

A photograph of two women and a child in a rural setting. The woman on the left is wearing a light-colored jacket and blue jeans, looking towards the other woman. The woman on the right is wearing a blue jacket and a patterned skirt, holding a young child in a red and white plaid jacket. They are standing in front of a dark, possibly tent-like structure. The ground is grassy.

**DFID's China
country programme
2004-2009**

Children in Sichuan, China.

Photo courtesy of local DFID staff.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Evaluation Report EV710

China
COUNTRY PROGRAMME
EVALUATION

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By Julian Barr (Team Leader)

Jing Gu, Guo Yan, Liu Yonggong, James Keeley and Johanna Pennarz

ITAD Ltd

Preface

This evaluation of DFID's country programme in China is one of a series of regular Country Programme Evaluations (CPEs) commissioned by DFID's Evaluation Department (EvD). The studies are intended to improve performance, contribute to lesson learning and inform the development of future strategy at country level. Collectively, the CPEs are important in terms of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared.

The evaluation was carried out by a team of independent UK and national consultants, led by Julian Barr, ITAD Ltd. The evaluation focused on DFID's programme during the period 2004–2009 and was managed by Iain Murray and Carol Travers of EvD. The evaluation field work was carried out in October/ November 2009.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff and their partners during the process and on communicating findings. This included field trips to Chengdu and Kunming provinces by two members of the team to examine on the ground implementation. The team also held extensive consultations with other Whitehall Departments on climate change and sustainable development issues and with DFID Africa policy and country teams on China-Africa issues and South-South Learning.

The evaluation found the strategy to be correctly aligned to national poverty orientated programmes in support of China achieving the MDGs. There was an appropriate focus on the hard to reach MDG targets, built around strategic partnerships with the World Bank and UN agencies, and a number of innovative pilot projects have successfully been scaled up nationally, particularly in education and health. DFID's programme on Working with China on International Development (WCIDI) issues was also judged to be the right set of priorities and responsive to China's concerns and policies. The results are a mixture of practical and innovative pilots and important political agreements mapping out a clear transition from bilateral aid to dialogue on international development.

This has been an important lesson learning opportunity for DFID, particularly in terms of how a non-aid based development relationship with a very significant Middle Income Country partner can work. The evaluation has been used by the China team in their internal decision making and has fed into discussions with Ministers on the bilateral aid review and decisions on the China programme. EvD would like to acknowledge the contribution made by the evaluation team itself, as well as DFID staff and development partners.

Nick York
Head of Evaluation Department

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This evaluation of DFID's programme in China was undertaken by an independent team from the ITAD Ltd consortium, commissioned by DFID's Evaluation Department. The team was led by Julian Barr and consisted of three international consultants: Jing Gu, James Keeley and Johanna Pennarz as well as two Chinese consultants: Yan Guo and Liu Yonggong. The team was supported by two further Chinese consultants – Deng Weijie and Wu Jing – who undertook interviews in Chengdu and Kunming respectively.

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However, other than the response to the report by DFID's Evaluation Department, full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by the department, the views contained in this report do not necessarily represent those of DFID nor any of the individuals or agencies consulted.

Acronyms

AAA	Analytical and Advisory Activities
ACCC	Adaptation to Climate Change in China
ACWF	All-China Women's Federation
ADB	Asian Development Bank
ARV	Anti-retroviral
BEWAP	Basic Education in Western Areas Project
BRIC	Brazil, Russia, India and China
CAAS	Chinese Academy of Agricultural Sciences
CAP	Country Assistance Plan
CAU	China Agricultural University
CCICED	China Council for International Cooperation on the Environment and Development
CDD	Community Driven Development
CGCO	Chengdu Gay Care Organization
CHARTS	China HIV and AIDS Roadmap Tactical Support
CHRP	County Health Resource Planning
CIDA	Canadian International Development Agency
CMS	Cooperative Medical System
CMWG	Cross-Ministerial Working Group
CPE	Country Programme Evaluation
GPS	Central Party School
CSO	Civil Society Organisation
CSP	Country Strategy Paper
CWMP	China Watershed Management Project
DAC	Development Assistance Committee

Acronyms

DECC	Department of Energy and Climate Change
Defra	Department for Environment, Food and Rural Affairs
DETR	Department of the Environment, Transport and the Regions
DFIDC	Department for International Development, China
EITI	Extractive Industries Transparency Initiative
ERIP	Economic Reform Implementation Programme
EU	European Union
EVD	Evaluation Department (DFID)
FCO	Foreign and Commonwealth Office
FOCAC	Forum for China–Africa Cooperation
FSAP	Food Security Action Plan
FSW	Female Sex Workers
FYP	Five Year Plan
GBEP	Gansu Basic Education Project
GDP	Gross Domestic Product
GEI	Global Environment Institute
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GoC	Government of China
GWP	Global Water Partnership
HAPAC	HIV and AIDS Prevention and Care Project
HH	Households
HLE	UN High Level Event
HMG	Her Majesty’s Government
HPSP	Health Policy Support Project
IBRD	International Bank for Reconstruction and Development
ICA	Infrastructure Consortium for Africa
IDA	International Development Association

IDC	International Development Committee
IDU	Intravenous drug-users
IHPC	In-House Policy Consultancy
ILO	International Labour Organisation
IMR	Infant Mortality Rate
IPCC	International Panel on Climate Change
IPRCC	International Poverty Reduction Centre in China
KASH	Knowledge and Advocacy for Sanitation and Hygiene Project
M&E	Monitoring and Evaluation
MCH	Maternal and Child Health
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MECAD	Middle East, Caribbean, and Asia Division
MFA	Medical Financial Assistance
MIC	Middle Income Country
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOFA	Ministry of Foreign Affairs
MOFCOM	Ministry of Commerce
MOFTEC	Ministry of Foreign Trade and Economic Cooperation
MOH	Ministry of Health
MOST	Ministry of Science and Technology
MoU	Memorandum of Understanding
MSM	Men who have sex with men
MWR	Ministry of Water Resources
NAO	National Audit Office
NCMS	New Cooperative Medical Scheme

Acronyms

NDRC	National Development Reform Council
NER	Net Enrolment Rate
NGO	Non-Governmental Organisation
NPC	National People's Congress
NRM	Natural Resources Management
OECD	Organisation for Economic Cooperation and Development
OGD	Other Government Department
PCR	Project Completion Report
PLWHA	People living with HIV and AIDS
PPRWRP	Pro-poor Rural Water Reform Project
PPWSP	Provincial and Peri-Urban Water Supply and Sanitation Project
PQI	Portfolio Quality Index
PRCDP	Poor Rural Communities Development Project
PRD	Policy and Research Department
PRF	Poverty Reduction Fund
PRSP	Poverty Reduction Strategy Paper
PSA	Public Service Agreement
RHP	Rural Health Project
RMB	Renminbi (Chinese currency)
RWASH	Rural Water and Sanitation and Hygiene Project
RWSS	Rural Water Supply and Sanitation
RWSSHP	Rural Water Supply, Sanitation, and Hygiene Programme
SAIC	Staff Appointed in-Country
SAIN	Sustainable Agriculture Innovation Network
SDD	Sustainable Development Dialogue
SFA	State Forestry Administration
SIDA	Swedish International Development Cooperation Agency

SSL	South-South Learning
SUBEP	Support to Universal Basic Education Project
SW	Sex Workers
SWBEP	Southwest Basic Education Project
SWDP	Social Welfare Development Project
TA	Technical Assistance
TCC5	World Bank's Fifth Technical Cooperation Credit to China
TEOS	Two Exemptions – One Subsidy
U5MR	Under 5 Mortality Ratios
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV and AIDS
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
WB	World Bank
WCIDI	Working with China on International Development Issues
WHO	World Health Organisation
WRDMP	Water Resources Demand Management Project
WTO	World Trade Organisation
WUA	Water Users Association
WWF	World Wildlife Fund for Nature
YEDP	Yunnan Environmental Development Programme
YRCC	Yellow River Conservancy Commission

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Executive Summary

S.1 This China Country Programme Evaluation (CPE) forms part of a sixth annual round of CPEs undertaken on behalf of DFID's Evaluation Department. CPEs are conducted to provide accountability and lesson learning for DFID, based on the quality of delivery and engagement at country level.

DFID's Strategy in China

S.2 The evaluation covers a five-year period 2004–2009, spanning two strategy periods: a Country Strategy Paper (CSP) (2002–2005) and a Country Assistance Plan (CAP) (2006–2011). These DFID strategies for China were relevant to the need and appropriate in the context of DFID White Papers, the UK–China Framework for Engagement and the 10th and 11th Chinese Five Year Plans (FYPs). With the benefit of hindsight, the CSP might have included some consideration of China and global development issues and the CAP might have made more of climate change.

S.3 The CSP identified the need to address poverty in the western region of China. It targeted the MDGs broadly, focusing on improving poor people's education and health. This helped plug gaps in the 10th FYP, which was more growth than poverty oriented. The strategy also contained strong cross-cutting themes on gender equity, social inclusion, and economic and social reform.

S.4 The 11th FYP was more poverty oriented and thus the CAP correctly aligned itself more closely to working with national programmes, in support of China achieving the MDGs. There was a greater focus on hard-to-reach MDG targets, which had been left behind by China's growth and on sectors where DFID recognised it had comparative advantage: basic education, HIV and AIDS, TB, water resource management, and water supply and sanitation. However, the economic and social reform and deeper social equity aspects of the CSP were left behind. Thus parts of the programme designed under the CSP period, but continuing into implementation during the CAP period, have been under-appreciated as programme priorities have evolved. The three large trust funds with the multilateral development banks (MDBs), together worth £16m, are a case in point: management consciously left to the banks.

S.5 The CAP introduced a programme of Working with China on International Development Issues (WCIDI). This was new for DFID, and there was some trial and error in identifying areas with traction with China. From 2007, focusing on sustainable development, climate change and China's involvement in Africa ('China-Africa') gave the right set of priorities. Sustainable development and climate change cohere with China's concerns, and China-Africa is important in helping DFID in Africa and African countries hit their MDG targets. The Department for International Development, China's (DFIDC) approach to China-Africa has been innovative and responsive. It has absorbed the essence of Chinese reform: learning by doing.

S.6 Having a five year CAP permitted DFID to map out a strategy with a clear evolution of its engagement with China from bilateral aid to dialogue on international development and gave a sufficient period of advance warning of the change this implied. China is not enthusiastic about the change, but is pragmatic in recognising the reasons for it, and continues to want to work with DFID.

S.7 DFID adopted a good partnership strategy, particularly with the World Bank, the World Health Organisation (WHO) and the Joint United Nations Programme on HIV and AIDS (UNAIDS). In working with these partners, DFID was able to leverage greater coverage and impact, by influencing projects with substantially greater funding and through access to well-established policy channels. The development of the ‘blending’ aid instrument during the CSP period was a pragmatic response to China losing its eligibility for concessional loans from the World Bank. It ensured China continued to implement loan projects in social sectors, which DFID could influence through design and supervision. However, blending did complicate design processes and exposed DFID to the unfamiliar territory of loan negotiation. And it also traded off scale of results against the level innovation and poverty focus normal in DFID projects.

Results

S.8 Evidence from DFID’s Annual Review ratings system, documentary review and interviews show that the programme has performed unusually well compared to other DFID country programmes. The evaluation concurs with the International Development Committee’s (IDC) view, which was that ‘*DFID’s programmes in China have been extremely effective*’. This is not supported, however, in scoring against the CAP performance framework, where the results are only average, but this is largely down to a poorly-designed framework and indicators.

S.9 DFIDC has helped China with hard-to-reach MDGs, particularly through good targeting of disadvantaged groups – women, girls and ethnic minorities. Projects have piloted innovative approaches on the ground which, with strong government ownership, have been adopted and scaled-up by provincial and national governments. The MDG programme also helped DFID to understand development in China, build relationships and a reputation with provincial and Beijing government stakeholders, demonstrate DFID’s commitment to poverty reduction in China and provide evidence and examples of good practices needed to influence behaviour, thinking and policymaking at central levels in the Chinese government.

S.10 The success of the MDG programme relied on strategic partnerships. Partnership with the World Bank was important to roll-out pilot practices and increase coverage in poor areas. Partnerships with UN agencies were useful where the project design built upon the agencies’ policy-level access to the Chinese government. This was particularly so in the health sector, for health policy dialogue. Partnerships with civil society organisations were initiated during the CSP period, but discontinued as part of the increasing focus on working with central government. Only in HIV and AIDS was engagement with civil society organisations strengthened; this became instrumental for achieving DFID’s strategic goals.

S.11 There were some good gender-related results in individual projects, but gender mainstreaming has not been substantially strengthened since the 2002 gender review.

S.12 The Working with China on International Development Issues (WCIDI) programme has demonstrated both practical, on-the-ground results, as well as policy-level contribution. The interplay between practical support, for example on sustainable development and climate change adaptation, and high level inter-governmental dialogue is a key feature of the success. China values DFID’s practical support and does not feel it is being lectured at or negotiated with.

S.13 The China-Africa programme demonstrates a number of successful initiatives that fall within a broad ambit of ‘learning about and sharing information on China in Africa’. The challenge is to demonstrate how these achievements are leading to behavioural changes in the way China approaches development in Africa and African countries, and in DFID’s work with

Chinese organisations in Africa. The Sustainable Development Dialogue (SDD) has enabled DFID to achieve results in areas where it has been difficult to make headway using other forms of engagement with Chinese agencies. Work on climate change adaptation and low carbon development contributed significantly to delivering a UK-China strategy on climate change and there is evidence that this has helped shape China's thinking on these issues.

S.14 DFIDC leveraged World Bank loan funds through 'blending', contributing to a much larger scale of impact than would have been possible through its own grants. In education, practices developed in DFID projects were scaled-up in subsequent World Bank projects and national programmes. In health, concepts and approaches were piloted in projects and taken up in China's sector policies. The trust funds with the World Bank led to a broad range of studies – seen to be influential, particularly by the World Bank – which reportedly fed into Government of China (GoC) policy. However, DFIDC appears to have placed less value on this work as time progressed, and thus made less use itself of the studies and their leverage.

Implementation Processes

S.15 To deliver the evolving programme set out in the CAP, DFIDC put into place a well-planned and transparent change management process which also mapped out a series of staffing structures around a staff complement declining year-on-year. DFIDC staff are well-regarded and seen to be effective in dealing with Chinese institutions. However, as WCIDI progresses, it would be advantageous for DFIDC if more of the staff were equipped with the core competencies necessary for modern diplomacy, policy and political work.

S.16 The programme is structured into two distinct programmes and teams – MDG and WCIDI. The separation between the two has widened and potential synergies between the bilateral programme and DFID's work on international issues are not fully realised. The MDG programme has been very successful, but will be all but complete by 2011, and, without a forward-looking aspect, is perceived as the less-favoured part of the programme.

S.17 DFID's programme in China has consistently had higher proportionate administration costs than comparable country programmes in Asia. This is explained by the very high cost of maintaining an office in Beijing and by the presence of the 'China and international development' programme, which is a low-spend, high-staff input dialogue and influencing programme.

S.18 However, during the CSP period, DFID managed a large number of smaller projects alongside its larger ones. The programme now appears to have been efficiently organised into a small number of large projects in the MDG programme, plus the WCIDI programme. However, there are 83 trust fund sub-projects and 45 WCIDI sub-projects in existence. Transaction costs are thus higher than envisaged as these sub-projects have a hidden demand-pull for advice and administration; and they are below the £1 million threshold for routine monitoring. There is a risk of losing sight of the aggregate purpose and impact of this level of dispersed activity.

S.19 Blending World Bank loans was an appropriate aid instrument when it was introduced, in the CSP period. However, blending was a complicated instrument to negotiate – territory with which DFID was unfamiliar. DFIDC found developing a loan project to be highly resource intensive.

S.20 DFID has demonstrated that a 'piloting' approach works and is the right strategy in China, where the government has the wherewithal and resources to take successes to scale. Piloting new ideas and taking the successes to scale is how China develops itself. It also is a mechanism

which can shift to donors the trialling of more risky and innovative approaches. Successful development in China requires building a partnership with the GoC. This takes time and involves demonstrating added value to gain credibility and consistent engagement using ways of working sympathetic to China's systems. DFIDC has demonstrated this: the credibility it has fostered from the MDGs with key parts of the GoC has benefitted the WCIDI programme in intangible ways, as DFIDC is now seen as a trusted partner.

S.21 DFIDC has forged effective relationships with several other UK government departments, especially the Department for Environment, Food and Rural Affairs (Defra) and the Foreign and Commonwealth Office (FCO). It also has a mutually beneficial partnership with the World Bank. But the China-Africa work reveals a need for a greater emphasis on African ownership and involvement.

S.22 The example of the UK-China Sustainable Development Dialogue (SDD) suggests DFIDC is reasonably well set up for a 'beyond-aid' model: the office has worked competently with a dialogue and influencing model that works to a cross-governmental agenda, organised around high-level political engagement and linked to the creation of space for substantive sectoral level activity. The model is operationally intensive in terms of staffing (Chinese - and UK-appointed), yet entails a relatively low-spend. Considering corporate performance metrics, DFID needs to recognise that this type of work cannot be compared to more normal bilateral country programmes on a like-with-like basis. However, there are areas in which the model needs further refinement, including how to balance cross-government and DFID corporate priorities and how to maximise internal learning for multiple, low-spending activities.

S.23 DFIDC has been successful, but the evidence for demonstrating this is patchy and the CAP performance framework weak. In the MDG programme, there is a good record of evaluation and review, except in education. Projects co-financed with the World Bank have generally been better-assessed, and indeed the World Bank has a much stronger project review and evaluation culture than DFID. However, it is not clear that DFIDC has sufficiently reflected on the success factors in the MDG programme. With the MDG programme drawing to a close in 2011, there is time to commission a horizontal review of what worked and why. In the WCIDI programme, indicators of success are inconsistent and varied in their relationship to DFID's agency in different influencing processes. The programme needs a more clearly expressed theory of change, to which an improved Monitoring and Evaluation (M&E) system can be linked.

S.24 DFIDC has been good at explaining itself and justifying its role in relation to DFID priorities as they emerge. However, there has been less attention to formal scrutiny of the programme than there might normally be in a DFID country programme. Having a five year CAP has meant that the programme has not been through the formal rigour of a normal triennial review of the country strategy. Since 2004, review of the WCIDI programme has only been conducted by DFIDC staff, although an external review is scheduled for 2010. DFIDC does need to encourage more independent formal scrutiny of its programme.

Recommendations for DFID at the Corporate Level

1. The WCIDI programme has broken new ground for DFID in allocating a major resource to engaging with a country in a non-aid, multi-tiered, dialogue-based relationship, which encompasses practical activities and senior policy-level engagement and involves DFID and other UK government departments. This way of working will become increasingly relevant as more countries approach middle income status. DFID should review WCIDI as a case study of dedicating a significant part of a country programme to programme of dialogue and

influencing with a country government on international development and working with Other Government Departments (OGDs). This review should collate the lessons about this way of working and ensure they are communicated in appropriate fora to the rest of DFID. Since the lessons from China are of particular relevance to Middle Income Countries (MICs), this work is most relevant to DFID's Middle East, Caribbean, and Asia Division (MECAD). This is not about lessons from working with China, but about lessons from non-aid based development cooperation.

2. The engagement from DFID offices in Africa with the China-Africa work is still uneven. In order to raise awareness of China's role in Africa further, specific goals focusing on engaging effectively with China could usefully be incorporated into country office objectives by DFID's Africa Regional Division. This would serve to increase the appreciation of China amongst Africa staff and create a valuable China-Africa knowledge network.

Recommendations for DFID China

3. In Africa, China listens to its African partners. The China-Africa work stream would be strengthened by greater involvement of Africans in its direction. DFIDC should consider establishing an advisory panel composed of African, and possibly UK and Chinese, members to facilitate this.
4. The WCIDI programme needs a more clearly-expressed theory of change, to which an improved logframe and M&E system can be linked. This could usefully draw on the experience of monitoring and evaluation of influencing, such as in the FCO and British Council M&E systems.
5. DFIDC should identify a programme of reflection that looks across the whole MDG programmes. This should be both an integrated assessment of remaining gaps, and identification of means for China to address these in the run up to 2015, as well as an opportunity for DFIDC to capture the generic lessons from working with China.
6. DFIDC should develop a window within WCIDI, or a parallel trust fund facility for China to access a limited amount of on-going support, mainly through specialist technical advice in the MDG areas. This should demonstrate continuity with the MDG programme, maintain DFID's relationships with key actors in government, and should be tightly bounded in areas where DFID has demonstrated a particular advantage, particularly health and HIV and AIDS.
7. The WCIDI programme should continue as the core element of an on-going DFID programme in China.

1. Introduction and Approach

Introduction

1.1 This Country Programme Evaluation (CPE) examines the performance of DFID's country programme in China over a five year period, 2004–2009. It was conducted in late 2009, and forms part of a sixth annual round of CPEs undertaken on behalf of DFID's Evaluation Department (EvD).

1.2 DFID's performance management system is supported by periodic independent evaluations, and at the core of this, EvD commissions both thematic and country programme evaluations. The primary audience for CPEs is the UK government and DFID senior managers, including Heads of Offices. CPEs are conducted to provide accountability and lesson learning functions for DFID based on the quality of delivery at country level and through bilateral engagement. The CPEs draw on DFID's evaluation criteria of relevance, effectiveness, efficiency, impact, sustainability, coverage, coherence and coordination, as stated in DFID's recent evaluation policy¹.

1.3 The CPEs are conducted against a common Terms of Reference (Annex 1), and their shared objectives are to assess: i) country strategy and links to poverty outcomes and DFID's corporate objectives; ii) choice of aid instruments; iii) DFID's role as a development partner, and iv) DFID's success in implementing its country strategy.

1.4 This evaluation report follows a report in 2009 by the House of Commons International Development Committee (IDC) on DFID and China². The IDC is appointed by the House of Commons to examine DFID's expenditure, administration and policy. It holds enquiries into various aspects of DFID's operations, including, periodically, its bilateral programmes in strategically important countries. In this way, the IDC serves a role in holding the executive arm of government to account. This current evaluation serves a different function, and is part of a complementary system of accountability for public funds that includes the IDC and the National Audit Office (NAO). The CPE is part of a routine series of CPEs that serve a role in DFID's performance measurement system, providing both accountability for results and lesson learning functions for DFID, with the aim of comparability across evaluations.

1.5 This CPE is unusual in that it does not coincide with DFID's country strategy planning cycle. However, it does come at a time when DFID China is having to consider its strategy statements, written in 2006, about concluding the bilateral programme in 2011, and to consider this in the light of the recommendations of the IDC: the CPE aims to be useful in this context.

Approach and Methods

1.6 DFID's eight evaluation criteria are at the core of the CPE approach. In the current round of CPEs, the criteria have been grouped under three main headings – strategy, results and

¹ DFID (2009). *Building the Evidence to Reduce Poverty, The UK's Policy on Evaluation for International Development*. See also Annex 1 for CPE Terms of Reference.

² House of Commons, International Development Committee (2009). *DFID and China*. Third Report of Session 2008–09. HMSO.

processes – to form a compact evaluation matrix (Table 1). This generic matrix is the starting point for the CPE. It was refined during a scoping mission to Beijing in September 2009³ and led to a set of China-specific evaluation questions (see Annex 2).

Table 1. Evaluation Matrix

Evaluation criteria	Major questions
<i>Context</i>	
Country context, with a focus on political economy, general aid, other donor and DFID contexts	
<i>Development strategy</i>	
Relevance	Did DFID undertake the correct analyses and make the right choices in making its country strategy? (specifically the strategies covering the period 2004–2009)
Coherence	What other policies and programmes influenced DFID’s programmes and how well did DFID respond?
<i>Development results</i>	
Effectiveness	How well did DFID implement its strategy? What results (outcomes and impacts) did the programme achieve?
Coverage and impact	What higher level results did DFID’s programmes achieve and how were these differentiated across target and excluded groups?
Sustainability	To what extent are the benefits derived from DFID’s programme likely to endure?
Attribution	To what extent can results be attributed to DFID’s agency?
<i>Development processes</i>	
Efficiency	How efficiently did DFID transform its resources into development results? How cost-efficient was DFID and did it provide value for money?
Coordination	To what extent did DFID harmonise and align its programme with other in-country initiatives. How good a development partner was DFID?

1.7 This Scoping Mission mainly involved meetings with DFID staff in China. This was followed by collation of relevant documents by the EvD and evaluators’ support team. The main evaluation mission took place over three weeks in late October and early November 2009 and involved four international consultants and two Beijing-based Chinese consultants, and two

³ Scoping Mission Note, China CPE, September 2009.

more Chinese consultants who provided short inputs in Chengdu and Kunming, respectively. The four international consultants spent one week conducting interviews in London with DFID staff, other UK government departments (OGDs), and others involved with, or knowledgeable about DFID's programme in China. Two weeks were then spent interviewing DFID staff and representatives of development partners, the Chinese government, academia and civil society in China. See Annex 3 for a list of people interviewed.

1.8 The evaluation team was chosen to reflect the structure and content of the DFID China programme and the priorities within the programme. Therefore, the team was organised into two main parts: i) a social sector specialist covering DFID's work on the MDGs in China supported by a health and HIV and AIDS specialist, a water sector consultant and two province-based consultants who examined on-the-ground implementation, and ii) two consultants to cover the Working with China on International Development Issues (WCIDI) part of the programme. These consultants covered the four aspects of WCIDI, one examining China-Africa and South-South Learning (SSL), and the other, Climate Change and the Sustainable Development Dialogue (SDD).

1.9 Taking the set of evaluation questions as a starting point, each team member developed more detailed questions related to their respective areas of inquiry. However, the focus of the evaluation was on the higher order questions, with the team sharing and building on emerging lessons and findings during the course of the process.

1.10 In addition to interviews, the team reviewed documents covering strategy, programme, project and internal materials as well as independent secondary sources. Two web surveys were also conducted by researchers at the evaluators' base – one surveyed DFID's Heads of Office in all its African offices⁴, in respect of DFID's 'China-in-Africa' work. The other surveyed the nominated DFID and World Bank paired leads in all the 'tasks' funded from the DFID World Bank Analytical and Advisory Activities (AAA) Trust Fund⁵. Data from all sources, respondent interviews, discussions, surveys and the document review were triangulated to assure validity of findings. Emerging findings and lessons were triangulated through team review and discussion. This enabled the team to address the evaluation questions in an informed way as well as exploring them directly through the interview process.

1.11 The methodology and process ensured that the review of strategy, programme performance and the emerging lessons and findings in relation to the evaluation questions was as reliable and as well-evidenced as possible. The final presentation and discussion with the DFID team and the management response to our findings and recommendations provided a reality check to the evaluation.

1.12 **Report Structure:** Following this section, Chapter 2 presents the economic and development context of operating a programme in China. Chapter 3 outlines DFID's strategic priorities in China and the key features of its programme over the past five years. Chapter 4 assesses DFID's China strategy, followed by Chapter 5, which reports the evaluation's findings concerning the results DFID has achieved or contributed to in China. Chapter 6 evaluates the

⁴ A short email questionnaire was sent out to 15 DFID Africa Heads on Nov 17th and responses were collected over the following 2 weeks. The overall response rate was 93% (14/15).

⁵ The email survey was sent out to 24 World Bank Task Team Leaders and 15 DFID Focal Points. It ran for 12 days between 13th and 24th November 2009. The usable response rate was 46%, with comments relating to 19 of the 36 projects.

development processes, exploring aspects of efficiency and coordination in implementing the strategy. Chapter 7 brings together the findings and conclusions and Chapter 8 presents the evaluation's lessons and recommendations.

2. Context

Economic Development

2.1 China's rapid post-reform economic growth in recent decades has significantly changed living conditions within the country and China's place on the world stage. From 2000–2005 China's Gross Domestic Product (GDP) increased by around 57% (an average of 9.5% per annum), and Government of China (GoC) revenues increased by about 136%. Urban per capita disposable income rose by 58% and rural per capita net income by 29% (both in real terms). In 2005, China's trade surplus exceeded US\$100 billion⁶. More recently growth rates have been even higher than predicted, reaching 11.1% and 11.9% in 2006 and 2007, respectively⁷. By 2008, China had the world's third highest GDP after US and Japan⁸. DFID's fourth White Paper states that 'By 2050, economic projections suggest that the combined size of the seven leading emerging economies (China, India, Brazil, Russia, Indonesia, Mexico and Turkey) will be around 50% larger than the current G7. China is expected to overtake the US as the largest economy in around 2025'⁹.

2.2 China has opened up all aspects of the economy in all regions. Institutional reforms have led to an economic system that is still centred on public ownership, but where other forms of ownership play an important role; the non-state sector now accounts for over one-third of GDP. There has been significant improvement in industrial production, where an expanded infrastructure and agricultural output has grown. Following China's accession to the World Trade Organisation (WTO) in 2001, it is now a major global production hub, having risen from 29th to 3rd place in the global trading rank within 30 years. Its overseas investment has grown from less than US\$20 million to US\$18.72 billion over the same period¹⁰.

2.3 In November 2002, the GoC confirmed its vision of creating a *xiaokang*¹¹ society by 2020. Key targets for this objective are to: achieve GDP per capita of US\$3,000, increase urbanisation to 50% and decrease the ratio of agricultural employment to total employment to 30% by 2020 (from 50% in 2000)¹². However, the GoC also recognises the need for broader economic and social development strategies within a context of GDP growth. And while there is no overarching document such as a Poverty Reduction Strategy Paper (PRSP), it has established specific policies and institutions such as the State Council's Leading Group on Poverty Reduction and the Western Development Strategy. GoC articulates the strategy for poverty reduction through its recent Five Year Plans (FYPs): the 10th FYP spanning 2000–2005; and the 11th FYP covering 2006–2010. In October 2007 and March 2008, the 17th Communist Party Congress and the 11th National People's Congress (NPC), respectively, reaffirmed the concept of a harmonious society as the nation's long-term goal¹³.

⁶ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

⁷ World Bank 2008, *Country Partnership Strategy 2006-10 Progress Report*, Report No. 46896-CN

⁸ World Bank 2009 - see <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

⁹ DFID 2009 *Eliminating World Poverty: Building Our Common Future*, July 2009

¹⁰ MoFA/UN 2008 *China's Progress Towards the Millennium Development Goals 2008 Report*, Ministry of Foreign Affairs of the People's Republic of China United Nations System in China

¹¹ A 'balanced and solidly middle income level of development' MoFA/UN 2008

¹² World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

¹³ World Bank 2008, *Country Partnership Strategy 2006-10 Progress Report*, Report No. 46896-CN

Challenges to Development

2.4 Despite massive strides in poverty reduction, absolute numbers of poor people in China still remain high and 14.7 million were still living in absolute rural poverty in 2007¹⁴. Whilst China has met, or exceeded, some Millennium Development Goals (MDGs) several years in advance, poverty, hunger, illiteracy, and infant and under-five mortality rates remain areas where assistance is needed to improve conditions. The sheer scale of the population and economy has a significant impact on global, as well as domestic, MDG targets: over 16% of all children not in primary school are in China; 400 million people in China are infected with TB; almost one third of the world's population without access to adequate water and sanitation live in China¹⁵. Additionally, a key concern is rising income inequality, which is now the second highest in Asia¹⁶. This has implications, not only for poverty reduction, but also for domestic social stability. Indeed, progress on non-income dimensions of poverty has been less than expected given China's outstanding economic growth¹⁷.

2.5 Poverty, which is concentrated in rural areas, western and central provinces and remote mountainous areas, is exacerbated by factors such as low education rates - with ethnic minorities, women, girls and the elderly among the most vulnerable. Urban poverty is increasing as large-scale rural-to-urban migration has been witnessed in recent years.

2.6 China has done much to address gender inequality since 1949, particularly in terms of civil liberties, family law and ownership rights. Nevertheless significant challenges remain. There are more poor women in China than poor men. Women still do not experience full equality of opportunity in labour markets. There remains a strong culture of son preference particularly in rural areas. Women are also underrepresented in the political system and legal equality may not be respected in practice at the local level. These are all important development challenges that China will need to address.

2.7 Many aspects of poverty and socio-economic development continue to have a disproportionate impact on women and girls. In spite of a worsening sex ratio of approximately 873 girls per 1000 children, girls are over-represented amongst poor families relative to their share in the population¹⁸. In the working population, analysis of the gender earnings gap in urban China over the period 1988-2004 reveals a widening gap in earnings. While higher female education levels appear to help narrow the gap between genders at the upper end of the earnings distribution, at the lower end, for women with fewer skills, the gap has widened considerably implying increasing female discrimination¹⁹.

¹⁴ MoFA/UN 2008 *China's Progress Towards the Millennium Development Goals 2008 Report*, Ministry of Foreign Affairs of the People's Republic of China United Nations System in China

¹⁵ DFID Undated document, DFID in China: *What We Can Achieve*

¹⁶ MoFA/UN 2008 *China's Progress Towards the Millennium Development Goals 2008 Report*, Ministry of Foreign Affairs of the People's Republic of China United Nations System in China

¹⁷ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

¹⁸ World Bank 2009 *From Poor Areas to Poor People: China's Evolving Poverty Reduction Agenda* An assessment of poverty and inequality in China, March 2009

¹⁹ Zhang, J. et al 2008 *Trends in the Gender Earnings Differential in Urban China, 1988-2004*

2.8 The GoC has made efforts to address a range of gender issues, issuing a White Paper in 2005 on women's advancement, which seeks to strengthen women's rights and interests through the legal system and improve their economic and social status. In particular, with women accounting for more than 60% of the rural workforce, the Land Management Law and Rural Land Contracting Law are important pieces of legislation. However, the way that this legislation is enacted at the village level means these rights may not be fulfilled as intended²⁰. In the political sphere, in spite of some high profile political female figures, women are still significantly under-represented²¹. Across a range of factors women still appear to be at a disadvantage: higher illiteracy rates, fewer mean years in schooling, infant mortality and employment rates²². Although the country has achieved, or is on its way to achieving, many of the MDGs, those promoting gender equality (MDG3) may not be met without additional efforts (see Annex 6).

2.9 China's record of environmental protection is not good and domestic pollution and shortage of resources are among the most severe in the world, with the World Bank estimating in 2001 that pollution, together with land and water degradation, were costing 8-12% of Chinese GDP. As a nation, China also has the potential to have huge negative environmental impacts on the rest of the world, importing more timber and wood products than any other nation; it is now the second largest emitter of greenhouse gases. According to the World Economic Forum's 2005 Environmental Sustainability Index, China ranks near the bottom at 133rd out of 146 countries²³.

2.10 The ambitious 11th FYP acknowledges the need for a broader approach, which includes environmental sustainability and economic and social equality. It intends to address some of the problems encountered during the previous period of the 10th FYP and seeks to achieve 'balance' in five key areas: rural and urban development; interior and coastal development; economic and social development; people and nature; and domestic and international development²⁴. China's commitment to poverty reduction is evidenced by initiatives such as the hosting of the Shanghai Global Conference, 'Scaling up Poverty Reduction' in May 2004, and the establishment of the International Poverty Reduction Centre in China (IPRCC), set up in 2005 under a Memorandum of Understanding (MoU) between GoC and UNDP. The IPRCC programme includes the South-South Learning initiative (SSL) which facilitates exchange and learning of social development experience. Associated centres in Brazil and China have marked 2009 as Social Protection Year in recognition that economic growth alone is not enough to ensure social development.

²⁰ World Bank 2009 *From Poor Areas to Poor People: China's Evolving Poverty Reduction Agenda* An assessment of poverty and inequality in China, March 2009

²¹ Guo and Zheng 2008 *Women's Political Participation In China* China Policy Institute Briefing Series – Issue 34

²² World Bank 2009 *From Poor Areas to Poor People: China's Evolving Poverty Reduction Agenda* An assessment of poverty and inequality in China, March 2009

²³ DFID 2006 China: Country Assistance Plan 2006–2011

²⁴ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

2.11 Many challenges to development remain. The GoC has identified corruption as a major risk to the programmes for reform and made efforts to improve public services. The GoC has also ratified the United Nations Convention against Corruption. Corruption is not thought to be having a significant effect on donor programmes²⁵. There is an emergence of civil society organisations (CSOs) and of more openness to media comment and analysis. Nevertheless, although some central government agencies consider working with CSOs, their legal status is not yet clearly established²⁶.

2.12 Like many other countries, China has felt the effects of the global downturn, and the GoC announced a US\$586 billion economic stimulus package in November 2008 to combat the decline in growth rates of exports, investment and industrial production²⁷. Natural disasters, such as the May 2008 Sichuan earthquake, are also a threat to development, with the risk of such natural hazards being much greater in poorer regions.

China and the Donor Environment

2.13 In order to be a recognised international player, China is increasingly willing to work with international fora and be present on the world stage, for example, taking a high profile stance in the Copenhagen Climate Summit in December 2009. As a result of China's emergence as an economic and political power, it has now become a donor in its own right. It contributes US\$50 million to each of the African and Asian Development Funds. China is also a donor to the Global Fund to Fight AIDS, TB and Malaria and has been a board member representing the Western Pacific region since its foundation²⁸.

2.14 To encourage China to be a responsible global player and ameliorate the potential negative impact of China's trade and engagement with developing countries, donors are endeavouring to make China's engagement more pro-poor and harmonised. Africa is a particular strategic focus for Chinese investment and aid, especially in relation to extractive industries and securing energy supplies. China gave US\$5.5 billion in aid between 2000 and 2007²⁹; Chinese companies have invested over US\$1.2 billion in 54 countries in Africa³⁰.

2.15 The GoC formed the Forum for China-Africa Cooperation (FOCAC) to oversee foreign policy in Africa and there is some coordination with the Organisation for Economic Cooperation and Development - Development Assistance Committee's (OECD-DAC) concept of aid. Despite estimates given above, evaluation of the current scale of Chinese 'aid' to Africa is confounded by the lack of a single responsible institutional body, non-transparent processes and lack of, or inaccurate, data on aid flows.

2.16 There are concerns among the donor community that the Chinese approach of non-conditional aid and engagement is contrary to OECD aid principles. China's foreign policy stance of non-interference with political regimes, especially where China engages with 'rogue' and unstable states, is seen by some as a retrogressive influence, potentially undermining

²⁵ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

²⁶ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

²⁷ World Bank 2008, *Country Partnership Strategy 2006-10 Progress Report*, Report No. 46896-CN

²⁸ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

²⁹ Pehnelt, G. and Abel, M. 2007 *China's Development Policy in Africa*, South African Institute of International Affairs

³⁰ World Bank 2006, *Country Partnership Strategy for People's Republic of China for the Period 2006-10*

previous donor work, for example, on governance and human rights³¹. Nevertheless, the need for traditional donors to work towards constructive partnerships with China, avoiding political suspicion and coordinating and pursuing dialogue around aid harmonisation – particularly in the African context – is proposed as the most productive way forward.³²

³¹ Pehnelt, G. and Abel, M. *op. cit.*

³² Davies *et al* (2008). *How China Delivers Development Assistance to Africa*. Centre for Chinese Studies, University of Stellenbosch

3. DFID's Programme and Priorities in China

3.1 This chapter outlines the key features of DFID's planned priorities in China over the five year period covered by the evaluation. The evaluation spans a period covering two DFID country strategies, which are outlined here.

3.2 DFID's programme in China was framed by a Country Strategy Paper (CSP) from 2002-2005, and a Country Assistance Plan (CAP) from 2006-2011. DFID has had an office in Beijing since 1999, at which time the programme was jointly managed from a base in the British Embassy in Beijing and a London desk. In 2003 a fully-delegated office was established at its current location in the central business district.

Country Strategy Paper

3.3 The CSP was published in October 2002, after some 18 months preparation, during which time external, expert consultations were held in London and Beijing. A number of studies were commissioned and there was a range of inputs from across DFID senior management and DFID staff in Beijing and London. The resulting CSP focused on working with China to meet the MDGs, in particular addressing extreme poverty, environmental sustainability, education and health. This built on aspects of the previous CSP (1998-2001), but marked a shift of the programme away from its previous emphasis on aid and trade, mostly on China's eastern seaboard.

3.4 The CSP was almost contiguous with China's 10th Five Year Plan (FYP) (2001-2005), which had a strong growth focus, its prime objective being achievement of 7% average annual economic growth rate and a narrative oriented towards industry and urban development. Poverty was a lesser theme in the 10th FYP, although development of the western region is covered, as are a number of social sector reforms. Thus the CSP had a sub-text concerning the integration of social, economic and environmental aspects of development into China's poverty reduction programmes – strengthening and supporting areas where the 10th FYP was less strong, i.e. helping make Chinese policy more pro-poor.

3.5 In focusing its aims on the MDGs, the CSP aimed to contribute to three key outcomes:

- people with productive and sustainable livelihoods, through work on areas including livelihood security, sustainable natural resources management, and water and sanitation.
- educated and literate people, through work on access to, and quality of, basic education, especially for girls and those not in school.
- healthy people, through work on child and maternal mortality, HIV and AIDS, TB, access to, and quality of, health services and health system reform.

3.6 These outcomes were to be underpinned by three cross-cutting themes: a) effective pro-poor government policies; b) participation of poor people in decision-making; and c) tackling social exclusion and promoting gender equity. Given the concentration of poverty in China's western region, support was to be primarily targeted through projects in Sichuan, Yunnan and Gansu provinces, linking to policy work at the national level.

3.7 Four main delivery mechanisms were identified for implementing the CSP. These were:

- bilateral projects, with a particular intention to engage in 'fewer but larger activities'.
- collaboration with other development organisations, particularly the World Bank, Asian Development Bank (ADB) and United Nations (UN) agencies. Two key elements of this collaboration were:
 - introduction of the use of DFID grant funds to 'blend' World Bank loan funds, to leverage the WB's greater funding in support of poverty reduction activities³³.
 - establishment of Trust Funds with the development banks.
- deeper partnership with provinces, particularly in the western region.

Country Assistance Plan

3.8 The CAP, also about 18 months in gestation, was given approval by DFID senior management in February 2006. It is unusual for a CAP in that it covers a five year period, rather than the normal three. The CAP maps out a twin-track strategy, and sets out a clear intention to evolve the nature of DFID's engagement in China over the five year period.

3.9 The CAP's stated goal for DFID's programme in China was '*to improve prospects for China to achieve the MDGs*'. The two tracks sit beneath this MDG umbrella. The **first track** is a continuation of the focus on the 'social' **MDGs**: basic education, HIV and AIDS, TB, and water and sanitation. Thus, building on China's 11th FYP (2006–2010) and its greater poverty orientation than its predecessor, the CAP commits DFID to working directly with national MDG-related programmes. This is through a limited number of interventions that can accelerate China's performance against the MDGs, with a particular emphasis on improving the reach of national programmes to the poorest.

3.10 Within this MDG track, DFID identified the need to increase the scale of the impact of its programmes. A number of avenues for scaling-out are proposed: working with other donors; working directly with national programmes; focusing on fewer issues; and working on policy and systems reform. DFID also stated its intention to work with civil society to improve delivery.

3.11 With regard to sectoral focus, there were only minor changes between the CSP and CAP. Rural livelihoods disappeared from the CAP as a specific area of priority (although the Poor Rural Communities Development Project (PRCDP) was still active and China's remaining poor were largely rural and remote) and health system reform not yet mentioned. Also, cross-cutting themes – particularly gender equity and social inclusion – were no longer listed as they were supposedly already 'mainstreamed' within the MDG programme. CSP and CAP differed more clearly in their strategic approach to supporting the MDGs; the CSP targeted 'hard-to-reach' MDGs and MDG constituencies directly through DFID projects, partly

³³ China lost its International Development Association (IDA) status in 1999 and thence its access to concessional lending from the World Bank. China had indicated it would not use non-concessional loans for poverty reduction projects.

in the context of a non pro-poor 10th FYP. The CAP addresses the MDGs by supporting national programmes in a more poverty-oriented 11th FYP. Thus, the CSP already included the key element of DFID's strategy which was to make policy more pro-poor, but did not target working with GoC so directly.

3.12 The **second track** relates to engaging with China on **international development issues** and facilitating other UK government departments to do likewise. This is seen as broadly '*in the spirit of MDG 8*' – building a global partnership for development. The CAP identifies the growing global influence that China was likely to have over the strategy period, for example through trade and investment links in developing countries. The CAP identifies avenues for dialogue with China on international development, including informing DFID headquarters and country-level policies so they are better able to harness China's efforts for poverty reduction, particularly in Africa; cooperation over the International Poverty Research Centre established in Beijing in 2005; and engaging with China on domestic environmental problems and their global footprint.

3.13 The CAP identifies that this 'China as a global development player' track would require less financial resource than the MDG programme, but would be an investment in relationship building. It would also require a very close relationship with the British Embassy – the FCO managing several of the bilateral dialogue processes with China.

3.14 A key feature of the two-track approach in the CAP was to achieve a shift in the orientation and balance of the programme over the period, towards the 'global player' track. Thus, the CAP states DFID's intention over the five year period to evolve the way it engages with China from being primarily a (traditional) **donor-recipient relationship** at the start of the CAP period, to a relationship based largely on **dialogue and cooperation** on international development issues by the end of 2011. Thus the programme would shift the emphasis of the country programme from the first track to the second over the CAP period.

The Project Portfolio

3.15 DFID's portfolio reflects the changed priorities between the CSP and the CAP, but necessarily with a time lag. Thus, the portfolio includes a number of projects focused on poverty reduction and social and economic reform, designed or commissioned during the CSP period. This includes three large trust funds with the development banks, a wide range of small-scale (less than £1 million) projects, a large rural poverty reduction project and a small number of significant projects in the MDG social sectors, particularly health, education and water (see Annex 4). These larger projects continued into the CAP period and to an extent formed a pre-existing programme core around which the CAP was formulated. Further MDG projects were added to the portfolio during the CAP, as well as a new programme 'umbrella' to encompass the range of activities under the 'China as a global development player' objective.

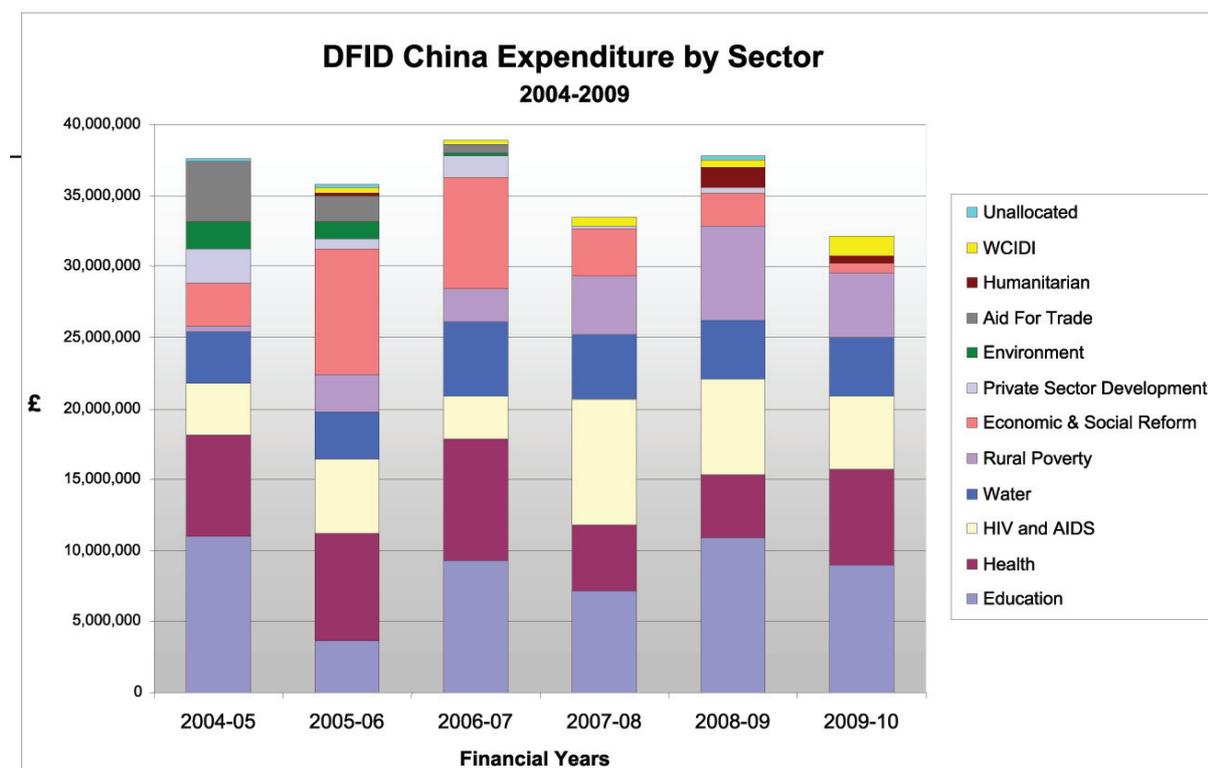
3.16 The project listing shows that many of the current projects will come to an end in 2009/2010 and 2010/2011. Replacement projects at the same scale are not in the design pipeline, as DFID demonstrates its objective of moving away from a bilateral donor relationship with China. However, three projects will continue after March 2011: the Rural Health Project (RHP), the R-WASH rural water and sanitation and hygiene project, and the Adaptation to Climate Change in China (ACCC) project – part of the WCIDI programme.

Programme Finances

3.17 Over the evaluation period, the DFID programme in China spent between £30 and £40 million each year. The CSP had foreseen an increase to £60 million in 2004–2005, based on significant additional spending on sustainable livelihoods, education and health. This did not occur, and the programme has otherwise kept in line with its planned expenditure, which was approximately the same in each year. Spending in 2008–2009 increased in response to the Wenchuan earthquake.

3.18 Projects in the MDG sectors of health, education, and HIV and AIDS have consistently represented the majority of the programme's expenditure, as can be seen in Annex A, mainly through a small number of larger projects. MDG projects represented 67.5%, 55.4%, 67.1%, 75.3%, and 69.3%, respectively, of the DFIDC total spend in the five years under evaluation. As PRCDP came on stream towards the middle of the period, rural poverty has come to represent an important spend element in the portfolio. Projects in the early part of the CSP, and prior to it, on aid-for-trade provision and private sector development, had largely disappeared from the programme by 2006/2007; expenditure on economic and social reform initiatives, especially the trust funds with the development banks, peaked in 2007/2008.

Figure 1. DFID Budgeted Expenditure by Sector 2004–2009



Staffing

3.19 Staffing in DFIDC has evolved with the size and orientation of the programme (Annex 5). The key features of the staffing over the evaluation period include: the proportion of Staff Appointed In-Country (SAIC) increasing in relation to the number of UK-appointed staff; a smaller total number of both advisory and administrative staff towards the end of the five years, and a shift in the technical advisory cadres represented in the senior grade staff. At the start of the period, the office had a fairly 'typical' set of advisers in areas including social development, governance and economics. These posts had been phased out by 2007, with the economists

changing role to policy analysts as the WCIDI programme gained momentum. A distinct characteristic of the staffing in DFIDC is that a number of UK-appointed staff postings have lasted longer than is normal for DFID. This includes the incumbent Head of Office, who has been in post throughout the period, although his remit has grown to include Head of DFID's North East Asia region, a policy analyst working on WCIDI and the senior environment adviser.

4. Strategy

4.1 Having outlined DFID's development strategy in China in the previous chapter, this chapter reviews that strategy, and its evolution. In particular, it examines the relevance and coherence of DFID's China strategy in relation to DFID and China priorities.

Choice of Entry Points – Poverty and MDGs

4.2 The CSP case for development assistance to China was made primarily on the basis of poverty, and hence the MDGs. Despite achieving an average annual increase in GDP of more than 9.5% since the late 1970s and attaining lower middle-income country status in 2000, at the turn of the millennium China still had 213 million people below the US\$1/day poverty measure³⁴ – 17% of its population and 18% of the global poor. This poverty was concentrated in the rural, remote western provinces.

4.3 Recognising the limited scale of funding compared to China's size, DFID focused on three MDG areas that cohered with the Public Service Agreement³⁵ (PSA) objectives for Asia (Table 2): both sets of objectives aimed to address inequalities in the access to basic services and resources.

Table 2. PSA and CSP Objectives

PSA objectives – Asia (2003–2006)	DFIDC CSP MDG-based focal areas
<ul style="list-style-type: none"> ▪ Reducing the proportion of people living in poverty. 	<ul style="list-style-type: none"> ▪ People with productive and sustainable livelihoods.
<ul style="list-style-type: none"> ▪ Increasing primary school enrolment and completion, and the ratio of girls to boys at all levels of education. 	<ul style="list-style-type: none"> ▪ Educated and literate people.
<ul style="list-style-type: none"> ▪ Reducing under-five and maternal mortality and reversing the spread of HIV and AIDS and the incidence of other major diseases such as TB. 	<ul style="list-style-type: none"> ▪ Healthy people.

4.4 The CAP built on the CSP, but recognised that DFID needed to sharpen its focus of engagement on areas where it could add value and work even more through strategic partnerships with government and others. Thus from a broad MDG focus, the CAP identified a narrow set of objectives within the MDGs, based on DFID's comparative advantage: basic education, HIV and AIDS, TB, water resource management, water supply and sanitation. The CAP adopted as a goal to '*improve the prospects for China to achieve the MDGs*', with a specific aim of supporting China's national programmes to reach the poorest. These map across well to the newer PSA objectives (Table 3).

³⁴ However, DFID did not apply its usual resource allocation formula in China, which, given this number of poor people, would have resulted in a very much larger allocation to China.

³⁵ PSAs are UK government departments' targets agreed with the Treasury against their budgets

4.5 The MDG theme across both strategies was coherent with DFID’s Middle Income Country (MIC) Strategy, which emphasises mutual goals and accountability, achieving MDGs through improved effectiveness and building on comparative advantage on poverty analysis, social development and governance. In line with this strategy, DFIDC has correctly identified issues around vulnerability and inequality as main challenges for achieving MDGs in China. It also worked with the World Bank to improve their ability to target poverty.

Table 3. PSA and CAP Objectives

PSA objectives – Asia Division (2005–2008)	DFIDC MDG-based CAP objective
Target 3: An increase in net primary enrolment by 8 percentage points.	More children enrol in and complete higher quality and affordable basic education, especially girls, children from poor families, children from ethnic minorities and children with disabilities.
Target 7: Prevalence rates of HIV infection in vulnerable groups being below 5%.	All branches of government, at all levels, are implementing activities to help stop the spread of HIV and care for people who are already affected.
Target 8: A TB case detection rate above 70%. Target 9: A TB cure treatment rate greater than 85%.	More people who have tuberculosis receive treatment and are cured, resulting in a reduction in the number of TB deaths.
Directly contributes to Asia Division’s action plan for water and sanitation under its targeting hard- to-reach-MDGs strategy.	GoC at all levels: more equitable and sustainable water and sanitation services for poor people and better management of natural resources.
Direct contribution to Asia Division’s strategy of developing a mature partnership with China.	Continued enhanced, collaborative Whitehall engagement with China on international development issues to improve the prospects of poverty reduction outside China and to support MDG8.

4.6 The focus on MDGs has been plausible and broadly appropriate, initially to address policy gaps in the 10th FYP and then to support China in achieving its own poverty-related objectives in the 11th FYP. This has given a consistent emphasis to the programme, which has been well-understood by China.

4.7 For example, priorities in education were identified early on (prior to the CSP) and remained unchanged in the CAP. Poor quality of education and excessive school fees were seen as the main reasons for low enrolment. The basic assumption underlying design of education sector projects was that if the quality of school services improved, more children would attend school. At the same time, children from poor families, girl children and children from ethnic minorities had to be provided with special support (including subsidies) to overcome barriers to access.

4.8 However, linking strategy objectives to the achievement of the MDGs in China had implications, which means that the apparent logic is not as straightforward as it first appears:

- China does not operate a PRSP system as such – it has Five Year Plans and the MDGs are not used to drive China’s national poverty and sector plans and policies. Targets and priorities set by national policies do not necessarily correspond to international development goals. This creates a slight tension in the CAP between a stronger alignment with national policies (11th FYP) on the one hand, and the use of MDG goals for justification of programmatic priorities on the other. For example, the government’s commitment to address issues of poverty and inequality varies across MDG areas: China had a long-standing commitment to implement compulsory basic education which was followed by consistent actions and increased funding since 2002. On health and HIV and AIDS the government was (and still is) in the process of defining its strategies and may need more support to firm up its commitments.
- China does not produce the statistical data that would allow adequate monitoring of MDG indicators at the sub-national level. DFID’s strategic focus on poor areas and disadvantaged groups has been an important strength, but is more difficult to justify and assess through an MDG lens that only applies to a national level. For example, there is currently no data available that would show that MDG indicators will be achieved for all ethnic minority groups living in the impoverished western provinces (DFID’s targets), although national data indicates that all MDGs are ‘on track’.
- The focus in the CAP on attaining the MDGs through support to national programmes weakened the attention to crosscutting themes outlined in the CSP. For example, the CSP highlights the importance of governance and gender issues, but this is missing from the CAP.
- The alignment of strategic objectives with MDGs makes it difficult to assess DFID’s performance. Although DFID has, without doubt, made an important contribution to the health, education and water MDGs, it is difficult to establish the extent to which DFID supported the achievement of the MDGs in China. Attributing progress on the MDGs to DFID support is difficult anyway, but the concern in China is the extent to which the CSP and CAP were tied to progress on MDGs, without clear frameworks for assessing contribution.

4.9 The particular aspects of MDG-targeting in the CAP also leave some inconsistencies in the way that programme areas fit the strategy:

- The CAP does not include **health system reform** as a priority area, although this was an important strategic focus for DFID after 2006³⁶.
- Neither the CSP, nor the CAP, provide a clear strategy for DFID to work on **water and sanitation**. In the CSP, water resource management was subsumed under sustainable livelihoods. The CSP, and then the CAP, connected water-related outcomes to **MDG 7** (environmental sustainability) only. If DFID had wanted to place stronger emphasis on sanitation and hygiene it could have elaborated the links to

³⁶ Though, health system reform is mentioned as strategic focus in the 2006 performance framework.

other MDGs, in particular the health-related ones. In fact, some of the education projects (Tibet, Yunnan and BEWAP) included construction of sanitation facilities³⁷.

- The 2002 water law marked a strengthened focus on the institutional aspects of water resource management, a shift which has left DFID well placed to bring in its comparative advantage. Government policies on water are clearly focused on supply-side targets; simply focusing on demand-side governance in the water sector would have meant a substantial programme for DFID. Institutional fragmentation, limited transparency and low public participation are among the gaps which were left by the 2002 water law³⁸. DFID may have been well-advised to focus on those issues at the time it prepared its strategy in 2006.
- DFID's decision to engage on sanitation and hygiene meant an additional challenge, which was likely to overstretch limited resources. Lack of commitment and problems of institutional coordination would have required an explicit strategy, building on strong partnerships within a substantial programme. Instead, the UNICEF implemented Knowledge and Advocacy for Sanitation and Hygiene Project (KASH) programme became an add-on, to advocate **sanitation and hygiene**.

Choice of Entry Points – China and Global Development

4.10 The CAP makes a good case for working with China on international development issues. Respondents from other developed countries, embassies and aid programmes interviewed during the evaluation confirmed that DFID was a leading player in strategically engaging China on international development issues. But despite DFID being seen to have one of the more evolved strategies in this area, the question is not one of relevance, but rather of timeliness.

4.11 While China's approach to the rest of the world started to change in 1978 when Deng Xiaoping became leader, recognition of China's global importance by the rest of the world did not really crystallise until the turn of the millennium; Kynge identifies it as late 2003³⁹. Goldman Sachs coined the term 'BRIC' in 2001 to describe the large developing economies of Brazil, Russia, India and China. The expert group consulted during the CSP preparation felt, in 2001, that DFIDC would have two more country strategy cycles before it would have to scale down operation in China due to China's growth performance limiting its eligibility for aid. This would ordinarily have been two cycles of three years each, taking the programme to a conclusion in 2008.

4.12 However, the CSP is slim on issues relating to China and globalisation. This was a document drafted in 2001 and 2002, but may be taken in the context of: i) the 2001–2005 United Nations Development Assistance Framework (UNDAF) including as one of its three goals: '*Assist China's efforts in meeting global challenges and promote international development*', to which UNDAF Objective 12: '*Promote China's technical and economic cooperation with other countries, especially developing countries, to meet global challenges*' contributed; ii) the European Commission 2001 CSP stating: '*Particular attention will be given to issues of global (international) importance such as*

³⁷ Similarly, the Rural Water Supply, Sanitation and Hygiene Promotion Project will provide safe water supply, sanitation and hand washing facilities to 492 schools in Sichuan and Shaanxi, a measure which is likely to have an impact on general health status of school children.

³⁸ See World Bank Study (AAA): Addressing China's Water scarcity.

³⁹ Kynge J. (2006). *China Shakes the World – the rise of a hungry nation*. Phoenix, London

protection of the global environment, use of energy and other resources, international migration, etc'; and iii) the SIDA 2001–2005 country strategy stating: *'Development co-operation with China should be seen as an integral part of Swedish and European Union (EU) policy to further engage the country in the international community. The means of doing so include an intensified political dialogue and support for development towards making China an open society with respect for human rights'*.

4.13 Thus, while DFID's strategy for working with China on global development issues is seen as well-evolved in 2009, other donors' strategies, DFID's own recognition of China's likely growth trajectory and broader recognition of BRIC countries around the time of formulating the CSP, point to a case for this area to have been better considered in the CSP. Nonetheless, this difference between the CSP and the CAP does reflect broader changes in DFID's corporate approach since 1997, moving from a poverty and welfare orientation to a greater focus on globalisation and internationalism.

4.14 Thus, working with China on global development issues emerged as a theme between strategy papers – before the end of the CSP and in the CAP. DFIDC started funding this work in late 2004. The initial 'engaging China as a global development player' concept preparation took place in late 2003 and early 2004 in response to the challenge from the then Permanent Secretary to develop work in this area. In this regard, the theme did not necessarily emerge as the product of a great deal of analysis and scenario planning in Beijing. It has however since gained an obvious logic as a key part of the country programme and has emerged as one of the three UK-China framework pillars: 'fostering China's emergence as a responsible global player'.

4.15 From these beginnings, the WCIDI strategy has evolved well to its current level of relevance. Being both a largely new set of activities for a DFID country programme anywhere and also being a new way to engage China, some initial ideas have not found traction and were unrealistic, but reflected DFIDC learning its way into a new area of work. Such ideas included engaging with China on the Extractive Industries Transparency Initiative (EITI), expectations that *'China adopts DAC guidelines for reporting its aid'* and *'Joint activities between GoC and DFID programmes in Tanzania and Ghana explored'*. Work on trade, including the WTO⁴⁰, has not been pursued, as it is seen as covered by other departments: UK Trade and Industry (UKTI) and the FCO. Other areas have however progressed well, including the aim to cooperate with the International Poverty Research Centre in China (IPRCC) for South-South Learning and the China-Africa stream of work.

4.16 Some of the evolution in thinking is evident in the changes of outputs between the phases of the project (see Table 4). Phase 1 is about developing understanding by a range of policymakers; Phase 2 is more oriented to changes in behaviour – changes that were not all realistic at the outset of the phase.

⁴⁰ Attempts to engage in a dialogue with China on trade in advance of the WTO Hong Kong ministerial were not successful, highlighting that WCIDI only works on topics on which China is willing to have dialogue.

Table 4. Outputs in Two Phases of WCIDI

Phase 1 (2004–2007)	Phase 2: (2008–2011)
i) Better understanding by policymakers (China, Whitehall and DFID) of the development impact of China’s growth on the environment.	i) China takes a more multilateral approach to its engagement in Africa.
ii) Better understanding by policymakers (China, Whitehall & DFID) of the need for a poverty focus and harmonised approach to China’s engagement with Africa.	ii) UK–China Sustainable Development Dialogue and cooperation on climate change deliver productive ministerials through to working level exchange of ideas and experience, supported by multi-stakeholder activities in China, in the agreed sub-themes.
	iii) China’s aid system/programme is more transparent, committed to poverty reduction and can deliver effectively on Chinese high-level commitments.
	iv) Developing countries and China strengthen access and learning from each others’ lessons in poverty reduction.

4.17 Thus, in late 2006, four priority areas for a second round of funding were identified: i) China’s impact on African development; ii) sustainable development and climate change; iii) China’s aid system more transparent and poverty focused (aid and aid effectiveness); and iv) South–South Learning. These are discussed in the next sub-section.

4.18 WCIDI is operating in a new area for DFIDC – at the confluence of policy influencing, political economy and intelligence, and public diplomacy. Necessarily, this type of work requires a high level of awareness of the context and constant evolution of the area of work (‘good antennae’) and agile management that can identify opportunities as they arise and capitalise on them appropriately. However, the work risks being overly reactive with justification at times being constructed retrospectively for activities. To prevent this, a robust theory of change, or theory of influencing, is needed. At present the WCIDI logframe does not represent this, although DFIDC did have plans to revise the logframe early in 2010.

4.19 These are challenges – working with non-linear processes; high degrees of uncertainty; short, intermediate, long-term outcomes – equally faced by other parts of Her Majesty’s Government (HMG), particularly the FCO and British Council. These have influencing and diplomacy roles and both have models to guide the planning, and monitoring and evaluation of their work. The UK Public Diplomacy Board uses logframes to force strategists to start with the public diplomacy impact they are trying to achieve and then work backwards from that⁴¹. The

⁴¹ Riverpath Associates (2007). *Evaluation and the New Public Diplomacy*. Presentation to ‘The Future of Public Diplomacy’, 842nd Wilton Park Conference.

British Council uses a typology of four ways through which it influences and facilitates change⁴²; a five-part typology has been proposed for the FCO's public diplomacy work⁴³ (see Table 5).

Table 5. Typologies of Outcomes: British Council and FCO

British Council Ways to facilitate change	Foreign and Commonwealth Office Intermediate public diplomacy outcomes
Altering perceptions: changing the level of understanding or opinion held by our target audience on a particular issue.	Changing perceptions – core public diplomacy territory.
Agenda setting: changing the priority given to a particular issue among opinion-formers and decision-makers.	Setting an agenda by reframing the way an issue is debated and creating pressure for change.
Capacity building: increasing the capacity – skills, personnel, institutions and resources – to engage in or react to a particular issue.	Developing capacity within organisations to allow them to understand and respond to an issue.
Institutional change: changing policy, organisational or civic structures, legal or regulatory frameworks relating to a particular issue.	Changing institutions – influencing policy, strategy and resource allocation within a set of organisations (often government, could be private sector).
	Building networks that support delivery of change.

4.20 Thus, having correctly identified WCIDI as a core element of country programme strategy, DFIDC needs to refine and better explain its approach to dialogue and influencing in the WCIDI programme and how these work to achieve change. It could do this by developing a model of the ways in which DFIDC expects WCIDI to achieve its aims.

4.21 **China in Africa in DFID's China strategy.** While many bilateral donors were still thinking about how to work with China in Africa, DFID had already identified the issue in the CAP and started work on this initiative. For example, DFID initiated the first formal discussions amongst bilateral donors and multilateral institutions on China-Africa issues⁴⁴, in Beijing in July 2006. The appropriateness of DFID's strategy for 'China-Africa' is evidenced in a number of official GoC statements and associated commentaries over the evaluation period including the China-UK Joint Statement, published by the Chinese Embassy in London (10 May, 2004) that stated: *'Both sides will work together to help developing countries in addressing poverty and other development-related problems so as to better manage challenges posed by globalisation. The two sides place particular emphasis on peace and security, the fight against HIV and AIDS and sustainable development in Africa and give their full support to African countries in their efforts to reach the Millennium Development Goals'*.

⁴² British Council 3P2L Impact Model

⁴³ Riverpath Associates (2007). *Evaluation and the New Public Diplomacy*. Presentation to 'The Future of Public Diplomacy', 842nd Wilton Park Conference.

⁴⁴ The group comprises of countries and institutions interested in China and Africa issues. It includes Canada, EU, France, Germany, Japan, Norway, UK, UNDP, and US.

4.22 This was taken further in China's African Policy (January 2006) in its discussion of multilateral cooperation: *'China is ready to enhance consultation and coordination with Africa within multilateral trade systems and financial institutions and work together to urge the UN and other international organizations to pay more attention to the question of economic development, promote South-South cooperation... It will step up cooperation with other countries and international organisations to support the development of Africa and help realise Millennium Development Goals in Africa.'* This Chinese official statement shows DFID's objective is in line with its primary goal, namely, to have China act in Africa in a multilateral context.

4.23 There is further evidence that, by early 2007, DFID's China–Africa approach had permeated the Chinese policy system. Indicative of this is a report in the China's official newspaper, the *People's Daily*, dated February 17, 2007: *'China is changing from a recipient nation to a donor nation in international aid. It is expected to play a bigger role in international poverty alleviation... The British government's international aid agency, the Department for International Development, hopes China will shoulder more responsibility in alleviating poverty globally, particularly in Africa.'* This constitutes official Chinese recognition of the specific role of DFID in the evolution of official Chinese thinking on development policy, especially in relation to Africa. Further confirmation of the continuing relevance of the programme was provided at the 4th Forum for China–Africa Cooperation (FOCAC) Ministerial Meeting in Egypt (November 2009) by Chinese Premier Wen Jiabao: *'Whatever change may take place in the world... our policy of supporting Africa's economic and social development will not change'.*

4.24 DFID's China–Africa work stream has been endorsed by others agencies including UNDP and the World Bank. The Minutes of the Informal Donors Group Meeting: China–Africa Partnership (July 2007) noted: *'It appeared that the strategy and vision of China and UK on Africa and its development are very close and thus justify a constructive dialogue and collaboration'.* DFID's concern with encouraging China's multilateralism is also found in its specific initiative with the World Bank. The World Bank Country Partnership Strategy (CPS) for China 2006–2010 identified the need to increase dialogue with China on international development cooperation, including in Africa. This was to be confirmed in the formalisation of interest in October 2007 in the Memorandum of Understanding (MOU) between DFID and the World Bank regarding the Partnership to Support China–Africa Cooperation. At the time, David Dollar (then Head of the World Bank China office) was quoted as saying: *'China's growing economic cooperation with African nations is a great opportunity for both sides, and this World Bank partnership with DFID is a modest way to further promote this cooperation.'* This support from the World Bank and its emphasis on good governance provides weight to DFID's wider aim to address good governance issues in Africa with China.

4.25 ***The Sustainable Development Dialogue (SDD) in DFID's China strategy.*** The CAP identifies the UK–China SDD as an example of where the UK has been developing a partnership with Chinese partners in an area of strategic importance. The CAP indicated that DFID would continue to invest in the SDD modality, and initiative 'owned' by Defra. This awareness by DFID in the CAP of the unrealised potential of the SDD was well-judged, although the potential was not self-evident as none of the SDD partnerships the UK has with other countries had made particular progress. China took the lead in recognising the usefulness of the SDD as a mechanism allowing DFID to achieve in areas where it had been difficult to make headway using other forms of engagement with Chinese agencies. This is recognised in

Defra's SDD evaluation⁴⁵ and in wider findings that other SDD partnerships are now investing more in the SDD, emulating the UK-China SDD model. The SDD has been important as a government-to-government interface, allowing space to push agendas from a development perspective, for example, climate change or food security.

4.26 **Climate change in DFID's China strategy.** Climate change work emerged as a key part of the country strategy for China during the CAP period. However, it was of fairly marginal interest in terms of how DFID presented its priorities at the beginning of the period. Indeed, it is only mentioned in passing in the CAP in relation to water or to work with other UK government departments. The silence in the CAP on climate change gives the impression that DFID was not thinking about climate change at this time, which is not in fact the case. While it can be argued that climate change was marginal to Chinese policy agendas in 2005–2006, some work was already underway in China, such as the Defra (then DETR) project, 'Impacts of Climate Change on Chinese Agriculture'. The logframe for Phase 1 of WCIDI work stream in 2005 (then called China as a Global Development Player), refers to the importance of work on climate change and notes that a key activity stream was: '*collaboration between DFID, Embassy and DEFRA on climate change and energy security, with joint implementation of activities in China on selected issues (e.g. the integration of a developmental component into DEFRA's Phase II project on adaptation to climate change in China)*'⁴⁶.

4.27 The **South-South Learning** (SSL) stream of work in WCIDI aims to ensure the lessons from China's success at poverty reduction inform policymakers and practitioners in development internationally and to promote the best possible international development outcomes from China's economic rise. This work is led by a policy adviser on 'learning from China', funded 50:50 between DFIDC and DFID's Policy and Research Department (PRD). This post is meant to be at the heart of building 'beyond aid' relationships with China and networked across a global community of policy think tanks⁴⁷. The lessons designed to be communicated through SSL activities are lessons on China's successes, not necessarily those in which DFIDC has been involved.

4.28 As with the other streams of WCIDI work, SSL operates as a small grant fund, funding activities that respond to opportunities that arise and building partnerships. The core activity in SSL is support to the International Poverty Reduction Centre in China (IPRCC), set up after the 2004 Shanghai global poverty conference and is China's leading institution mandated to communicate China's lessons on poverty reduction and to host senior-level exchanges. Other complementary activities include funding studies on comparing poverty reduction approaches in China and Africa, a review of 30 years of reform in China and an event on China's response to the financial crisis. However, from a strategic point of view, there is a risk that SSL funds a series of somewhat disparate activities which do not add up to more than the sum of their parts. Learning from DFIDC's MDG programme is only a small component of SSL.

4.29 **Aid effectiveness.** While the design of the WCIDI programme, as outlined in its logframe, identifies aid effectiveness as one of the four streams of WCIDI work, WCIDI is not structured to reflect this. WCIDI has four operational components with dedicated staff: China-Africa, SDD, climate change and SSL. Aid effectiveness activities and China-Africa activities are largely the same. Although progress against the original WCIDI logframe targets of

⁴⁵ IHPC, 2008. *Evaluation of International Sustainable Development Dialogues*. In House Policy Consultancy. Redhill.

⁴⁶ Global Development Player project logframe, February 2005

⁴⁷ DFID (no date) Job Terms of Reference: *Policy Adviser: Learning from China*.

supporting China's aid system to comply more closely to OECD-DAC norms has been very slow and the targets may be considered unrealistic, there have been successes in relation to aid effectiveness. For example, the UK and Chinese Prime Ministers jointly opened the UN High Level Event (HLE) on the MDGs in September 2008; DFID facilitated Chinese negotiations with the Inter-American Development Bank which led to the agreement of its terms for membership in 2008; DFID provided financial support to the UN to enable it to recruit a senior adviser in Beijing who has been working with China to help it prepare for international meetings to discuss aid issues (e.g. MDG, HLE and Doha Financing for Development); and since 2007, DFID has hosted four senior delegations from China and the Chinese embassy in London to specifically discuss aid effectiveness issues.

Coherence with China's Objectives

4.30 In formulating the CSP, effort was invested in developing a better understanding of poverty in China and in approaches that worked in China's governance context. There was concern that early drafts of the strategy were too broad and permissive, with debate about working directly enough on poverty versus less-targeted support for economic development. A strong poverty focus emerged in the design, aiming to make China's policies more pro-poor. This was relevant and necessary at that time, as the 10th FYP was focused on growth – with a target of an average annual growth rate of 7% – rather than distribution and equity.

4.31 The CAP was more strongly aligned with existing national policies, especially the 11th FYP. The CAP correctly identified that the 11th FYP marked a policy shift towards greater focus on poor people and higher investments into areas lagging behind. The CAP was well-targeted in setting out to improve the ability of China's national programmes to reach the poorest. The analysis and strategic programming decisions seem broadly appropriate. DFID correctly identified the challenges and national priorities in MDG areas and progressively focused its support in areas where it could add value and 'make a difference'. The sector programmes were aligned with central Chinese government policies and DFID remained responsive to policy priorities, in particular in health and water where it worked closely with Ministries in Beijing. In education, however, DFID's strategy was to work closely with partner provinces and as a result was somehow slower to respond to, and less in step with, the policy context in this sector.

- In **education** DFID chose to focus on improving the quality of basic education in poor and remote areas and improve access to, and use of, education services by poor and disadvantaged children – an area where it had a comparative advantage and could add value to the ongoing implementation of government programmes. From 2002, the GoC pushed to achieve compulsory education for all children in rural and urban areas. Under the 11th Five Year Plan, the GoC implemented a compulsory education finance reform to address inequalities in the education sector. This included measures to target individual poor students (rather than poor areas, as had been the case in previous policies), in particular through the two exemptions for all students – from miscellaneous and school book fees – and one subsidy for boarding for poor students.
- The Gansu Basic Education Project (GBEP) had previously piloted practices such as exemptions from fees and targeted subsidies. DFID's approach of focusing on local needs was in line with the decentralised nature of the education system in China. Provincial departments have substantial space to develop education methods and materials within the national curriculum. DFID's work in education was important and relevant for two main reasons. Firstly, it provided an important space to innovate and translate central government policies into practice, which provided a number of

practical challenges at local level; and secondly it helped develop practical ways to address exclusion in poor ethnic minority areas.

- In **health**, DFID's country strategies were aligned closely to China's health policies for disease and health reform. During the CAP period, DFID focused effectively on health sector reform – a GoC priority. For example, the Health Policy Support Project (HPSP) was launched at a 'golden time' when China had a major impetus for reform of the health care system. Situations were similar in the rural and urban health projects, which specifically aimed to increase the availability, quality and equality of health service for poor areas and people in poverty.
- Both the CAP and CSP include **HIV and AIDS** as priority areas. The CAP focuses explicitly on implementing China's National Medium-Long Term HIV and AIDS Plan, with a particular focus on the achievement of the Three Ones⁴⁸. DFID's support is aligned with China's action plan for the containment and control of HIV and AIDS (2006–2010). Its policy 'Four Frees and One Care' includes free anti-retroviral (ARV) drugs, free voluntary counselling and testing, free drugs to HIV-infected pregnant women and free schooling for children orphaned by AIDS.
- **Water and sanitation:** in the CSP, water resource management was included as a priority under sustainable livelihoods. The CAP notes the 2002 Water Law as a major milestone and the national targets on access to safe drinking water set since then. The CAP also notes the GoC's low commitment to addressing challenges on sanitation and hygiene, but does not include a strategy as such to deal with this.
- Overall, DFID's programme on water and sanitation responded well to the policy focus in the 10th and 11th Water Sector Development FYPs and other water resource management regulations formulated and enforced during the periods of the CSP and CAP. The strong coherence with the 10th and 11th FYPs was in the areas of: sustainable resource management, water saving and poverty reduction⁴⁹; high coherence with water sector policies; water saving and food security; increased water use efficiency contributed to improvement of agricultural productivity⁵⁰; providing drinking water to poor people⁵¹.

Fit with Higher Level Strategies: DFID White Papers and UK-China Strategy

4.32 As noted, the CAP has a reasonable fit with Public Service Agreement (PSA) objectives. The evaluation also found that DFIDC was aligned with the higher level UK strategies: the

⁴⁸ The Three Ones are: One agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners; One National AIDS Coordinating Authority, with a broad-based multisectoral mandate; One agreed country-level Monitoring and Evaluation System

⁴⁹ Through :Pro-poor Rural Water Reform Project (PPRWRP), Social Welfare Development Project (SWDP), *Water Resources Demand Management Project* (WRDMAP), *China Watershed Management Project* (CWMP), and Rural Water Supply, Sanitation, and Hygiene Programme (RWSSHP)

⁵⁰ Through PPRWRP, and WRDMAP

⁵¹ Through RWSSHP

third and fourth International Development White Papers⁵² and the UK government strategy for engaging with China.

4.33 In 2006, DFID's third White Paper specifically emphasised the need for DFID to increase its engagement with BRIC countries. The 'China as a global development player' track in the CAP is highly relevant to the orientation of the fourth White Paper, which has a core theme of global interconnectedness and interdependency and marks an increase in a foreign policy-oriented, national self-interest aspect to international development. The three key themes are global financial systems, global climate and global security. The paper recognises the importance of China and other East Asian countries in the global economy. It states the need to engage with emerging powers as partners on the world stage, not just domestically, and the need to do so in a joined-up way across the UK government. The CAP, which predates the White Paper by three years, shares these objectives and indeed shows a good grasp of the likely increasing global importance of China over the five years of the strategy.

4.34 The third White Paper has a strong commitment to sub-Saharan Africa and South Asia, but also identifies the need to support developing countries in the challenges presented by fast-growing countries such as China through their trade and investment in other developing countries. Here, as in most situations, DFID has been systematic in assessing DFID's policy direction and ensuring its work mapped to it and remained relevant. The China-in-Africa stream of work relates to engaging China on the world stage, while the climate change adaptation work relates to engaging it on issues of global significance.

4.35 The UK's cross-government strategy for engaging with China was published in 2009⁵³. It maps out three pillars: i) Ensuring that the UK has the right domestic policies in place to benefit from China's growth; ii) Fostering China's emergence as a responsible global player (including sustainable development and climate change); and iii) Promoting sustainable development, modernisation and internal reform in China – '*this is about influencing China's evolving domestic policies*'.

4.36 This is a UK government-wide strategy led by the FCO. It is clear that, although not named specifically, DFID is seen as playing a number of key roles in helping deliver the strategy. The CAP and the engagement framework are coherent in their aims and delivery of the CAP should contribute significantly to realising a number of the opportunities identified in the framework and to overcoming the challenges. Specifically:

- helping China to move to a lower carbon growth and more sustainable development, through both the SDD and climate change collaboration, including initiatives such as the Sustainable Agriculture Innovation Network and Low Carbon Task Force.
- working more closely with China to achieve the MDGs *globally*, in particular by supporting China's role in the international system, such as the UN Call to Action conference in 2008, by helping identify the opportunities of China's presence in Africa, and by strongly supporting China's own achievement of the MDGs (see above).

⁵² DFID (2006) *Eliminating World Poverty: Making Governance Work for the Poor*. London. DFID (2009) *Eliminating World Poverty: Building our Common Future*. London

⁵³ FCO (2009) *The UK and China: A Framework for Engagement*. London

4.37 The shift towards working with China as a global player, as identified in the CAP, is highly relevant to the UK government's aims, and achievement of the CAP objectives should contribute directly to achievement of the UK and China Framework for Engagement outcomes:

- The UK is a key strategic partner for China on climate change and sustainable development.
- China is in deeper dialogue with the UK, the EU and other donor governments on the MDGs and international development policy.
- China is increasingly engaged in trilateral cooperation around Africa with other donors and African governments.
- China's domestic development programmes on basic education, TB, health reform, and water and sanitation make good progress, deriving increasing benefits from World Bank policy and analysis.
- China better integrates all three pillars of sustainable development – environmental and social, as well as economic – into its domestic policy making.

Global Themes – Sustainable Development and Climate Change

4.38 CAPs need to balance UK and host country priorities; in the China CAP, the areas of sustainable development and climate change are areas where this balance is particularly close. It is clear DFID is pursuing objectives in these areas that are highly relevant to China's priorities – the Chinese government now emphasises sustainable development as basic government policy. Du Ying, Vice Minister in the National Development Reform Council (NDRC), commented at the Fourth Ministerial for the SDD that climate change could not be tackled without sustainable development⁵⁴. Sustainable development is important in relation to domestic growth and well-being indicators, and in relation to China's emergence as a global actor impacting on developing nations through trade and investment flows, carbon emissions and other externalities of dynamic economic growth.

4.39 The narrative around both climate change and sustainable development is limited in the CAP, with a small number of mentions in both cases – for example: '*Our engagement on environment issues will directly contribute to the UK-China Sustainable Development Dialogue*'. Despite this, both areas have since gained a higher level of attention in the *de facto* DFIDC programme, which has cohered well with evolving priorities from both governments.

4.40 China's rapid economic transformation has come at a high environmental price, as can be seen from a range of environmental and ecosystem service indicators (land degradation, soil quality, water pollution and water scarcity, biodiversity loss and air pollution, for example). China has an urgent need to develop a **sustainable development** model that delivers the benefits of economic development without depleting or destroying the natural resource base. Given emerging levels of inequality and remaining high levels of poverty in parts of China that are often ecologically fragile, it is important that this sustainability focuses on poverty and social inclusion. A clear set of sustainable development priorities has been articulated by the Chinese

⁵⁴ Fourth Ministerial Egram 09/10

government in the 11th FYP (including ambitious targets for renewable energy and energy efficiency). A basic Chinese government policy is to support construction of a ‘Resource Efficient and Environmentally Friendly’ society, and coherence with the principle that development should be based on a circular economy model (as set out in the Circular Economy Law) which emphasises recycling, reuse and reduction in use of resources. From a Chinese perspective these policy imperatives mean that the focus and rationale for the SDD is highly relevant.

4.41 Work on the SDD fits clearly with the approach to working with China set out in the UK-China Framework for Engagement. The third of three principles specified in the Framework for Engagement is to promote ‘*sustainable development, modernisation and internal reform in China*’. Activities such as sustainable development capacity building with officials in the Party School⁵⁵ are a good fit with the objective of modernisation and support for sustainable development.

4.42 The overarching objective of the UK-China SDD (in common with all UK SDDs) is to accelerate delivery of the UK’s international sustainable development commitments (as agreed at the World Summit on Sustainable Development in 2002), and to support realisation of the MDGs.

4.43 Work by DFID on the SDD is therefore consistent with DFID and UK policy frameworks: ‘Securing the Future: UK Government Sustainable Development Strategy’ recognised that achieving sustainable development requires international co-operation and partnership. It emphasised that international commitments must be followed up on and implemented as a matter of urgency. The UK’s international priorities White Paper⁵⁶, published in March 2006, built on this and formally set out international sustainable development priorities for the UK. There is recognition that achieving its sustainable development commitments requires the UK to work in partnership with others: the Sustainable Development Dialogues (the Dialogues) are one way in which the UK is seeking to increase this partnership working, with mutual learning on approaches to sustainable development that supports partner countries’ own development policies and plans. Furthermore, ‘*the UK White Paper on International Development highlights the challenge of managing our world sustainably and fairly ... It also highlights the related growing influence of rapidly developing middle-income countries, such as China and India, and refers to the need to work with these countries through the Dialogues to share experiences on managing the environmental impacts of growth.*’⁵⁷

4.44 Individual activity areas fit clearly with China’s 11th FYP and other policies. This is a key strength of the SDD – it is a negotiated set of activities under agreed focal areas, which means a strong fit with national government priorities is built into the portfolio of projects under the Dialogues.

⁵⁵ The Party School of the Central Committee of the Communist Party of China, also known as the Central Party School, is the highest institution to train officials of the Communist Party of China

⁵⁶ FCO, 2006. *Active Diplomacy for A Changing World: the UK’s International Priorities*. Published March 2006 available at: <http://collections.europarchive.org/tna/20080205132101/www.fco.gov.uk/servlet/Front%3FpageName=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394997>

⁵⁷ UK Strategy on High Level Dialogues on Sustainable Development

4.45 One example of this is the activity focal areas for the Sustainable Agriculture Innovation Network (SAIN), a mechanism under the SDD for taking forward partnership in the agricultural sector. The four working group themes are: nutrient and crop pollution and management; biomass utilisation and biogas; climate change adaptation and mitigation in agriculture; and circular agriculture policy. These themes were negotiated with the Ministry of Agriculture (MOA), which sits on the governing body of SAIN, with a vice-minister as co-Chair. The MOA is also contributing funds to support SAIN activities. This indicates that SAIN is a shared UK-China agenda with a high level of buy-in from the MOA. The emphasis on improving the sustainability of China's engagement in global forestry and fishery supply chains emerging under the SDD is also evidence of a focus on interdependencies and global public goods, consistent with DFID's 2009 White Paper.

4.46 Similarly, working on **climate change** with China is critically important for the UK, as reflected in the Joint Declaration on Climate Change agreed at the UK-China Prime Ministerial Summit in January 2008. China is the world's leading emitter of greenhouse gases. China is critical to global reductions in carbon emissions. China will also be seriously affected by climate change as documented in China's National Climate Change Impacts report⁵⁸.

4.47 The importance of action on climate change for Chinese policymakers is illustrated by China's pre-Copenhagen Summit announcement of plans to reduce the carbon intensity of GDP, commitments on energy efficiency and renewable energy in China's 11th FYP and Hu Jintao's statement at the 2009 UN Summit on Climate Change: *'We will endeavour to cut carbon dioxide emissions per unit of GDP by a notable margin by 2020 from the 2005 level. Second, we will vigorously develop renewable energy'*. There is also strong coherence with the forthcoming 12th FYP (2011-2015), which will include a section on climate change adaptation planning, informed by outputs from DFID's Adaptation to Climate Change in China (ACCC) project. There is also a clear link into the National Adaptation Strategy development and provincial level planning processes.

4.48 The UK government has a clear position on working with China on climate change, articulated in the UK-China Action Plan on Climate Change and Energy. This is to *'Ensure climate security and secure, clean energy supplies at affordable prices by promoting a faster transition to a low-carbon economy in China, and China's role in delivering an international framework'*⁵⁹.

4.49 This overarching objective has been updated in a revised briefing note on China and Climate Change: *'For 2008 to 2009, one of the UK government's overarching objectives in China is to 'promote a visible and accelerated shift to a low carbon economy in China and create the conditions necessary for an ambitious post-2012 agreement'*⁶⁰. This note details six priority objectives for the UK. These are: a) securing a post-2012 framework; b) low-carbon growth; c) carbon capture and storage; d) economics of climate change; e) EU-China linkages, including an EU-China carbon trade and investment framework; and f) impacts and adaptation. DFIDC has been contributing to all these objectives except for carbon capture and storage.

⁵⁸ Ministry of Science and Technology, China Meteorological Administration, and the Chinese Academy of Science (2007) *National Assessment Report on Climate Change*.

⁵⁹ DFID. *China and Climate Change: A Briefing Note*. December 2007

⁶⁰ DFID. *China and Climate Change: A Briefing Note*. May 2009

4.50 Overall, the climate change work fits with the UK-China Framework for Engagement principles for engagement, which include: *fostering China's emergence as a Responsible Global Player, and promoting sustainable development, modernisation and internal reform in China*⁶¹. The approach also fits with priorities elaborated in the 2009 White Paper: *Economically advanced developing countries must also act quickly. They will need to make significant reductions in their emissions against 'business as usual', if the world is to avoid dangerous climate change. A package of support is needed on adaptation for the poorest countries: the UK is seeking a new agreement on adaptation which will ensure that the poorest and most vulnerable countries get access to sufficient finance to enable them to adapt to climate change.*⁶²

A Five Year Strategy Period

4.51 Unusually, the CAP covered a five year period, 2006 to 2011, although only the first three years' of indicative funding is given. DFID did not see the duration as unusual, but rather a logical period once their analysis had shown that in five years time the relationship with China would be quite different. Hence the statement in the CAP that, *'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'* is the justification of the extended plan period.

4.52 In general, the five year strategy has worked well – it has sent clear signals, well in advance, of DFID's intended changes in programming and relationships. The Chinese partners accepted this pragmatically – those receiving funds would have preferred it not to be the case, but they understand why it is. However, it has meant that the programme has not been through the formal rigour of a normal, triennial review and reformulation of the country programme, which is now a more comprehensive corporate process, including governance and fiduciary assessments. Inevitably, the programme has had some divergence from the planned direction in 2006, but although the detail was not covered in the CAP, new areas have broadly been within the scope of the 'China as a global development player' programme as envisaged in 2006.

A Strategy for Changing Engagement with China

4.53 As noted, the defining statement in the CAP is that: *'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'*.

4.54 This foresaw that, on the basis of China's successes at poverty reduction, it might be difficult to justify a bilateral aid programme for China by 2011. In regard to changing the nature of engagement with a large emerging economy, or BRIC nation, it is useful to contrast DFID's approach in China with its approach in India. DFID India's most recent CAP (2008-2015) is similarly a long-run strategy, in this case, tied to the MDG target date of 2015. India has been less successful than China in reducing poverty – 400 million people are still in extreme poverty – yet there is also a prosperous India with world class IT services and a well-educated and wealthy middle class. The CAP estimates this represents about 20% of the population.

⁶¹ UK-China Framework for Engagement

⁶² DFID (2009) White Paper, *Eliminating World Poverty: Building Our Common Future*.

4.55 DFID India's CAP identifies 'three India's': a prosperous, 'global India'; a 'developing India' that remains on the edge of poverty and is hence vulnerable; and a 'poorest India'. DFID's development assistance to India is predicated on a three-tiered approach related to the three India's: i) working with global India as it takes its rightful place in the world to help deliver the MDGs globally; ii) supporting developing India to achieve the MDGs across the country; and iii) providing intensive assistance to poorest India, in states with the highest poverty levels, and tackling gender discrimination and social exclusion.

4.56 Thus, DFID India has identified two streams of domestic MDG - and poverty-related work and one stream of internationally-focused work which has two themes: 'India as a Global Partner' and 'Multilateral Effectiveness'. DFID's CAP has two streams: one a domestic MDG and poverty stream, and the other an internationally-focused 'China as a Global Partner' stream (i.e. WCIDI). The key difference is that in India, the programme aims to maintain the domestic MDG and global streams in parallel throughout the plan period until the 2015 MDG year, while in China, the programme planned to grade from one stream to the other over the CAP period.

4.57 Do differences in the BRIC-type economies and/or in the depth and spread of poverty support the different approaches? China has a greater per capita GDP (China: US\$5,383; India US\$2,753⁶³), but also a higher Gini coefficient: 41.5 against India's 36.8. i.e. China has a wealthier, but less equal, population (although in China the Gini coefficient is a largely regional phenomenon, with a wide variation between provinces⁶⁴). As DFID's strategy has reflected, poverty has tended to be concentrated in some provinces. In China, 36.3% of people live on less than US\$2 a day, in India it is 75.6%; using the new international standard of US\$1.25/day⁶⁵, these rates are 15.9% and 41.6% respectively.

4.58 The recent analysis of poverty and equality in China⁶⁶, funded from the DFID-World Bank Trust Fund, shows that China has been exceptionally successful in reducing poverty since the beginning of economic reform in 1981⁶⁷ (see Figure 2), and over a period of 25 years, China has reduced poverty much more rapidly than India⁶⁸ (see Figure 3).

4.59 However, the World Bank posits that there is still a significant, and probably increasingly hard, poverty reduction task remaining in China. This is because of factors including: i) the absolute number of poor in China still remains high, but is often hidden by China's low-based national poverty line (US\$0.57 per day⁶⁹); in 2005 there were 254 million below a US\$1.25 per day poverty line; ii) poverty is almost entirely rural and the poor are also

⁶³ UNDP. *Human Development Report, 2009*.

⁶⁴ ODI (2004). *Inequality in Middle Income Countries*. ODI Briefing Paper.

⁶⁵ It has been argued that this is substantially higher than the income needed to purchase the basic necessities of life in China. David Dollar (2008) *New global poverty estimates confirm China's leading role in meeting MDGs*.

<http://blogs.worldbank.org/eastasiapacific/new-global-poverty-estimates-confirm-china-s-leading-role-in-meeting-mdgs>

⁶⁶ World Bank (2009). *From Poor Areas to Poor People: China's Evolving Poverty Reduction Agenda. An Assessment of Poverty and Inequality in China*. Poverty Reduction and Economic Management Department, East Asia and Pacific Region

⁶⁷ In 1981 China was the fifth poorest country in the world, with 84% of the population below a US\$1.25 a day (2005 PPP) poverty line. (Ravallion, 2009).

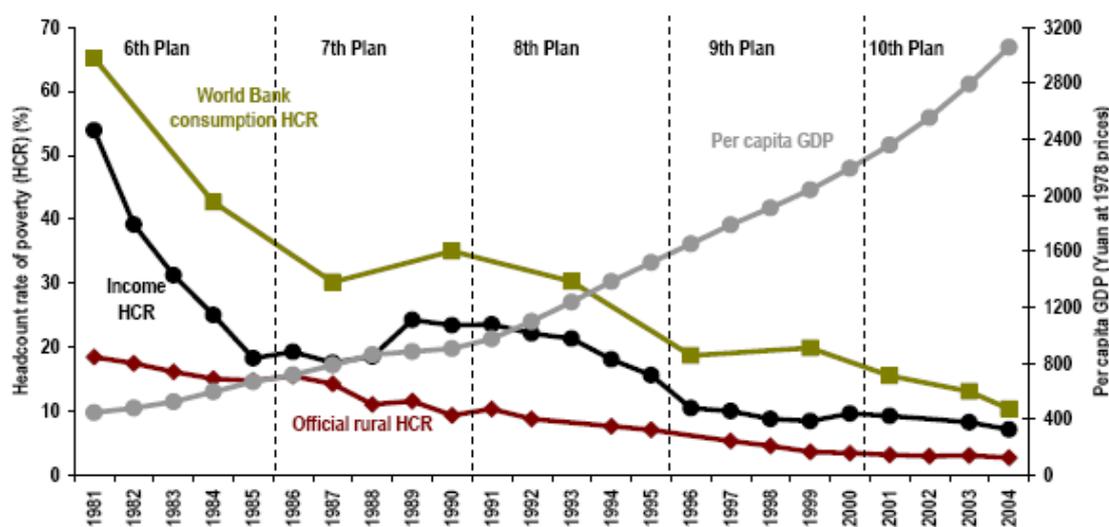
⁶⁸ Ravallion, M. (2009). *A Comparative Perspective on Poverty Reduction in Brazil, China and India*. Policy Research Working Paper 5080. World Bank, Washington DC.

⁶⁹ 2005 purchasing power parity

more vulnerable to shocks⁷⁰; iii) as poverty has been reduced, the concentration of poverty has also reduced, and now less than half the poor are in the traditionally poor mountainous and minority areas; iv) as poverty has reduced, so has the elasticity of poverty, making it less responsive to economic growth; v) the Gini coefficient has increased significantly since the start of the reforms; vi) income disparities are mirrored in non-income human development disparities, largely because income has become more important in determining access and outcomes in health and education, as service delivery has become more monetised. DFID has been working on policies to reverse these effects, but for the poor, the burden of social expenditures has increased; and vii) China's growth has stimulated rural-urban migration creating a 'floating population' of some 150 million – an underclass with little access to social protection.

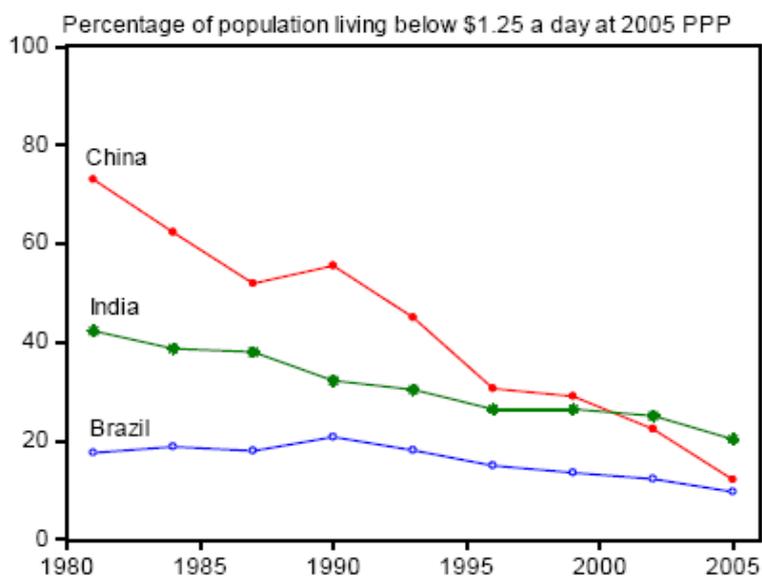
4.60 Thus, both India and China have large absolute numbers living on less than US\$1.25 per day and both are non-aid dependent: ODA is approximately US\$1 per capita in both countries and both are making good economic growth (annual per capita GDP growth rates: China 8.9%; India 4.5%). Therefore, there is a case for DFID making a greater level of comparison between the way it provides development assistance to these two large emerging economies, which both exhibit strong growth, a global footprint, and a persistent population of poor people that is large in absolute terms. It is notable that in India, a poverty reduction and MDG-oriented programme will continue until the 2015 MDG date, while in China, the CAP had identified that this part of the programme would conclude in 2011.

Figure 2. China's Record of Poverty Reduction and Growth Over the Last Quarter Century Has Been Remarkable (WB, 2009)



Source: World Bank (2009)

⁷⁰ David Dollar (2009). *Remarkable progress, remaining vulnerability among China's poor.* <http://blogs.worldbank.org/eastasiapacific/remarkable-progress-remaining-vulnerability-among-chinas-poor>

Figure 3. Headcount Indices of Poverty for a Common International Poverty Line

Source: Ravallion (2009) – mixed method

4.61 China has been better and quicker at reducing poverty – through pro-poor growth – but its pro-poor social policies have been less developed than those in India. China has been very effective at poverty reduction, but the most recent analysis suggests that technical support to pro-poor social policy making still has a place. The World Bank analysis suggests two key areas where support is needed: deepening of rural social protection, particularly health, and more sophisticated targeting, using household, rather than area-based criteria. Thus, in line with recommendations from the International Development Committee, there is a question as to whether a limited MDG-focused technical assistance task remains.

Choice of Aid Instruments

4.62 The China programme has made use of four main aid instruments:

- ‘classic’ bilateral grant projects – these are in the MDG programme and include some co-funding with other agencies.
- ‘blended’ projects with the World Bank in which the World Bank provides loan funds and DFID provides a grant to reduce the cost of the loan to China and is also involved in design.
- Trust Funds to the World Bank and Asian Development Bank (ADB).
- influencing-type programmes which entail a cluster of small project grants alongside a range of low-cost/no-cost relationship-building and diplomatic-type activities.

4.63 The level of use of trust funds and development of the idea of blending are distinctive to the DFID programme in China. The operation of these two aid instruments was different, but ultimately both aimed to lever the greater funding capacity and, to an extent, influence the multilateral development banks (MDBs) for poverty reduction.

4.64 DFIDC has established four **trust funds**. One of these, the World Bank China–Africa Trust Fund, is part of the WCIDI programme and is covered there. The other three funds are i) the £6 million trust fund with the ADB – the Poverty Reduction Fund (PRF) – designed to support the ADB in making its portfolio and policy work contribute more effectively to the reduction of poverty in China. ii) The World Bank Analytical and Advisory Activities (AAA) trust fund, a £5.15 million fund to be used for AAA work – to improve the analytical basis for China’s pro-poor policy making and to promote new poverty-reduction approaches for subsequent piloting by the GoC; and iii) The Economic Reform Implementation Programme (ERIP), a £5.71 million fund under the World Bank’s Fifth Technical Cooperation Credit to China (TCC5)⁷¹, designed to *‘fund a range of technical sub-projects to increase the adoption and use of sound reform and development strategies, policies and implementation plans.’*

4.65 These three large trust funds, cumulatively worth over £16 million, were designed during the CSP period⁷², and relevant to and coherent with the then priorities – poverty reduction through social and economic reform, including gender, access to basic services, and environmental management. The China–Africa trust fund is a ‘CAP-era’ fund, relevant to current priorities. The trust fund instrument remains an appropriate way to release funds for small strategic joint work with the World Bank, and to lever their networks, research capacity and contacts with GoC, as well as help shape thinking and lending.

4.66 The AAA trust fund paid for World Bank staff salaries for a period, a DFID secondee to the Bank, consultants’ fees in relation to studies and costs such as travel and workshops⁷³. The sub-projects – under three headings: economic reforms for poverty reduction, social and human development policies for poverty reduction, and natural resources management and the rural poor – were mainly studies commissioned jointly by the World Bank and DFID. The World Bank’s Fifth Technical Cooperation Credit to China (TCC5) trust fund was to be accessed by China, to assist in implementing its reform and development agenda. It aimed to do this by significantly increasing the adoption and use of sound reform and development strategies, policies and implementation plans through a series of technical assistance sub-projects tailored to address specific challenges through institutional capacity building at the national and sub-national levels. Many of these sub-projects take the form of action research, which fit well with China’s general use of piloting approaches.

4.67 **Blending** was a product of a particular time. The World Bank stopped lending International Development Association (IDA)⁷⁴ funds to China after 1999 – several years earlier than China had been expecting it. This was a disappointment to the Chinese government and placed strains on the WB’s relationship with China. China was then disinclined to borrow at non-concessional International Bank for Reconstruction and Development (IBRD) rates, so they saw blending as a ‘symbolic third window’. An evaluation of the World Bank country programme found that: *‘The Bank is constrained from shifting its lending to lagging regions and from maintaining the level, or even the share, of lending to agriculture, the social sectors, and poverty projects because of the difficulties these regions and sectors would have in repaying IBRD [loan rates]. An innovative*

⁷¹ TCC5 also comprised US\$10m of Chinese government funding and US\$20m from the World Bank

⁷² AAA: 2003–2008; TCC5: 2006–2011; ADB Trust Fund: 2002–2008

⁷³ DFID – World Bank Memorandum of Understand regarding the ‘Partnership in China on Analytical and Advisory Activities’ TF052909

⁷⁴ Loans at concessionary rates from the IDA.

arrangement, in which the UK Department for International Development (DFID) blends grants with IBRD loans to simulate IDA terms, offers an opportunity for the Bank (jointly with DFID) to remain engaged in social sectors and poverty projects.⁷⁵

4.68 The World Bank evaluation further found that: *'given the constraints of China's fiscal transfer and repayment system, this partnership makes sense. It enables the Bank to work on poverty reduction projects otherwise unavailable to it. In DFID's view, the Bank (and China) have also benefited from DFID's contribution to ideas and policy innovations (such as provision of provincial counterpart funding for poor counties and the introduction of social assessments at the design stage) that would have been unlikely from the Bank working alone.'*

4.69 Blending was essentially a DFID grant underwriting 2% of the cost of a project, directly to the World Bank – the difference between the IDA and IBRD loan interest rates to the borrower (the GoC). The basis for blending is explained in the CSP and some of the blended projects' documents: *'Our key initiative with the World Bank is to allow the Chinese Government to access concessional lending for poverty-focused activities, by blending DFID grant funds with World Bank non-concessional loans'*⁷⁶; and *'This project design combines DFID grant funds with an IBRD loan to soften lending terms for high priority social sector projects with the overarching objective of poverty alleviation. In doing so, it expands the availability of concessional financing for development to provinces for key social sector investments.'*⁷⁷ Blending was used by DFID in a number of projects, including the TB Control Project (the original blending case), the Basic Education Project (BEWAP), and the Poor Rural Communities Development Project (PRCDP). There was reportedly some resistance to blending in DFID headquarters, partly due to concerns about a desire by the World Bank to use the device more widely, beyond China.

4.70 The ADB originally expressed an interest in using DFID's support for blending, like the World Bank model. However, DFIDC resisted this as it considered that a trust fund instrument would best support the traditional sector activities where the ADB has comparative advantage, while making them more poverty oriented, rather than DFID pushing them into new, social sector, areas.

4.71 Strategically, and at the time, blending was a useful instrument for DFID – it sat well with achieving the CSP objective of targeting poverty and the social MDGs, which would have otherwise lost funding. It was highly effective at enabling DFID to leverage its funds and gain influence of large spend programmes for funding amounts that it could afford – a good strategy for achieving results at scale. It also helped strengthen the relationship with the World Bank, which appreciated the approach.

⁷⁵ Operations Evaluation Department (2004). *China: An Evaluation of World Bank Assistance*. World Bank, Washington D.C.

⁷⁶ CSP

⁷⁷ PRCDP, Project Appraisal Document (PAD).

Summary on Strategy

- The evaluation covers two strategy periods, a CSP (2002–2005) and a CAP (2006–2011).
- The CSP addressed the MDGs broadly, focusing on poverty reduction, particularly in the Western region, and improving poor people’s education and health outcomes. It contained strong cross-cutting themes on gender equity, social inclusion and economic and social reform.
- The CSP did not incorporate a ‘China’s role in the world’ perspective, although this was already in some multilateral agencies’ China strategies.
- The CAP marked a transition towards greater alignment with national policies, in particular the 11th Five Year Plan, to support China in achieving global MDGs. It identified a narrow set of objectives within the MDGs, based on DFID’s comparative advantage: basic education, HIV and AIDS, TB, water resource management, water supply and sanitation. These were addressed through the ‘MDG programme’, which was well-aligned with national priorities.
- The CAP introduced a good case for Working with China on International Development issues – the ‘WCIDI programme’. And the CAP stated DFID’s intention to evolve the way it engages with China from being engagement primarily based on a donor-recipient relationship at the start of the CAP period, to a relationship based largely on dialogue and cooperation with China on international development issues by the end of 2011.
- DFIDC strategy is aligned to the third and fourth International Development White Papers and the UK government strategy for engaging with China.
- Early strategy for the WCIDI programme demonstrated success in some areas (IPRRC), but in others needed to better identify realistic objectives (EITI and WTO).
- Climate change work emerged as a key part of the country strategy for China only during the CAP period. It was of fairly marginal interest in terms of how DFID presented its priorities at the beginning of the period and indeed is only mentioned in passing in the CAP.
- The China-Africa programme has got its priorities right. They resonate with the priorities of China, as well as being in keeping with broader multilateral and bilateral thinking. The identification of research priorities is responsive to identified demand, informed by common interests and undertaken from a close awareness of China’s interests and its incentives for engagement. The level of use of trust funds and development of the idea of concessional blending of World Bank loans are quite distinctive to the DFID programme in China. Both aimed to lever the greater funding capacity of, and to an extent influence, the international development banks for poverty reduction.
- Comparison with DFID strategy in India shows China’s strong pro-poor growth, but its weaker pro-poor social policies. Analysis shows there may be a case for targeted technical assistance to support pro-poor social policy in China.
- Having a five year CAP permitted DFID to map out a strategy with a clear evolution of its engagement with China and to give a sufficient period of advanced warning of the change this implied. However, it has meant that the programme has not been through the formal rigour of a normal triennial review and reformulation of the country strategy, which is now a more comprehensive process and includes governance and fiduciary assessments.
- DFIDC employed two particular aid instruments that strengthened its relationship with the World Bank: blending and in-country trust funds.

5. Results

5.1 This Chapter examines the results of the DFID programme in China between 2004 and 2009. It first discusses the broader impact on targets set in the CAP, based on the MDGs and international development issues. It then explores the results more broadly on MDGs and China and international development, followed by assessment of results in relation to gender, partnerships and trust funds.

5.2 The CAP centres on four hard-to-reach MDG areas as well as global development issues. In common with other CAPs, DFIDC's contains an unpublished performance framework which includes a set of end-of-plan success measures for the CAP objectives. Table 6 uses this framework and its indicators, and presents them together with an assessment of progress, using DFID's traffic light system, in which green is good performance and red poor. This shows that, using the success measures DFIDC set for itself when the CAP was developed, there have been some well-performing areas, such as basic education and sustainable development. However, using these performance measures that DFIDC chose in the framework, it is difficult to rate other areas, such as water and sanitation and HIV and AIDS due to poor indicator selection or design and lack of monitoring data.

5.3 The CAP performance framework should be a key document in the DFIDC performance story. But weaknesses in its design limit its utility. This would have been highlighted had there been a mid-term review and/or revision of the five-year CAP. Nonetheless, as the rest of this chapter reveals, most of the programme has performed well and DFID's country programme in China has demonstrated some impressive results. The UK House of Commons International Development Committee's (IDC) view was that '*DFID's programmes in China have been extremely effective.*'⁷⁸ In terms of DFID's internal project ratings system, the programme has performed unusually well, with project Annual Review scores being consistently high (see Table 7)⁷⁹.

5.4 As well as assessing individual projects, DFID also calculates an overall rating for its portfolio of projects in each country - the 'Portfolio Quality Index' (PQI)⁸⁰. For DFIDC, this declined by nearly six percentage point over the last two years (see Table 8)⁸¹. This is a product of some large and very successful projects in HIV and AIDS and health coming to an end in 2007/2008 and poorer performance in some projects, such as the ADB Trust Fund and PRCDP which were both rated as '3', and which represent a significant proportion of the overall programme value. The PQI will continue to be influenced by the performance of the few remaining large projects in the programme, which show prospect for improvement.

⁷⁸ House of Commons - International Development Committee (2009). *DFID and China*. Third Report of Session 2008-09. HMSO.

⁷⁹ Projects scoring 1 or 2 are considered 'successful'. DFID Efficiency Technical Note Annex B. *Methodology and Calculations for the Portfolio Quality Target*.

⁸⁰ PQI is a measure of the proportion by value of programmes worth £1 million or more, that are regarded as 'successful' according to their annual review ratings (i.e. rating 1 or 2).

⁸¹ DFIDC Minute: DFID China Portfolio Quality. 8th Sept 2009.

Table 6. CAP Objectives, Success Measures, and Progress

Focus Area	From the DFID China CAP Performance Framework		CPE Assessment ⁸²
	CAP Objective (2006/2007-2010/2011)	Achievement Measure at End of CAP Period	
Basic education	More children <u>enrol</u> in and <u>complete</u> high quality and affordable basic education, especially girls, children from poor families, children from ethnic minorities and children with disabilities.	<ul style="list-style-type: none"> ▪ Achievement of Nine Year Compulsory Education in all counties in Guizhou, Yunnan, Sichuan, Gansu, Ningxia, Guangxi. 	<p>a) Indicator is not specific; unclear if referring to policy-level objectives only or full implementation of the policy; therefore measure is compromised. (low)</p> <p>b) Enrolment rates monitored across most education projects, usually gender disaggregated. Net Enrolment Rate (NER) for girls rose between 17% and 26% in GBEP⁸³. BEWAP impact assessment found positive changes, but not able to establish attribution. No data for SWBEP. (ok)</p> <p>c) China has made good progress on basic education and has achieved the overall target in MDG 2. Similarly, DFID's projects on education have performed well. Coverage achieved; good targeting of ethnic minorities; improvements of girls' enrolment rates. Progress is clearly linked to the GoC's implementation (and funding) of Compulsory Education Policies, but evidence suggests that DFID has made a contribution through piloting good practices in GBEP and BEWAP. (good)</p> <p>Overall assessment: good (despite a compromised indicator)</p>
HIV and AIDS	More poor and vulnerable people are benefiting from improved prevention, care and treatment services to address HIV and AIDS.	<ul style="list-style-type: none"> ▪ Ensure above 90% of consistent condom use among commercial sex workers in entertainment settings and 80% in roadside settings. ▪ There should be above 90% of consistent condom use among men having sex with men. ▪ The total proportion of needle sharing among drug users should decrease to 	<p>a) Indicators focus on behaviour change only; quality and use of services not directly monitored. (ok)</p> <p>b) Rates of condom use have increased in Yunnan, but still below target. Needle sharing practices achieved target for Yunnan. The HIV and AIDS Prevention and Care Project (HAPAC) external review noted positive changes, but was not able to establish attribution to the project, which finished in 2006. Only small-scale surveys for Global Fund; Annual</p>

⁸² Assessment based on a) quality of indicator, b) data availability, c) progress made.

⁸³ Though this finished in 2006.

Focus Area	From the DFID China CAP Performance Framework		CPE Assessment ⁸²
	CAP Objective (2006/2007–2010/2011)	Achievement Measure at End of CAP Period	
		<p>less than 20%.</p> <ul style="list-style-type: none"> ▪ 80% of reported AIDS patients who are qualified to receive ARV treatment should receive ARVs and traditional Chinese medical care. 	<p>Review (2008) questions the reliability of behaviour surveys. (ok)</p> <p>c) The 2008 Joint UN/GoC MDG report notes that progress on HIV and AIDS targets is slow. Access to services impeded by barriers, including costs. Progress on risk-reducing behaviour still slow. DFID supported projects have yielded important results, but progress on the <i>specific targets</i> included in the CAP is still slow. (low)</p> <p>Overall assessment: low/ok (despite the good efforts to monitor data)</p>
TB	More people who have tuberculosis receive treatment and are cured, resulting in a reduction in the number of TB deaths.	<ul style="list-style-type: none"> ▪ A TB case detection rate above 70% in the 16 provinces supported by DFID. ▪ A TB case treatment rate greater than 85% in all 16 provinces supported by DFID. 	<p>a) Indicator not differentiated for remote and marginal areas where access to services is difficult. Quality of services not monitored. (ok)</p> <p>b) Data available (good)</p> <p>c) Both targets achieved. However, the 2008 MDG report mentions that despite the successful roll-out of DOTS, access to services and quality of services are critical. Both should have been monitored by DFID. (ok)</p> <p>Overall assessment: ok only</p>
Water and sanitation	More equitable and sustainable water and sanitation services for poor people and better management of natural resources.	<ul style="list-style-type: none"> ▪ Supporting two provinces to provide safe drinking to an additional 15 million people. 	<p>a) Indicator not specific (which provinces? Time?). (low)</p> <p>b) No data. (low)</p> <p>c) No progress recorded yet (also see IDC evidence session which includes 'safe drinking water' as challenge, but no evidence). (low)</p> <p>Overall Assessment: The indicator seems wrong. DFID has made good progress in improving access to water and to a lesser degree to sanitation. Access to safe water and sanitation is a major challenge in China and more needs to be done. (low)</p>

Focus Area	From the DFID China CAP Performance Framework		CPE Assessment ⁸²
	CAP Objective (2006/2007-2010/2011)	Achievement Measure at End of CAP Period	
International development issues	An enhanced and collaborative Whitehall engagement with China to improve the prospects of poverty reduction outside China, in support of MDG 8.	<ul style="list-style-type: none"> ▪ Achievement of the objectives of the UK-China Dialogues on sustainable development and climate change. ▪ China's aid programme more transparent and in line with DAC principles. ▪ Increase in effective collaboration in Africa between DFID and relevant Chinese ministries for poverty reduction (both through joint activities in China and through global initiatives such as the EITI and the Africa Infrastructure Consortium). 	<p>Here quite distinct indicators (Only refer to 2nd indicator)</p> <p>a) i) dialogues (good); ii) indicator lacks baseline, but measurable, though probably unrealistic (low); iii) indicator open to interpretation. (ok)</p> <p>b) i) dialogues tracked by OGDs (good); ii) not easily monitored (low); iii) catalogued through WCIDI, but generally <i>post-hoc</i>. (ok)</p> <p>c) i) China SDD and climate change work progressing well (good); ii) little progress made on aligning China to DAC principles, but to do so misunderstands China's approach to development cooperation (as opposed to aid) (low); iii) Africa-China work is making progress, but more in terms of developing understanding than of demonstrable collaboration with Chinese ministries. Alignment with EITI probably not realistic. (ok).</p> <p>Overall assessment: indicators were set early in the evolution of the WCIDI programme and relate to difficult targets that have not been the focus of activities. Some areas – SDD and climate change have succeeded well. (ok)</p>

5.5 The problems with indicators in the CAP performance framework and ease with which the PQI can be skewed, should not over-shadow that this has been a programme that has delivered. But it has been operating in an environment in which well-designed projects, managed in such a way as to support Chinese government efforts and build relationships with Chinese partners, do stand a good likelihood of success; i.e. there is a good enabling environment. China is willing and able to use good technical advice and take it to scale. The most recent available MDG status report for China shows that it is well placed to achieve many of the targets (see Annex 6).

Table 7. Table of Annual Review Ratings⁸⁴

Rating ↓/FY →	04/05	05/06	06/07	07/08	08/09
1	1	1	1	2	2
2		8	6	10	3
3			1		1
4					
5					
X			4	3	
Total	1	9	12	15	6

Table 8. DFID China - Portfolio Quality Index (2007-2009)

	Q2 2007/08	Q3 2007/08	Q4 2007/08	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09	Q1 2009/10
PQ I	80.5%	79.1%	78.6%	75.4%	75.4%	75.3%	73.8%	73.8%

Helping China Reach the Hard-to-Reach MDGs

5.6 Difficult-to-achieve MDGs at the time of the CAP were: MDG 4 (child mortality), MDG 6 (HIV and AIDS, malaria and TB) and MDG 7 (environmental sustainability). MDG2 (primary education) was achieved by 2009 and the Chinese government has set its own, more ambitious goals of universal nine-year compulsory education, which includes both primary and junior secondary education. China is on track to achieve the health MDGs, including MDG 4 to reduce child mortality, and MDG 5 to reduce maternal mortality.

⁸⁴ Ratings supplied by EvD from DFID's PRISM management information system. A rating of 1 equates to likely to fully achieve the project purpose, a rating of 5 equates to likely non-achievement of the purpose; x means it is too early in the project to give a rating.

5.7 While overall progress on MDGs has been impressive, it is difficult to establish the impact of DFID supported projects in China. Nonetheless, the evidence does show that DFID has helped China to hit the hard-to-reach MDGs, in the following ways:

- It has focused its support on critical areas and sectors within hard-to-reach MDGs that were 'left behind' during previous national plans and where it could add value through working in partnership with others. For example, in health DFID identified clear gaps that would set-back overall progress on health related targets, such as TB, and addressed them strategically through partnership with WHO and World Bank. Through PRCDP, DFID supported Provincial governments and the World Bank in targeting the poorest and remote ethnic communities that had not been reached by previous poverty reduction projects. The South West Basic Education Project (SWBEP) focuses on ethnic minority areas where the implementation of the 9-years-compulsary education programme is most challenging.
- It has focussed on innovative practices which would help to target the most 'hard-to-reach' groups. For example in HIV and AIDS, DFID focused prevention practices on high risk groups that were unlikely to be reached by the government's awareness raising campaigns, in particular commercial sex workers, injecting drug users and men who have sex with men. In education, it introduced innovative practices to target girl children and children from ethnic minority groups. In health the Urban Health and Poverty Project targeted disadvantaged groups; all poor households (HHs) and 80% of disadvantaged group such as the elderly and those with chronic illness have been covered by community health centres.⁸⁵
- It has sharpened the demand side of national policies through piloting of institutional mechanisms which would provide building blocks for national policies. For example, in health it piloted health insurance schemes which then became national policy. In education it developed participatory approaches to school planning which were adopted by Provinces during the roll-out of the compulsory education programme. In the water sector it piloted water user associations, which were then promoted by the Ministry as institutional mechanisms for sustainable management of water supply at local levels.
- It has helped to achieve MDGs and related national targets in provinces where it focused its support. The large-scale roll-out projects, implemented in partnership with World Bank, were important to achieve coverage of poor areas. Evidence from impact evaluations of the 'Health 8' programme, National Tuberculosis Project and BEWAP present impressive figures on the progress towards MDG targets made in project provinces.

5.8 Looking in more detail, at **health**, DFID successfully achieved coverage of poor areas and scale-up of innovative practices. Impressive progress has been made in provinces covered by the 'Health 8' and National Tuberculosis Programmes:

- During the 'Health 8' Support Project (H8SP), there was an overall 49.8% reduction in Infant Mortality Ratios (IMR) in provincial level results. Under 5 Mortality Ratios (U5MR) also dropped substantially, falling by approximately 52% in the project's

⁸⁵ Interviews with Sichuan Stakeholders

provincial level results.⁸⁶ The 'Health 8' impact evaluation concluded that *'the project accelerated and sustained declines in maternal mortality between 1998 and 2005. It also contributed to reductions in infant and under-five mortality. There is consistent and credible evidence of strong coordination and multiple/positive synergistic effects between project and non-project interventions'*⁸⁷. In TB prevention and treatment, co-financed with the World Bank, DFID, has helped to bring national TB detection rates up from 30% in 2000 to over 70% now in 16 provinces.

- In relation to policy, the implementation of Medical Financial Assistance (MFA) schemes in all counties to provide subsidies for the very poor has been a dramatic success.

5.9 Impact on Chinese national policy is more difficult to establish as attribution to development agencies in policy formulation is very unusual. However, there are examples where DFID has made important and acknowledged contributions. In **HIV and AIDS**, DFID-supported initiatives have helped to create a positive policy environment and improve outreach to high-risk groups. The HIV and AIDS Prevention and Care project (HAPAC) in particular:

- succeeded in reducing the stigma and discrimination faced by sex workers and drug users to the degree that they are able to access HIV and AIDS prevention services.⁸⁸
- succeeded in reducing stigma and discrimination towards vulnerable groups and people living with HIV and AIDS (PLWHA) on the part of health providers.⁸⁹
- contributed to creating a policy environment that is relatively favourable to effective HIV prevention, in particular with regard to needle exchange and methadone maintenance programme and health promotion and condom promotion programmes for female sex workers.⁹⁰
- addressed the gender power relationships that increase the risk of HIV through provision of negotiation skill training and female condom promotion in some sites.

5.10 Achievement of the MDGs means achieving results at scale. Through coordinated support of the Government Programme, with the Global Fund, DFID has scaled-up successful initiatives and achieved good coverage on HIV and AIDS. The Joint Government-Global Fund (GFATM)-DFID programme has been implemented in 7 provinces (Xinjiang, Yunnan, Sichuan, Guizhou, Hunan, Jiangxi and Guangxi). DFID support targeted 50 counties, 70 civil society organisations, 45,900 female sex workers (FSWs), 159,700 intravenous drug-users (IDUs) and 208,660 people with high risk behaviour⁹¹.

⁸⁶ The Health 8 impact evaluation establishes attribution by comparing trends in project counties with national trends.

⁸⁷ See separate DFID Briefing (January 2008): Improving maternal health – lessons from the basic health services project in China.

⁸⁸ HLSP. 2006. HAPAC External Project Completion Review. p2

⁸⁹ HLSP. 2006. HAPAC External Project Completion Review. p31

⁹⁰ HLSP. 2006. HAPAC External Project Completion Review. p1

⁹¹ Global Fund 4 Project Memorandum, 2006

5.11 While these figures do seem impressive, coverage is still limited if the scale of China and the overall extent of the epidemic in the country is considered. The outreach of the Government Programme to high-risk groups in particular is limited. Thus, while impressive strides have been made in DFID-GFATM sites, the evaluation heard repeatedly that these achievements were not being made in non-DFID-GFATM sites – i.e. lack of scaling-out. While DFID-GFATM sites were originally selected on epidemiological grounds, the picture is changing, with new pockets emerging in unsupported counties. It is essential to develop a strategy to extend the lessons and achievements of the DFID-GFATM supported counties to other counties⁹². The greatest single challenge facing China's AIDS programme is low coverage and perhaps quality. Estimates of IDU, sex workers (SWs) and men who have sex with men (MSM) are often low and outreach programs are not reaching a sufficient proportion, even using the low estimates. Actual coverage is likely to be appreciably lower⁹³.

5.12 In **education**, DFID has successfully targeted poor communities, children from ethnic minorities and girl children. Enrolment rates for girls increased above the average in DFID projects, however considering the overall impact of education projects it is difficult to attribute significant changes to the DFID project, with the contribution being subsumed into overall improvements in the sector.

5.13 Specific strategies used to target children from ethnic minorities and girls included addressing language barriers for ethnic minority students with bilingual training material and, 'child-friendly campus' and targeted scholarships for girls. As a result, Net Enrolment Rate (NER) for girls rose between 17% and 26% in GBEP⁹⁴. However, evidence suggests female teachers (and head teachers) have not been targeted to the same extent.

5.14 Within the sector, only BEWAP had a systematic impact assessment. However, the evaluation was not able to establish clear impacts on the key performance indicators that the project had originally set out to address. DFID's preference to align its projects to ongoing policy reforms meant that any potential project impacts became absorbed by the overall impacts driven by education policies. The broad-based improvement identified in the Impact Assessment included: '*consistent evidence that student learning improved between 2006 and 2008*' and evidence '*that all project interventions are positively correlated to better learning.*'⁹⁵

5.15 The BEWAP Impact Assessment also found that '*child enrolment seems to have increased*', but was not able to confirm to what extent this is the result of the project since '*the Government promoted substantial reforms that could have also improved enrolment rates and student retention. Such reforms involved student assistance (the policy of two exemptions and one subsidy – TEOS⁹⁶) and an improved mechanism of education financing (the new guarantee system). Both reforms are thought to have contributed directly and indirectly to reduce substantially household costs for compulsory education and thus possibly increased enrolment.*'⁹⁷

⁹² Annual Review 2009. DFID/ Global Fund Round 4 HIV/AIDS Programme

⁹³ Annual Review 2009. DFID/ Global Fund Round 4 HIV/AIDS Programme

⁹⁴ Gansu Basic Education Project, PCR 2006

⁹⁵ BEWAP Impact Assessment, 2009.

⁹⁶ 'Two Exemptions – One Subsidy': exemption from textbook payment and incidental fees, one subsidy for boarding as part of the compulsory education program.

⁹⁷ BEWAP Impact Assessment, 2009, p. 9.

5.16 In the **water** sector, links between DFID projects and MDG-related targets (MDG 7) are less straightforward and the impacts from water-related interventions more difficult to establish. Contribution to MDG related targets is also complicated as DFID did not monitor these consistently across all water projects (unlike maternal health in the health sector, or enrolment rates in the education sector).

5.17 There have been no impact assessments for DFID's water projects. However, reviews of outcomes for Pro-Poor Rural Water Reform Project (PPRWRP) and China Watershed Management Project (CWMP) show that there were some good practices, some of which – such as Water User Associations (WUAs) were scaled up quickly. Impacts on livelihoods from water projects are more difficult to establish. Key results from PPRWRP and CWMP include:

- The PPRWRP established 497 improved WUAs in 10 provinces. There were 23–25%⁹⁸ female members, and 34,000 people benefitted from the project. 13.4% of project beneficiaries are rural poor; through participation in PPRWRP, the proportion of the poverty incidence in the project area reduced from about 14% to 7.0%.⁹⁹
- DFID's projects have supported the increased efficiency of water supply. The monitoring reports for the PPRWRP demonstrate that this has led to lower costs for farmers. Water fees are the main income of WUAs. Improved irrigation water management has reduced the expenses for water volume and has reduced the burden to farmers of high water charges.¹⁰⁰
- Women were particularly targeted in PPRWRP. In the 250 WUAs, female members accounted for 28%; female members of the executive committees accounted for 26%; women heads of water user groups accounted for 17%.
- DFID's work on water and sanitation was broadly aligned with DFID's Policy on Water and Sanitation. It supported concepts of integrated water resource management and improved water efficiency in CWMP and WRDMP and established some strategic partnership with the Global Water Partnership (GWP), and to some extent with the EU Water Programme. DFID-supported projects provided important lessons for policy-makers, e.g. the Water Users Association (WUA) in the Pro-Poor Rural Water Reform Project (PPRWRP) and participatory watershed management in the China Watershed Management Project. However, DFID did not elaborate the linkages between water and sanitation and related MDGs on health within its own programme.

5.18 In regard to **rural poverty**, PRCDP, has been scored as 'satisfactory' by the World Bank and DFID as a '2' or '3' out of five in its system at different points of time¹⁰¹. The strengths of the project have been firstly good outreach to poorest and most disadvantaged communities and households, though there has been room to go further, and secondly, demonstration of very

⁹⁸ SOCAD final evaluation report, 2009.

⁹⁹ PPRWRP evaluation report. Sept. 2009.

¹⁰⁰ PPRWRP (2007) WUA M&E Report.

¹⁰¹ As with other projects co-financed or blended with World Bank loans, PRCDP has been regularly reviewed through the Bank's supervision mission process. DFID has participated in these missions, and created shadow annual review reports for DFID's consumption, in addition to the Bank supervision Aide Memoires.

good participatory practices by provinces in implementing the project. This approach to participation fed, in Sichuan, into the way that the Province undertook earthquake reconstruction. A mark of the extent to which the Bank value the success achieved and further potential of this project, is that it won second place in 2009 in the Bank's Social Development Department 'People First Award'¹⁰².

5.19 But nonetheless, PRCDP is DFID's only large investment that has been rated a '3' out of five, this downgrading is because supervision missions have shown particular concern about lack or very late delivery of counterpart funding from Provincial governments – which raises questions about sustainability and slow rates of progress in implementation. This risks the project running beyond the life of DFID's funding commitment and thus loss of the blending component towards the end of the project, diminishing its overall concessionality¹⁰³.

Other Results from MDGs

5.20 In addition to supporting the direct achievement of the MDGs, the MDG programmes also contributed to DFID's achievements in other ways. These included:

- helping build relationships (with ministries).
- demonstrating DFID's commitment to poverty reduction in China.
- implementation of corporate priorities on poverty, and to some extent gender and social inclusion.
- providing evidence and examples of good practice needed to inform and influence behaviour, thinking and policy making at central levels in Chinese government.
- helping DFID to better understand China.

5.21 DFID's own Health Adviser reflected, '*the Health 8 Service Project (H8/SP) nicely illustrates the process of DFID's journey in China. DFID has moved from knowing little or nothing to being a respected player in development, earning a positive image of the UK at lower levels in the Chinese system. This has required genuine response for country knowledge, leadership and ownership and has put those principles into practice in the daily operation of the development programme.*'¹⁰⁴

Going to Scale

5.22 A core tenet of DFID's work in China has been the '**piloting approach**', in which new techniques, approaches and policy ideas are tested with donor - in this case DFID - funding. If successful, China then has the institutional and financial wherewithal to take the technique, approach or policy to scale for much greater impact. This approach, which, with its greater emphasis on working with national programmes, is more evident in the CAP than the CSP period and fits very well with China's own approach to development. China favours what is in

¹⁰² This is an important award in the World Bank system. The senior Bank team judging the award noted that 'PRCDP has extraordinary outreach to the poorest and most disadvantaged ethnic minority peoples in China and continues to play a major role in advancing the participatory approach in China'.

¹⁰³ PRCDP, Fifth Supervision Mission report, Nov-Dec 2008.

¹⁰⁴ Qiao Jianrong (2009). *Reflections of the DFID Health Expert in: A Partnership for Health in China*. IDS Practice Paper, No 2.

essence, action research to advance new ideas – testing them out at a small scale, examining them and taking the best forward. This typifies the pragmatist philosophy of Deng Xiaoping in opening up China and his famous phrase ‘*mozhe shitou guohe*’¹⁰⁵. Donor funded project pilots also allow the Chinese government to politically be distant from project-driven reforms, and therefore to embrace successes or to step away from developments which are less with the grain.

5.23 A number of good examples of innovative pilot practices being scaled up nationally were seen from DFID’s MDG projects. The **education** sector projects almost entirely relied on the piloting approach to create impacts, and high quality pilots like the GBEP were important to demonstrate that innovative practices can work. Scaling did not occur in education through DFID pursuing a systematic approach to informing and influencing policy makers on the basis of pilot successes.

5.24 **GBEP** (1999 – 2006), a successful project which piloted a complex set of innovative methods and approaches to improve quality of basic education in poor areas of Gansu Province, acted as a ‘pilot’. Its practices were scaled up through the subsequent education projects (SUBEP, SWBEP, BEWAP), all financed by DFID, and some practices became mainstream through national policies (e.g. Two Exemptions – One Subsidy (TEOS)). Other practices such as participatory school planning were scaled-up by the Provinces as part of the compulsory education programme.

5.25 Despite this success story, and DFID’s role in it, some caution needs to be exercised in appreciating the way in which pilots are adopted into practice and policy. The World Bank Education Sector Review (2009) highlights the fact that policy making in the education sector has not been fully supported by analysis and evidence. The study criticises the common approach of using random piloting and suggests that it limits a systematic analysis of interventions. It cites the example of the TEOS initiatives which were introduced and tried out in 2004 and then became the precursor of the rural compulsory education finance reform. The central government then used fiscal transfers to support the additional resource requirements based on the previous year’s information on the fee level, while obliging the county and provincial governments to increase their share of resources. Pilots were reviewed based on impressionistic conclusions rather than on rigorous analysis of cost-benefits and alternative scenarios, they thus overlooked issues of financial sustainability.

5.26 In **health**, DFID’s approach to scaling pilots was quite different; it used a strategic approach to policy influencing, which combined successful practices and policy studies with stakeholder platforms and high-level dialogue. Thus DFID’s health programme successfully created precedents which have informed national health policy processes. The main example of this is the **Health 8** project, which provided large-scale testing of strategies for improving health system performance in poor and less developed areas (Box 1). It was implemented while government health policies were evolving and when many policy-related constraints could not be overcome¹⁰⁶.

¹⁰⁵ Crossing the river by feeling for stones

¹⁰⁶ WB ICR (2007)

Box 1. Results and Piloting in Health 8.

Health 8 strategically addressed existing barriers to access to health services for the poor through a number of interventions¹⁰⁷:

- Physical access to services: The proportion of people living less than 6 kilometres from township health centre fell from 84.2% to 77.2%.
- Subsidies for treatment of high priority areas: A total of 92,816 pregnant women received benefits.
- Medical financial assistance (MFA) for the very poor: This was the first large scale experiment in China with a health safety net for the very poor.
- A key project achievement was the demonstration that MFA for the very poor was feasible. All project counties established MFA schemes aimed at ensuring the poorest received subsidies for the costs of hospital treatment. Between 2002 and 2005, 87,648 people received an average of 227 RMB per hospital admission. In addition to subsidies for hospital care (equivalent to 53 percent of average hospital costs per admission between 2002 and 2005) the scheme also provided free immunization and basic MCH services. Open and transparent procedures were used to select beneficiaries and surveys in three counties demonstrated over 90 percent of the population thought the process was fair. As the first large scale experiment in China with a health safety net this is a significant achievement. Many MOH officials believe the scheme has both changed the GoC mindset and built capacity to support the national scheme¹⁰⁸.

‘Health 8’ piloted practical ways for overcoming barriers and obstacles at local level which helped the Government to develop practical ways for achieving universal coverage of health services. The Cooperative Medical System was not implemented for some time because of financial constraints. DFID supported pilots demonstrated that it could be implemented using co-financing approach.

The Government was sceptical about large-scale financing of health care for the very poor. Project pilots have helped to build a constituency in favour of policy change and the demonstration that funds could be channelled to the poorest has influenced the Government. When responsibility to establish a nationwide health safety net was assigned to the Ministry of Civil Affairs the pilots created opportunities to share experiences with Ministry of Health (MOH).¹⁰⁹

5.27 ‘Health 8’ also became influential because it created opportunities and platforms for stakeholders to share experiences on health reform. Most importantly this type of policy dialogue helped to **narrow the gap between policy and practice**. Two examples of this are the project County Health Resource Planning (CHRP) process, which became a significant platform around which local (county) officials could debate and review local policy initiatives and project activities and plan and monitor their implementation.¹¹⁰

¹⁰⁷ WB ICR (2007)

¹⁰⁸ WB H8 PCR

¹⁰⁹ DFID Briefing (April 2008): Partnerships for development – lessons from a health project in China.

¹¹⁰ WB H8 PCR

5.28 The value of this kind of policy dialogue was that it reduced the gap between policymakers and implementers, informed county officials about national health reform progress and encouraged them to test and discover their own ways of implementing national policy. These project-created opportunities helped counties to link the national policy objectives to their local reality, translate the strategies into concrete activities and project measures and keep key health reform moving forward.¹¹¹

5.29 As a result, Health 8 provided a large-scale test of strategies for improving health system performance in poor and less developed areas. It was implemented while government health policies were evolving and when many policy-related constraints could not be overcome. The efforts of the 97 county governments, with support from provincial and national levels, provided many lessons for implementing change upon which policy-makers could draw in order to ensure that their strategies were practical.

5.30 The **Health Policy Support Project (HPSP)** has taken this approach further. It has provided innovative concepts and methods – particularly in knowledge management and, with the rapid response facility, policy research, exposure to international technical assistance through training and study tours and a policy space for cross-sectoral dialogue. These achievements have contributed to enhanced interest, understanding of and commitment to health reform. Members of the Cross-Ministerial Working Group (CMWG) have appreciated how the project has provided a safe space for informal dialogue across sectors. Additionally, the concepts of evidence-based decision-making and the practice of rapid response policy advice are now understood and appreciated¹¹².

5.31 In **HIV and AIDS**, DFID combined pilots on the ground with advocacy; DFID effectively used diverse partnerships, which included local governments, central government, UN organisations and civil society, to scale-up pilot experiences. Thus, DFID has contributed to China's HIV and AIDS policy making, establishment of multi-sectoral HIV and AIDS intervention models and training of relevant management and technical personnel.

Results from WCIDI

5.32 The Working with China on International Development Issues (WCIDI) programme has four main elements: China-Africa, Sustainable Development, Climate Change and South-South Learning (SSL). Results from these are discussed separately below. These results are a mixture of practical pilots and important political agreements. In September 2006, DFID and GoC agreed to commence six-monthly high-level dialogue on international development issues.

5.33 **China-Africa.** There has been an effective implementation of the China-Africa programme, reflected in the range of initiatives undertaken and the outputs attained to date. The portfolio of funded activities is broad and the majority are small-scale, pragmatic, well-targeted activities that build on strengths. This is appropriate since it is coherent with the aims that they are: i) counterpart proposed and owned; ii) 'pilots' intended to demonstrate value in scaling-up by GoC and iii) in addition to having the discrete aim of the activities themselves

¹¹¹ Liu Yongguo (2009). *Reflections of the Project Manager* in: A Partnership for Health in China. IDS Practice Paper, No 2.

¹¹² HPSP – Independent Review (2008)

that they have an underlying aim to strengthen relationships with China as part of the dialogue and influencing aspect of WCIDI. Implementation principles and practices are appropriate to engagement with GoC and counterparts.

5.34 The range of activities is extensive and embraces such initiatives as support for the Africa Britain China (ABC) Agriculture and Fisheries Conference in January 2010 and funding support for Chinese attendance at the Infrastructure Consortium for Africa (ICA). Specific examples follow giving a flavour of the activities undertaken.

- Funding for research: ‘Towards Developing an Effective Chinese Poverty-Reduction strategy for Africa: A Comparative Study of Poverty Reduction in China and Africa’. The outcome of this DFID-funded research was the establishment of the important China OECD-DAC Study Group. A Chinese interviewee stated that it had: *‘provided important guidance to our work on Africa in terms of identifying the gaps in knowledge about Africa.’*
- Funding for a related project evaluating Chinese training programmes of anti-poverty issues in African and Asian countries. This project assessed the effectiveness of four training programmes run by Zhejiang University’s Centre for Agricultural and Rural Development providing training for over 300 African and Asian officials and sought to articulate which Chinese experiences would be relevant for developing countries. These two projects have prompted China to become more open with a more multilateral and poverty-focused approach to Africa.
- A project involving the International Academy Bramshill, part of the UK National Policing Improvement Agency, visiting China to discuss ways in which the UK and China could collaborate on the training of UN peacekeepers. This led to DFID and the FCO co-funding a one-year project to develop training courses for senior police officers at China’s UN peacekeeping centre in Langfang and at the Kofi Annan International Peacekeeping Training Centre in Ghana.
- Collaboration with the World Wildlife Fund for Nature (WWF) to facilitate cooperation between Chinese and African timber and forestry agencies in order to encourage sustainable trade between East Africa and China. The outcome of this project has been support through sustainable finance by engaging Chinese banks and financial authorities to promote sustainable investment policies.
- Support to African policymakers and researchers to engage with their counterparts in China by funding their participation at conferences and workshops in Africa, China and the UK. Support to the IPRCC has contributed to them being able to develop substantive relationships and exchanges with African institutions, such as senior IPRCC staff to travelling to Tanzania to hold a development conference.

5.35 A portion of the China-Africa budget is in the form of a China-Africa Trust Fund, modelled on the DFID-World Bank AAA trust fund. This has included DFID financial assistance to a Chinese film maker to travel to Rwanda to disseminate a documentary on China’s approach to extreme land degradation, leading the Rwandan Government to approach DFID, the World Bank and the GoC to help develop a similar land restoration scheme in Rwanda.

5.36 Thus, the China-Africa programme has demonstrated a wide range of initiatives that fall within a broad ambit of ‘learning about and sharing information on China in Africa’. The challenge is to demonstrate how these achievements are leading to behavioural changes in the

way China approaches development in African countries, and the way DFID works with Chinese organisations in Africa. One area where DFID has yet to make such good progress is in engaging the major players of Ministry of Foreign Affairs (MOFA) and Ministry of Commerce (MOFCOM). DFIDC's main interlocutor is the National Development Reform Council (NDRC), but these other ministries are critical to the success of influencing China's foreign policy.

5.37 A key target for the China–Africa work has been DFID elsewhere, and particularly its offices in Africa. The 2006 WCIDI Annual Review found that *'One of the difficulties with the work in Africa was convincing colleagues in African offices to prioritise the work'*. DFIDC has addressed this through a series of awareness-raising activities, including in 2009 a training event on China and Africa in Pretoria, bringing together officials from DFID and FCO offices and missions across Africa.

5.38 For this evaluation, 15 Heads of DFID Offices in African countries were surveyed with a short email questionnaire about China in Africa and how they were learning and programming for this. The survey found that most DFID African country offices recognise the (growing) importance of China to the countries in which they operate, but that in the main, their approach to China has been *ad hoc* or opportunistic.

5.39 With the exception of the DFID programme in the DRC, which has engaged significantly with China, partly by dint of having an ex-DFID China adviser on its team, Heads of Offices on average did not feel well informed about China–Africa issues. The heads identified a range of sources from which they have obtained information on China–Africa. Three countries cited mainly the local press and the Internet: *'We generally find out what China is doing ... from local media reports rather than more formal channels'*; four mentioned outputs from the Centre for Chinese Studies at the University of Stellenbosch and one specifically mentioned the recent DFID-funded 'China–Africa Toolkit'¹¹³. Most countries draw on a variety of sources of information, and of them, six identified DFID–China and/or DFID corporately as a source of information: *'HMG (DFID China web pages, DFID/FCO China in Africa Seminar - June 2009, FCO briefing papers, telegrammes)'*. Ghana and the DRC have specific China-related objectives and Mozambique noted that it intended to *'raise the UK/China Action Plan on Food Security when we meet the Chinese to explore the scope for collaboration.'*

5.40 The survey shows that while most DFID country programmes in Africa are aware of the importance of China's role in Africa, most do not feel well-informed about the issue and as yet, despite the DFID/FCO China in Africa workshop in 2009, less than half identify work done by DFID itself (in Beijing or the Africa regional desk in London) as a key source of information. On this evidence, uptake of the DFIDC China–Africa work in the region is thus, as yet, variable.

5.41 **South-South Learning (SSL)**. An early success for SSL has been DFID's engagement with the International Poverty Reduction Centre in China (IPRCC). DFID's role as the organisation that took the early initiative to provide core support to IPRCC is recognised (Hilary Benn, the then Minister pledged support at the Shanghai poverty conference). Since

¹¹³ SAIIA (2009). *The China–Africa Toolkit: A resource for African policymakers*. China in Africa Project. South African Institute of International Affairs, Braamfontein.

then IPRCC and DFIDC have developed a range of mutually beneficial activities, for example, around lessons from OECD approaches to aid, lessons from the Wenchuan earthquake and the establishment of an OECD-DAC China Study Group.

5.42 According to one Chinese government interviewee, the study group “*has provided important guidance to our work on Africa in terms of identifying the gaps in knowledge about Africa.*” DFIDC does therefore appear to be providing support to various valued Chinese South-South Learning initiatives. However, as with the components of the WCIDI programme, SSL also lacks evidence of any attention to gender in the lessons learning it supports. It will benefit further from periodic monitoring and evaluation for systematically assessing the implications of processes of change for the programme.

5.43 **Synergy between the China-Africa and MDG programmes.** SSL has, as a sub-component, been sharing lessons from DFIDC’s bilateral projects (i.e. the MDG programme) The China-Africa work has linked to parts of the MDG programme to share technical lessons. There are two specific health and water resource management examples:

- DFID was invited to attend the International Roundtable of Sino-Africa Health Cooperation held in Beijing in December 2009 aimed at exchanging ideas on China’s role in South-South collaboration. The invitation specifically requested DFID to ‘*provide DFID’s view on African health system priorities and planned implementation priorities.*’ The ‘road map’ from this presents DFIDC with further opportunities as it sets out joint China-Africa research, African institutional capacity development, building links between Chinese institutions and the West Africa Health Network, and joint missions to China. The MDG programme is important to this, as it has demonstrated domestically DFID’s ability to contribute to health policy reform.
- In relation to water, DFID sees this as a cross-sectoral issue, relevant to climate change. DFID has built relationships with the Ministry of Water Resources (MWR) and is seen to have a comparative advantage in this field insofar as it has ‘*added value in the water sector through its ability to introduce innovative approaches*’¹¹⁴. This contributed, in October 2008, to collaboration on a joint MWR/WB/DFIDC Sino-Africa South-South Learning event focused on watershed management, involving twenty four policymakers and specialist practitioners from ten African countries, who visited China’s Loess Plateau as an example of large-scale rehabilitation. All participating countries are facing similar challenges in managing vulnerable watersheds, which are national environmental assets and crucial for people’s livelihoods. An outcome of the event was the intention from both sides to foster longer-term collaborative Chinese-African relationships in the field of water management.

5.44 These example of SSL and China-Africa components working together are two of the few instances where the MDG programme connects through to the WCIDI programme, and also two of a limited number of instances where the wider lessons from the MDG programme are being actively shared (rather than passively, e.g. through websites and reports). There are good opportunities for SSL to work with the MDG team to identify further technical, process and policy lessons from the MDG programme. Nonetheless, to date there has not been a

¹¹⁴ Letter from Vice Minister of Water Resources

systematic attempt to either realise the learning from the MDG programme for the China–Africa work, or to link into relevant sectoral cadres in DFID’s Africa programmes. It is also worth noting the implicit focus in this work on Africa, with near neighbours attracting attention.

5.45 **Sustainable Development Dialogue (SDD).** The SDD has enabled DFID to achieve in areas where it has been difficult to make headway using other forms of engagement with Chinese agencies: the SDD works as a government-to-government interface, allowing space to push agendas from a development perspective, for example, concerning climate change or food security.

5.46 DFIDC initially had limited success in building a relationship with China from a China–Africa perspective related to food security. However, according to an ex-DFIDC staff, the SDD made the link *‘much easier – DFID had been knocking on closed doors. SDD has a ministerial and working-level relationship, without which this would not have happened’*. While there had been prime ministerial-level discussion and agreement, attempts to move forward met with inertia and difficulty in securing buy-in from key stakeholders on the Chinese side. However through repeated interactions, the SDD kept the process alive and eventually secured agreement for substantive activity: *‘The SDD machinery allows room to keep people engaged, to lobby and move forward, and finally get an agreement.’*

5.47 In several key natural resources management (NRM) areas, the SDD has created relationships with Chinese partners and established the basis for significant joint future activity. In some cases they have contributed to policy processes that may result in important policy innovations. One ex-DFID respondent claimed that for *‘agriculture, forestry and fisheries, the UK is the partner of choice within the EU’*. DFIDC notes that: *‘the SDD has created channels (particularly in forestry and fisheries and increasingly in food security) which have brought China more comprehensively into productive dialogue on the management of global public goods’*.¹¹⁵ This evaluation was not able to completely evaluate this claim due to time limitations. However, it is clearly the case that within the three priority NRM activity areas, DFID, through the SDD, has established a role as a key, if not the key, European interlocutor. Detailed sectoral achievements are discussed below:

5.48 **Fisheries** – the UK was the first EU state after Norway to have a work plan with China on fisheries. This work plan (under the SDD) includes a range of activities, which have created a platform for substantive engagement on issues which it has hitherto been impossible to discuss with the Chinese government – notably illegal, unregistered and unreported fishing activities. An SDD-supported seminar in Shenzhen in April 2009 included technical dialogue on new approaches to fisheries management and aquaculture enhancement, as well as a new agreement to work together to tackle illegal fishing. Relevant staff in DFID HQ expressed the view that the SDD, facilitated by DFIDC, created space to push an important international development issue when there had previously been no traction. The IHPC report comments: *‘DFID and World Bank had separately been trying for several years to open up dialogue on international illegal and unregulated fishing; the SD Dialogue managed to achieve this in a year, thanks to the platform for engagement it provides’*¹¹⁶.

¹¹⁵ DFIDC. WCIDI Achievement Note. March 2009

¹¹⁶ IHPC, 2008. *Evaluation of International Sustainable Development Dialogues*. In House Policy Consultancy. Redhill. p30

5.49 **Forestry** – a similar story is seen in relation to forestry. From 2002, there had been a UK-China partnership on forestry, led by the Forestry Commission, but, according to OGD informants, achievement was limited. Under the SDD, a UK-China Forestry Working Group has been established. The main success is in the area of forestry supply chain governance and illegal logging in developing countries (Box 2). According to one informant in DFID HQ, the SDD made a more strategic level of engagement on sensitive forestry issues possible. The SDD ‘took the rough edges off’ and led to high-level Chinese buy-in for Forest Law Enforcement Governance and Trade work.

Box 2. Achievement in Forestry Supply Chain Governance under the SDD

An internal DFID Forestry and Governance paper comments:

‘From 2003 to 2008 DFID funded work to understand better the rapidly changing nature of China’s trade in forest products and the implications for livelihoods and the environment in supplier countries. The relationships built, and awareness created within China, plus training for government officials in UK under the Sustainable Development Dialogue and work with Chinese companies, has led to a number of changes. China has given guidance to its companies operating overseas and is drafting regulations making them liable for any environmental damage they cause. The more progressive companies are investing in chain-of-custody systems so that they can demonstrate legality to their European, US and Japanese clients. China and the EU have signed a cooperation mechanism on illegal logging and are assessing how they can develop joint verification of legality.’

Likewise a draft note on Working with China on Illegal Logging, for the House of Lords EU-China¹¹⁷ enquiry states that:

‘In 2008, DFID hosted a training attachment for two officials from the State Forestry Administration of China to learn about approaches to tackling illegal logging. The attachment involved work with government officials, the private sector and NGOs, and visits to Brussels and Finland. On return to China, these individuals began work on a proposal to develop joint legality verification with the EU to assure that its imports and exports have been legally produced and that timber products can be traced within China.’ ... ‘DFID, with support from Defra and FCO has funded a series of ‘Beijing Illegal Logging Update Meetings’. These are modelled on those held in the UK at Chatham House (and now also in Washington where they are known as the ‘Potomac Updates’), with support from Chatham House, Forest Trends and IUCN.’ ... ‘This work helped strengthen networks of forest market and policy analysts and advocates in China and the East Asian region and it engaged policy and market leaders in China and key supplying countries in East Asia to advance pro-poor policy and market reforms.’

5.50 According to the main Chinese partner, the State Forestry Administration (SFA), work on the Joint Legality Verification Scheme Project has particular credibility within the Chinese system, given that the SFA is the lead partner and that the Chinese Academy of Forestry (as opposed to an international research organisation) will be carrying out analysis and making recommendations. This level of ownership involves a level of trust on both sides. The SFA has also emphasised the importance of mediation by DFID to move forestry work forward. They

¹¹⁷ DFID, 2009. *Working With China on Illegal Logging*. Note produced by DFID Policy Division for the House of Lords EU-China Inquiry. Draft.

drew attention to the complexity of Chinese government structures and noted that the SFA is not the equivalent of the UK Forestry Commission, for example, which created bureaucratic complexities which DFIDC was able to negotiate: *‘Without DFID we can’t continue this relationship. We wouldn’t have had the logging work.’* The Forestry partnership is now moving into new areas such as biodiversity conservation and developing a second UK-China Forest Action Plan.

5.51 **Agriculture** is a sector where historically there has been only limited UK-Chinese joint activity. Defra has an MOU on agriculture dating from 1980, which provides for modest funding for visits and developing relationships. Under the SDD however, the relationship has moved rapidly with the creation of the Sustainable Agriculture Innovation Network (SAIN), and the development of the Food Security Action Plan (FSAP). The FSAP is a high profile achievement in a strategic area for the UK and China. SDD was an important mechanism for dialogue and agreement on the FSAP Action Plan, and SAIN is highlighted as one vehicle for delivery. The creation of SAIN and FSAP according to MOA confirm that: *‘cooperation has moved really fast.’*

5.52 The creation of the SAIN network in itself is an achievement. Defra appreciate SAIN as a delivery mechanism for the SDD. However, while still at an early stage, as yet limited concrete activity has emerged from SAIN. It will be important to meet expectations, as the MOA is wary of high-level dialogue without activity on the ground. Other EU partners have substantive technical programmes in agriculture without the high-level ambitions of the UK. It is important therefore that dialogues are linked to practical activities too.

5.53 **Sustainable development capacity building** - the main achievements of this project implemented by the Global Environment Institute (GEI) according to the SDD Communication Strategy are: *‘a) creation of a new curriculum on ‘market-based approaches to sustainable environmental development’ developed and applied in the Communist Party School and the Central School of Public Administration, b) High-level Chinese decision makers have a better understanding of how to promote sustainable development through government policy, and c) sustainability considerations are better embedded in China’s policies and long-term plans’*¹¹⁸.

5.54 This project has been valuable in exposing officials to sustainable development thinking. The Central Party School (CPS) was initially quite resistant, but has come to see the value. According to Chinese partners, DFID played a key role coordinating Defra and the CPS. Given the political sensitivity of the CPS, the project could have been very difficult but DFID were successful at *‘coordinating, explaining and integrating’*. It is important to note that being based in Beijing was crucial: progress would have been much slower otherwise. Also, DFIDC being located physically and institutionally outside of the British Embassy worked to DFID’s advantage in engaging with these particularly politically-sensitive Chinese partners, in that it has been seen as a technical agency, and not so political.

5.55 The SDD is weak on **gender**. There is no specific mention of gender in the SDD Communication Strategy, the document which sets out key achievements and objectives of the UK-China SDD; the SDD Achievements brochure; or the SDD Workplan 2009-2011. There is no SDD project that explicitly incorporates a gender perspective or addresses gender issues as a

¹¹⁸ SDD Communication Strategy.

major component. It can be concluded therefore that the UK-China SDD has not adequately reflected on the importance of a gender perspective in relation to achieving the objectives of the SDD.

5.56 **Climate change.** It is difficult to be precise about attributing causality to changes in policy, particularly in a complicated area like climate change, which has risen fast up government agendas in response to a range of different drivers and influences and where policy changes arguably may have happened anyway. However, what is evident is that a basket of practical projects and dialogues have had a mutually reinforcing effect in shifting attitudes and thence policy and practice.

5.57 Thus, work on **adaptation** appears to have been a clear impact on Chinese partners' thinking, which is leading to institutional change and gradually contributing to shifts in planning and policy. According to a key partner in the National Development Reform Council (NDRC), DFID supported work is: *'not big money, but very important... DFID bring international best practice to China. The ideas have changed the perceptions of Chinese partners'*. An informant in the Chinese government also argued that having a well-designed, high-profile international project on adaptation has helped to strengthen the hand of progressive forces in government. Chinese project partners commented: *'the adaptation work had a strong influence on the Ministry of Science and Technology (MOST), NDRC and Ningxia government'*. Ningxia was the first province to bring analysis of livelihood impacts of climate change into the provincial plan, now others are doing this, and the State Council have asked local governments to integrate adaptation and mitigation into long-term planning.

5.58 The former DFID Chief Scientist reports the view of a key Chinese partner in the NDRC, now in a senior negotiating position: *'...[she] emphasised her belief that the UK was the country of choice for Chinese collaboration on climate change. We had long experience of working with Chinese counterparts, especially in the highly successful Ningxia adaptation programme, and we could bring first class UK expertise to the table'*¹¹⁹. FCO partners took the view that the: *'focus on adaptation has had a major impact. It has been transformational. If it keeps doing this there will be an opportunity to create transformational change in how China does adaptation'*.

5.59 Support for the China Council for International Cooperation on the Environment and Development (CCICED) Low Carbon Economy Task Force, and in particular for the former DFID Chief Scientist as chair of the task force, has been an important contribution that has fitted well with Chinese government policy and priorities. The CCICED task force has been strategic through its links to the Development Research Centre of State Council, which connects to senior leaders. The task force is credited as a major influence on Chinese thinking at the highest levels of state, resulting in direct policy changes (the commitment to reduce the carbon intensity of GDP particularly). It has changed policymakers' thinking from a cautious cost-benefit analysis approach to low-carbon development, to understanding that there are many opportunities associated with a low-carbon development model that may be hard to quantify. DFID played a key role in the conception, design and management of this task force.

¹¹⁹ DFID Chief Scientist, Back to Office Report, Minute: June 2008.

Results that Deliver Against the HMG UK-China Strategy

5.60 A review of all the SDDs that Defra operates globally notes that in China¹²⁰ ‘*pre-SDD engagement [in the thematic areas of the SDD] was characterised either as technical cooperation or as development aid, lacking in strategic coherence or political dialogue, and involving very few links with Chinese government departments.*’¹²¹ The SDD has shifted the nature of engagement on **sustainable development** issues to a more strategic footing. The agreement of a second phase for 2008–2011 indicates that the arrangement is valued on both sides. Relationships now exist with 17 ministries and are at higher levels than was previously the case.

5.61 While DFIDC cannot claim all the credit for this, it is clear that Defra views DFIDC’s contribution as critical in realising the strategic objectives of the Dialogue and that the China SDD has been particularly successful. The review of all Dialogues notes that: ‘*[the] UK-China Dialogue is the most mature SDD*’; it is the only one in which DFID is the in-country lead.

5.62 Defra’s own appreciation of DFIDC’s work on the SDD is evident in their submission to the IDC report on DFID and China: ‘*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.*’¹²² The effective relationship with NDRC that has been constructed, and the link which this offers into a range of line ministries is particularly appreciated by Defra. It is recognised that in the Chinese context these relationships are important and should not be taken for granted. The value of DFID’s support for the SDD was emphasised in the recommendations of the IDC report: ‘*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 2012-2015, DFID should continue to lead the Dialogue within China on behalf of the UK.*’

5.63 Giving the SDD the level of attention that is achieved by having it managed in-country by experienced DFID staff, has enabled a strategic and coherent engagement with China in areas of mutual concern. This has meant that ‘*the significant political capital that has been built up through the dialogue has allowed for collaboration on sometimes contentious issues such as illegal logging and unregulated international fishing.*’¹²³ A DFID HQ policy lead commented: ‘*DFIDC staff are knowledgeable, give good advice, and help in decisions. Their links to Chinese counterparts avoids misunderstanding. Local knowledge in DFIDC is very important.*’

5.64 SDD has been effective in delivering its part of the UK-China strategy, and is doing so through building strong relationships with Chinese ministries and developing an unusually good cross-departmental partnership, with Defra and the FCO.

5.65 Nonetheless, a few informants noted that while DFIDC work on the dialogue was good in terms of building relationships, management of information could be improved. The strengths of being able to judge local situations and make quick decisions needed to be balanced with ensuring that relevant parties were kept abreast of developments managed on the ground by DFID.

¹²⁰ Other SDD countries are Brazil, India, South Africa and Mexico

¹²¹ IHPC, 2008. Evaluation of International Sustainable Development Dialogues. In House Policy Consultancy. Redhill

¹²² Defra submission to IDC DFID and China enquiry, IDC, p 28

¹²³ DFIDC. *SDD Communication Strategy*

5.66 Work on **climate change adaptation and low carbon development** contributes significantly to delivery of the UK–China strategy on climate change. The FCO has a large climate change programme in China, with over 20 staff working on negotiations, mitigation options and low carbon economy issues. The FCO is clear that DFID work adds great value to the overall UK approach: *‘We have credibility on mitigation because DFIDC is working on adaptation – it gives us a balanced and credible dialogue. We benefit from the credibility it gives us. It also means we don’t have to do it, and we couldn’t have resourced it.’*

5.67 As above, the IDC was supportive of DFIDC’s contribution to UK climate change work in China and argued that: *‘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... We further recommend that DFID continue its current valuable support to development aspects of both mitigation of and adaptation to climate change after 2011.’*

5.68 DFID’s longstanding presence in China, the mix of UK and Chinese staff and the emphasis on bringing in technical expertise means that DFID is seen on the Chinese side as driven by technical rather than political concerns. There seem to have been benefits for OGDs from this, as, despite the assertion by DFID that it is part of a seamless HMG presence in China, it is clear that within DFIDC, OGDs and Chinese government organisations, a separation is seen, in particular the contrast with FCO’s role as a political negotiator. DFIDC is not viewed as having a negotiating relationship, but engaged in a development partnership approach, which means they can create space, or make connections for ministries such as the UK Department of Energy and Climate Change (DECC) and the FCO, which are viewed as more political. It is questionable whether this differentiation, be it perceived or real, would sustain a possible relocation back to the British Embassy.

Results on Gender

5.69 A review of gender mainstreaming in DFIDC shows that there were some substantial efforts, but also a number of missed opportunities. DFID conducted a gender review of the China programme in 2002¹²⁴, but, although some good gender results have been achieved by individual projects, gender mainstreaming has not been substantially strengthened since then. Gender mainstreaming across projects is still inconsistent and lacks overall strategic focus and orientation. Gender inequalities were consistently addressed in education and DFID support has led to a number of good practices on how to improve access to education for girl children. In HIV and AIDS, gender power relationships were successfully addressed. Access to basic services for women was not a strong theme in health, despite the early success with regard to maternal mortality. Although most MDG projects produced gender disaggregated data, evidence on gender impacts were not systematically collected and analysed across the entire programme. Strategic partnerships were initiated during the CSP period, but lost momentum after 2006. The evaluation found no evidence that DFID’s strategic positioning or organisational learning on gender has been strengthened as a result of those co-operations. The recently produced Gender Action Plan (2008) has confirmed DFIDC’s commitment to gender, but has not led to greater strategic focus on gender issues throughout the programme and in particular in WCIDI.

¹²⁴ Nazneen Kanji, Du Jie. 2003. *DFID China Gender Review*

5.70 The 2002 gender review of the China programme concluded that efforts to mainstream gender across projects was uneven¹²⁵ and that DFID needs to be consistent in its approach to integrating gender into project planning, implementation and monitoring. The review recognised the growing role of DFID in informing government and partners on inequalities, including gender inequalities. The report highlights the need to provide continual information and analysis on gender impact relevant to the policy sectors in which DFID is working. The report also recommends that strategic partnerships with NGOs and women's organisations at central and provincial levels should be built.

5.71 Gender has been integrated into the MDG programme since the CSP. Although only two of MDGs are explicit on gender (MDG 3 and 5)¹²⁶ DFID strongly believed that China can only achieve all the MDGs if gender inequalities are systematically addressed. Gender specific outcomes were monitored in most MDG projects but only a few projects (e.g. HAPAC) addressed gender relationships.¹²⁷ During the CSP period DFID also developed strategic partnerships on gender (All-China Women's Federation (ACWF), and UN Gender Facility) and undertook a contextual gender analysis (Country Gender Assessment). In cooperation with the ACWF and International Labour Organisation (ILO) DFID implemented specific projects to support disadvantaged women. After 2006, these initiatives seem to have lost momentum and the work on gender became more and more limited to monitoring gender-disaggregated data at individual project levels.

5.72 A review of logframes and Project Completion Reviews (PCRs) for 20 projects implemented over the evaluation period shows that gender integration remains uneven. Gender differentiated impacts are monitored in more than half of the projects in education and water. Gender differentiated impacts are not systematically monitored in health. More specifically:

- Gender was integrated into the design of education projects with impacts on girl children and women teachers were monitored in most projects but only three of the seven project logframes reviewed included specific targets for girls (and women) and only one project (SWBEP) included gender-disaggregated baseline data in the logframe.
- Gender was insufficiently integrated into the planning of health and HIV and AIDS projects. Out of the eight health project logframes reviewed only two include specific targets for women.
- Gender was relatively well addressed in water projects. Out of the five projects reviewed, two logframes contained gender-specific indicators (PPRWRP and CWMP) and the three project completion reports that were available included gender specific data.

5.73 A number of MDG projects have developed good practices to address gender inequalities. The education projects were particularly successful in addressing barriers to education faced by girl children. The roll-out of education projects also shows that lessons have been learned and gender outcomes have improved:

¹²⁵ The consultants reviewed 5 projects.

¹²⁶ The fact that the MDGs themselves are not gender sensitive has been criticized since the beginning. Within the UN there are initiatives (e.g. United Nations Economic and Social Commission for Western Asia) to make MDG monitoring more gender sensitive.

¹²⁷ For example, in its basic education DFID monitored the Net Enrolment Rates for girls and devised specific measures for girls to overcome barriers to basic education.

- The Gansu Basic Education Project targeted girls through measures such as ‘child-friendly campus’ and targeted scholarships. As a result, NER for girls rose between 17% and 26% in GBEP.¹²⁸
- BEWAP was also successful in increasing girls’ attendance rates through participatory approaches and improved interaction with communities.
- The China Southwest Basic Education Project provides a boarding subsidy to 220,000 children – mainly girls from the poorest townships – together with training in ‘women in leadership’, to equip women teachers to become heads and deputy heads.

5.74 Projects on sustainable resource management and water and sanitation implemented through community-based approaches generally paid attention to gender issues and the HIV and AIDS Prevention and Care Project (HAPAC) has strategically addressed the gender power relationships that increase risks of HIV¹²⁹ including those between female sex workers (FSW) and clients. The power relationships and networks among FSWs, clients and owners have been acknowledged and changed to a certain degree by the project.

5.75 During the CSP period DFID also developed strategic partnerships on gender (ACWF, ILO, UN Gender Facility) to address gender inequality and discrimination against women and girls. Notably the project implemented by the ILO has been successful in advocating critical gender issues in relation to trafficking at national level. However the outcomes of other projects are mixed and it seems that partnerships were not systematically followed through when DFID started scaling-down its programme of work on social reform in 2006. These projects were not sufficiently linked with the rest of the programme. As a result they did not lead to a more strategic positioning of DFID on gender issues in China nor contribute to DFIDC’s learning on gender.

- The All China Women’s Federation (ACWF) implemented a project to provide vocational training and capacity building for poor adolescent girls in Gansu, Yunnan and Sichuan. The project resulted in improved employment opportunities for the girls; 49% of the girls trained have migrated, others found work locally. The PCR (2006) expressed some concerns about the sustainability of the outcomes.
- DFID funded a project to address issues of trafficking in girls and young women for labour exploitation. The project was implemented by the ILO in cooperation with ACWF. The project contributed to the National Plan of Action on Combating Trafficking in Women and Children (2008–2012) and influenced policy processes at central level.
- DFID funded a UN Gender Facility between 2004–2007, managed by UNIFEM. The facility provided small grants to gender initiatives in China. There is no documentation which would allow conclusions on the strategic focus and outcomes of this project.¹³⁰

5.76 **Gender Equality Action Plan.** After 2006, the work on gender became more and more limited to monitoring gender-disaggregated data of individual projects. In response to the DFID Gender Action Plan (2007), DFIDC developed a Gender Action Plan in 2008, which

¹²⁸ Gansu Basic Education Project, PCR 2006

¹²⁹ For example, in its basic education DFID monitored the Net Enrolment Rates for girls and devised specific measures for girls to overcome barriers to basic education.

¹³⁰ The evaluation has been provided with an incomplete end-of-project report, prepared by an external consultant. The report mainly contains notes from a workshop with Beijing-based grantees and recommendations.

details institutional commitments and roles. At the time of this evaluation this action plan had not led to strengthened integration of gender into the programme, in particular into WCIDI.

5.77 The Gender Equality Action Plan (2009–2010) for DFIDC is integrated into the regional gender action plan. DFID China has appointed a Gender Champion; within the action plan, responsibility for gender-related outcomes lies with office staff. An important outcome is to develop the evidence about the impact of gender equality and women’s empowerment and deliver better outcomes for women and girls. The review of project logframes and PCRs shows that DFID still falls short of its own target which is to disaggregate 90% of the indicators used in the MDG programme.¹³¹ Targets for the rest of the programme are lower, but no evidence on progress made on integrating gender into WCIDI was available for this evaluation.

5.78 While considering cross-cutting themes, **governance** should also be addressed. Governance has not been an explicit theme for DFIDC and there is a sense that governance was perceived as an area of work more appropriate to DFID programmes elsewhere. Nonetheless, greater attention to governance issues would have helped to increase sustainability and effectiveness within the MDG programme¹³², as it would have led to a more direct focus on how systems work in China; a cross-programme perspective that is missing from the MDG programme.

5.79 Economic governance is traditionally seen as a World Bank stronghold, but DFID could have done more to understand public finance management in health and education sectors, to address financing issues that were limiting the scale-up of good practices. Also a more systematic approach to strengthen voice and accountability at local levels would have helped the participatory practices that were developed on the ground. The AAA trust fund programme to some extent tried to fill the gap and improve understanding of selected governance issues, but it is not clear to what extent the studies produced have informed DFID’s interventions on the ground.

Achieving Results through Partnerships

5.80 **Partnerships** with the **World Bank** were important to roll out pilot practices and increase coverage in poor areas. The World Bank’s expertise was important for project management and analytical background studies. The DFID projects which had the greatest coverage¹³³ and impact were implemented with the World Bank during the CSP period. This included:

- ‘Health 8’: covered 97 poor rural counties in 11 provinces.
- National Tuberculosis Project: covered 16 provinces.
- BEWAP: covered 112 counties in 5 provinces.
- Pro-Poor Water Reform Project: covered 11 provinces.
- PRCDP: covers 18 counties in 3 provinces.
- The New Rural Health project will cover 40 counties in 8 provinces.

¹³¹ This has partly to do with the fact that some projects (HPSP, WRDMP, Global Fund) only define indicators at institutional level. However, in this case DFID should have a strategy to ensure that gender is integrated at lower levels. For example the WRDMP case studies do not include gender disaggregated indicators, and there is no gender strategy for the Global Fund, which could have drawn from the HAPAC good practices.

¹³² DFID did conduct a review of governance issues in the water sector in 2006, which included a review of government policies and priorities prior to the 11th Five Year plan.

¹³³ Precise data on coverage are hard to obtain and usually not included in DFID’s Project Completion Reports.

- The Rural Water and Sanitation Project covers 25 counties in 2 provinces.
- In addition, DFID partnered the World Bank in 36 analytical studies through AAA on health, education and water.

5.81 The partnership with the World Bank was important for DFID in several respects:

- Co-funding of large WB projects helped DFID to roll-out practices that were developed in smaller pilots (GBEP) and covered a much larger number of poor people than DFID alone could reach, so the partnership gave a multiplier effect. For example, BEWAP was the roll-out of practices that were developed in GBEP. CWMP was designed as a pilot for the World Bank Loess II project.
- Co-funding of World Bank projects reduced management overheads for DFID, a factor that became more important after 2006 when office staffing was reduced. Stepping back from management responsibility, however, also meant that DFID's scope to influence project outcomes was reduced.
- DFID's strong role during the design phase generally resulted in a more pro-poor project design. For example in the National Tuberculosis project it introduced the social assessment method.
- DFID's participation in joint supervisions helped to improve the quality of supervision and implementation; it also facilitated DFID's learning on poverty in China.
- During the early CSP phase, the World Bank also provided DFID with new access to decision makers and interlocutors in Beijing.¹³⁴ For example, in health, DFID 'piggy-backed' its support onto the successful 'Health 8' Project and through this developed its relationship with the Ministry of Health.

5.82 DFID has partnered with **UN agencies** for project delivery, e.g. the Knowledge and Advocacy for Sanitation and Hygiene Project (KASH). However, the most useful partnerships with UN agencies have been where the project design built upon the strengths that the agencies have in relation to their mandate with government and their level of access to the Chinese government.

5.83 In health, partnerships with UN organisations were vital for supporting policy dialogue with China, at the central level. The WHO became DFID's partner early on in 2004 at a critical time when WHO had successfully raised its political profile in helping China respond to the SARS epidemic. WHO subsequently became a strong voice in advocacy on health reform.¹³⁵ The obvious failure of the health delivery system raised questions on how to strengthen policy and delivery of the system.¹³⁶ WHO became a partner to DFID, providing technical expertise on the National Tuberculosis and the Health Policy projects. Similarly, in the Health Policy Support Project (HPSP), WHO will play a leading role in the provision of international technical assistance, in line with its mandate in China. The mandate includes capacity

¹³⁴ The strategic importance of World Bank relationships in China was highlighted by former DFID staff, based in Beijing during the CSP period.

¹³⁵ See speeches by Henk Bekedam (WHO) in 2006, including: 'Workshop on Health Care Systems Reform', Opening Address by Dr Henk Bekedam; China State Council Development Research Centre. 22 December 2006

¹³⁶ WHO in cooperation with the Development Research Centre under the State Council did a series of studies, some funded by DFID.

development to support specific system reforms and promotion of equity, pro-poor and efficiency policies.¹³⁷

5.84 DFIDC made limited use of partnerships with UN agencies in the education sector. One project (Distance Learning) was implemented in cooperation with UNDP. But DFID did not seek partnership with UNICEF, implementing similar approaches (in Gansu) and seen as an influential actor on education in China.

5.85 Partnerships with **civil society organisations** (CSOs) were initiated during the CSP period, but discontinued as the period progressed, as part of the increasing focus on working with central government. Only in HIV and AIDS was engagement with CSOs strengthened, becoming instrumental in achieving DFID's strategic goals.

5.86 This engagement continued into the CAP period when DFID started promoting a more effective role for civil society organizations in China's response to HIV and AIDS, increasing access to harm reduction services by vulnerable groups, improving surveillance and strategic information systems and increasing the effectiveness of UN agencies in supporting the government. DFID has continued to promote the involvement of CSOs in HIV and AIDS.

5.87 Prior to 2006, in HIV and AIDS, DFID mainly focused on enabling greater inclusiveness of CSOs in government planning decisions, policymaking and supporting them to initiate new practices such as peer education, counselling in drug rehabilitation centres and training of trainers for HIV and AIDS. However in 2006, DFID began to support CSOs to support the delivery of health services. China does not have a well developed base of national NGOs, thus impact on health policy is mainly exerted by international CSOs providing information from their experience to inform policy makers.

5.88 The prime example of this evolving way of working with CSOs is the Chengdu Gay Care Organisation (CGCO). CGCO, a local grass roots NGO, has now been recognised by local government as a key partner in preventing HIV and AIDS and promoting gay care. CGCO has received funding from local government since 2007, as well as the grant donated by national office for HIV and AIDS preventing action. CGCO is now scaling up the experience nationwide. Two of the six expert members for developing the national HIV and AIDS prevention plan are core members of CGCO.¹³⁸

5.89 DFID's engagement with (international) CSOs has been less significant in other sectors. In education, DFID implemented two projects with Save the Children (in Yunnan and Tibet). However this partnership did not evolve beyond the roll-out of similar project approaches. In water, DFID worked with the NGO, Global Water Partnership (GWP), that advocated Integrated Water Resource Management through facilitating high-level round tables and workshops at central and provincial levels.¹³⁹

¹³⁷ HPSP concept note

¹³⁸ Interviews with Chengdu Gay Care Organization Chengdu, Partner in HAPAC.

¹³⁹ During the same meeting the MWR Minister highlighted the '3-in-1' approach and the importance of WUA in his speech.

Results from Trust Funds

5.90 The AAA trust fund tasks were largely effective. Tasks were implemented through a variety of means: workshops, working committees, studies, reviews and reports. The web survey of AAA trust fund task managers in DFID and World Bank found for example that: work on rural finances ‘enabled the Bank to have a substantive informed discussion, particularly as it related to health and education services’; on sub-national finance it was said to ‘inform discussions’ with GoC with respect to financing government services and ‘influenced discussions at a strategic level’; on promoting the circular economy it was held to have stimulated ‘better understanding across various line ministries, and international development agencies, of what China means by ‘circular economy’; on the poverty assessment it was felt, ‘The report will provide a standard reference point for poverty and poverty-reduction policy challenges in China at least for a while.’ In the key policy area of rural health reform, the team argued: ‘the AAA work has had many indirect impacts on government thinking in a wide range of fora’. The generous trust fund support for this health reform work made it possible for the team to undertake a large and multi-faceted exercise that led to ‘a wide range of innovations in research methods and dissemination modes for undertaking the AAA exercise well beyond the normal final report.’

5.91 Through the AAA trust fund, the World Bank expertise provided important contextual analysis and was meant to support policy information and influencing. However, not all the AAA studies were well used. The Review of the Compulsory Education Policies (2008) was not as widely disseminated as originally hoped, presumably because of a lack of ownership within the Ministry.¹⁴⁰ The World Bank Review of Health Reform (2009) reportedly was a lengthy process, which failed to create support and ownership within the Ministry, which, according to DFID, found its language too critical.

5.92 The trust fund vehicle meant that many discrete pieces of work were funded. The overall messages were that a focus on poverty and environmental sustainability could be readily incorporated into policy making in China, and individually and together, the studies fitted well with China’s approach of piloting innovative approaches and then using these to inform national policies – the trust funds were largely ‘harmonised’ with GoC priorities. The AAA tasks increased meaningful dialogue with China and exchange of knowledge, as well as building the relationship with GoC through meeting policy review requests, such as the 11th FYP progress evaluation and providing technical inputs to the health reform ‘master plan’ in 2007.

5.93 The World Bank’s own assessment of AAA (including that funded by the trust fund) is that: ‘through a combination of AAA and knowledge embedded in its limited lending, the Bank has supported innovations that, scaled-up, have provided benefits far exceeding the direct benefits of the original projects. These spillover benefits include, for example, key policy or institutional reforms, upgraded technologies, and stronger human resource capacity in local governments.’¹⁴¹

5.94 The ADB Poverty Reduction Fund (PRF) trust fund funded a range of technical assistance (TA) tasks on topics including: HIV and AIDS; Poverty Reduction Studies; Rural Poor Safe Drinking Water; Forestry Conservation; Strengthening Planning; County Poverty Monitoring; and NGO-Government Partnerships. The TA implemented capacity-building activities for government agencies, NGOs and communities.

¹⁴⁰ The study was carried out in close cooperation with Gansu Provincial DoE, similar to the GBEP.

¹⁴¹ World Bank. China: *Country Partnership Strategy 2006-2010*

5.95 The ADB's own special evaluation of the trust fund funded TA concluded that, nine out of the eleven TA projects evaluated were 'relevant', three projects were classed as 'highly effective', and four were categorised as 'highly sustainable'. The TAs under PRF were rated efficient overall and as likely to be sustainable¹⁴². The trust fund completion report concluded that *'The PRF programme had positive outcomes that contributed to poverty assessment, influenced policy and strategy formulation; encouraged collaboration with stakeholders, and developed programmes relating to gender, capacity building and environmental management. PRF-PRC played a key role in supporting policy dialogue and cutting edge work in poverty reduction'*.¹⁴³

Sustainability of Results

5.96 The sustainability of DFIDC's achievements depends on the extent to which the projects have built capacity and to which their innovations have been taken up by the Chinese government in Beijing and the provinces. There are some sound examples of capacity having been built in the MDG projects:

- In education, the projects built the capacities of local consultants and used them throughout the roll-out, to ensure continuity and lessons-learning.
- Local capacities were built through attracting, training and keeping qualified personnel in important technical positions. For example, the capacity building for teachers in the education projects provided a rare opportunity to upgrade skills which was highly appreciated.¹⁴⁴

5.97 What can also be seen from the education sector results is that at the time GBEP was designed, DFIDC was less concerned about influencing central level policies. Its main concern was to support a demand-led approach, mainly focused on the demands at the delivery end, of teachers and parents for better education services. DFIDC did not undertake a new analysis or review of its basic approach in education, despite the fact that China's education policies – while remaining consistent over the entire period – further evolved and deepened, to achieve the overall goal of 'basic education for all'. As a result aspects of DFIDC's projects on education were overtaken by the speed of reforms including, a Textbook Revolving Fund, which became obsolete as soon as the exemption from textbook fees became policy

5.98 In contrast to the capacity building, lack of attention to sustainable financing in education reduced uptake of ideas piloted in DFIDC's projects. The lessons learned from GBEP showed that a number of activities failed, or had to be dropped, because they were not financially viable or sustainable, e.g. the Solar Energy Experiment, the Free Lunch Programme and measures to reform county-level financing. It seems a missed opportunity that issues of financial sustainability were not more systematically addressed in the education sector, in particular since lack of sustainable financing was identified as one of the main constraints to education quality early on. DFIDC projects tried to introduce innovative methods for school funding but were not successful in influencing the overall approach to education financing, which tends to disadvantage small and remote schools in poor areas.

¹⁴² ADB (2009) *Trust Fund Programme Completion Report*.

¹⁴³ ADB (2009) *Trust Fund Programme Completion Report*; ADB. Evaluation Study. Reference Number: SST: REG 2008-18. Manila.

¹⁴⁴ Interviews with SBEP Sichuan Stakeholders

5.99 In the health sector, DFIDC's projects paid better attention to the financial sustainability of health reform, through HPSP and working with the World Bank and WHO. As part of HPSP, a study is planned on the Financing Strategy for Rural Health Services and Health Security system. Also one of the AAA studies on health highlighted the fact that the challenge in public health is less about increased spending and more about ensuring that improved systems of accountability and incentives which allow existing resources to be used more wisely.

5.100 Beyond the MDGs, there is already evidence that DFIDC's work on climate change is being mainstreamed into national and provincial planning. Over time there will be other influences, but DFIDC has played a key role in contributing to the start of the process and is likely to shape a shift to research-based planning through the Adaptation to Climate Change in China (ACCC) project. For the UK to continue to have influence it will be important to maintain a presence in China, with staff interacting regularly with Chinese partners, and to have sufficient funds to carry out collaborative activities that are vehicles for effective learning.

Results Summary

- Using the CAP performance framework as a measure, the results of the DFIDC's programme have been average. However, this is largely down to a poorly-designed framework and indicators, which was not reviewed or updated during the CAP period. However, using DFID's project Annual Review ratings system, the programme has performed unusually well, with consistently high project scores. This evaluation concurs with the IDC's view that 'DFID's programmes in China have been extremely effective.'
- DFIDC helped China address hard-to-reach MDGs, particularly through good targeting of disadvantaged groups: women, girls and ethnic minorities across the MDG programme.
- The success of the MDG programme is in large part due to strategic partnerships. Partnerships with the World Bank were important in rolling out pilot practices and increasing coverage in poor areas. Partnerships with UN agencies have been useful where the project design has built upon the agencies' mandates with government and their level of access to the Chinese government, particularly in the health sector, where partnerships have been important for health policy dialogue at the central level. Partnerships with civil society organisations were initiated during the CSP period, but discontinued as part of the increasing focus on working with central government. Only in HIV and AIDS was engagement with civil society organisations strengthened; this became instrumental in achieving DFID's strategic goals.
- The MDG programme is not without its weaknesses. There are inevitably questions about sustainability, where development funding is in such a low ratio to government spending. Thus, the results from the HIV and AIDS projects do not reach large parts of the epidemic, and GoC's outreach to high-risk groups is still limited. And it is unclear whether the results from PRCDP will be scaled up, given the Provinces' resistance to co-funding.
- DFID should also exercise some caution in over-claiming attribution. In education, the projects occurred during a period of government-driven change, and the Sector Review suggests that the lessons from project pilots were not rigorously reviewed as a part of policy making. Also missed opportunities to identify its contributions, particularly in the water sector, where MDG targets were not consistently reviewed, and the cross-linkages into health not elaborated.
- The MDG programme has helped DFID to build a reputation among government stakeholders, and in a somewhat unstructured way, to better understand development in China. It has helped build relationships with ministries, has demonstrated DFID's commitment to poverty reduction in China and has provided the evidence needed to influence behaviour, thinking and policymaking at central levels in the GoC.
- DFID's level of funding is insignificant in China. By leveraging World Bank loan funds through blending, it has contributed to a much larger scale of impact than would have otherwise been possible. In education, practice developed in DFID projects has been scaled up in subsequent World Bank projects and national programmes. In health, concepts and approaches have been piloted in projects and taken up in China's sector policies.
- The China-Africa programme demonstrates a wide range of successful, innovative initiatives that fall within a broad ambit of 'learning about and sharing information on China in Africa'. The challenge is to demonstrate how these achievements will lead to behavioural changes in the way China approaches development in Africa and African countries and in how DFID works with Chinese organisations in Africa. DFID has good relationship with NDRC, but there are key interlocutors in the GoC, with whom DFIDC has yet to establish such a relationship. DFID has also yet to demonstrate solid uptake of its China-Africa work in China, including by DFID offices in Africa.

- DFID's support to the IPRCC has been important for stimulating South-South Learning and the programme has supported a limited number of China-Africa exchanges on MDG themes (health, water resources). Overall, South-South Learning opportunities from the MDG programme are not well realised.
- DFIDC's work on the SDD has enabled DFID to achieve in areas where it had been difficult to make headway using other forms of engagement with Chinese agencies.
- Work on climate change adaptation and low carbon development has contributed significantly to delivering the UK-China strategy on climate change. There is evidence that this has helped shape China's thinking on these issues.
- A review of gender mainstreaming in DFIDC shows that there have been substantial efforts, but also a number of missed opportunities. Gender is largely missing from the WCIDI programme.
- The use of trust funds with the World Bank led to a broad range of studies that were seen to be influential, particularly by the World Bank, and were reported to have fed into GoC policy. However, DFIDC appears to have placed less value on this work as time has progressed.

6. Implementation Process

Programme Evolution

6.1 DFIDC recognised in 2005, while preparing the CAP, that the programme would change dramatically in its *modus operandi* and relationship with China by 2011. A number of people interviewed for the evaluation considered that by the end of 2009, DFIDC had already reached that end point of a different, dialogue-based, relationship with China. In that regard, the core intention of the CAP has been realised, sooner than had been originally planned.

6.2 The evolution of the China programme over the CAP period was well-planned with a long lead-in period – the full five years of the CAP. DFIDC planned to change from a medium-sized office with 34 staff, spending about £38m per annum to, by 2011, a smaller office with as few as four people focused on a programme of dialogue and influence. This lead-in time allowed DFID to plan for its changes and gave adequate notice to China, OGDs and development partners about DFID's intentions. DFIDC was quite clear it would not graduate from (i.e. leave) China, but rather change its mode of engagement – this has been well thought through and largely well implemented.

6.3 This evolution of the programme was supported by a short management consultancy input that DFIDC contracted-in soon after the CAP was approved, to design a change management process (CMP) around the gradual shift from an MDG-focused bilateral programme to a dialogue-oriented programme on international development issues. This was a well conceived piece of work that was conducted inclusively and transparently with staff, and DFIDC managers should be recognised for this foresight and openness in the practical implications of implementing the strategy. The CMP primarily mapped out, on an annual basis, the change in staffing numbers and skills, and the new staffing structures required as the programme evolved. It foresaw a decline in staffing numbers in two stages, from about 30 staff in 2006/2007 to about 20 in 2008/2009 to four in 2011, and so far staffing has roughly followed this pattern, although the large changes will occur as the bulk of the MDG projects come to a close over the next 18 months.

6.4 The implementation of the CAP has emphasised the duality in the strategy – an MDG programme gradually disappearing, as planned, from the country programme, and the WCIDI programme becoming the focal point for DFID's work in China. The staffing structure supports the delivery of the two programmes, each with dedicated staff, but it also created two very distinctive teams. This served to accentuate difference; the organisational division between the MDG and WCIDI programmes seems artificial. The way the office describes itself, the way it is structured¹⁴⁵ and physically arranged and the narratives it uses to explain the China programme all bring out this duality. This has had two negative consequences: first, a distinctively separate two-track country programme misses the opportunities to fully realise the potential synergies between the bilateral programme and DFID's work on international issues. There are some linkages, such as watershed management exchanges as part of the China-Africa work stream, but there are more opportunities to be seized as the projects reach their final stages and reflection and lesson learning takes place. Second, unintentionally, the two tracks get compared and, because the MDG programme will largely close in 2011, staff have a sense that one track is

¹⁴⁵ DFIDC is structured into two teams – an MDG team and a WCIDI team. Previously there was an MDG team and a team encompassing economics, environment, governance and social development, called the 'MIDPAS' team.

favoured over the other. This raises questions of balance in the country programme, as staff have been concerned that the MDG programme could be seen as more of a relic when compared to the WCIDI programme, which does have a clearly articulated future.

Value for Money

6.5 DFID's programme in China can be assessed for value for money in three areas: the MDG programme, the WCIDI work and administration of the country programme.

6.6 In relation to administration costs, Table 9 shows that DFID's programme in China has consistently had higher proportionate administration costs than comparable country programmes in the Asia region. With a relatively high proportion of staff appointed in-country (SAIC staff) and over a period with declining staff numbers – when administration costs might be expected to decline – two factors can be identified for this higher level of administration costs. i) Beijing is an expensive city in which to operate, globally the 9th most expensive¹⁴⁶ – up from 22nd in 2008; London is 13th. Office rent is particularly high and DFIDC has already halved the physical space of the office to help address this. ii) The proportionately increasing importance of the WCIDI programme distorts the figures, as this type of dialogue and influencing work has low spend and high staff inputs – more along an FCO model. If, has been mooted, after the CAP period the office were to revert to a small number of staff operating from the Embassy, it is likely administration costs would decline sharply.

Table 9. Programme and Administration Costs from DFID Programmes in Asia

	Prog 2006/07	Admin	%	Prog 07/08	Admin	%	Prog 2008/09	Admin	%
DFID China	£38,226	£2,713	7.1%	£34,080	£2,000	5.9%	£37,275	£2,000	5.4%
DFID Indonesia	£43,704	£774	1.8%	£27,337	£597	2.2%	£33,372	£860	2.6%
DFID Cambodia	£11,565	£1,046	0.0%	£12,068	£899	0.0%	£16,546	£857	0.0%
DFID India	£231,688	£6,800	2.9%	£274,150	£5,374	2.0%	£274,521	£5,822	2.1%
DFID Pakistan	£89,381	£3,000	3.4%	£84,253	£3,500	4.2%	£117,824	£3,070	2.6%

6.7 On the basis of the figures in Table 9, DFIDC does not appear to be as efficient as other DFID offices. However, it is apparent that DFIDC has demonstrated increased economy in the way it runs the programme: by leveraging multilateral development bank (MDB) loan funds with small grant amounts and piloting innovative approaches adopted by Chinese national programmes, for example, resources have been used efficiently to deliver significant outputs.

6.8 There is one area where DFIDC has performed poorly on financial matters – management of a coalescence of factors around funds committed to on-going projects. Firstly, for a DFID office, DFIDC has an unusually high proportion of its expenditure committed in non-Sterling currencies, particularly US dollars for the blended projects. Thus DFIDC has been adversely affected by foreign exchange movements, especially in late 2008 and early 2009 during the financial crisis when Sterling considerably weakened. DFID as a whole was affected by this problem¹⁴⁷, but DFIDC appears to have been particularly exposed. The result has been the need for more Sterling than planned, to provide the agreed amount of dollars. Secondly, as is often the case, progress on some projects has been slower than anticipated – a common device is to extend project end dates to allow time for funds to be utilised as planned, but at their actual rate of expenditure. This is not possible for DFIDC, as the bilateral MDG programme is coming to

¹⁴⁶ Mercer Worldwide Cost of Living Survey, 2009. <http://www.mercer.com/costoflivingpr>

¹⁴⁷ International Development Committee – Fourth Report, Session 2008–09. *Aid under Pressure*. Section 4. Donor Support for Development. House of Commons.

its planned end – a hard buffer. This might ordinarily mean that some funds would not be utilised, however, on alerting Chinese partners to this slow spending situation, they have been able to accelerate progress, which would mean that the full project amounts would be utilised within the planned date. Since a number of projects would then start to spend above their planned annual commitment, the cumulative effect would be an overspend. These two factors have had an additive effect, resulting at its peak, in a planned overspend of £5.4 million in 2009/2010 above the agreed aid framework of £30 million. This level of surplus funds is not available to DFIDC and it has had to reduce project commitments, which has had an impact on relationships with Chinese partners.

6.9 The WCIDI programme has offered good value for money in terms of the influence it has achieved for DFID and the wider UK government for modest project cost. However, the funding modality, which is a series of small grants, incurs comparatively high transaction costs. Given the outputs relative to resources and the assessment that outcomes contributed value-added, the evidence supports the conclusion that resources were used effectively.

6.10 Other components of the WCIDI programme also demonstrate value for money. The Phase 2 Climate Change Adaptation project represents: *‘good value for money as DFID piggy-backed on what was already there’*. DFIDC added £50,000 to a £500,000 project, and for this relatively small spend DFID has become associated with a key piece of work, that has formed a platform for deeper engagement on adaptation planning and brought China into international learning networks on adaptation issues. The FCO in China pointed out that: *‘For comparatively little money [DFIDC] buys lots of influence.’* Likewise with the Low-Carbon Economy task force, DFID put in £100,000, which went alongside contributions from Canada, Sweden, Norway and Australia. DFID, however, was able to exert particular influence on the design of the task force, and the choice of international consultants.

6.11 DFIDC has also moved quickly to respond to opportunities, for example securing funding from DFID headquarters for a post at the World Bank on climate investment funds. Informants suggest that DFIDC has pushed hard when necessary to make key things happen such as the ACCC project. Securing 50% of the cost of an A2 Climate Change Adviser working on low-carbon issues also illustrates this point, and has enabled DFIDC to do more with its own funds.

6.12 The SDD has represented good value for money for DFID, in that it has relied on Defra funding, particularly for staff time, but also for activities, plus some Chinese co-financing for certain activities, such as SAIN. There has only been a small DFID financial commitment and Defra-funded staff have not featured in DFID’s head-count. A DFID headquarters interviewee commented that: *‘The SDD has been a small financial commitment compared to achievement.’*

6.13 Value for money was obtained in the MDG programme primarily through the use of a piloting approach with ideas and technologies being adopted and taken to scale by China with its own funds. Another facet of delivering value for money was seen in the education sector, where DFID relied heavily on use of external, contracted TA. This had the advantage that pilot projects (i.e. GBEP) were implemented according to high quality standards – all stakeholders interviewed during this evaluation (including MOE) agreed that the quality of the GBEP pilots were exceptional. While it was not possible to implement a project focusing on large-scale roll-out, such as BEWAP, to the same quality standards, the quality in the pilot helped demonstrate the approaches and ensure good uptake.

6.14 In relation to **transaction costs**, at first inspection, the programme does appear to have been organised into a small number of larger programmes, as per the intention in the CAP, i.e. two primary programmes – the MDG programme and the WCIDI programme, with the former currently made up of two education projects, three health projects, three water sector projects, one HIV and AIDS project, and PRCDP. However, the programme detail shows that there are in excess of 100 smaller elements. This includes, in addition to the ten larger MDG projects:

- 83 Trust Funds sub-projects: World Bank AAA trust fund (36), World Bank TCC5/ERIP (29), and the Asian Development Bank Poverty Reduction Fund (PRF) (18)
- 45 WCIDI projects: China-Africa trust fund (13), aid effectiveness (3), SDD (16), SSL (13).

6.15 The consequences of this level of small project activity are: i) the hidden demand-pull for advice and administration, which is important as the programme staffing is set to shrink further; ii) transaction costs are high for both administration and advisory staff in running what is essentially a small grants fund; iii) large amounts of strategic activity are ‘below the threshold’ of £1 million – this means that approvals can be quicker and projects more responsive to opportunities, but it also means that there is less formal scrutiny of project performance as it is the overall vehicle which is assessed, and there can be a tendency to then privilege the successful sub-projects; iv) it can mitigate against developing a clear picture of progress, success factors and learning points – many small activities make aggregation of results more difficult; and v) there is a risk of commissioning clusters of small projects with many different organisations, in which DFID’s role and vision get lost.

Staffing an Evolving Programme

6.16 DFIDC has been well-staffed for the size of the programme, but it has also been effective at defending the programme and making the case for more staff, despite the low spend. An ex-DFIDC staff member said: *‘not everyone saw the need to have that staffing given the size of the spend. Some asked: ‘£30 million - how come so many people?’ But policy influencing needs people, and face-to-face time.’* Good staff capacity has allowed for greater effectiveness in dialogue and influencing and this does not exist only in the UK appointed staff; as noted in the IDC report, Chinese staff have been effective in dealing with Chinese government partners. Chinese government partners interviewed for the evaluation noted that DFIDC staff are effective in dealing with Chinese institutions and that they are good at grasping national conditions and understanding what projects can contribute. There have also been good links into DFID headquarters through the joint Climate Change adviser appointment (with the Low Carbon Growth team), and the SSL adviser in the growth team. DFID have been good at using the advantage of being based in China and knowledge of Chinese structures and priorities to build relationships, identify entry points, understand the appropriate speed of progress and design vehicles for taking ideas forward.

6.17 Staffing the work with OGDs has brought another dimension to the work. The SDD has been organised around three members of staff paid for by Defra (including the National Coordinator), and managed by DFIDC. This means there is a low cost to DFIDC, but a high degree of direction of work, as these Defra-funded posts are line-managed by a DFIDC senior manager. The staffing arrangements enable a great deal of engagement with Chinese partners, which has been critical for building effective dialogue and mutual understanding, and for taking advantage of openings; the technical specialisms of Chinese staff helps. Defra informants claim it

is important that DFIDC has been leading on the SDD, rather than the FCO. A former DFIDC staff member, working on the SDD, justified the benefits of this arrangement in a reflective valedictory email to their Senior Manager in DFID HQ:

‘As a DFID staff member my professional objectives were aligned with DFID corporate objectives for China, and therefore it was difficult to justify working on areas that are not core to DFID’s agenda (such as tiger conservation, waste management etc). By contrast, I am now employed (by Defra on the SDD) in a genuinely cross-governmental role and am empowered to work across separate jurisdictions to promote HMG-wide objectives, rather than a circumscribed set of departmental objectives... This new type of secondment... is particularly suited to the reality of our shifting engagement with the big emerging economies... The SDD provides a broader platform for UK-China collaboration, but it requires these cross-governmental posts to bring vitality and cross-government connectivity to our engagement with China.’

6.18 This highlights challenges and opportunities for DFIDC as towards 2011, WCIDI becomes the more significant part of the programme, and more of DFIDC’s work becomes linked to that of the OGDs, it identifies potential trade-offs between UK-China collaboration and DFIDC objectives, and consequently staff performance. This is evidenced for example in the SDD promoting UK sustainable development experience, where DFID would normally tend to look at *international* best practice, and not see itself as interested in promoting UK experience as a good in itself.

6.19 Finally, on staffing, it is noteworthy that three senior UK-appointed staff have been present for almost the entire five-year period under evaluation. This gives for DFID, an unusually high degree of continuity, given a normal posting is for up to three years. Benefits include senior staff with a well-developed understanding of how China works, who have built good relationships with Chinese partners, and who have been able to see their vision in the CAP through to completion. Arguments for rotating staff often centre around infusion of fresh ideas, opportunities for promotion, avoiding staleness, and avoiding programmes being built around individuals rather than organisations. There is no evidence that these problems have arisen – the staff concerned have been promoted or changed roles in office, the programmes are clearly ‘DFID programmes’, and the WCIDI programme with which they are most closely associated is widely seen as innovative. Apart from these three senior staff, DFID exhibited its normal rate of rotation of UK-appointed staff. The World Bank identified this as an issue – as it meant there was lack of continuity, particularly compared to their own model, where projects tend to keep one Task Manager for the duration. PRCDP was given as an example, where six different DFID advisers have been responsible for the project to date.

6.20 In addition to its own staff, DFIDC provided substantial TA and advice, generally of high quality and appreciated by partners. This enabled the development and maintenance of expert panels at national and provincial levels. Members were drawn from academia and senior management posts and brought with them extensive knowledge and experience in their relevant fields. Expert panels were a sound way to harness national skills to deal with technical issues and enhance individual and institutional capacity. Panels, due to their professional status, were very influential in development of national policy and ensure national policy is influenced by project experience and lessons learned,

New Ways of Working – Working with China on International Development Issues

6.21 As DFIDC progresses towards the stated aim in the CAP of primarily engaging with China through dialogue on international development issues, new challenges in ways of

working are faced. These are seen in aspects of the WCIDI programme and might be seen as testing the boundaries of how DFID locates itself beyond traditional bilateral aid programmes. Two cases illustrate this:

6.22 In relation to the ACCC, DFIDC has successfully partnered with SDC, the Swiss Development Agency. However, the evaluation heard the view that DFIDC sometimes works unilaterally, without taking the wider OGD view, in this case on inclusion of the Swiss. It was suggested this showed that understanding of the wider political implications could be better, since collaboration with third parties destabilises the relationship with China. While this was a minority view, and other informants felt that DFIDC did not need to consult widely on this matter as it was a logical choice to expand the funding base for the project, it does illustrate how a UK focus may at times conflict in small but important ways with DFID's development approach and drivers, which can downplay the importance of UK diplomacy and strong UK branding.

6.23 A second point, mentioned in the strategy chapter and above in staffing, is also relevant here – that of DFID's core mandate in relation to wider OGD objectives. In short, there is a tension between DFID's highest order poverty reduction aim and the aims of parts of the WCIDI programme, especially the SDD. Within the fisheries and forestry sectors, SDD projects were initially focused on resource management from a technical perspective, with development questions not very strongly articulated, for example looking at regulations or certification practices from a conservation angle. A similar prioritisation of a technical, rather than development, focus could be argued in relation to the inclusion of an affluent coastal province within the choice of three provinces for the ACCC project¹⁴⁸.

6.24 DFIDC resolved this tension by viewing these projects as entry points: '*Initially focus on issues that China is going to want to work on, then start to introduce more difficult issues once the relationship is established.*'¹⁴⁹ Thus, less controversial, but nevertheless important projects appear to have played a role in creating the relationships and laying the ground for more critical engagement in illegal fishing and forestry issues. These cases support the justification for the SDD not being based around a tightly predefined development agenda. The point was made to the evaluation that DFIDC '*can't compartmentalise. If DFIDC is very strong on the development angle, it would circumscribe the SDD, and it would not have got the gains of the SDD*'. Therefore, while DFIDC has been able to maintain a development focus through its financial support to the dialogue, and this has allowed for more attention on areas most relevant to DFIDC – including those with links to poverty and the MDGs, it should be recognised that these partnerships with OGDs can challenge DFIDC in making direct links to poverty reduction in everything it does.

6.25 In regard to approach and tools, the WCIDI programme employs a wide range of small, mostly low-cost, activities to create a multi-layered approach to learning about, having a dialogue with, and influencing China on global development. These activities include funding; studies and research papers, conferences, senior staff visits, and small projects; lobbying on selected issues; exchanges between China and Africa academics and policy shapers; formal DFID/GoC annual meetings on dialogue issues; and activities directed to other parts of DFID. DFIDC describes WCIDI as being undertaken through:

¹⁴⁸ Though this province also has a large migrant worker population.

¹⁴⁹ WCIDI. Performance Review, March 2008, Best Practice and Innovation.

- Formal high-level dialogue between the UK and China every 6 months.
- Senior visits from the UK to take forward particular issues.
- Leading with DEFRA on the UK-China Sustainable Development Dialogue.
- Close involvement in the UK-China Action Plan on Climate Change and Energy.
- Day to day working with the British Embassy in Beijing.
- Coordination with the Africa Division, Policy and Research Department and the Global Development Effectiveness Division within DFID.
- Coordination with a range of other government departments, but particularly the FCO and DEFRA.
- In addition, on-the-ground activities, such as studies, projects, exchanges and seminars are all funded through a small grants mechanism.

6.26 The WCIDI programme is thus non-traditional – it is a combination of influencing and diplomacy style activities – mostly linked to: high level inter-governmental interactions, such as dialogues; a few medium-sized projects; clusters of very small projects; and a range of studies and seminars. How this set of interrelated modalities work offers useful lessons to DFIDC concerning its engagement with countries that reach middle-income status and are less aid dependent and/or countries that reach greater levels of international importance. DFID should ensure that appropriate reflection and lessons feed into the organisation more widely. SSL focuses on communicating China’s development lessons to the rest of the world, rather than DFIDC’s lessons to the rest of DFID. There is a need to capture the lessons of so-called ‘beyond-aid’ modalities over the rest of the CAP period.

6.27 Implementing the programme and doing so with a strategic vision presents DFID with a set of ‘ways of working’ challenges. DFIDC has been aware of these and a WCIDI Options paper (2006) identifies new ways of working and the skills set needed by staff in the programme:

- having a broad knowledge of the overall developmental agenda.
- more emphasis on influencing, negotiation and communication.
- better understanding of protocol, diplomatic issues and effective lobbying techniques.
- more advocacy with country partners.
- the ability to apply sector specific skills to policy level dialogues and diplomacy.
- being able to manage complex relationships across Whitehall and in partner governments.
- effective influencing without a significant budget.

6.28 DFIDC specifically addressed several of these areas when the China-Africa adviser attended the FCO course, ‘Modern Diplomacy: training for policy/political work’, which he rated very highly. However, this was in mid-2009, some five years after WCIDI activities started. It would be advantageous for DFIDC to have exposure to these capabilities more widely

through the office. DFIDC could also consider working with DFID's central human resources department to identify suitable refinements to the dialogue and influencing section of advisers' core competencies as they relate to 'beyond-aid' contexts.

Working with Partners

6.29 **Working Across UK Government Departments.** The options paper produced for WCIDI makes clear that that DFIDC's relationship with the Embassy in Beijing is crucial, and a close, well-coordinated- and mutually respectful DFID-FCO relationship is evident. While there is a united HMG position, there is good division of labour and effective communication, particularly over shared and complementary areas of interest, such as climate change. This view is shared by the FCO, whose evaluation of the Beijing Embassy's China-Africa collaborative work was the '*best example of collaboration on external issues at the Embassy*'¹⁵⁰, and was highlighted in the DFID Stakeholder Survey¹⁵¹ as an excellent example of cross-government working: '*The progress made in joint working is substantial: the FCO and DFID have agreed core messages which guide official and ministerial discussion with China on Africa and is a resource for FCO and DFID staff in Africa... The results of cross-departmental working are tangible, with China now more open towards the UK in its approach to Africa, compared with two years ago, wishing to learn more about the UK's approach to overseas aid*'.

6.30 Coordination with other Whitehall departments has increased over time. WCIDI states '*There is much greater linkage to other parts of UK government – FCO, DFID, Defra, Treasury, Cabinet Office – than under the bilateral programme*'¹⁵², and WCIDI Performance Reviews, identify the China-Africa model as becoming a practical method from cross-Whitehall working. However, cross-Whitehall working is not limited to either China-Africa or the FCO. The SDD work stream is clearly well integrated with Defra, which owns the SDD, and likewise the UK end of the UK-China Food Security Action Plan.

6.31 A key factor that makes a number of these OGD relationships function well is that much of the British government is affected by China and must work with China to achieve its aims. However, only a few UK Departments have a permanent presence in Beijing. Therefore from a merely pragmatic perspective, DFID can provide a representational function, for example on the SDD in the absence of Defra. But DFIDC offers more than this, as it also brings credibility with Chinese interlocutors from the successes and demonstrated commitment to the MDG programme, together with good relations with the GoC. The cross-Whitehall China Working Group in London, chaired by the FCO, also strengthens the relationship with OGDs. Through this group, DFIDC also has a strong relationship with DFID's Pan-Africa Strategy Department (for China-Africa work), as well as its parent, the Middle East, Caribbean and Asia Division (MECAD).

6.32 **Multilateral Partnerships.** DFIDC has developed a broad-based functional, and reciprocally advantageous relationship with the World Bank. This has stretched from practical implementation of trust fund tasks to good engagement between the respective heads of offices, spanning policy work through the trust funds, to project implementation through blended projects. DFIDC in particular brought grant funds, with a high degree of flexibility in their use and a willingness to work with the World Bank to improve the poverty orientation of its

¹⁵⁰ Quoted in: DFID, WCIDI Performance Review 2007.

¹⁵¹ Price Waterhouse Coopers (2008). DFID Stakeholder Survey

¹⁵² WCIDI Performance Review, 2008

lending to China. It also brought technical skills in niche areas and a very strong commitment to poverty and social equity. The World Bank brought large loan funds with broad coverage, meaning that by co-financing, DFIDC could lever greater impacts of its funds. Meanwhile, the track record of the World Bank in China, the depth of expertise of some of its staff in working in China and its global reputation benefitted DFIDC in a number of ways including brokering relationships with government (e.g. with the Leading Group on Poverty) and provision of entry points, credibility and expertise in implementing large projects in China. However, DFIDC did not always recognise and appreciate what the Bank was bringing to the relationship.

6.33 There is evidence that the World Bank-DFIDC partnership took time to mature. WB ways of working were new to DFIDC staff; learning the complexities of financing loan projects and the implications for DFID's instruments was new territory. This also translated into having to learn new behaviors – interviews with Bank staff show that DFID found approaches to designing loan projects and negotiating loan finance different to designing grant projects. Working together sometimes complicated processes: PRCDP took over three years in the design phase, partly due to difficulties reaching agreement with the GoC, but also partly due to differences of opinion between World Bank and DFID staff advising on the design.

6.34 **Partnerships in the South.** DFIDC has developed relationships in the South, particularly in Africa, for the China-Africa work. This includes China-Africa specialists at the University of Stellenbosch and a number of DFID offices in Africa. However, this cannot be characterised as a broad-based set of relations and there is a need for greater diversification in the China-Africa work to reach more African partners. This should be reflected in research and in wider capacity-building across Africa. One interviewee said *'DFIDC is on the learning curve of China and Africa. They know China but not Africa. They could do more to support the interaction between Chinese interests in Africa and African interests in Africa.'* Another said, *'DFIDC should broaden its reach, it should go outside of South Africa, South Africa is pretty well covered now. What we need to do now is build institutional capacity, identify the areas that are important to contemporary African needs. Network and capacity-building are crucial to understanding China's role in Africa.'* The UK- China partnership on Africa is trilateral rather than bilateral and, as a Chinese interviewee commented: *'The UK has made many requests to us on joint activities on Africa, but for us the message is clear, if Africa wants that, then we will consider them. The request has to come from African countries.'* Thus there is need for a greater emphasis on African ownership and involvement in the China-Africa work.

6.35 Sustaining the gains from the current China-Africa programme, requires further collaboration and coordination from DFID headquarters and DFID offices in Africa. The pathway to future collaboration with the Chinese in Africa is through greater engagement with African partners and trilateral projects. The DFID country programmes and networks are an attractive and value-added part of UK-China cooperation on Africa. Also, given the limited resources of DFIDC, on the ground collaborations with African partners through DFID country offices are, consequently, very important. This programme involves innovative thinking and this requires close management coordination with counterparts. The programme would be strengthened by more African and Chinese staff involvement in outputs and policy direction, and potentially an advisory panel composed of African, UK and Chinese members to facilitate this.

Aid Instruments – Blending and Trust Funds

6.36 Three large **trust funds**, together valued in excess of £16 million, have been an important instrument and spend element in the portfolio. These were found to be relevant and effective. Nonetheless, the evaluation found them to have a low profile in DFID HQ with currently comparatively little enthusiasm for them in DFIDC. Past DFIDC staff and staff in the

World Bank and ADB were much more positive. This positive attitude to the trust funds and hence to DFID from the MDBs is a key success; it can be seen that the funds also ‘bought’ DFIDC close contact with the Banks, which opened doors to parts of the GoC.

6.37 Both MDBs noted their declining loan portfolios in China and hence an increasing importance of AAA-type work, although in a tighter financial context. DFIDC was willing for trust funds to be spent on quite divergent activities, but should ensure that trust funds are not being used to plug gaps in declining TA and AAA budgets.

6.38 The trust funds had an established process for identifying and formulating tasks and sub-projects, involving DFIDC and the respective bank. In the earlier period, DFIDC maintained a close contact with the studies as they progressed. However, over time and with changes in DFIDC staff, the level of engagement with the trust fund operations and oversight has declined. There are exceptions, such as support to FYPs and rural health reform, but overall DFIDC has become more remote from the trust funds. They have rather become perceived of as ‘legacy projects’; consequently DFIDC is no longer deriving the benefits it might from its funding and association with this work.

6.39 DFIDC has invested a considerable sum in projects in which it has **blended** the World Bank loan: TB Control Project – £28.3 million; BEWAP – £18.7 million; and PRCDP – £19 million. This is over 35% of DFIDC’s total investment during the evaluation period. However, although the then Permanent Secretary suggested in 2003 that ‘the **blending** mechanism’ should specifically be evaluated, and DFIDC proposed a date of 2006, no evidence was found that this evaluation had taken place.

6.40 The World Bank has been enthusiastic about blending, for example recognising in PRCDP the reach to the poorest that DFIDC’s involvement has facilitated. There is no doubt that blending did help the World Bank stay engaged in social sectors and focus on poverty once China lost its IDA status. In that regard, it was a pragmatic solution to the problems faced at that time. It was essentially a ‘second choice’ instrument that reflected DFID’s and the World Bank’s inability to influence China’s practice of passing the fiscal burden of loans down to the county level, which makes projects not pro-poor. It is unlikely that DFID would have considered such an instrument elsewhere, as it would have expected to have had more influence with the government. China now has no need of concessionary loans, and thus blending is no longer appropriate here either.

6.41 In DFID’s view, blending gave value in addition to facilitating the loan, as the World Bank (and China) have also benefitted from DFID’s contribution to ideas and policy innovations, such as provision of provincial counterpart funding for poor counties and the introduction of social assessments at the design stage, which would have been unlikely had the World Bank been working alone.

6.42 Nonetheless, blending has not been an unalloyed success. Despite the World Bank’s view that blending did improve targeting, DFID’s own analysis shows that it believed that the scale of results it achieved through blending was at the expense of innovation and poverty focus¹⁵³, even with interest rates effectively reduced to the poorest countries through the blending. DFIDC has claimed that blending reduces transaction costs compared to co-funding, since blending entails a single stream of finance and a single design. However, evidence from

¹⁵³ IBRD Blending Handbook (file). Clare Roberts, DFIDC. 2004

PRCDP does not support this, as the project had an exceptionally drawn-out design phase, partly attributable to DFIDC being party to the financial negotiations with the GoC, but neither entirely sharing the World Bank's views on the issues, nor agreeing with the technical design of the project. Also, as identified recently in the PRCDP, slow rates of implementation risk the project running beyond the life of DFID's funding commitment and thus losing its blending element towards the end of the project, which would effectively diminish the overall concessionality¹⁵⁴.

6.43 Blending created a complicated instrument to negotiate, with some difficult issues caught up with calculating fees and rates for the loan element of the project and when and how much DFID pays as its grant contribution blending. This was new territory for DFID, which found that developing a loan project is highly resource intensive, involving a set of legal and financial issues with which it had little familiarity. Being a loan, also meant that DFIDC dealt with a different part of the Chinese government – the Ministry of Finance (MOF), rather than the Ministry of Commerce (MOFCOM), which then dealt with grant aid to China and with whom DFIDC had had good relations. During preparation of the CSP, this situation was also said to be a concern to key Chinese ministries, which were said to then prefer simple bilateral projects through the then Ministry of Foreign Trade and Economic Cooperation (MOFTEC).

Capturing the Results and Learning the Lessons

6.44 For the **MDG programme** overall, the evaluation finds that DFIDC should have adopted a more consistent (and complete) approach to **monitoring and evaluating (M&E) results** across the programme. Transparency is mixed; overall quality of reporting and data availability varies; but it is excellent for a few flagship projects and in projects co-financed with the World Bank, supervision was good.

6.45 DFIDC has supported additional M&E components for several projects in an effort to strengthen results-based management and provide evidence on project outcomes:

- The China Watershed Management Project supported the Ministry of Water Resources, the Yellow River Conservancy Commission and project management offices to strengthen results-based monitoring for watershed management. The frameworks developed for poverty and livelihood evaluation at household and village levels are good practice, since they effectively integrate key outcome areas and village-level indicators. The evaluation of tree planting activities is a particular example of a practical evaluation with sound lessons learned and practical management recommendations. Construction of a sub-watershed M&E data-sharing platform and development of sub-watershed M&E metadata standards are good practice responses to the difficulty of collating and analysing river basin data from different sources and disciplines.¹⁵⁵
- DFIDC provided grant funding for PRCDP to conduct external impact evaluations. The final evaluation is expected to provide evidence on poverty impacts and the effectiveness of the participatory approach for the Leading Group on Poverty Alleviation.

¹⁵⁴ PRCDP, Fifth Supervision Mission report, Nov-Dec 2008.

¹⁵⁵ World Bank. 2009. *World Bank Loess Plateau Projects, Synthesis of Experiences and Lessons Learned*

- In PPRWRP, an M&E system has been put in place to monitor WUA impact including indicators reflecting participatory, socially equitable and environmentally sustainable water management aspects. A livelihoods impact study was conducted to provide evidence on how Water User Associations have impacted on the income and livelihoods of farmers, especially the poor and female farmers. Findings from this study were used for further policy development and design of ongoing government programmes.
- China HIV and AIDS Roadmap Tactical Support (CHARTS) helped to develop a national M&E framework for monitoring national capacities to coordinate responses to HIV and AIDS. As a result of CHARTS, responsibilities of the State Council AIDS Working Committee (SCAWCO) and provincial AIDS working committees have been clarified and their capacity to coordinate an effective multi-sectoral AIDS response has been strengthened. A comprehensive M&E framework, with input from international expertise, was developed for China's AIDS response. National and provincial Five Year Action Plans benefited from the strong technical support of CHARTS.

6.46 In some projects, such as GBEP, lessons have been well-documented and disseminated, though this was done by the implementing consultants. They focused on good practices in implementation. However, none of the education projects had an external evaluation¹⁵⁶; BEWAP had an impact assessment. In education, most of the implementation was carried out by consultants; DFIDC's role was limited to annual supervision. As a result its organisational learning was limited in the education sector.

6.47 In the health sector the situation was better and lessons learned have been well documented, in particular lessons with regard to policy influencing. Evaluations have been conducted of the major projects ('Health 8', HAPAC), or if not, external reviews (CHARTS, HPSP) were carried out. These have been conducted with the co-financing partners, and for example, World Bank Implementation Completion and Results Reports have shared the project lessons applicable to all projects and specific to health sector projects, such as from 'Health 8'.

6.48 On World Bank led projects, such as PRCDP, which have two supervisions missions a year, DFIDC was credited with its high level of engagement with monitoring, particularly participation of advisers in the missions. The provision of DFIDC grant funds to supervision made a large difference to project quality, since the implementing GoC agencies focus on areas to which supervision missions pay attention.

6.49 The **SDD** works to a set of principles and strategic objectives. The UK Strategy on High Level Dialogues on Sustainable Development sets out that: '*All [SDD] activities will be based on the principles of non-duplication, added value, innovation and mutual learning*'. While it can be argued that these qualities are in evidence in relation to the China SDD, it is not so clear how internal learning takes place to ensure that achievements linked to SDD activities are realised with optimal effectiveness and efficiency.

¹⁵⁶ With the exception of the Tibet project implemented by Save the Children, who did carry out an evaluation of its project.

6.50 Formal M&E takes place through the Defra system and, in particular, the International Sustainable Development Fund Project Progress Report form. In this document, the lead UK government partner agency comments on issues such as: relevance of project activities to higher level objectives; evidence of catalysing of additional funding; lessons learnt from the project; and achievement of project purpose, outputs and impact. A higher order of monitoring arguably takes place through Steering Group meetings, but this is unlikely to be very detailed given the strategic focus of such meetings. Within DFID, SDD achievements are reported under the WCIDI Performance Review and WCIDI Achievement Note (March 2009). These are not detailed documents and are not reviews carried out by a third party. Indeed as most activities are low-spend there is little if any independent assessment of achievements.

6.51 While this is justifiable given current rules on monitoring activity in relation to different expenditure thresholds, there could still be more systematic documentation and analysis of the strengths and weaknesses of different activities and approaches tried under the SDD as well as lessons learnt. According to Defra informants, it is important to see the SDD as a 'mechanism for engaging on difficult issues'. As noted above, this has only been possible because a platform has been constructed across a range of focal areas, establishing credibility and building trust. Exactly how this strategic approach has been monitored, however, is not clear from the formal paper trail. Learning seems to have been informal and *ad hoc*, and not set down in an explicit way that would allow others to take over the process with optimum efficiency in the event of loss of several key members of staff.

6.52 For WCIDI as a whole, M&E provides a challenge. Whereas for the MDGs the contribution of the programme has sometimes been hard to assess because they have been overtaken by events (China moving fast on education reform), for WCIDI the problem is the unpredictability of progress and the difficulties in knowing which areas will have traction. Nonetheless, these are not unique monitoring problems and, as shown in Table 4, organisations such as the British Council and the FCO have M&E systems that deal specifically with these issues. DFID's M&E of WCIDI could be usefully informed by the FCO approach to M&E of public diplomacy, which itself has been improved in line with recommendations from the independent Carter review of public diplomacy¹⁵⁷. Lord Carter said that: '*A better central strategy and an improved system for collective monitoring and evaluation should enable an informed assessment of the impact and value for money of public diplomacy efforts as a whole.*'

6.53 A particular issue with the WCIDI M&E is clarity about the level of achievement and attribution claimed for the programme from its range of funded activities and higher level dialogue and influencing work. For example, DFID identified the following as 'progress' in 2007/2008:

- Premier Wen signed up to the UK Prime Minister's MDG Call to Action.
- China became a donor to IDA for the first time.
- China's IPRCC undertook field visits to Tanzania and Nigeria as part of the DFID-funded comparative study on poverty reduction.
- DFID's Central Research Department met with senior agricultural researchers and agreed to working closely with DFID in the future.

¹⁵⁷ Lord Carter of Coles, *Public Diplomacy Review*, Dec. 2005.

- The Head of DFIDC delivered a seminar at the UK Institute of Development Studies on why China is important for international development.

6.54 This clearly mixes lower level *activities* (delivering a seminar), activities to which DFIDC has contributed funding (field visits), and high level *outcomes* (donor to IDA). The level of DFIDC's agency in the higher order results is not always clear in the WCIDI documentation: DFIDC needs to be more explicit about this and, in places, more modest.

6.55 In terms of **lesson sharing and communications**, DFIDC has been good at building relationships, but less accomplished at communications and sharing lessons. Where DFIDC has communicated well, for example, on climate change, it has paid dividends – DFIDC was effective at engaging the then DFID Chief Scientist as a champion and this contributed to DFID headquarters funding for the more ambitious ACCC project, and its design as an international adaptation-learning project. The Phase 2 project has a website¹⁵⁸ and materials disseminating project findings including six leaflets setting out results of the project. The multi-sectoral scope of the ACCC project, covering agriculture, health, water and extreme events offers potential for learning across a range of key areas for DFID.

6.56 There is clearly appreciation of the SDD among those in DFID headquarters who have reason to interact with it, and the success of the SDD contributes to the perception that DFIDC is: *'one of the better run and more strategic country programmes'* However, beyond production of communication products (notably the Sustainable Development Dialogue Update) it is not clear that enough is being done to promote awareness of the lessons from the SDD across DFID. This is perhaps in part because the SDD is an odd fit as a DFID activity and formally it is owned by Defra. Nevertheless it is unclear to what extent lesson learning is actively taking place, as the SDD has not been set up with a strong lesson learning function. This is a missed opportunity as the relevance of capturing lessons is clear, given that China faces an almost unprecedented combination of environment and development challenges and how it addresses them is highly relevant for other developing countries, as well as for understanding the development process itself.

6.57 **Explaining the programme.** As China is not typical of DFID's operating environment, DFID has felt the need to constantly explain and justify what the programme is doing, in terms of translating this into contemporary DFID corporate thinking. All country offices need to satisfy themselves that their programmes are aligned with corporate priorities, but this 'interpretation' activity indicates the additional need felt by the China office to ensure it stays, and is seen to stay, relevant. This proved more difficult for the country offices in Brazil and Russia.

6.58 DFIDC has been extremely astute at presenting itself to others, particularly within the organisation, although this has not been part of an organised communications strategy. There is a comprehensive paper trail explaining, presenting and re-presenting the programme in a series of prevailing contexts, such as how the China programme will contribute to the achievement of the third White Paper aims, and the objectives as they relate to BRICS, and so on. This is also manifest, for example, in a series of internal 'achievements' notes, external presentations (Development Studies Association conference, October 2009; and at the Institute of

¹⁵⁸ www.climate-china-adapt.org

Development Studies, January 2008), and published articles¹⁵⁹, as well as a number of short, graphic leaflets – in English and Chinese – describing its core programmes. DFIDC also has a small series of web pages, in English, beneath its main DFID country page, which provides more detail on the each of the key components of the project. Where there are project-level websites, the DFIDC pages link out to these. This is one of the better and more coordinated uses of the internet for country programme information in DFID.

¹⁵⁹ Adrian Davis (2009) *The UK/China Development Partnership - Is it Relevant for other Developing Countries?* NORRAG News, #42.

Summary on Processes

- The evolution of the China programme over the CAP period was well-planned with a long lead-in period – the full five years of the CAP. DFIDC planned to change from a medium-sized office with 34 staff, spending about £38m per annum to, by 2011, a small office with as few as four people, focusing on a programme of dialogue and influence.
- The lead-in time allowed DFID to plan its changes and to give adequate notice to China, OGDs and development partners about its intentions. The use of a change management consultant was well conceived and conducted transparently.
- DFIDC is quite clear it is not graduating from (i.e. leaving) China, but rather changing its mode of engagement. This has been well thought through, and largely well implemented. However, the way the office describes itself, the way it is structured and physically arranged, and the narratives it uses to explain the programme all further bring out the duality between the MDG and WCIDI programmes. This misses opportunities to fully realise the potential synergies between the MDG programme and the work on international issues. It also raises questions of balance in the country programme, with the MDG programme the less favoured part.
- DFID's programme in China has consistently had higher proportionate administration costs than comparable country programmes in the Asia region. This is explained by the very high cost of maintaining an office in Beijing, and by the presence of the WCIDI programme, which is a low spend, high staff input dialogue and influencing programme.
- DFIDC has recently faced over-commitment problems due to a low value of Sterling, a high commitment to Dollars and projects accelerating their spending as they approach completion. DFIDC has had to renege on some projects' financial commitments to stay within its allocated aid framework; this has not been well received by Chinese partners.
- The programme does initially appear to have been efficiently organised into a small number of larger programmes. However, programme detail shows that there are in excess of 100 smaller elements increasing demand for advice and administration and bringing high transaction costs.
- DFIDC staff, notably Chinese staff, are effective in dealing with Chinese institutions and good at grasping national conditions. As WCIDI progresses, it would be advantageous for DFIDC for more staff to have core competencies in modern diplomacy and policy and political work.
- DFIDC has forged effective relationships with a wide range of OGDs, especially Defra and the FCO. It also has a mutually beneficial partnership with the World Bank. The China-Africa work reveals a need for a greater emphasis on African ownership and involvement.
- Blending was an appropriate aid instrument when it was introduced in the CSP period. However, blending was a complicated instrument to negotiate, territory with which DFID was unfamiliar. DFIDC found that developing a loan project is highly resource intensive.
- There have been some good examples of M&E practice in DFIDC's projects, and DFID has been strongly committed to supervision, especially in projects co-financed with the World Bank. However the approach to M&E has not been consistent across the programme; nor has communication. Particular attention is needed to the way in which the WCIDI programme assesses its performance.

7. Conclusions

Context

7.1 China has demonstrated rapid economic growth and this has significantly changed living conditions within the country and China's place on the world stage. Between 2000 and 2005, China's GDP made an average annual increase of 9.5%. However, due to its size, and despite huge successes in poverty reduction, absolute numbers of poor in China remain high – 14.7 million in 2007 – and income inequality is rising. This is mainly an inter-regional phenomenon, with persistent poverty in the rural western and central provinces and remote mountainous areas, exacerbated by factors such as low education rate – with ethnic minorities, women, girls and the elderly all among the most vulnerable. Urban poverty is, however, increasing with large-scale rural-to-urban migration.

7.2 China is on track to reach the MDGs on poverty, hunger, literacy, and infant and under-five mortality rates. But China figures significantly in global achievement or non-achievement of the MDGs: over 16% of all children not in primary school are in China (MDG3); 400 million people in China are infected with TB (MDG8); almost a third of the world's population without access to adequate water and sanitation live in China (MDG10).

7.3 China is increasingly willing to work with international fora and be present on the world stage, for example, at the UN's MDG Call to Action and the UN Framework Convention on Climate Change (UNFCCC) Copenhagen Climate Summit. With China's emergence as an economic and political power, it has become a donor in its own right. The GoC has formed the Forum for China-Africa Cooperation (FOCAC) to oversee foreign policy in Africa, but China still retains its own understanding of development assistance – a mixture of aid, trade and loans.

Strategy

7.4 DFID's strategy for China, as expressed in the CSP and CAP that prevailed over the period under evaluation, was appropriate to the need, and relevant in the context of DFID White Papers, the UK-China Framework for Engagement and the 10th and 11th Chinese FYPs. With the benefit of hindsight, the CSP might have made some consideration of China and global issues, and the CAP more of climate change.

7.5 The CSP identified the need to address poverty in the western region, and targeted the MDGs broadly, focusing on improving poor people's education and health outcomes. This helped plug gaps in the 10th FYP, which was more growth- than poverty-oriented. The strategy also contained strong cross-cutting themes on gender equity, social inclusion and economic and social reform, much of which involved policy related initiatives.

7.6 The 11th FYP was more poverty-oriented, and thus the CAP correctly aligned itself more closely to working with national programmes, in support of China achieving the MDGs. There was a greater focus on hard-to-reach MDG targets, which had been left behind by China's growth, and on sectors where DFID recognised it had comparative advantage: in basic education, HIV and AIDS, TB, water resource management, and water supply and sanitation. However, the economic and social reform and deeper social equity aspects of the CSP got left behind. Thus parts of the programme designed under the CSP period, but continuing into implementation during the CAP period, have been under-appreciated as programme priorities have evolved. The three large MDB trust funds (together worth £16m) are a case in point, as

are a range of gender and social reform projects. The trust fund management was consciously left to the banks which were generally more specialist in these areas, resulting in DFIDC in an 'arms length' relationship, their attention focused on other priorities.

7.7 The CAP presented a good case for working with China on international development issues. This 'global player' work stream was new for DFIDC and the early strategy demonstrated some success (IPRRC), but for some areas there was a need to better identify realistic objectives (EITI and WTO). In particular the redesign of the WCIDI programme in 2007 – focusing on sustainable development, climate change and China-Africa – gave the right set of priorities. SDD and climate change chime well with China's concerns and China-Africa is important in helping DFID in Africa and African countries hit their MDG targets.

7.8 DFIDC's approach to China-Africa has been innovative and responsive. It absorbed the essence of Chinese reform – learning by doing. Given the challenging nature of the programme, good progress and results have been achieved. The nature of the China-Africa programme is very dynamic and is evolving fast. It is not just about South-South Learning and cooperation but also about the North-South Learning and dialogue.

7.9 Having a five year CAP permitted DFID to map out a strategy with a clear evolution of its engagement with China, giving a sufficient period of advanced warning of the change this implied. China is not enthusiastic about the change, but is pragmatic in recognising the reasons for it, and continues to want to work with DFID.

7.10 DFIDC adopted a good partnership strategy, particularly with the World Bank, WHO and UNAIDS. By working with these partners, DFIDC was able to leverage greater coverage and impact, through being able to influence projects with substantially greater funding, and through access to well established policy channels. The development of the 'blending' aid instrument during the CSP period was a pragmatic response to China losing its IDA status and access to concessionary loans. It ensured China continued to implement loan projects in social sectors, which DFIDC could influence through design and supervision. However, blending did complicate design processes and expose DFIDC to the unfamiliar territory of loan negotiation.

Results

7.11 Evidence from DFID's Annual Review ratings system, documentary review and interviews show that DFID's country programme in China has performed unusually well. The evaluation concurs with the IDC's view that 'DFID's programmes in China have been extremely effective.'

7.12 DFIDC has helped China with hard-to-reach MDGs, particularly through good targeting of disadvantaged groups – women, girls, ethnic minorities – across the MDG programme. Projects have piloted innovative approaches on the ground which have had strong government ownership and have been adopted and scaled-up by provincial and national governments. The MDG programme has also helped DFIDC to build relationships and a reputation with provincial and Beijing government stakeholders, demonstrate DFID's commitment to poverty reduction in China, and provide evidence and examples of good practices needed to influence behaviour, thinking and policy making at central levels in the Chinese government. It has helped DFID understand development in China, but DFIDC has not approached this learning in a systematic way across the MDG programme.

7.13 There were some good gender-related results in individual projects, but gender mainstreaming has not been substantially strengthened since the 2002 gender review, and is in particular weak in the WCIDI programme.

7.14 The WCIDI programme has demonstrated both practical, on-the-ground results, as well as policy level contribution. The interplay between practical support, for example on sustainable development and climate change adaptation, and high level inter-governmental dialogue is a key feature of the success. China values DFID's practical support and does not feel it is being lectured at or negotiated with.

Processes

7.15 To deliver the evolving programme set out in the CAP, DFIDC put into place a well-planned and transparent change management process and series of staffing structures declining year-on-year. DFIDC staff are well regarded and seen to be effective in dealing with Chinese institutions. However as WCIDI progresses, it would be advantageous for DFIDC for more staff to have core competencies in modern diplomacy and policy and political work.

7.16 The programme is structured into two distinct programmes and teams: MDG and WCIDI. The separation between the two programmes has widened potential synergies between the bilateral programme and DFIDC's work on international issues are not being fully realised. The MDG programme has been very successful, but is set to be all but complete by 2011, and, without a forward-looking aspect, is perceived of as the less-favoured part of the programme.

7.17 During the CSP period, DFIDC managed a large number of smaller projects alongside its larger ones. The programme now appears to have been efficiently organised into a small number of large projects in the MDG programme, plus the WCIDI programme. However there are 83 trust fund sub-projects and 45 WCIDI sub-projects/activities. Transaction costs are thus higher than envisaged as these sub-projects have a hidden demand-pull for advice and administration. They are also below the £1 million threshold for routine monitoring. There is also a risk of losing sight of the aggregate purpose and impact of this level of dispersed activity.

7.18 DFIDC has demonstrated that a 'piloting' approach works and is the right strategy in China, where the government has the wherewithal and resources to take successes to scale. It is how China develops itself, and it is a mechanism for donors to trial more risky and innovative approaches. However, piloting requires the combination of central GoC engagement to ensure policy uptake and practical demonstration of on the ground success at Provincial and County levels. This tangible evidence is necessary to influence GoC thinking.

7.19 Successful development in China requires building a partnership with the GoC. This takes time and involves demonstration of added value to gain credibility and consistent engagement using was of working sympathetic to China's systems. DFIDC has demonstrated this, and the credibility it has from the MDGs with key parts of the GoC, such as NDRCC, has in intangible ways benefitted the WCIDI programme as DFIDC is seen as a trusted partner.

7.20 DFIDC has forged effective relationships with a wide range of OGDs, especially Defra and the FCO. It also has a mutually beneficial partnership with the World Bank. But the China-Africa work reveals a need for a greater emphasis on African ownership and involvement.

7.21 The example of the UK-China SDD suggests that DFIDC is reasonably well set up for a 'beyond-aid' model. The office has worked competently with a dialogue and influencing model that works to a cross-government agenda, organised around high-level political

engagement and linked to the creation of space for substantive sectoral level activity. The model is operationally intensive in terms of staffing (Chinese and UK appointed), yet entails a relatively low spend. Considering corporate performance metrics, DFID corporately needs to recognise that this type of work cannot be compared to more normal bilateral country programmes on a like-with-like basis. However, there are areas in which the model needs further refinement, including how to balance cross-government and DFID's corporate priorities and how to maximise internal learning for multiple, low spending activities. The 'beyond aid' model also entails addressing trade-offs between a) promoting UK interests and expertise and b) international public goods and international best practice. The distinction is often subtle, but is real nonetheless, and is likely to become a bigger issue as DFID is more integrated with the rest of HMG.

7.22 The climate change work is not totally 'beyond-aid' in that the vehicle for adaptation work in particular has been bilateral development projects beneath the WCIDI umbrella. These projects do, however, demonstrate new ways of working, given their cross-governmental character and emphasis on working through others.

7.23 DFIDC has been successful, but the evidence base for demonstrating this is patchy and the CAP performance framework is weak. In the MDG programme, there is a reasonable record of evaluation and review, though not in education. In general, projects co-financed with the World Bank have been better assessed, and indeed the World Bank has a much stronger project review and evaluation culture than DFID. However, it is not clear that DFIDC has sufficiently reflected on the success factors in the MDG programme. With the MDG programme drawing to a close in 2011, there is time to commission a horizontal review of what worked and why.

7.24 In the WCIDI programme, indicators of success are inconsistent and varied in their relationship to DFID's agency in different dialogue and influencing processes. The programme needs a more clearly expressed theory of change, to which an improved M&E system can be linked. This could usefully draw experience from the FCO and British Council M&E systems.

7.25 DFIDC has been good at explaining itself and justifying its role in relation to DFID priorities as they emerge. However, there has been less attention to formal scrutiny of the programme than there might normally be in a DFID country programme. For example, having a five year CAP has meant that the programme has not been through the formal rigour of a normal triennial review and reformulation of the country strategy, nor quality assurance of that by a senior headquarters-based Country Plan team. Likewise, the annual reviews of WCIDI – a key programme – have all been conducted internally. It is recognised that this evaluation is being seen by DFIDC as undertaking some of the functions of a CAP review and external assessment of WCIDI, but DFIDC does need to encourage more independent formal scrutiny of its programme. DFID's Evaluation Department is promoting country-based 'decentralised evaluation' which may offer opportunities.

DFIDC's Comparative Advantage

7.26 DFID China is an organisation with a clear focus and its approach of letting others take lead responsibility in some areas is a real strength. It should note however that WCIDI has led it more into lead positions.

7.27 The China programme has been innovative both amongst donors in China and DFID country programmes globally. On climate change, DFIDC is widely respected in the donor community. And DFIDC is breaking new ground with its non-aid work in WCIDI, developing a multi-tiered approach combining studies, projects and high level dialogues.

7.28 DFIDC has identified opportunities to support China's development and been strategic in realising them. For example, China has had a crisis in health care reform, and HPSP was closely related to the reform and able to offer the right technical assistance which produced ideas that could be applied in the new health policy. However, it should not be overlooked that DFIDC has been greatly appreciated by China and partners for its ability to provide fairly flexible grant funds.

7.29 DFIDC has a strong reputation in China. It is credible to the GoC through taking a long-term perspective and standing by its principles, and applying practical experience and being flexible in application. DFID is also seen as being good at bringing people together and promoting holistic approaches. DFID is perceived to not be interfering and respecting country and partner priorities and ownership.

Future Plans

7.30 The evaluation is tasked with assessing DFID's strategy and performance in China over the past five years. It also has to make recommendations for improving the on-going programme. Given the aim stated in the CAP to conclude the programme of bilateral aid to China in 2011 and the IDC's recommendation that DFID should continue to provide limited funding for on-going development partnership with China, it would be an omission not to comment on this point.

7.31 Having an 'MDG programme' has much less relevance in China today than it did, and the decision to shift the relationship with China to one based largely on dialogue and cooperation on international development issues by the end of 2011 was correct, and other donors are following suit¹⁶⁰.

7.32 However, that does not mean that there is no need for working with China to support its development. This is predicated on three factors: i) while China has shown very strong pro-poor growth, it has rising inequality and continues to demonstrate some gaps in pro-poor social policy making, ii) there has not been a cogent vision for the exit from the MDG programme – projects close one-by-one, but there does not appear to be a plan for a cross-programme reflection, an integrated assessment of remaining gaps, or identification of the means to address these in the run up to 2015, and iii) working with China on its domestic issues greatly improves DFIDC's credibility and shows that it is serious in its commitment to development. This was stated by all stakeholders questioned during the evaluation. The counterfactual, i.e. not having a programme of this nature, is that DFIDC risks being seen as one and the same as the Embassy. This changes the nature of the relationship with China, and is likely to affect progress in other areas, e.g. the SDD and climate change.

7.33 As proposed by the IDC, there is thus a case for limited on-going support to China's development. This is not a clear cut separation between the MDG and WCIDI programmes. Much of what WCIDI is doing is of domestic relevance first and then secondly of global relevance, because of China's position in the world. This is not traditional bilateral aid, but rather a maturation of the MDG programme, in which China is supported in its remaining

¹⁶⁰ Germany's previous development minister, Heidemarie Wiecek-Zeul, announced in 2008 that she wanted to end the 'classic financial cooperation' with China. More recently the new minister, Dirk Niebel, confirmed in October 2009 that his government planned to honour a pre-election campaign promise, and to end official development assistance (ODA) of about €70 million a year to China. *Der Bild*, 30.10.2009

poverty reduction targets through access to high level technical advice, and that helps realise the full potential of policies and practices from the traditionally donor-funded MDG programme. This support could be envisaged as a window within WCIDI, much as climate change is, or set up as a facility or trust fund for China to access, along the lines of the DFID-World Bank ERIP/TCC5 trust fund. It would need to demonstrate continuity from the MDG programme and should be tightly bounded in areas where DFID has demonstrated a particular advantage, particularly health¹⁶¹ and HIV and AIDS¹⁶².

Lessons Learnt

7.34 A number of lessons emerge from the DFID programme in China and are identified in the evaluation. The most important are reflected here.

7.35 **SDD** - The SDD has provided useful lessons for working with **other UK government departments**. The SDD is 'owned' and funded by Defra. Having DFID implement a Defra programme has meant the dialogue has been managed by staff experienced in both development and the country context, greatly improving effectiveness. It has allowed the SDD, and Defra, to benefit from existing DFID – China relationships. Yet by having DFID staff funded by Defra, it has allowed the scope of the dialogue to be slightly wider, and to more easily identify areas of mutual Chinese and UK interest in sensitive spheres, such as illegal logging and climate change adaptation.

7.36 **CAP - A five CAP** has enabled DFIDC to map out a change strategy for the way it engages with China, and gradually evolve from a bilateral to a dialogue based relationship. Five years has given stability and consistency to the country programme, and avoided some of the triennial direction change seen in some DFID country programmes. However, a longer planning period does require a strong challenge from head quarters at least at its mid-point, which was not the case in China.

7.37 **Staffing** - DFIDC has had a slightly unusual staffing, in that three senior UK-appointed staff have each been in-country present for almost five years, spanning two strategy periods. The benefits have been the understanding of how a complex country like China works, development of good relationships with Chinese partners, and the opportunity to formulate a vision in a five year CAP, and see it through to delivery. The last point is the most significant – change has been planned, rather than a result of staff rotation. The consistency has been a benefit, but it is important that challenge is also encouraged.

7.38 **Working with MICs** - DFIDC has demonstrated how a non-aid based development relationship with a very significant Middle Income Country (MIC) partner can work. The operation of this programme has lessons for the rest of DFID, as a number of the countries in which it works approach MIC status; MECAD needs to ensure these lessons are communicated. Key aspects of this way of working include: DFID working in a close relationship with other parts of the UK government, helping to deliver UK government strategy; the need for a relatively high level of senior staff input in relation to the funds invested; and the need for

¹⁶¹ The Health 8 evaluation concludes that 'sustained attention is required to reduce equity gaps in the utilisation of health care services and achieve national health goals'

¹⁶² There is an urgent need to move from an infectious disease control model to a social response to the epidemic that embraces all relevant sectors. The greatest challenge to HIV prevention in China are the policy obstacles to effective harm reduction.

relatively small amounts of funding, spent strategically, across a range of complementary activities. These include high-level inter-governmental dialogues and on-the-ground activities, such as studies, small projects, exchange visits and expert seminars, all funded through a small grants mechanism. However, it is important that the spread of activities does not become diffuse, and that they cohere to an overall plan, which is monitorable.

7.39 The spread of engagement, including practical activities, has been important to avoid the Chinese perception of DFIDC being diplomats and negotiators – China distinguishes partners that are seen as technical agency and those which are more overtly political, even if they are part of the UK government. Nonetheless it has been seen that providing staff with ‘political and policy’ skills has been very beneficial to this ‘beyond-aid’ type of work.

8. Recommendations

For DFID at a corporate level

Recommendations for DFID corporately relate to how the China programme can benefit the rest of DFID. The WCIDI programme has broken new ground for DFID in allocating a major resource to engaging with a country in a non-aid, multi-tiered, dialogue-based relationship, which encompasses practical activities and senior policy level engagement and which involves DFID and other UK government departments. This way of working will become increasingly relevant as more countries approach middle-income status. DFID's programme in India already includes a 'global player' element.

1. DFID should review WCIDI as a case study of dedicating a significant part of a country programme to dialogue and influencing a country government on international development and working with OGDs. This review should collate the lessons about this way of working, which should be communicated in appropriate fora to the rest of DFID. Since the lessons from China are of particular relevance to MICs, this work is most relevant to MECAD. This is not about lessons from working with China, but lessons from non-aid based development cooperation.

The China-Africa work has progressed well, in understanding and communicating how China works in Africa. It has started to obtain engagement from DFID offices in Africa, but this is still uneven. It would certainly benefit from enhanced coordination with the Africa Regional Division in DFID and the African Country offices. Engagement with Africa partners is also patchy. There is a need for increasing direct engagement and strengthening relationships in both cases.

2. In order to raise further the awareness of China's role in Africa, specific goals focusing on engaging effectively with China could usefully be incorporated into country office objectives by the Africa Regional Division. This would serve to increase the appreciation of China amongst Africa staff, and create a valuable China-Africa knowledge network.

For DFID China

3. In Africa, China listens to its African partners. The China-Africa work stream would be strengthened by greater involvement of Africans in its direction. DFID should consider establishing an advisory panel composed of African, and possibly UK and Chinese, members to facilitate this.

DFID has learnt its way into WCIDI. The objectives for the second phase were more realistic, but the indicators were still not very measurable and varied in their relationship to DFID's agency in different influencing processes.

4. The WCIDI programme needs a more clearly expressed theory of change, to which an improved logframe and M&E system can be linked. This could usefully draw on the experience of monitoring and evaluating influencing, such as in the FCO and British Council M&E systems.

The CAP maps out an evolution of strategy, including bringing the MDG programme to an end through natural completion of projects, without commencing any replacements. However, this

gradual phase-out from MDG projects does not constitute a well planned graduation from the MDG programme.

5. DFIDC should identify a programme of reflection that looks across the whole MDG programmes. This should be both an integrated assessment of remaining gaps, and identification of means for China to address these in the run up to 2015, as well as an opportunity for DFIDC to capture the generic lessons from working with China.

The evaluation supports the case for limited on-going support to China's development. This would not be traditional bilateral aid, but rather a maturation of the MDG programme, in which China is supported in its remaining poverty reduction targets through access to high level technical advice, and that helps realise the full potential of policies and practices from the MDG programme

6. DFIDC should develop a window within WCIDI, or a parallel trust fund facility for China to access a limited amount of on-going support, mainly through specialist technical advice in the MDG areas. This should demonstrate continuity with the MDG programme, maintain DFIDC's relationships with key actors in government, and should be tightly bounded in areas where DFID has demonstrated a particular advantage, particularly health and HIV and AIDS.

It is implicit from the other recommendations here, but to state it clearly,

7. The WCIDI programme should continue as the core element of an on-going DFID programme in China.

Annex 1. Terms of Reference for Evaluation of DFID Country and Regional Programmes 2009-10

1. Introduction

- 1.1 DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out a number of Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference, (ToRs) set out the scope of work for the 2009/10 period and should be read in conjunction with DFID's draft Evaluation Policy.
- 1.2 The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the DFID Country Office, UK government and DFID senior managers. In addition we would hope that the reports would be of interest to partner country governments, other development partners and civil society. All evaluation reports are published externally.
- 1.3 Countries proposed for evaluation in 2009/10 are: Mozambique, South Africa and China. Each evaluation will use the countries' most recent Country Plan (CP), Regional Plan or equivalent, and related policy documents. Where the five year evaluation period spans two country plans, or other strategy documents, the evaluation will relate to both. It is anticipated that the country field visits will take place approximately as follows: Mozambique scoping June 2009; South Africa scoping July 2009; China scoping September 2009.
- 1.4 While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

2. Overarching objectives

- 2.1 The main objectives of the country programme evaluations are to assess:
 - Country strategy and links to poverty outcomes and DFID's corporate objectives
 - Choice of aid instruments
 - DFID's role as a development partner
 - DFID's success in implementing its country strategy
- 2.2 The CPEs will assess the DFID country programmes in terms of the standard DAC evaluation criteria - customised for individual studies. These criteria consider:
 - The **relevance** of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives
 - The **effectiveness** of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing
 - The **efficiency** with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments
 - **Coverage** – which groups are included/excluded from a programme, and the differential impact on those included and excluded. Related concepts include equity (including general equity and disability) geographic and social exclusion. How successful has the programme been in mainstreaming cross-cutting issues such as gender, HIV and AIDS and the environment/ climate change?

- **Coordination** – the intervention of a single agency cannot be evaluated in isolation from what others are doing, particularly as what may seem appropriate from the point of view of a single actor, may not be appropriate from the point of view of the system as a whole. Evaluating coordination includes assessing both harmonisation with other aid agencies and alignment with country priorities and use of country systems and accountability mechanisms.
- **Coherence** – refers to the need to assess other policies and programmes which affect the intervention being evaluated, for example, security, humanitarian, trade and military policies and programmes, as well as the intervention or policy itself.

And to the extent possible

- **Sustainability** – are the reforms/ changes supported by DFID’s country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency, voice and accountability improved?
- **Impact** – Did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?
- **Attribution** – Given external factors and the contribution of other stakeholders, overall how far did the country programme make a positive contribution to poverty reduction and the welfare of the poor? How good a development partner was DFID?

3. Methodology, Outputs & Timing

3.1 The consultants will produce one study report and evaluation summary (EvSum) for each country or region. The report shall be approximately 50-60 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.

3.2 The other outputs required from this contract include:

- Scoping reports detailing the way in which each individual CPE is to be carried out and including the key questions the evaluation will answer. The scoping report will be signed off by the country office and circulated to the relevant country director.
- A presentation of preliminary findings to country offices, and others e.g. country governments as appropriate, before the end of the fieldwork for each study
- A publishable synthesis report pulling together findings across individual evaluations.

DFID also requires access to the evaluation team’s interim evidence summaries, e.g. completed evidence matrices.

3.3 Each evaluation will involve a ‘scoping visit’ and ‘fieldwork mission’. EvD and the consultant team leader will undertake the scoping visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In some cases the scoping phase may be undertaken in the UK and the fieldwork may be organised a little differently depending on the country context.

3.4 The ‘scoping visit’ has four key objectives:

- i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work;
- ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and contribute as appropriate to the process;
- iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues; and
- iv. Ensuring the evaluation team has access to all relevant contacts and documentation - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners.

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- 3.5 Between the scoping visit and fieldwork the consultants will develop the key evaluation questions as appropriate for each sector to be covered and bearing in mind the DAC evaluation criteria.
 - 3.6 EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.
 - 3.8 The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have strong evaluation skills, understanding of DFID and the local context and ability in the languages of the country. The team should cover all the major sectors of the country programme and should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. In the interests of staff capacity development and training EVD may wish DFID staff members to accompany, or to be a full team member of, the consultant CPE team. In such a case additional terms of reference specifying the roles and responsibilities will be developed.
 - 3.9 During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists as appropriate. Web based surveys of staff and other stakeholders (e.g. other donors and NGOs) should also be considered. The evaluators will systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evidence matrix. One matrix should be completed for each main sector, pillar or thematic area, and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city to, e.g. include some beneficiary analysis are not a standard part of a CPE but we would encourage consideration of where this may be possible and how it would be undertaken in relation to the countries proposed for 2009/10. This will be further developed during the scoping phase for each study.
 - 3.11 It is our preference to receive the draft report within four weeks of the end of fieldwork. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against agreed criteria. All draft reports submitted should conform to the EvD style guide and checked for typos, formatting errors and consistency of data presented. The final draft should be of publishable quality.
 - 3.12 The Synthesis Report will be guided by a workshop scheduled for around April 2010 and a final report should be completed by September 2010. It is anticipated that there will be a further meeting between the authors and relevant DFID policy leads to discuss emerging recommendations, after the first draft report has been produced and considered by DFID. This will assist in building ownership for the synthesis report. The report should be finalised within three months of the date of the workshop - including an EvSum; a follow up dissemination event may be required.
 - 3.13 The consultants will work to the strict deadlines set out in these Terms of Reference and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables for example issues arising from the scoping visits must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved.

4. Competence and Expertise Required

- 4.1 One consultancy organisation or consortium will be appointed to deliver the outputs described above.

- 4.2 A managing consultant with extensive evaluation experience, strong project management and client liaison skills and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience. We would not expect the project manager to also be Team Leader on any of the CPEs.
- 4.3 Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided. EvD will arrange appropriate levels of security clearance for all Team Leaders and other team members as necessary.
- 4.4 Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/ region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need to be able to demonstrate expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems.
- 4.5 The consultancy team will have responsibility for:
- maintaining ethical standards in implementing the evaluation
 - managing logistics in country, with support from the DFID country office, to the extent mutually agreed in the respective Inception Visit.
 - the timely production of evidence-based conclusions, lessons and recommendations to demanding quality standards

5. Reporting and Dissemination

- 5.1 The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.
- 5.2 Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific dissemination arrangements will be determined on completion of each country report and synthesis.

Annex 2. Evaluation Questions - China CPE

Evaluation Criteria	Major Questions
<i>Development Strategy</i>	
Relevance	<p>Head questions: Did DFID undertake the correct analyses and make the right choices in making its country strategies for China? Was its strategy and approach relevant?</p> <p>Sub-question: Has DFIDC had the right portfolio mix (size, theme, intervention) to best achieve its objectives?</p> <p>Detailed Qs:</p> <ul style="list-style-type: none"> ○ What were the causes of the change in views/direction between CSP and CAP. What were the results of this? (eg rural poverty → MDGs & IDI) ○ Is the ‘bilateral + dialogue’ model the most relevant approach? (look at BRIC comparators) ○ Does DFID need a bilateral programme to have influence? If so, at what scale? Does having had a bilateral/MDG programme in the past have a future relevance? ○ How well has DFIDC located itself for a beyond-aid model? (teams, initiatives, UKAID, etc) ○ Does DFIDC have the right balance of effort and attention between the MDGs and WCIDI work? Is the balance between initiatives in WCIDI right? (SDD/CC vs CA) ○ Does DFIDC have the right balance of effort between China-Africa and China-near neighbours? ○ What has been the effect of having a 6 year plan period (as opposed to the normal 3)? And what has been the result of announcing in 2006 that the bilateral programme would finish in 2011?
Coherence	<p>Head question: What other policies and programmes influenced DFIDC’s programmes, and how well did DFIDC respond?</p> <p>Detailed Qs: Coherence with:</p> <ul style="list-style-type: none"> ○ Chinese 5 Year Plans ○ UK-China Framework for Engagement ○ DFID MIC Strategy (2002-2008)

Development Results	
Effectiveness	<p>Head question: How well did DFID implement its strategy? What results (outcomes and impacts) did the programme achieve?</p> <p>Sub-questions (effectiveness of approach):</p> <ul style="list-style-type: none"> ○ How successful has the <i>piloting</i> approach been in terms of both MDGs and policy? ○ What is the evidence of scaling? ○ How is M&E being used to capture this evidence? ○ How successful has <i>blending</i> been? <p>Sub-questions (effectiveness of as part of HMG):</p> <ul style="list-style-type: none"> ○ How well is DFID delivering its part of the UK-China strategy?
Coverage & Impact	<p>Head question: What higher level results did DFID's programmes achieve?</p> <p>Sub-questions:</p> <ul style="list-style-type: none"> ○ To what extent has DFID helped China hit the hard-to-reach MDGs? And how were these differentiated across target groups of the poor and excluded? ○ To what extent has DFID been able to influence Chinese domestic and foreign policy?
Sustainability	<p>Head question: To what extent are the benefits derived from DFID's programme in China likely to endure?</p> <p>Detailed Qs:</p> <ul style="list-style-type: none"> ○ To what extent has having a DFID lead on an OGD's programme worked (the SDD), and been replicable and sustainable? ○ See above questions on policy traction
	<p>Head question: To what extent can results, particularly PRC policy changes, been attributed to DFIDC?</p> <p>Sub-questions:</p> <ul style="list-style-type: none"> ○ To what extent is M&E being used to measure progress in the WCIDI / influencing work? ○ (How) Has DFIDC been able to justify the 'no-spend' / low-spend work on influencing using DFID's current metrics, or other measurements?

Development Processes	
Efficiency	<p>Head questions: How efficiently did DFID transform its resources into development results? How cost-efficient was DFID, and did it provide Value for Money?</p> <p>Sub-question: Why has the HR model (especially for UK staff) been atypical, and what has this meant?</p>
Coordination	<p>Head question: How good a development partner was DFIDC?</p> <p>Sub-questions (aid effectiveness):</p> <ul style="list-style-type: none"> ○ In a non-Paris/Accra and non-OECD environment, to what extent was DFIDC able to achieve aid effectiveness commitments? ○ What has been the significance of the Bank relationship ○ What has been DFIDC's comparative advantage a) as a donor/partner in China, and b) within DFID corporately? ○ How credible is DFID to the Chinese? How do they view DFID? <p>Sub-questions (lesson learning)</p> <ul style="list-style-type: none"> ○ Is DFIDC being effective in learning lessons from China for other developing countries, and for other parts of DFID? <p>Detailed Qs:</p> <ul style="list-style-type: none"> ○ Has there been sufficient evaluation and learning activity on parts of the 'China model'? Blending, piloting, moving to beyond-aid? (DD – piloting only makes sense if you evaluate) ○ Is enough being done for DFID corporately on learning from China's successes in poverty reduction? Do other parts of DFID recognise the successes of China and DFIDC? If no, is this a communications or a receptivity issue? ○ Does it matter? Snt Mgt do recognise China work. ○ Are China's lessons replicable elsewhere; do other countries have sufficient economies of scale? ○ Are the results from the MDG programmes being sufficiently exploited across the office (WCIDI and SSL)?
Lessons and Recommendations	
Derived from analysis of findings above	

Annex 3. People Consulted

DFID

Position

Climate Change Adviser

Coordinator – Illegal Logging Programme, Policy Division

Director – Pan Africa Strategy and Programmes

Director, MECAB

Economist – Africa Regional Department

Economist (then Policy Analyst)

Ex-Environment and Economy Adviser, DFID (now UNDP)

Ex-Water Sector Manager

Former Deputy Director, Asia

Former Education Adviser

Former MDG Programme Coordinator

Former Social Development Adviser

Former Water Adviser

Head – DFID Research

Head of DFID North and East Asia

Head of Low Carbon Development Team

National Coordinator UK-China, Social Development Division

Policy Adviser – Learning from China

Programme Officer SDD

Programme Officer SDD

Advisor PSD (Former Policy Adviser)

Chief Scientific Officer, Director Research and Evidence Division

Senior Economic and SL Advisor

Senior Fisheries Advisor

Senior Forestry Advisor

Senior Private Sector & Market Development Advisor, DFID Bangladesh

Water Sector Manager

Other UK Government

Position	Organisation
Counsellor	British Embassy
China Task Force Secretariat	Cabinet Office
Former Head of Sustainable Energy Policy Division	Department for Environment, Food and Rural Affairs (DEFRA)
Sustainable Development Department	DEFRA
Head of Climate Science and International Evidence	Department for Energy and Climate Change (DECC)
Head of Sustainable Development	DEFRA
Division Chief	Division of Policy Research, Ministry of Health
Economic & Trade Policy Counsellor	Foreign and Commonwealth Office (FCO)
First Secretary, Beijing	FCO
First Secretary, Political Section	FCO
Team Leader, China External and Taiwan Team	FCO
Climate Change Counsellor	FCO
Staff Member	Forestry Commission
Head of Development Policy Unit , International Development and Climate	HM Treasury
Division Chief	Ministry of Health, Department for International Cooperation

Director General	Ministry of Health, Department for International Cooperation
First Secretary	UKTI Life Science

World Bank

Position

Chief, Economic Unit & Lead Economist

Education Task Team Leader

Environment Sector Coordinator, World Bank, China

Former Project Officer, Pro-Poor Rural Water Resources Project

Operations Analyst / Trust Fund Specialist

Regional Coordinator (Manages the China-Africa Trust fund)

Rural Development Specialist, World Bank, China Watershed Management Project (CWMP)

Task Manager, Pro-Poor Rural Water Resources Project (PPRWRP)

Task Team Leader, World Bank, China

Washington Task Team Leader

Donors and Agencies

Position

Organisation

Senior Economist, Office of the Chief Economist	African Development Bank
Country Director	Asian Development Bank
Development Counsellor	AusAID
Senior Policy Officer	AusAID
Senior Programme Officer	Australian Embassy, Beijing
First Secretary (Development Cooperation)	Australian Embassy, Beijing

UN Volunteer funded by DFID under the jointly funded UNDP/DFID China Africa	China Africa Business Council, UNDP
EU Water Sector Manager	EU Delegation
Counsellor, Head of Dept – Economic Cooperation and Development	German Embassy
First Secretary	Swedish Embassy
Former First Secretary for Environment, European Commission Delegation to China	Swedish Embassy
First Secretary (Development Cooperation)	Swedish Embassy, Beijing
Country Coordinator	UNAIDS Rep China
Assistant Country Director (Ex-Advisor of DFID China water projects)	UNDP
Early Recovery& Disaster Risk Management Programme Analyst	UNDP Sichuan
Assistant Country Director	UNDP, Beijing
Programme Manager	UNDP, Beijing
Water and Sanitation Specialist	UNICEF
Water and Sanitation Specialist	UNICEF
Development Counsellor	USAID
International Economist	USAID
Economic and Financial Emissary	US Dept of Treasury
Regional Adviser; Gender, Women and Reproductive Health	World Health Organisation (WHO)
Staff Member	WHO
National Programme Officer	WHO
Advisor	WHO, Geneva
Senior Programme Management Officer	WHO

Chinese Respondents

Position	Organisation
Deputy Director General, International Liaison Department	All-China Women's Federation
Researcher - Climate Change	CAAS
Director, Research Centre for Sustainable Development	CASS
Project Director	CCICED
Director	Chengdu Gay Care Organization
Executive Director	China Africa Business Council
CCICED Secretariat	China Council for International Cooperation on Environment and Development (CCICED)
Deputy Director	China Health Economics Institute (CHEI)
Senior Engineer	China Institute of Water Resources and Hydropower
Former Project Manager	China/UK Urban Health and Poverty Support Programme
Professor and Director of Agrometeorology Institute	Chinese Academy of Agricultural Science (CAAS)
Dean of College of Humanities and Development	Chinese Agricultural University
Deputy Director, Department of Industrial Economics Research	Development Research Centre, State Council
Division Director	Environment Protection Department, Yunnan
Director	IPRCC
Division Chief	Ministry of Agriculture, China
Division Chief	Ministry of Civil Affairs
Senior Engineer	Ministry of Education - Foreign Investment and Loan Office
Deputy Chief	Ministry of Education - Foreign Investment and Loan Office
Chinese Embassy	Ministry of Foreign Affairs, China
Deputy Director General	Ministry of Health, Department of Policy and Legislation

Vice Director	Ministry of Health, Foreign Investment and Loan Office
Project Director	Ministry of Water Resources, China
Deputy Division Chief	Ministry of Water Resources, China – Department for International Cooperation
Deputy Director	Ministry of Water Resources, China WRDMAP
PMO Key Member	Ministry of Water Resources, China, CWMP
PMO Key Members	Ministry of Water Resources, China, PPRWRP
Director	National Center for AIDS/STD Prevention and Control
Deputy Director	National Development and Reform Commission (NDRC)
Research Fellow,	National Investment Institute, NDRC
Deputy Director-General, Depart of International Affairs	National School of Administration
Division Chief	NDRC
Division Chief, Department of Regional Economy	NDRC
Head of Programme	Save the Children China Programme
Staff Member	Sichuan Provincial Centre for Primary School Teachers Training
Staff Member	Sino-UK South-West Basic Education Project (Sichuan)
Project Manager (Deputy Director)	South West Basic Education Project
Staff Member	State Forestry Administration
PMO Key Member	State Office for Comprehensive Agricultural Development (SOCAD) Pro-Poor Rural Water Resources Project
Staff Members	Urban Health and Poverty Support Project, Chengdu
Project Manager	Water Resources Demand Management Assistance Project (WRDMAP)
National Project Manager	WB/DFID TB Control Programme
Project Leader - DFID-funded Timber and Forestry Project	WWF

Other Respondents

Position	Organisation
Manager	Cambridge Education
Director	Centre for China Studies, Stellenbosh University
Research Director, Energy, Environment and Resource Governance	Chatham House
Research Fellow, Energy, Environment and Development Programme	Chatham House
Project Manager of 1 st China/UK HIV/AIDS Programme (2000-2006)	Gates Foundation
Executive Director	Global Environment Institute
Secretary	Global Water Partnership
Secretary General	Global Water Partnership China
Research Fellow	IDS
Deputy Project Investigator (Former DFID Climate Change and SDD Team member)	Imperial College
Coordinator	Infrastructure Consortium for Africa, Tunisia
Research Fellow	Institute for Development Studies (IDS)
Reader in International Relations	London School of Economics
Member of China Task Force and Pro-Provost for China	University College London
Senior Lecturer in Natural Resources	University of East Anglia
Project Director – DFID funded project on timber and forestry	World Wide Fund for Wildlife (WWF)
China-Africa Policy Advisor	WWF

Annex 4. Staff Timeline – DFID China

Position	Grade	Start date		End date		2003	2004	2005	2006	2007	2008	2009
		month	year	month	year							
DFID HQ												
Director MECAB	Director		202	June	2007	[Blue bar from 2003 to mid-2007]						
Director MECAB	Director	April	2007		ongoing	[Blue bar from mid-2007 to 2009]						
Management Team												
Head of Office	Dep Director	August	2003	August	2011	[Blue bar from August 2003 to August 2011]						
Deputy Head/ Team Leader	A1	May	2003	May	2006	[Blue bar from May 2003 to May 2006]						
Head of Management NEA	A2	August	2008	January	2010	[Blue bar from August 2008 to January 2010]						
Programme Teams - Advisers												
MDGs												
Team Leader/ MDG	A2	March	2007	March	2010	[Cyan bar from March 2007 to March 2010]						
Education												
Education Adviser	A2	May	1999	September	2005	[Cyan bar from May 1999 to September 2005]						
Asst Education Adviser	A2 (L) SAIC	Oct	1999		ongoing	[Cyan bar from Oct 1999 to 2009]						
Education Adviser	A2	June	2005	April	2007	[Cyan bar from June 2005 to April 2007]						
Health												
Health Sector Manager	A2 SAIC	October	1999		ongoing	[Cyan bar from October 1999 to 2009]						
Health/ HIV Adviser	A2	May	2003	April	2007	[Cyan bar from May 2003 to April 2007]						
Water												
Water Sector Manager	A2	August	2003	August	2006	[Cyan bar from August 2003 to August 2006]						
Water Sector Manager	A2 (L) SAIC	April	2004	July	2008	[Cyan bar from April 2004 to July 2008]						
Water Sector Manager	A2	September	2006	July	2008	[Cyan bar from September 2006 to July 2008]						
Water Sector Manager	A2 (L) SAIC	December	2008	December	2010	[Cyan bar from December 2008 to December 2010]						
WCIDI												
Policy Adviser (previously PSD)	A2	April	2004	June	2007	[Cyan bar from April 2004 to June 2007]						
Policy Analyst/ China Int Dev (was Econ)	A2	June	2004	June	2011	[Cyan bar from June 2004 to June 2011]						

Position	Grade	Start date		End date		2003	2004	2005	2006	2007	2008	2009
Policy Adviser (with SDA responsibilities)	A2	September	2006	April	2009							
Policy Adviser/ Learning from China	A2	April	2009	April	2011							
Climate Change												
Climate Change Adaptation Manager	A2	June	2009	May	2012							
Climate Change Adviser	A2 SAIC	August	2008		ongoing							
Environment												
Envnt & Econ Adviser		October	2003	October	2006							
Senior Environment and SL Adviser	A1	July	2004	July	2011							
National Coordinator UK-China SDD	A2 SAIC	June	2009	December	2011							
Cross-cutting												
Economics / PSD												
PSD		October	1999	June	2004							
PSD (then Policy Adviser)	A2	April	2004	June	2007							
Economist												
Economist	B1 (D)	January	2003	June	2005							
Economist (then Policy Analyst)	A2	June	2004	June	2011							
Governance												
Governance Adviser	A2 (L) SAIC	June	2004	February	2007							
Social Development												
Social Development Adviser	A2	November	2000	July	2005							
Social Development Adviser	A2	June	2003	Aug	2006							
Assistant SD Adviser	B1 (D)	December	2005	September	2007							
Programme Teams – Programme staff												
Deputy Programme Mgr MDG	B1 SAIC	March	2004		ongoing							
Programme Officer/ Health	B2 SAIC	March	2001		ongoing							
Programme Assistant Health	C1 SAIC	March	2004		ongoing							
HD Outcome Manager	A2	March	2003	March	2006							
HD Outcome Manager	A2	March	2006	May	2007							
Policy Officer	B2	April	2003	April	2006							

Position	Grade	Start date		End date		2003	2004	2005	2006	2007	2008	2009
		Month	Year	Month	Year							
Program Officer	B1	March	2003	February	2006	█	█	█	█			
SL Program Officer	B2	May	2003	May	2006	█	█	█	█			
Deputy Programme Manager	B1 SAIC	September	2000	June	2008	█	█	█	█	█	█	
Deputy Programme Manager	B1 (D)	October	2003	August	2005	█	█	█				
Deputy Programme Manager	B1 (D)	October	2005	December	2006			█	█			
Deputy Programme Manager	B1	February	2006	February	2008				█	█	█	
Deputy Programme Manager Int Dev	B1 SAIC	June	2003		ongoing	█	█	█	█	█	█	█
Programme Officer/ Int Dev	B2 SAIC	June	2007		ongoing					█	█	█
Programme Officer SDD	B1 SAIC	May	2005	December	2011			█	█	█	█	█
Programme Officer SDD	B1 SAIC	September	2008	July	2010						█	█
Support Team												
Head of Administration	B1	March	2001	July	2004	█	█					
Head of Administration	A3	August	2002	September	2005	█	█	█				
Head of Administration	B1	June	2004	June	2007		█	█	█	█		
Information / HR Manager	B2 SAIC	July	2002		ongoing	█	█	█	█	█	█	█
ICT Manager	B2	October	2008	April	2011						█	█
OS Manager/ LCO	B2 SAIC	March	2004		ongoing		█	█	█	█	█	█
Accounts Manager	B2 (T/P) SAIC	December	2003		ongoing	█	█	█	█	█	█	█
Accounts Manager	B2 SAIC	March	2003		ongoing	█	█	█	█	█	█	█
Accounts Support Officer	C1 SAIC	December	2008	February	2010						█	█
Driver	C2 SAIC	June	2003		ongoing	█	█	█	█	█	█	█

evaluation period

Annex 5. DFID China Project Portfolio.

The following projects were live during the 2004–2009 evaluation period.

Project Title	Start date	End date	Commitment	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	PCR ¹⁶³ completed
EDUCATION										
Gansu Basic education				2,663,720	2,266,458	634,030	9,755	9,755	0	yes
Expansion of Gansu Basic Education Project	May-05	Mar-06	300,000	0	68,854	41,641	0	0	0	
Support to Universal Basic Education in Gansu	Apr-06	Mar-10	6,250,000	0	0	1,278,030	1,312,703	1,873,788	1,738,794	
Southwest Basic Education Project	Jun-06	Mar-11	27,000,000	0	0	598,017	2,877,285	5,890,250	7,214,549	
Basic Education in Western Areas Project	Nov-03	Dec-09	24,850,000	6,873,244	117,805	6,258,089	2,935,889	3,067,826	16,263	
Basic Education in Western Areas Project - Grant	Feb-05	Dec-09	1,750,000							
Tibet Basic Education Project 2002 - 2005				343,704	58,826	0	0	0	0	yes
9 Year Compulsory Education Support Project	Sep-05	Jul-06	1,000,000	0	589,925	204,705	0	0	0	
Yunnan Basic Education Project (Save the Children)				180,354	55,635					yes
National People	Jul-04	May-06	250	55,137	194,843	0	0	0	0	
Global Development Learning Network				226,000	0	0	0	0	0	yes
UNDP/DFID Distance Learning Project				675,705	271,917	228,133				yes
				11,018,544	3,624,264	9,242,644	7,135,632	10,841,619	8,969,606	
HEALTH										
SARS	Mar-05	Dec-06	50	1,263,222	8,800	0	0	0	0	
Health 8				2,501,567	3,322,675	3,817,057	249,758	249,758	0	yes
Urban Health				1,337,705	1,781,536	1,755,199	1,823,700	222,709	0	yes

¹⁶³ Project Completion Review

Project Title	Start date	End date	Commitment	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	PCR ¹⁶³ completed
TB Control	Mar-02	Sep-10	28,301,991	1,274,535	2,154,436	1,899,546	1,286,468	1,286,468	4,484,776	
Health Policy Support Project	Jan-05	Dec-09	6,150,000	370,000	200,046	1,059,326	1,241,741	2,722,803	239,590	
China Rural Health Reform	Jul-08	Mar-11	5,380,000	0	0	9,668	34,101	34,101	2,022,191	
Support for Intl Forum on Population & Development	Nov-04	Oct-04	28	28,233	-21	0	0	0	0	
UNFPA RH/FP project				49,200	0	0	0	0	0	
Support the National Health Service Survey	Mar-08	Sep-09	100	111,830	77,620	0	0	0	0	
Policy Support Project Design				26,933	60,569					
Development Research Centre Proposal				175,000						
				7,138,907	7,605,661	8,540,796	4,635,768	4,515,839	6,746,557	
HIV/AIDS										
HIV AIDS Roadmap Project	Apr-04	Dec-07	5,000,000	516,925	1,416,315	1,314,386	1,587,552	759,185	0	Yes
Global Fund DFID HIV/Aids Programme	Jul-06	Mar-11	30,660,000	23,092	152,791	1,155,263	7,281,979	5,896,066	5,184,363	
HIV/AIDS Prevention and Care(TC)				3,105,484	3,578,452	646,081	47,386	47,386	0	Yes
				3,645,501	5,147,557	3,115,730	8,916,917	6,702,637	5,184,363	
WATER										
WSDP				644,266	137,565	0	0	0	0	Yes
WRDMAP	Jul-05	Jun-10	9,390,590	86,240	957,399	1,985,421	1,413,859	1,255,287	1,399,577	
Rural Water Supply & Sanitation Reform Programme	Jul-07	Mar-12	15,722,346	0	266,282	212,112	1,632,033	1,632,033	2,655,000	
East Asia Sanitation Conference	Jul-06	Dec-07	85	0	0	85,000	0	0	0	
PPRWRP	Jan-04	Dec-09	7,292,533	1,647,936	1,139,467	2,155,239	1,244,746	1,244,746	3,262	
China Watershed Management Project				452,785	850,000	800,000	200,000			Yes
Global Water Partnership				526,650						Yes
Poverty and Environment Workshop				2,357						
Lhasa Valley Water and Sanitation Project				182,210	64,815					Yes
				3,542,443	3,415,528	5,237,772	4,490,638	4,132,066	4,057,839	
RURAL POVERTY										
PRCDP	Oct-05	Dec-10	21,980,000	414,238	2,546,261	2,267,776	4,147,711	6,603,840	4,535,693	
				414,238	2,546,261	2,267,776	4,147,711	6,603,840	4,535,693	

Project Title	Start date	End date	Commitment	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	PCR ¹⁶³ completed
ECONOMIC & SOCIAL REFORM										
World Bank Analytical Advisory Activities Project	Jul-02	Mar-10	5,464,387	800,000	1,800,000	1,400,000	600,000	600,000	0	
WB TCC5 TF: Economic Reform Implementation Prog	Apr-06	Mar-11	4,000,000	0	0	667,000	1,303,246	1,303,246	1,303,246	
China ADB TF (PRF - PRC)	Jul-02	Mar-10	5,464,387	36,247	2,064,495	2,012,628			-530,000	Yes
UNPD Fiscal Reform Mission and Workshop				0	8,513	0	800,000	-71,936	0	
Fiscal Capacity Building Project	Mar-05	Mar-09	2,800	405,268	350,000	1,200,000	650,000	650,000	0	Yes
China Gender Facility	Oct-04	Sep-07	450	450,000	0	0	0	0	0	
Gender Consultant China Programme				3,233						
PFA with All China Women				345,315	852,540	1,184,055	-79,344	-79,344	0	Yes
Unemployment Insurance Project (UIP)				603,125	2,267,338	0	0	0	0	Yes
IOM Migration Conf 2005	Mar-05	Apr-05	160	0	145,213	198	5,375	5,769	0	
ILO Anti-trafficking Project in China				0	500,000	900,000	0	0	0	Yes
Poverty and Environment Workshop				7,071	0	0	0	0	0	
Poverty & Social Devt Resource Centre	Jan-05	Mar-07	308	82,944	49,816	175,240	0	0	0	
Young Judges				39,438	0	0	0	0	0	
Promoting Access to Justice	Oct-05	Mar-09	410	0	39,091	48,705	0	0	0	
Social Security Reform Study				125,694	17,528	0	0	0	0	Yes
Poverty Finance Study	Jul-05	Oct-04	40	0	35,865	0	0	0	0	
Human Development Report	Feb-05	Jun-05	85	85,000						
Public Budget Programme	Mar-05	Dec-05	80			80,000				
China Project Development Facility	Nov-05	Mar-07	1,660		249,000	249,000				
Xiaokang Support Programme	Jan-06	Mar-06	500	0	500,000	0	0	0	0	
UN Beijing Trust fund				20,000	0	0	0	0	0	
Building Municipal Capacity				7,240	0	0	0	0	0	
2005 World Bank China Development Marketplace	Nov-05	Mar-06	10		10,000					
Second World Bank China Development Marketplace	May-08	May-08	15				15,000			
Design Save The Children PPA -Tibet	Dec-04	Jan-05	2							
				1,946	0	0	0	0	0	

Project Title	Start date	End date	Commitment	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	PCR ¹⁶³ completed
Envt & NR Pricing							-296	-296		
				3,011,159	8,889,398	7,916,826	3,293,981	2,407,439	773,246	
PSD										
State Owned Enterprise Reform Enterprise Dev Project				702,289	0	-8,674	0	0	0	Yes
Small and Medium Enterprise Development Project	Aug-05	Oct-08	800	36,338	115,364	183,564	234,448	331,970	0	
Intl Labour Organistn Start/Improve Yr Business Proj	Jun-04	Mar-06	1,700	1,700,000	0	0	0	0	0	Yes
Start and Improve Your Business Expansion	Jul-06	Jul-07	728	0	0	728,000	0	0	0	
China Project Development Facility					581,000	581,000				Yes
China seminar sept - oct 04				8,073	3,253					
				2,446,700	699,617	1,483,890	234,448	331,970	0	
ENVIRONMENT										
Yunnan Environmental Development Programme				1,245,173	987,476	-75,605	1,845	0	0	Yes
The China Council Task Force				327,229	223,794	229,146	0	0	0	
GEF Energy Efficiency Project				316,832						Yes
				1,889,234	1,211,270	153,541	1,845	0	0	
AFT										
Bohai Aluminium Phase I Plant Phase I				123,383						
Urumqi PTA Plant Pure Terephthalic Acid Plant				1,671,044	921,732	313,449	0	0	0	
COSCO Container Ships Ocean Shipping Company				145,106						
Yue Yang Power Station				684,930						
				4,295,506	1,843,465	626,898	0	0	0	
HUMANITARIAN										
Red Cross China Floods Appeal (R1509)	Aug-05	Mar-06	220		200,000					
Wenchuan Earthquake TA facility	Feb-09	Jul-10	1,000					70,195	457,825	
Livelihoods in Sichuan - 145542075	Aug-08	Jun-09	350					350,000		
Disaster Unit - 145615	May-08	Nov-08	1,000					997,415		
				0	200,000	0	0	1,417,610	457,825	

Project Title	Start date	End date	Commitment	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	PCR ¹⁶³ completed
WCIDI										
WCIDI (Prev. Global Player)	Sep-04	Mar-11	4,800,000	25,940	414,805	280,548	573,680	573,680	1,351,392	
Adapting to Climate Change in China (ACCA)	Apr-09	May-12	1,000,000						81,669	
				25,940	414,805	280,548	573,680	573,680	1,433,061	
UNALLOCATED										
Misc Community Services								259,944		
HOM Small Projects Scheme				115,940						
ODA Visits				0	1,599	22	0	0	0	
Advice/Field Managers				2,733						
Beijing: Translation fees				167						
Non-Attributable				0	66,124	35,562	0	0	-158,190	
Publication of Researches	Mar-08	Mar-08	11				11,000	11,000		
				118,841	135,445	71,168	11,000	270,944	-316,380	
TOTAL				37,547,014	35,733,271	38,937,589	33,441,620	37,797,644	31,841,810	

Annex 6. China's MDG status ¹⁶⁴

Goal and indicators	Results	Status
GOAL 2: Achieve Universal Primary Education <ul style="list-style-type: none"> ▪ Net enrolment ratio in primary education (% both sexes): ▪ Percentage of pupils starting Grade 1 and reach Grade 5 (% both sexes): 	99.1 86.0	On track –likely to be achieved
GOAL 3: Promote Gender Equality and Empower Women <ul style="list-style-type: none"> ▪ Gender parity Index in primary level enrolment (ratio of girls to boys): ▪ Literacy rates of 15–24 years old (% both sexes): ▪ Seats held by women in national parliament (%): 	1.0 99.3 20.3	Possible to achieve if some changes made
GOAL 4: Reduce Child Mortality <ul style="list-style-type: none"> ▪ Mortality rate of children under 5 years old (per 1,000 live births): ▪ 1-year-old children immunized against measles (%): 	24 93	Possible to achieve if some changes made
GOAL 5: Improve Maternal Health <ul style="list-style-type: none"> ▪ Maternal mortality ratio (per 100,000 births): 	45	On track –likely to be achieved
GOAL 6: Combat HIV/AIDS, Malaria and Other Diseases <ul style="list-style-type: none"> ▪ People living with HIV, 15–49 yrs old (%): ▪ Prevalence of tuberculosis (per 100,000 people): 	0.1 201	Progress status not given by UNDP
GOAL 7: Ensure Environmental Sustainability <ul style="list-style-type: none"> ▪ Land area covered by forest (%): ▪ Carbon dioxide emissions per capita (metric tons): ▪ Access to improved drinking water sources (% of total population): 	21.2 3.8393 88	Progress status not given by UNDP
GOAL 8: Develop a Global Partnership For Development <ul style="list-style-type: none"> ▪ Internet users (per 100 people): 	10.4	Progress status not given by UNDP

China is on track to achieve MDG 1.

¹⁶⁴ MDG Monitor. Last updated in November, 2008 based on *China's Progress towards the Millennium Development Goals—2008 Report*. http://www.mdgmonitor.org/factsheets_00.cfm?c=CHN&cd=156

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