogue about what has worked in other parts of the world, to some extent creating opportunities for innovation to occur in other parts of the world, to some extent creating opportunities for innovation to occur in different parts of the country, which then might be replicated elsewhere.¹⁸⁵

134. On a practical level, retaining an office in Beijing would enable DFID to continue its current approach of learning with and from China. Being on the ground would enable DFID to participate in meetings and events concerning Chinese policy (both domestic and international). Working with China on internal development issues may provide an opening for discussions on international issues such as how China engages with African countries. Maintaining a detailed understanding of China's own development process would assist DFID's ability to understand China's approaches overseas, and eventually to begin practical collaboration with China on development programmes in third countries. **We believe that retaining an office in Beijing would have multiple benefits for DFID's approach to helping reduce poverty both in China and internationally. Having a presence on the ground would enable DFID to continue its process of learning with and from China. DFID would be able to continue to innovate in its support to basic services such as education, health, sanitation and water, and these innovations could then be replicated elsewhere by both the Chinese and UK Governments. We believe that assisting China's ability to explore solutions for its own development may influence China's developmental approach overseas, and provide openings for discussions about China's international engagement—for instance, with African countries.**

Helping China to develop sustainably

135. Another integral part of the continuing DFID relationship with China would include environmental issues and sustainable development. As we described in Chapters 2 and 3 of this report, the UK Government has a key role to play in helping China to develop

184 Q 163

185 Q 69 [David Mepham]

sustainably, by supporting it to reduce its carbon emissions, use different forms of energy, adapt to climate change and source natural resources responsibly.

136. Again, we do not feel it is appropriate for us to prescribe exact financial solutions for the continuation of DFID's support to climate change in China. It is also clear that for work on climate change and sustainable development, DFID can draw on funding channels outside its bilateral assistance allocation, including its research budget and from China's own resources, which the UK could help leverage. It seems reasonable to assume, however, that a sum of several million pounds would be needed from bilateral funds to support work on development aspects of climate change up to 2015 (when progress could be re-considered), especially work on agriculture and food security—a crucial area for partnership given current global concerns about food availability and pricing. **We believe that an integral part of the continuing development relationship with China would be helping this huge country to develop sustainably. The path that China chooses, in terms of carbon emissions, energy use and its sourcing of natural resources, will strongly affect the international community's efforts to address climate change. In fact, we believe that the costs of not helping China to develop sustainably are likely to be higher to the UK taxpayer than continuing a programme of support. We estimate that the likely cost to DFID's bilateral assistance allocation would be several million pounds between 2011 and 2015, with other funding coming from alternative channels, including DFID's research budget and from China's own resources, which the UK could help leverage.**

137. As we have said, another advantage of retaining a DFID office in Beijing would be to continue learning with and from China, enhancing the UK's understanding both of China's own development and its role as a development actor. This will indirectly enable DFID to influence development in third countries in which China (and DFID) invests or donates aid. As we have described, DFID has begun a formal dialogue with China about international development, funded with £1 million. It is keen for this dialogue to move into practical measures such as collaboration in the resource-rich countries in which China's investments are focused (for instance, Sudan and the Democratic Republic of Congo, DRC). **We believe that DFID's capacity to strengthen its crucial dialogue with the Chinese Government over international development issues would be greatly assisted if the Department retained an office in Beijing. Working from Beijing would help to provide DFID with accurate and up-to-date information about China's engagement with African and other countries, and ensure that it better understands China's approaches. This can only assist the process of moving from dialogue to practical collaboration in third countries. It is also likely to help DFID promote greater Chinese participation in multilateral development frameworks.**

The importance of terminology

138. The type of continued relationship we have outlined would represent a noticeably different kind of partnership to the one DFID has with most countries it is supporting. Witnesses agreed that this was only appropriate, given China's unique circumstances: David Mepham of Save the Children said the relationship should be “re-cast around a strategic partnership between equals rather than a traditional donor-recipient

relationship.”¹⁸⁶ Consultant David Daniels agreed, and said that DFID’s future approach should no longer be based on a Country Assistance Plan but on a far more co-operative approach.¹⁸⁷

139. Finding the right terminology for a continuing development relationship with China is more important than it would first seem. Were DFID to continue to work on development in China, and support it with some limited funds, communicating the purpose of this work would be important. Helping UK taxpayers to understand the benefits of continued development support to China will involve ensuring that the right language is used. The Minister himself was aware of this:

There is a communications issue that we have to deal with [...] the use of the term “aid” can sometimes give a misleading impression because of [China’s] space programme, the Olympics, and why this country needs aid.¹⁸⁸

140. The Minister gave one possible definition of the new relationship, referring to “a post-2011 development programme, a partnership programme, but geared to action research so that pilots may be tested.”¹⁸⁹ We believe something close to this description would work well. **Finding the right terminology for a continuing DFID relationship with China is important. We believe the exact term is for DFID to determine but suggest that descriptions such as ‘development partnership’ convey the co-operative spirit that would be at the heart of the continuing relationship. We reiterate that this new partnership needs to be underpinned by a financial commitment of around £5-10 million annually over three years, linked to specific programmes, and should include the retention of a DFID office presence in Beijing.**

186 Q 69 [David Mepham]

187 Q 55

188 Q 176

189 Q 163

5 Conclusion

141. DFID's programmes in China have been extremely effective. The Department has succeeded in doing what very few donors have achieved in China: it has built influential relationships with policy-makers and has found an approach that really works in terms of having an impact on reducing poverty in China—and all with what is, relatively, a very small amount of public money. Cost-efficiency has been maximised by DFID's technique of demonstrating small-scale successes which have subsequently been scaled up by the Chinese Government to national level.

142. The logical response to success on this scale is for DFID to continue elements of its programmes. A consultant from whom we took evidence, David Daniels, summarised why this is the right approach:

The programmes are coming to an end [...] at the very time when our Prime Minister has gone in there saying that we are ushering in a new era of collaboration, and those two things for me are just not quite right at the moment [...] Why finish in 2011? There will still be a number of issues which are outstanding after 2011.¹⁹⁰

143. A continuing development partnership with China—a partnership that would include a small amount of funded support to basic social services such as health, education, sanitation and water—would be of mutual benefit to China and the UK. It is also fully compatible with a commitment for funding pro-poor development and co-operation in the world's largest middle-income country, especially at a time when world recession threatens to take millions of vulnerable people back into poverty. We firmly believe that the potential costs of *not* having a development relationship with China are high and that the benefits of continuing the UK's engagement with China through DFID more than justify the small cost, particularly in the run-up to the 2015 deadline for the Millennium Development Goals.

Annex: The Committee's visit programme in China

The International Development Committee visited China from 1–10 December 2008. The group consisted of:

Malcolm Bruce (Chairman), Hugh Bayley, John Battle, John Bercow, Mr Marsha Singh and Sir Robert Smith

Accompanied by: Carol Oxborough (Clerk) and Chloe Challender (Committee Specialist)

Key meetings were as follows:

Beijing

Monday 1 December

Joint Foreign Office/DFID briefing

Tuesday 2 December

Meeting with Vice Minister and Directors-General, Ministry of Commerce

Meeting with Vice Minister and Director-General, Ministry of Health

HIV/AIDS Roundtable with:

- Bernard Schwartlander, National Coordinator, UNAIDS China
- Martin Gordon, Chairman, Barry and Martin's Trust
- Ren Minghui, Director-General, Department of International Cooperation, Ministry of Health
- Sun Jiangping, Deputy Director, National Centre for AIDS/STD Control and Prevention (NCAIDS)
- Wang Liqiu, Project Manager TFATM/DFID HIV/AIDS Project, NCAIDS
- Li Xiang, Director Representative of People Living with HIV/AIDS, Mangrove Support Group
- Zhou Peng, Deputy Director Representative of Local NGOs
- Han Mengjie, Deputy Director, Office of State Council HIV/AIDS Coordination Committee

Meeting with Assistant Minister, Ministry of Foreign Affairs

Sanitation Roundtable with:

- Dr Wu Liangyou, Division Director, National Patriotic Health Campaign Committee Office
- Tao Yong, Bureau of Disease Control

- UNICEF: Dr David Hipgrave, Chief, Health, Nutrition and Sanitation
- UNDP: Sun Zuebing, Deputy Team Leader for Energy and Environment
- World Bank: Paul Kriss

Wednesday 3 December

Meeting with All-China Women's Federation

Meeting with Vice Minister, Ministry of Education

China/Africa Roundtable with:

- Adam Mahamat, Project Officer, China-Africa Business Council (CABC)
- Hafsat Abiola-Costello, China Africa Forum
- Gashahun Fura, Initiator, China Africa Forum
- Professor He Wenping, Director of African Studies, Institute of West Asian and African Studies, Chinese Academy of Social Sciences (CASS)
- Liu Haifang, Researcher, CASS
- Professor Li Xiaoyun, Dean of the School of Humanities and Development, China Agricultural University
- Thomas Orr, Deputy General Manager, Standard Bank-ICBC Strategic Partnership, Standard Bank Group
- Alexander McLachlan, Political Counsellor, EU Delegation

Meeting with Vice Minister, Ministry of Water Resources

Thursday 4 December

Briefing on climate change by DFID/FCO officials

Meeting with Vice Minister and Director-General, National Development and Reform Commission on the UK/China Sustainable Development Dialogue

Roundtable with multilateral institutions, including:

- Jennifer Adams, United States Agency for International Development (USAID)
- David Dollar, World Bank
- Constance Thomas, International Labour Organisation
- Hans Troedsson, World Health Organisation
- Anthea Webb, World Food Programme

Gansu Province

Friday 5 December

Working lunch with local officials, Lanzhou

Visit to Yao Jia Wan Primary School in Suji Township, Kangle County

Meetings with parents and householders in Gu Dong Gou Village, Kangle County

Visit to Suji township hospital, including meeting with medical staff and recipients of medical financial assistance

Saturday 6 December

Meeting with Vice Governor of Gansu Province and education, health and water senior officials, Gansu Provincial Government office

Sichuan Province

Monday 8 December

Visit to Emergency Start/Improve Your Business training, Hanwang Township, Mianzhu County

Visit to the ruins of Hanwang Township, affected by earthquake

Visit to Yongtai Centre School in Zhong Jiang County

Chengdu

Tuesday 9 December

Meeting with Leading Group on Poverty Alleviation and Development, Sichuan Provincial Department of Commerce

Meeting with Sichuan Water Resource Department

Meeting with entrepreneurs who have benefited from the Start/Improve Your Business project supported by DFID and ILO, Chengdu Employment Centre

Visit to methadone maintenance treatment clinic, Chenghua District

Visit to Gay-Care NGO

Wednesday 10 December

Debriefing meeting with DFID China

Conclusions and recommendations

Poverty reduction

1. We were highly impressed with the joint DFID-International Labour Organisation Start and Improve Your Business (SIYB) project. DFID and the ILO have achieved a huge multiplier effect for their investment following the Chinese Government's expansion of the project from 14 initial cities to more than 100, making this the largest job creation scheme in the world. We were pleased to hear that the high quality technical assistance provided by DFID had played a key role in the expansion of the scheme. We were also very pleased to see that an adapted SIYB project had been launched as part of the emergency response to the May 2008 earthquake. We encourage DFID to ensure lessons from this particular application of the scheme are effectively transferred to the Chinese government so that they can form part of future emergency responses. (Paragraph 29)

Education

2. We were struck in the two schools that we visited in China by the impact of DFID's work in education in poor areas of China. DFID has targeted its support effectively towards marginalised children, prioritising interventions that specifically address the needs of poor rural children, ethnic minorities and girls. We were particularly impressed with the school-based planning and child-centred learning techniques that DFID has helped to implement successfully. We welcome the Department's approach of demonstrating the effectiveness of innovative approaches to education at the micro-level, and then handing over such projects to the Chinese authorities to scale up. This approach has achieved a real and positive impact on the world's largest education system and benefited millions of children and communities. It is also exploring innovative methods of teaching which could be applied in neighbourhoods of educational under-achievement in the UK. (Paragraph 37)

Health

3. We commend DFID's efforts to help influence health sector reform in China over the last decade. During our visit, we saw evidence of the substantial challenges facing China in ensuring access to quality healthcare for all, especially poor people in rural areas of western provinces. Over the last decade, DFID has successfully supported small-scale pilot projects, including a medical financial assistance scheme enabling poor families to pay for healthcare, that have fed directly into the design and implementation of national reforms to the health sector. DFID is now using the relationships it has built up with Chinese policymakers to work directly on health policy. (Paragraph 44)

HIV/AIDS

4. Within certain groups of the Chinese population, the country's HIV rate is high and is growing. Infection could easily spread within the general population. We believe

this is a worrying situation that requires urgent attention. We were impressed to hear about the achievements of DFID's HIV/AIDS Prevention and Care project (HAPAC). Again, DFID seems to have achieved a 'demonstrator effect' by pioneering replicable models that have subsequently been scaled up at national level. We commend DFID for this, and for committing £30 million to a new joint project with the UN and the Global Fund to Fight AIDS, Tuberculosis and Malaria that will build on the experiences of the HAPAC. We were highly impressed with the methadone maintenance treatment clinic, funded by the new project, that we visited in Chengdu. It demonstrates the effectiveness of innovative approaches to HIV treatment and care, and the benefits of multi-sectoral co-operation. However, the project is on a small scale and we recommend that DFID continue to promote the replication and expansion of initiatives of this kind. (Paragraph 51)

Sanitation

5. We are very concerned about the extremely low coverage of basic sanitation in China, especially in rural areas. Given China's relative overall wealth, it is striking that one in four people worldwide without access to sanitation and water lives in China. The Chinese Government needs to dramatically increase its efforts in order to boost both China's and the international community's efforts to reach the sanitation MDG target by 2015. We believe this will require urgent investment in a full range of policy responses designed to achieve a rapid and sustainable expansion of access to sanitation. We urge DFID to do all it can to support this enhanced effort. (Paragraph 57)
6. The DFID-supported Rural Water Supply, Sanitation and Hygiene Education programme is a good starting point. We understand that, whilst the project will only benefit 750,000 people directly, DFID's approach of demonstrating successful pilots is likely to lead to greater impact. But given DFID's wide international experience of implementing sanitation initiatives, including at community level, we believe it could do more in China. This is likely to necessitate support being provided after 2011, the projected date for the withdrawal of DFID's bilateral aid programme in China, especially if the MDG 7 target on sanitation is to be met by 2015. (Paragraph 58)

Water supply

7. Nearly a quarter of China's population has no access to clean drinking water. The number of people without access to clean water in rural areas of China is equivalent to the total number of people in Africa without access to water. Whilst we credit DFID's support to water supply under the Rural Water Supply, Sanitation and Hygiene Education programme, we are concerned that this support will end in 2011. China's ability to improve access is crucial to whether the MDG 7 target, seeking to halve the proportion of people without access to safe drinking water by 2015, will be met. We therefore believe that continued DFID support is likely to be needed beyond 2011. (Paragraph 61)

Water resources management

8. China is facing a water crisis, with its already limited resources under further strain from the processes of rapid economic growth, industrialisation, urbanisation and climate change. DFID deserves credit for its role in ensuring that the 2002 Water Law prioritised integrated water resources management, and for its current efforts in helping to implement the Law in two water-scarce river basins. We were pleased to note that DFID is paying attention to building demand for improved water resources management and particularly commend its introduction of water user associations which simultaneously build local capacity and promote more equitable sharing of water resources between communities. (Paragraph 66)

Sustainable development

9. We support the cross-departmental UK-China Sustainable Development Dialogue (SDD). DFID's position as lead UK department within China has been a driving force in the SDD's success. We believe that it is essential that pressure is maintained on the Chinese Government to address sustainable development issues such as illegal logging and sustainable agriculture. DFID's reputation and experience in China has enabled it to build highly effective working relationships across the Chinese government on these issues. If lead responsibility within China was transferred to another UK Department, it could take many years for them to develop similarly effective relationships. We recommend that, assuming the SDD is renewed for another three-year phase for 2012-15, DFID should continue to lead the Dialogue within China on behalf of the UK. (Paragraph 71)

Climate change

10. We believe that DFID will need to continue to play a primary role in supporting China's responses to climate change after 2011. DFID is the only donor with a comprehensive approach to climate change in China. It has spent a number of years building trusted relationships with the Chinese Government in this crucial area—it would be a risky and inefficient use of resources to give up this influence at this important stage of international climate change negotiations. (Paragraph 83)
11. We reiterate our recommendation that DFID continue to lead the UK-China Sustainable Development Dialogue within China between 2012-2015. We further recommend that DFID continue its current valuable support to development aspects of both mitigation of and adaptation to climate change after 2011. This should include monitoring the £50 million allocated from the Environmental Transformation Fund and supporting China to use potential resources from the Clean Energy Investment Framework and the Strategic Climate Fund. We recommend that particular attention is paid to a 'weak link' in China's current approach: research and policy analysis on climate change. DFID's continued support to work on climate change in China should take place within a co-ordinated UK Government approach across all relevant departments. (Paragraph 84)

Development in third countries

12. We support DFID's dialogue with China on international development issues, and the decision to underpin the process with funding and staff resources in Beijing. DFID-supported research about the relationships between China and African countries is a useful step towards greater understanding about international development. It is essential that the UK continues to strengthen this dialogue and begins to move it beyond discussion into practical collaboration in third countries. We believe that on the ground co-operation in developing countries, particularly those in Africa, could help ensure that the benefits of UK and Chinese approaches are mutually reinforcing. (Paragraph 91)

UK Government strategy in China

13. We were surprised that the new UK Government framework document on engagement with China, launched in January 2009, did not mention DFID despite the fact that international development issues are an integral part of the Strategy. We fail to see how these development issues can be effectively implemented, or how a coherent UK Government strategy can be operated, without a clear delineation of departmental roles. We are concerned that this may lead to confusion and poor co-ordination. We urge the UK Government to ensure that all Departments working in China have a clear understanding of the interaction between their different areas of work and the importance of co-ordinating their activities. (Paragraph 93)

China's engagement in Africa

14. Whilst there are many positive aspects to China's increasing investments in African countries, there are also concerns regarding: transparency; sustainability; the capacity for equal partnership; weak adherence to safety, labour and environmental legislation; and governance and human rights. Finding the most appropriate way to address these concerns is a matter for the Chinese Government and the governments of African states. However, we believe that, within its wider work on governance issues, DFID should continue to help to build the capacity of African governments to regulate foreign investors and enforce labour and environmental legislation. We believe that DFID should also promote greater Chinese involvement in multilateral initiatives, including those relevant to private sector development such as the UN Global Compact and the Infrastructure Consortium for Africa, and those focused on the natural resource sector, such as the Extractive Industries Transparency Initiative. (Paragraph 102)

Learning from China

15. China offers many lessons about economic growth and poverty reduction for other developing countries. The learning process between donors such as DFID, China and third countries is a mutual one: there are many opportunities for DFID to develop ideas from both China's development and from the Department's own work in China, which it can subsequently use in its programmes elsewhere. Significantly,

specific innovative development pilots to eradicate poverty could also be trialled in the UK. (Paragraph 109)

16. We consider agriculture a priority area for lesson-sharing between China and other developing countries, especially those in Africa. We were pleased to hear that an agreement was reached at the UK-China Summit in January 2009 to strengthen co-operation between the UK and China on food security, including agricultural research, and that the two countries will host an international meeting on agriculture co-operation that includes officials and experts from African countries. We urge DFID to press ahead with implementing this new agreement as quickly as possible, and request that we are kept up-to-date with progress on organising the international meeting. (Paragraph 110)

DFID's strategy for middle-income countries

17. In our report on DFID's 2008 Annual Report, published in February 2009, we recommended that DFID clarify and publish its policy for engagement with middle-income countries (MICs) as a matter of urgency, following the expiry of the previous strategy in 2008. As we said then, the short statement that we have received is no substitute for a properly articulated and publicly available strategy for this crucial grouping of countries. We are disappointed that a successor strategy for MICs is not in production. As DFID itself highlighted in its previous strategy, middle-income countries are critical to the achievement of the Millennium Development Goals because of both the high levels of poverty which remain in some MICs and the influence they can have on global policies. We reiterate our recommendation that DFID urgently develop and publish a new MIC strategy to govern its policy and expenditure in these countries. In this context, we recommend that serious consideration is given to the use of loans as a funding tool in China and other middle-income countries. We intend to return to this subject—and particularly the balance between loan and grant funding in UK assistance to middle-income countries—in the near future. (Paragraph 113)
18. We agree that DFID should give high priority to working with large and influential middle-income countries that have the potential to make a significant impact on poverty reduction in other countries. There is also still substantial poverty in China. We therefore support DFID's decision to devote a proportion of its 10% MIC allocation to China. (Paragraph 116)

Meeting the MDGs in China

19. We understand that many other developing and middle-income countries face challenges resulting from global problems such as the financial crisis and climate change. We also understand that China's per capita GDP, at US\$1,713, is relatively high, representing around three times the aggregate rate for low-income countries. However, given the vulnerability of many people in China to falling back into poverty, we believe that it may be premature and unworkable to reduce DFID's role to an advisory one, focused on international development and climate change, only a few years before the Millennium Development Goal deadline in 2015. (Paragraph 120)

20. MDG targets on sanitation, HIV/AIDS and TB remain off-track in China. Overall progress on other targets, such as child mortality and access to clean water, mask huge regional disparities. We reiterate our praise for DFID's achievements in China in catalysing progress on the MDGs. Its approach of demonstrating small-scale pilot projects in education, HIV/AIDS, health, sanitation and water has been highly successful. But the job is not complete. The Department has particular expertise from elsewhere in the world that it could bring to bear in these sectors. We therefore believe that leaving China just four years before the MDG deadline of 2015 would not make sense. DFID still has considerable value to add to China's efforts over the next five to six years, especially in terms of introducing innovative approaches within specific sectors and sharing international expertise. (Paragraph 121)

DFID's relationships with policymakers in China

21. DFID has gradually built successful and influential relationships with Chinese policymakers, at both the provincial and national level and across a range of sectors. Building the right relationships is the only route to securing influence in China. We believe that DFID's relationships have been hard-won and well-developed, and that the Department is possibly the only donor to have forged such influential links on development with the Chinese Government. We recommend that, having spent considerable time, effort and money forging these connections, DFID should avoid weakening them. We believe that this is another strong reason for DFID engagement to continue beyond 2011. (Paragraph 125)

Funding a post-2011 development relationship with China

22. We believe that maintaining the influential relationships that DFID has built over the last decade will require not just staff resources in Beijing but a funding element. The reality is that participating in discussions about development in China is only practicable if financial resources are attached. We believe that the amount of funding would be secondary to the ideas, expertise and innovation that DFID brings to the table in China. Any funding that is provided will undoubtedly unlock significantly larger amounts of Chinese money and thus is likely to be highly cost-efficient. (Paragraph 130)
23. Sanitation and water coverage is still very low in China, and this jeopardises progress towards the achievement of all the other MDGs. We believe there is a strong case for DFID to continue to fund small-scale pilot projects in these sectors in the run-up to the MDG deadline of 2015, using its proven approach of demonstrating innovative ideas at the micro level. Whilst it is for DFID, rather than us, to calculate exact costs of what interventions are needed and where, our initial judgement is that £7-8 million over three years would enable a scaled-down version of DFID's integrated sanitation, water and hygiene project to run from 2012-2015. (Paragraph 131)
24. We hope DFID might also be able to continue discrete, scaled-down pilot projects in the other sectors that risk seeing MDG targets being missed—health, HIV/AIDS and education. We estimate that another £7-8 million over three years to cover the three sectors would allow several valuable small-scale 'demonstrator' projects in these sectors to continue to 2015. (Paragraph 132)

The international benefits of a continuing development relationship with China

25. We believe that retaining an office in Beijing would have multiple benefits for DFID's approach to helping reduce poverty both in China and internationally. Having a presence on the ground would enable DFID to continue its process of learning with and from China. DFID would be able to continue to innovate in its support to basic services such as education, health, sanitation and water, and these innovations could then be replicated elsewhere by both the Chinese and UK Governments. We believe that assisting China's ability to explore solutions for its own development may influence China's developmental approach overseas, and provide openings for discussions about China's international engagement—for instance, with African countries. (Paragraph 134)
26. We believe that an integral part of the continuing development relationship with China would be helping this huge country to develop sustainably. The path that China chooses, in terms of carbon emissions, energy use and its sourcing of natural resources, will strongly affect the international community's efforts to address climate change. In fact, we believe that the costs of not helping China to develop sustainably are likely to be higher to the UK taxpayer than continuing a programme of support. We estimate that the likely cost to DFID's bilateral assistance allocation would be several million pounds between 2011 and 2015, with other funding coming from alternative channels, including DFID's research budget and from China's own resources, which the UK could help leverage. (Paragraph 136)

The future development partnership

27. We believe that DFID's capacity to strengthen its crucial dialogue with the Chinese Government over international development issues would be greatly assisted if the Department retained an office in Beijing. Working from Beijing would help to provide DFID with accurate and up-to-date information about China's engagement with African and other countries, and ensure that it better understands China's approaches. This can only assist the process of moving from dialogue to practical collaboration in third countries. It is also likely to help DFID promote greater Chinese participation in multilateral development frameworks. (Paragraph 137)
28. Finding the right terminology for a continuing DFID relationship with China is important. We believe the exact term is for DFID to determine but suggest that descriptions such as 'development partnership' convey the co-operative spirit that would be at the heart of the continuing relationship. We reiterate that this new partnership needs to be underpinned by a financial commitment of around £5-10 million annually over three years, linked to specific programmes, and should include the retention of a DFID office presence in Beijing. (Paragraph 140)

Formal Minutes

Monday 2 March 2009

Members present:

Malcolm Bruce, in the Chair

John Battle	Richard Burden
Hugh Bayley	Mr Marsha Singh
John Bercow	Andrew Stunell

Draft Report (*DFID and China*), proposed by the Chairman, brought up and read.

Motion made and Question proposed, That the Chairman's draft Report be read a second time, paragraph by paragraph.—(*The Chairman.*)

Amendment proposed to leave out from "That" to the end of the Question and add "this Committee declines to read the draft report a second time because it fails to recognise that China holds foreign exchange reserves worth almost \$2 trillion or \$1,500 per capita, compared to the UK's reserves of \$54 billion, or \$900 per capita, that China's trade is \$400 billion in surplus, while the UK's trade is \$100 billion in deficit, that China had a fiscal surplus of \$82 billion in 2008, and that China has developed more successfully than any other country in the last two decades and has emerged as a middle-income country with enormous impact on the global economy; and that major donors, including the World Bank, France, Germany and Italy, now give most of their aid to China in the form of loans rather than grants; and because it fails to recommend that UK bilateral aid to middle-income countries should in future generally be in the form of loans or to acknowledge that further development in China, a country with a fiscal surplus of \$82 billion, cannot possibly depend on it receiving up to \$2 billion of aid in grants; and because it also fails to recommend that the majority of UK aid to China beyond 2011 should be in the form of loans." instead thereof.—(*Hugh Bayley*)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 1	Noes, 3
Hugh Bayley	John Battle Mr Marsha Singh Andrew Stunell

Main Question put and agreed to.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 143 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 18 May 2008.

[Adjourned till tomorrow at 10.00 am

Witnesses

Wednesday 21 May 2008 (Morning Session)

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Mr James Oporia-Ekwaro, Senior Lecturer, University College London and **Mr Daniel Large**, Research Director, Africa Asia Centre, School for Oriental and African Studies Ev 1

Wednesday 21 May 2008 (Afternoon Session)

Dr Sarah Cook, and **Dr Gerry Bloom**, Research Fellows, Institute of Development Studies, and **Mr David Daniels**, YozuMannion Limited Ev 14

Mr David Mepham, Save the Children UK, **Mr Matthew Foster**, South and East Asia Regional Director, VSO, and **Ms Julie Thomas**, China-Africa Policy Adviser, WWF-UK Ev 22

Tuesday 18 November 2008

Professor Stephen Chan, School of Oriental and African Studies, and **Dr Jing Gu**, Institute of Development Studies Ev 30

Thursday 22 January 2009

Mr Michael Foster MP, Parliamentary Under-Secretary of State for International Development, **Mr Adrian Davis**, Head of Office, DFID China, and **Mr Scott Wightman**, Director, Asia Pacific, Foreign and Commonwealth Office Ev 43

List of written evidence

1	Department for International Development	Ev 55; Ev 70; Ev 73; Ev 75
2	Martin Gordon OBE, Chairman of Barry & Martin's Trust	Ev 77
3	Centre for Chinese Studies, Stellenbosch University	Ev 79
4	Department for Environment, Food and Rural Affairs	Ev 80
5	Christian Aid	Ev 82
6	Global Water Partnership	Ev 87
7	Institute of Development Studies China Group	Ev 89
8	International Synergies Limited	Ev 93
9	Dr Giles Mohan	Ev 96
10	The Rights Practice	Ev 97
11	Save the Children UK	Ev 99
12	Society for the Protection of Unborn Children	Ev 100
13	Tibet Foundation	Ev 102
14	VSO	Ev 107
15	WWF-UK	Ev 108
16	YozuMannion Limited	Ev 111

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2008-09

First Report	Work of the Committee in Session 2007-08	HC 138
Second Report	DFID Annual Report 2008	HC 220

Session 2007-08

First Report	DFID Departmental Report 2007	HC 64-I&II (HC 329)
Second Report	Development and Trade: Cross-departmental Working	HC 68 (HC 330)
Third Report	Work of the Committee 2007	HC 255
Fourth Report	Reconstructing Afghanistan	HC 65-I&II (HC 509)
Fifth Report	Maternal Health	HC 66-I&II (HC 592)
Sixth Report	DFID and the World Bank	HC 67-I&II (HC 548)
Seventh Report	DFID and the African Development Bank	HC 441-I&II (HC 988)
Eighth Report	Scrutiny of Arms Export Controls (2008): UK Strategic Export Controls Annual Report 2006, Quarterly Reports for 2007, licensing policy and review of export control legislation	HC 254 (Cm 7485)
Ninth Report	Working Together to Make Aid More Effective	HC 520-I&II (HC 1065)
Tenth Report	The World Food Programme and Global Food Security	HC 493-I&II (HC 1066)
Eleventh Report	The Humanitarian and Development Situation in the Occupied Palestinian Territories	HC 522-I&II (HC 1067)
Twelfth Report	HIV/AIDS: DIFID's New Strategy	HC 1068-1&II (HC 235)

Session 2006-07

First Report	DFID Departmental Report 2006	HC 71 (HC 328)
Second Report	HIV/AIDS: Marginalised groups and emerging epidemics	HC 46-I&II (HC 329)
Third Report	Work of the Committee in 2005-06	HC 228
Fourth Report	Development Assistance and the Occupied Palestinian Territories	HC 114-I&II (HC 430)

Fifth Report	EU Development and Trade Policies: An update	HC 271 (HC 622)
Sixth Report	Sanitation and Water	HC 126-I&II (HC 854)
Seventh report	Fair Trade and Development	HC 356-I&II (HC 1047)
Eighth report	DFID's Programme in Vietnam	HC 732 (HC 1062)
Ninth report	Prospects for sustainable peace in Uganda	HC 853 (HC 1063)
Tenth report	DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai-Burma Border	HC 645-I&II (HC 1070)

Session 2005–06

First Report	Delivering the Goods: HIV/AIDS and the Provision of Anti-Retrovirals	HC 708–I&II (HC 922)
Second Report	Darfur: The killing continues	HC 657 (HC 1017)
Third Report	The WTO Hong Kong Ministerial and the Doha Development Agenda	HC 730–I&II (HC 1425)
Fourth Report	Private Sector Development	HC 921-I&II (HC 1629)
Fifth Report	Strategic Export Controls: Annual Report for 2004, Quarterly Reports for 2005, Licensing Policy and Parliamentary Scrutiny	HC 873 (Cm 6954)
Sixth Report	Conflict and Development: Peacebuilding and post-conflict reconstruction	HC 923 (HC 172)
Seventh Report	Humanitarian response to natural disasters	HC 1188 (HC 229)