

*Demand-Driven Data:  
How Partner Countries are Gathering Chinese  
Development Cooperation Information*

Submitted by UNDP China

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*Thematic area covered by this brief:*

- How effective development cooperation principles have strengthened the institutional frameworks
- How effective development cooperation principles have supported the successful partnership engagements / models
- Successful country examples and bottlenecks in enhancing transparency in managing aid information / data
- How effective development cooperation principles have catalyzed the efforts towards overcoming inherent MIC challenges
- Other, please specify \_\_\_\_\_

## **1. Context**

For more than a decade, providers and recipients of development cooperation have sought to increase the effectiveness of development cooperation. An area of particular importance has been the transparency of development cooperation. The availability of quality data on development cooperation leads to stronger ownership of development outcomes, as it enables governments to have a full overview of their resource envelope and thus prioritize development objectives. Partner countries are playing a very central role in driving the transparency agenda. To this end, a rapidly growing number of partner countries have strengthened capacities of development cooperation management, including a visible boom in the number of countries who have developed, designed and implemented Aid Information Management Systems (AIMS) that capture development cooperation flows from providers. At present, 46 developing countries have now developed AIMS, 24 of which are now publicly accessible. This has facilitated a more structured engagement with development partners around development cooperation flows.

## **2. Issue**

As China becomes one of the major development partners and South-South cooperation providers globally, there is increasing demand from partner countries for more information on China's financial flows. China has been taking initiatives to increase the sharing of development cooperation information, exemplified by the release of two White Papers on Foreign Aid (2011 and 2014) and the Measure for the Administration of Foreign Aid (2014). However, the data provided in the White Papers is not country- or sector-specific, nor is it broken down by years. The lack of information has created an analytical gap and led to misconceptions about Chinese development cooperation.

## **3. Successful interventions in light of progress made in implementation of effective development cooperation principles of Busan Agreement**

However, the situation seems to be changing in a positive direction. For some years, China has been providing detailed information on its grants, loans, and other activities to partner countries and the information is increasingly being included in their AIMS and being reported to global processes such as the Global Partnership for Effective Development Cooperation (GPEDC). In the 2014 GPEDC progress report, eleven partner countries reported a total of US\$770 million of Chinese financial flows, for the first time. These countries were Cambodia, Democratic Republic of Congo, Madagascar, Mali, Moldova, Nepal, Philippines, Samoa, Senegal, Tajikistan, and Togo. These countries have provided not only China's development cooperation data, but also some useful information on the predictability of the financial flows, and the degree of policy alignment to country systems.

An analysis of the data provided by the eleven countries found that:

- The Economic and Commercial Counselors (ECCs) within the Chinese embassies<sup>1</sup> have been increasingly incentivized to provide information as this is in line with the China's development cooperation principle of country ownership and they would also like to have their development cooperation positively reflected in key documents at the national level, for example, in the case of Moldova;
- The reporting on Chinese development cooperation is a result of increased demand from partner countries for such information and all of the eleven countries had AIMS, which is an important pre-condition for Chinese development cooperation information to be captured and used for national planning processes;
- There are three sources of obtaining China's development cooperation data: firstly, Chinese loan agreements; secondly, ECCs within the Chinese embassies; and a further source has been for recipient governments to get in contact directly through email or phone with the Chinese Ministry of Commerce and the Ministry of Finance in Beijing;

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<sup>1</sup> At Chinese embassies, the ECC's Offices are the field offices of the Ministry of Commerce which appoints its staff who report directly to it rather than to the Ambassador or the Ministry of Foreign Affairs.

- UNDP has supported some of these countries in their engagement with Chinese counterparts regarding development cooperation data collection;
- In most cases, Chinese development cooperation was off-budget. However, in the case of Nepal, on average 35 percent of development cooperation disbursements from China were captured in each stage of the budget cycle.

#### **4. Remaining challenges in implementation of effective development cooperation principles**

- In all cases, accessing Chinese development cooperation data has required additional efforts;
- The degree of integration of AIMS data into national planning and budgeting systems appears to be relatively weak for almost all of the eleven countries. Data collation remains a challenge and real barrier for these countries in strengthening their planning and budgeting processes;
- There are huge discrepancies in the data for all of the eleven countries reported in the survey, cutting across many of the indicators, leaving us with an unclear picture of China's performance as a development partner versus other development partners;
- There are clear weaknesses in the design and methodology of the GPEDC survey itself. For example, there is disconnect between the indicators selected and the type of survey information requested from partner governments, and all surveys and data collection processes involve normative assumptions which may not necessarily favour Chinese development cooperation. More engagement of China on these issues would be useful.

#### **5. Policy insights**

- There is **strong demand** from partner countries for the Chinese government to better align with their national systems and procedures for collecting and reporting development cooperation data in the future, and for Chinese embassies to have a **focal point** for development cooperation coordination and providing data;
- The **ECC's Office** is the key interlocutor, and its staff capacity will be important to ensure that in the future Chinese staff will be able to input their development cooperation data directly into the country's system as well as verify the data on a regular basis. This, in turn, will require **legislative and operational support** to ensure that all Chinese institutions which engage in development cooperation liaise with the Ministry of Commerce and ECCs around the provision of basic development cooperation data;
- There is scope for partner countries to **more effectively involve Chinese counterparts** in the data collection and validation process and better link the reported data with their national planning and budgeting processes;
- There is potential for **UNDP offices to increase support to partner governments** for accessing information on China's development cooperation; UNDP offices in partner countries could support the government's efforts to gradually develop working arrangements with local Chinese stakeholders. In addition, UNDP China should continue to support the Ministry of Commerce in encouraging responses to partner countries' request for more development cooperation information and improving the level of engagement between China and partner countries;
- Collating data at the country level through partner country governments could be an effective means for the Chinese government to gather sufficient information to produce an **annual report about China's development cooperation**, whereby data and results are disaggregated by country, sector and year, without the need for expanded capacity or management arrangements in Beijing. Such data could also continue to feed into processes such as the GPEDC, bolstering China's image as a transparent and accountable development cooperation provider.