



THE ASIAN DEVELOPMENT BANK

and

THE PEOPLE'S REPUBLIC OF

CHINA

A PRIMER

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A Primer**



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ACRONYMS

ADB	Asian Development Bank
ADF	Asian Development Fund
ADTA	Advisory Technical Assistance
CAREC	Central Asia Regional Economic Cooperation Program
CSO	Civil Society Organization
CPS	Country Partnership Strategy
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GONGO	Government-Organized NGO
IFIs	International Financial Institutions
Km	Kilometer
MLRM	Ministry of Land Resources Management
MoF	Chinese Ministry of Finance
MoFA	Chinese Ministry of Foreign Affairs
NGO	Non-Government Organization
OCR	Ordinary Capital Resources
PRC Fund	Poverty Reduction and Regional Cooperation Fund
PRC	The People's Republic of China
RETA	Regional Technical Assistance
RMB	Chinese Currency (Renminbi)
SEAC	State Ethnic Affairs Committee
SEPA	State Environment Protection Agency
SME	Small and Medium Enterprise
TA	Technical Assistance
US\$	United States Dollar

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ABOUT THIS PRIMER

This primer is organized into four main sections. The first section examines the relationship between People's Republic of China (PRC) and the ADB, and flow of money from the Bank to PRC. It also looks at the Bank's country strategy for PRC, as well as highlighting major trends in ADB project financing in PRC.

The second part of the primer looks specifically at the growing role of PRC in the ADB's regional economic integration programs like the Greater Mekong Subregion (GMS) Program and the Central Asia Regional Economic Cooperation (CAREC) Program, and PRC's contributions to the ADB's poverty reduction funds.

The third section of the primer considers the social and environmental impacts of ADB involvement in economic development programs in PRC, and considers three recent projects financed or earmarked for financing with ADB loans.

The final section of the primer outlines NGO involvement and engagement with the ADB over its operations in PRC from both Chinese and foreign organizations and provides some useful contact information of key figures within the Bank.

Data was gathered through the Bank's website, as well as news reports in Chinese and English, and reports published by civil society organizations involved in monitoring ADB operations. A small survey of ten NGOs in PRC was undertaken to inform and enhance the NGO engagement section of the guidebook.

All financial figures are in United States dollars unless otherwise indicated.

I. INTRODUCTION

The Asian Development Bank and the People's Republic of China (PRC) provides a general overview of the relationship between the People's Republic of China (PRC) and the Asian Development Bank (ADB). Despite being one of the Bank's largest shareholders – as well as one of their largest borrowers – there is low awareness among civil society groups in PRC and abroad about their relationship. This primer aims to make information about this more accessible.

For more than 30 years, PRC has been one of the world's fastest-growing economies. In 2007 alone, the Chinese economy expanded by over 11%.¹ In the same year, PRC's gross domestic product (GDP) was approximately US\$2,488 per capita. In official documents, the number of rural poor living below the official poverty line fell from 250 million in 1978 to just 14.79 million in 2007. This is quite a remarkable achievement in such a relatively short period of time and the marked increase in standards of living for large numbers of people is fairly obvious. But alongside with PRC's growth and development, rural poverty has persisted – at times exacerbated – and the country still faces a number of key development challenges.

From outside the country, ADB operations in PRC appear uncontroversial and uncontested. This could be for a number of reasons. Firstly, the Bank's in-country strategies and priorities are very closely aligned with that of the government. This can mean that any criticism – constructive or otherwise – of the ADB projects in PRC is seen as a criticism of the government itself.

The absence of public criticism, debate and engagement from Chinese civil society groups may be limited in part by the kinds of criticism they can make on the government's development agenda, due to restrictions on freedom of expression and association. But they are also limited by a general lack of information about what the ADB is, and what the Bank is actually doing in PRC. Another reason is that ADB investments in PRC are low compared to the size and complexity of the Chinese economy. This means that the power and influence that the Bank has in countries such as Laos, where it has a larger stake in the economy and therefore more influence with government is much lower in PRC. That is not to say however, that the Bank has little influence inside the government. The ADB and other international financial institutions (IFIs) financing provides cheap capital investments in key domestic projects, in a way “subsidizing” PRC's development. This means that the government is able to free up cash and resources for investments in other areas of the economy.

Chinese NGOs and civil society advocates have over many years raised the need for greater public participation in debating the implications of such large-scale development projects in PRC. These same groups also lament the absence of independent – meaning non-ADB, non-government sponsored analyses of what development program implications in fact are,² and what kind of development paradigm should ultimately be pursued in PRC.

Despite 30 years of “careful” ADB financing, the social and environmental costs of the kind of economic development pursued in PRC have continued to rise. This careful approach is largely pursued by the Bank due to Chinese wariness over the potential destabilizing social and economic effects of unplanned foreign investment, but also in part to avoid perceived conflicts with ADB policy. For example, some NGOs commented that the ADB does not touch projects involving controversial large-scale involuntary resettlement.

The ADB’s current strategy plan for PRC described in the primer does little to effectively address the main causes of poverty – development-induced displacement, widespread environmental degradation and weak local government – let alone work to address pressing PRC’s stake in global issues such as climate change. For example, some Chinese researchers contend that the majority of the millions of people displaced by large hydroelectric projects throughout PRC continue to live in poverty despite government and financier claims that electricity generation will naturally result in increased local economic activity and therefore incomes.³ What has happened in many parts of PRC is that increasingly powerful elite have increased their wealth, all the while lining the pockets of corrupt local officials, resulting further in the marginalization of poor communities.

The Bank dresses up the pursuit of its economic development model in PRC in the language of environmental sustainability and with its familiar slogan of “poverty reduction.” While PRC’s GDP has risen on paper over the years, only certain parts of Chinese society have benefited economically from globalization. PRC’s indigenous peoples and rural subsistence communities, especially in western and central provinces, continue to bear some of the worst impacts of PRC’s development model.

• **PRC’s Membership and Status**

PRC is the second largest shareholder among regional members (the first being Japan) and the third largest overall (after the United States and Japan). PRC joined the ADB in 1986 and holds 228,000 (6.43%) shares and 241,232 (5.44%) votes.⁴

PRC is currently the Bank's fourth largest borrower after Pakistan and Vietnam, and the second largest client for ADB private sector financing after India. In 2007, the ADB approved loans amounting to US\$1.8 billion for Pakistan; US\$1.4 billion for Vietnam; and US\$1.146 billion for PRC.

Top Recipients by Approval (Sovereign Loans) as of end 2007	
<i>Country</i>	<i>US\$ million</i>
Pakistan	2,072.0
Vietnam	1,525.8
India	1,397.2
PRC	1,327.2
Indonesia	1,051.2
Bangladesh	973.4
Philippines	595.5
Sri Lanka	475.6
Azerbaijan	256.0
Afghanistan	193.3

Source: ADB, Annual Report 2007

PRC sends missions to the ADB between two and three times a year as part of their review visits to assess implementation of technical assistance project funded under the PRC Regional Cooperation and Poverty Reduction Fund, as well as to keep updated with developments in regional economic development programs. This increased presence has been noted, leading one ADB official to claim, "PRC doesn't let ADB rest." PRC has been advocating an acceleration of the regional economic integration and cooperation programs and wants implementation of activities and initiatives to be accelerated.⁵

More recently, PRC has become a donor to the ADB. As such, PRC has become the first developing nation to donate funds to an international development organization through the establishment of a poverty reduction fund in 2005 and as a contributor to the Asian Development Fund (ADF). Some have argued that this is a strategic way to ensure greater regional support for the expansion of Chinese trade and investment in the region. For example, all of the projects funded under China's Poverty Reduction and Regional Cooperation Fund (PRC Fund) have gone to Greater Mekong Subregion member governments. This fund is discussed in more detail later.

II. ECONOMIC DEVELOPMENT IN PRC

For more than 30 years, PRC has been one of the world's fastest-growing economies. In 2007 alone, the Chinese economy expanded by over 11%.⁶ In the same year, PRC's gross domestic product (GDP) was approximately US\$2,488 per capita. In official documents, the ADB claims that the number of rural poor living below the official poverty line fell from 250 million in 1978 to 14.79 million in 2007. The ADB makes note of the fact that the Chinese government first implemented market-oriented economic reforms in 1978, and its success at reducing poverty since that time is evidence that PRC's particular approach to economic development has been, on the whole successful.

Somewhat conflicting with the free market philosophy of the Bank, the government of PRC remains firmly committed to pursuing a “socialist market economy” – a market economy that combines significant ownership of large state-owned industries alongside some private enterprise in a “free-pricing” market environment. Philosophical differences aside, this economic model has resulted in PRC recording some of the highest growth rates in GDP in the world.

Despite PRC's success in achieving economic growth and reducing GDP-based measurements of poverty, PRC continues to face a number of challenges. The ADB itself sees these challenges as being threefold. Firstly, imbalanced economic growth pattern where some parts of the country are developing at rates higher than others. This has contributed to a rising level of urban-rural inequality within PRC and has been the source of some social unrest, particularly in the poorer parts of the country.

Secondly, PRC faces challenges in both securing energy to fuel its continued economic growth while at the same time managing the harmful environmental consequences of cheap energy. Thirdly, PRC is yet to address the challenge of rising income inequality which has also contributed to social and political dissatisfaction in some parts of the country.⁷ While the Chinese economy remains poised to continue its economic growth, these problems remain very serious issues for the government and IFIs to overcome.

• Official Development Policy

The Chinese government's long-term development goal is to establish “a balanced and harmonious society.” PRC's official development policy, known as *ke xue*, has been described as a “scientific yet people-centered” approach to development.⁸ The 17th National Congress of the Communist Party (CPC), held in 2007 – amended its constitution to reflect *ke xue* into its program plans.

PRC's development model is defined in a series of Five-Year Plans. The objective of the current 11th Five-Year Plan (2006-2010) is to achieve 7.5% annual GDP growth while at the same time meeting the government's energy saving and efficiency goals. For example, by the end of 2010, the government aims to improve energy intensity by 20% and reduce sulfur dioxide (SO₂) emissions by 10% compared with 2005 levels.

In the 11th Five-Year Plan, goals are organized into seven thematic areas as follows:

- Revitalizing rural development and improving farmers' income;
- Reforming industry and promoting the service sector;
- Balancing regional development and urbanization;
- Developing environment-friendly society and conserving natural resources;
- Promoting science and education, focusing on human resource development;
- Stepping up structural reforms and good governance arrangements; and
- Strengthening international economic cooperation and opening the domestic Chinese market to more foreign investment.

These goals have been translated into a number of key projects. In transportation sector, six railways for passenger transportation (including more than 7,000 km of railway tracks in Western China), five inter-city railways, five railway upgrades, and 14 expressways have been planned. The government has also identified a number of projects for the transportation of coal and imported oil and gas (more than 25,000 km of pipelines), and iron ore. Transport systems at 12 seaports in eastern and southern China, as well as a number of shipping and airport projects, and a major industrial push in the western regions have also been identified under the plan.⁹

The current Five-Year Plan is focused on what the Chinese government calls achieving the "five balances." The five balances refer to efforts to achieve a balance between rural and urban development; inland and coastal development; economic and social development; people and nature; and foreign and domestic investment, which explains the increasing emphasis on investment in the western regions of the country. The ADB's country strategy for PRC, as we will see in more detail, is very closely aligned with PRC's official development goals and strategies, particularly in the western regions.¹⁰

III. ADB's COUNTRY PARTNERSHIP STRATEGY (CPS) FOR PRC

The ADB's last Country Partnership Strategy (CPS) 2007-2011 for PRC stresses rural development, environment, energy conservation, urban development and regional cooperation in close alignment with the 11th Five-Year Plan objectives of PRC government. The ADB claims that its current CPS for PRC is based on consultations with a variety of stakeholders – including the central government, certain provincial governments, other development financiers and donors, NGOs and the private sector.¹¹

The ADB's CPS for PRC has five key priorities. The first is to “kick start” investments in certain sectors, especially in transport infrastructure development and environment and energy efficiency, and to increase the overall role of private sector operators. The second priority is to include poor rural communities in development by targeting investment in rural areas and making “social development interventions.” The Bank defines social development as “equitable and sustainable improvements in the physical, social and economic well being of individuals and social groups, especially those socially or economically disadvantaged.”¹² The third priority of the ADB's strategy for PRC is on promoting regional cooperation and integration. The fourth and fifth priorities relate to managing environment risks and improving governance and preventing corruption.

The ADB's CPS for PRC has also given special emphasis on strengthening the role of non-government organizations (NGOs) in ADB-PRC efforts to reduce poverty. This has led to the implementation of the first joint ADB-, PRC-, NGO-funded poverty alleviation initiative with the Jiangxi provincial government (see page 29).

The Bank has provided a range of technical assistance grants to PRC (in addition to the project-based TAs) to produce a number of studies into primary health care strategy in rural areas, rural finance, health and HIV/AIDS, public nutrition, basic education, land degradation, energy, transportation and access to water and sanitation.¹³

The ADB's new PRC CPS for 2008-2010 is still being finalized, but the Bank is stating it will continue to facilitate private-sector led development and pursue environmental sustainability of industry. The ADB will also retain an emphasis on helping PRC government's participation in and contribution to “regional cooperation and integration, knowledge sharing and regional infrastructure initiatives” and increase its focus on development for the poorer central and western regions of the country.¹⁴

The Bank has earmarked around US\$5.06 billion in loans under the 2008-2010 CPS. Around 42% of this money is allocated for the development of transport infrastructure while 19% has been allocated to agriculture and rural development projects. Urban development, water supply and sanitation sector will receive 24% of the total earmarked loan funds, while the remaining 15% will support energy sector projects. Over 90% of lending will occur for projects located in the western and central regions.

The ADB has also earmarked technical assistance grants for 2008 of around US\$16.75 million. At least 10 such TA grants will be made for project preparation studies while the Bank will fund 16 advisory technical assistance grants (ADTAs). According to documentation available, eight ADTAs are directly related to funding initiatives to develop greater efficiency in the use of natural resources, ensuring a measure of environmental protection, and addressing the challenges of climate change.¹⁵

Overall, ADB financial assistance to PRC is relatively modest compared to the size of PRC's economy and the government's stated financing needs. ADB financing is also small in comparison to private foreign investment to the country.¹⁶ Because of this, ADB says it has focused its financing support in priority sectors of the economy (transport infrastructure, agriculture and energy) and funds what the Bank calls "dissemination of innovation, good practice and demonstration effects of projects." The Bank claims it does this because it is a way to maximize the ADB lending programs "development impact" and it is a way to pursue greater regional economic integration.

IV. OVERALL ADB FINANCING TO PRC

The vast majority of ADB loans and grants to PRC have been used to develop large-scale infrastructure projects such as roads, railways and power production. Although ADB loans and technical assistance have facilitated economic growth in PRC, they have not necessarily made any great impact on how that wealth has been distributed, or made meaningful efforts to ensure that wealth actually reaches the poor. The Bank is willing to lend money on commercial terms to support social sector projects, but according to observers, PRC government is not willing to sign loan agreements for projects that will not turn a profit, making it difficult, if not impossible for the ADB to finance direct, poverty reduction work.¹⁷

• Loans

PRC has received approximately US\$19.25 billion loans in total assistance since 1978.¹⁸ The Transport and Communications Sector has attracted the largest

amount of financing totalling 59 projects with more than US\$11 billion of loans. The second largest sector is the Energy Sector with 26 projects totalling more than US\$2.6 billion in loans. The ADB has financed 17 projects totalling 1.6 billion in financing to the Water Supply and Sanitation Sector.

The following table depicts the total loan amount made to PRC by economic sector since becoming a member of the ADB.

Cumulative ADB Lending to PRC (as of 31 December 2007)			
	Loans	Amount	
Sector	(no.)	(US\$million)	%
Agriculture and Natural Resources	13	1,142.60	5.93
Energy	26	2,680.70	13.92
Finance	2	80.72	0.42
Industry and Trade	9	1,044.80	5.43
Multisector	13	1,435.12	7.45
Transport and Communications	59	11,172.50	58.03
Water Supply, Sanitation and Waste Management	17	1,617.66	8.82
Total	139	19,254.10	100.00

Source: ADB, Annual Report 2007

The ADB acknowledges investments in infrastructure development as the main way to reduce poverty in PRC. As such, the Bank has a greater focus on financing infrastructure projects in rural areas, and especially rural areas of the central and western regions, where the Bank has decided to focus its activities.¹⁹

In 2007, the ADB made sovereign loans (loans to the government) amounting to US\$1,146.7 million. The Bank also made approximately US\$160 million in non-sovereign loans, and invested more than US\$57 million in equity stakes. The Bank also authorized a US\$107 million credit guarantee, and US\$200.0 million B-loan for PRC.²⁰

• **Recent ADB Loans to PRC**

Most ADB lending is made with ordinary capital resources (OCR) funds. This lending is paid in capital and provided by the Bank's members and reserves. Loans are usually made to developing member countries with higher economic development, like PRC and at times, to private sector organizations, including those in PRC. PRC is not eligible to draw on loans under the Bank's Asian Development

Fund mechanism as these resources are reserved for the Bank's poorest member States.

OCR loans have “near market” terms and the ADB attaches conditions and interest rates similar to international private banks for their public lending. The Bank generally uses market terms for private sector loans. Some small aspects of lending are concessional – meaning the length of a loan is longer, with smaller repayments, and payments spread over a longer periods of time.

The following section provides information about three large-scale infrastructure projects being undertaken with ADB financing in PRC's western provinces, and which will enhance the government's and Bank's plans to realize greater regional economic integration, meeting strategic transport, energy and water supply objectives.

BOX 1. *The Western Yunnan Roads Development II Project*

PRC's Ministry of Foreign Affairs (MoFA) and the Ministry of Finance (MoF) have placed great emphasis on completing the construction of the Kunming-Bangkok Highway via Laos, a component of the GMS North-South Economic Corridor initiative.²¹ Transport infrastructure projects with the GMS, and to a lesser extent CAREC, are a key component to realizing ADB economic goals and the Government's economic growth targets in PRC. Bank documents state that regional transport cooperation “will in some ways determine the future economic growth and development of the region.”²² The Western Yunnan Roads Development II Project, which is now briefly considered, is an important part of GMS regional transport infrastructure plans.

A high priority project in the Chinese Government's 11th Five-Year Plan and in line with PRC's Western Development Strategy aims to reduce “development disparities” between the poor western region and the developed coastal region. This section of the regional road project will complete the east-west road link leading to Myanmar/Burma and its ports. Already attracting a technical assistance special fund allocation of US\$400,000, this project is earmarked to receive a loan from Ordinary Capital Resources of US\$250.0 million (for approval in 2009). The Project will have widespread impacts on the environment, resettlement and indigenous peoples, which have not been fully explored or considered by the Bank to date.

BOX 2. *Kunming Qingshuihai Water Supply*
(formerly *Yunnan Kunming Municipal Water Supply*) Project

With a total project cost of RMB 1.863 billion, the ADB provided an US\$80 million loan to the Kunming Municipal Government for a municipal water supply project, the project deemed necessary due to extensive water pollution in Dianchi Lake, the reservoir currently providing water to the city. The Yunnan provincial and municipal government provided 30% of the total finance while the remaining RMB 0.696 billion was loaned by domestic banks. The first stage of the project will be completed in 2015, resulting in the supply 0.14 billion tons of water to Kunming. The second and final stage is scheduled to be completed in 2025.

The project involves collecting and transferring water from four locations on upper tributary streams to the Xiaojiang River, itself a first-level tributary of the Yangtze River. Water collection will involve two new dams in Banqiaohe and Shiqiaohe, and the raising of existing Xintianhe dam. The project also draws on water from the Tabizi Longtan spring. Water will be transferred through a network of tunnels and channels to the existing Qingshuihai Lake²³ which will provide an additional 170 million cubic metres of water annually to Kunming. The water will be available for industrial and to a lesser extent, domestic use in the New Airport Economic Zone, the Eastern Development Zone and Xundian County.²⁴

The project has been assessed by Bank consultants as having a minor impact on the environment, but will involve some resettlement. The Bank says that the only lastly potential negative environmental impact may be on the Xundian white fish, native to the lake. The project's draft resettlement plan estimates that 177 families will be resettled due to land acquisition and 494 homes will be demolished in 2 counties – specifically four towns, six administrative villages, and eight natural villages.²⁵ The social and environment impact report for the project indicates that a number of structures will have to be demolished, including 56,633.90 square kilometers (km²) of homes and 7,080.93 square kilometers of offices and institutional buildings.²⁶ It is not clear how much of the resettlement is voluntary or involuntary. Anecdotal reports from the planned resettlement area already indicate emerging issues with resettlement plans.

Please refer to the section on PRC's resettlement policy for a more thorough examination of resettlement policy issues.

BOX 3. Gansu Heihe Rural Hydropower Development Investment Program

The Gansu Heihe Rural Hydropower Development Investment Program will facilitate construction of dams for electricity generation in remote rural areas of Zhangye City of Gansu Province. According to the Bank website, this project has attracted US\$100 million in approved financing from OCR in three separate loans, two in US\$2006, the first for 50 million and the second amounting to US\$22 million approved in 2006 while a further 28 million was approved in January 2008. The project aims to provide “reliable, clean and affordable hydropower supplied to rural consumers in Zhangye City of Gansu Province” and has been assessed as having an impact on the environment and indigenous people, as well as involving resettlement.

PRC’s Heihe River basin located in the Hexi Corridor is considered a major source for hydropower generation. To date, the Chinese government has earmarked at least seven dam projects having needing investment in the river basin. If plans are fully implemented, these projects would involve resettlement and have a widespread environmental impact.

• Technical Assistance

PRC received about US\$20.5 million for 33 technical assistance (TA) grants in 2007. The following table represents the TAs made to PRC in 2007 by sector.

Technical Assistance Approvals to PRC (as of end December 2006)²⁷	
Sector	Amount US\$ million
Agriculture and Natural Resources	5,481,300
Education	4,700,000
Energy	36,395,950
Finance	25,960,000
Health, Nutrition and Social Protection	3,700,000
Industry and Trade	25,218,000
Law, Economic Management and Public Policy	36,454,400
Transport and Communications	51,087,000
Water Supply, Sanitation and Waste Management	17,706,000
Multisector	17,687,000
Total	270,389,650

Source: List of Approved TAs by Sector as of end 2006²⁸

• **Recent Trends in Technical Assistance Granting to PRC**

The ADB has focussed its technical assistance granting in recent years on assisting the Chinese government to “build an enabling environment for the private sector.” The Bank has provided TA grants in two major areas: 1) developing laws, policies and institutions; and 2) developing a policy framework for Small and Medium Enterprises (SMEs) and facilitating their access to financial resources. The ADB aims to create a more transparent, rules-based system in which the private sector can operate which will attract more investment and ultimately flourish.

While there are more than eight million SMEs active in PRC’s industrial sector, over six million are private businesses. However, less than half of one percent of loans from Chinese banks to industry is being accessed by privately-owned SMEs. The Bank highlights the lack of access to financial resources as one of the most significant barriers to SME growth in PRC today.

The ADB has funded a number of TA projects to develop the kinds of laws and regulations necessary for a “well functioning market economy.” The Bank drafted the 1999 Securities Law and the Land Administration Law and PRC’s 2001 Trust Law, and remains involved in drafting laws relating to the operation of companies, bankruptcy and social security among others.

The Bank also works closely with PRC to support the latter’s efforts to meet WTO standards, so far supporting the development of foreign trade laws and regulations compatible with the WTO principles, rules and obligations. A number of other activities supporting in meeting WTO obligations such as establishing regulations the foreign investment in the form of mergers and acquisition of companies and making legal information about these subjects more publicly available.

With the All China Federation of Industry and Commerce, the ADB is supporting efforts to identify and promote policies that facilitate the growth of a market-based economy and provide basic business courses for private entrepreneurs in PRC. The Bank will also support studies looking at the status of private sector development and identifying future opportunities for further development of this sector.

V. ADB AND PRIVATE SECTOR INVESTMENT IN PRC

The ADB's total private sector operations in PRC comprise only four project loans amounting to US\$151.5 million and four equity investments worth US\$69.3 million. The Bank approved two loans for the Pearl River Power Project in Guangdong and the Meizhouwan Power Project in Fujian Province. The remaining two private sector loans are for a water supply projects in Chengdu and the other to China Water Utilities Group for small-scale water supply projects across the country. The most recent private sector loan was for US\$35 million to support the water supply activities of the China Water Utilities Group in 2002. The loan was made to fund a part of a water infrastructure development facility supporting finance small-scale projects in the water supply and wastewater sector in PRC.

• Co-financing Arrangements

To help ensure greater private sector investment in Chinese private sector projects, the ADB has a number of mechanisms to help build investors confidence in projects otherwise considered risky. For example, the Bank issues political risk and partial credit guarantees which insure private investors against commercial and political risks for some of a borrowers' debt repayments. In PRC, under its complimentary financing scheme, the ADB arranged US\$150 million in additional funds from private investment for the Meizhouwan Power Project. The Bank arranged a further US\$21.5 million of co-financing for the Chengdu Water Supply Project under similar conditions. A further credit guarantee for a Multiproject Energy Efficiency program was table for Board approval in November 2007.²⁹

• Equity Investments

Most ADB equity investments in PRC have occurred in the financial sector. In 2000 for example, the ADB made an equity investment of US\$25 million in a US\$150 million fund to supporting Chinese SMEs, along with additional private funders from Hong Kong and the United States. The fund is designed to increase the competitiveness of SMEs in healthcare, consumer products, building materials and automotive parts industries through better corporate governance and management practices.

In October 2002, ADB approved a US\$10 million equity investment to establish PRC's first venture capital fund dedicated to the environment sector. Known as the China Environment Fund, businesses that treat hazardous/ medical waste conduct environmental monitoring or provide services for water sector, air pollution control and solid industrial waste recycling, may access funds to expand their operations.

Private Sector Investment/Loans in PRC (as of end December 2002)				
Name of Company	Amount Approved (US\$ million)			Year
	Loan	Equity	Total	
Xiamen International Bank	-	10.3	10.3	1991
China Assets Holdings	-	4.0	4.0	1991
Guangzhou Pearl River Power Company	50.0	-	50.0	1992
China Everbright Bank	-	20.0	20.0	1996
Fujian Pacific Electric Co., Ltd (Meizhouwan Power Project)	40.0	10.0	50.0	1998
Chengdu Generale des Eaux-Marubeni (GEM) Waterworks (Chengdu Water Supply Project)	26.5	-	26.5	1999
Liberty New World China Enterprises	-	25.0	25.0	2000
Water Infrastructure Development Facility	35.0	-	35.0	2002
China Environment Fund	-	10.0	10.0	2002
Total	151.5	79.3	230.8	

VI. PRC'S CONTRIBUTION TO ADB FUNDS

• Ordinary Capital Resources (OCR)

Funding for OCR – the Bank's main pool of money available for loans, comes from three places. Firstly, funds that have been borrowed from private placements and capital markets by the ADB. Secondly, "paid-in capital" provided by shareholders (members of the ADB), and thirdly, accumulated retained income (or reserves). PRC's paid in capital stake in OCR was recorded at over US\$200 million in 2001, representing more than 31% of capital from borrowing member countries.³⁰

• Asian Development Fund (ADF)

The Asian Development Fund (ADF) makes low interest loans to the least developed borrowing member governments of the ADB. Funds are contributed by donor governments who decide how much to add to the fund every four years. In 2004, donor governments agreed that 5% of ADF money could be used for subregional programs and projects, rather than just countries-specific activities, however all loans are still made to individual countries. At the end of June 2008, the ADF was worth US\$31.3 billion, contributed by 32 Bank members. The largest contributors are Japan, the United States, Germany, Canada, Australia, France and the United Kingdom. In 2005, PRC made a contribution of US\$30 million to the Asian Development Fund.

- **Regional Cooperation and Poverty Reduction Fund (PRC Fund)**

PRC made US\$20-million commitment to a special fund known as the Regional Cooperation and Poverty Reduction Fund from 2005-2009. The goal of the Fund is to “accelerate economic growth, spur private sector development, promote peace and order, and provide regional public goods that address joint constraints and opportunities (like) communicable diseases and environmental degradation.”³¹ As of 31 December 2007, 31 project proposals amounting to US\$11.7 million have been approved by the PRC Ministry of Finance (PRC-MOF), the approving body of the PRC Fund.³² The projects have largely been for technical projects for such things as monitoring and evaluation, negotiation, design and implementation of free trade agreements. The bulk of projects have been for GMS initiatives, while CAREC and ASEAN +3 have been able to access funds.³³

VII. PRC AND THE ADB’S REGIONAL ECONOMIC COOPERATION PROGRAMS

“All GMS [*Greater Mekong Subregion*] countries are close neighbors of China. Nourished by the same river, our peoples have fostered long-standing friendship. As we Chinese often say, ‘A close neighbor is more helpful than a distant relative.’ We are resolved to work together with other countries to further consolidate and develop our traditional friendship and constantly expand our equal-footed and mutually beneficial cooperation so as to jointly foster a secure and stable regional environment, thus paving the way for regional economic and social development.”³⁴ (*Wen Jiabao, Kunming 2005*)

PRC has been an active participant in the ADB’s regional economic cooperation and integration programs – the Greater Mekong Subregion Program and the Central Asia Regional Economic Cooperation Program. Both programs have provided funds for transport infrastructure projects in Western China, itself an important geographical link between two regional trading “hubs” and closely aligns with the ADB’s country strategy and program for PRC. PRC’s support for both regional programs has developed alongside its own bilateral aid program and increasing Chinese private investment to GMS and CAREC member countries.

- **GMS Program**

The Greater Mekong Subregion Program was started by the ADB in 1992 as an ambitious economic cooperation program among countries previously in conflict with each other. The program is made up of a large number of initiatives, sectors,

programs and projects all aimed at creating a single GMS market through developing integrated infrastructure networks and increasing trade. One such program is the Regional Power Interconnection and Trading Arrangements program which establishes a trade in electricity and funds a range of electricity generating and transmission line projects.

The ADB first started lending money to governments under the GMS for “hardware” projects in transport and energy infrastructure. Later, the Bank added an emphasis on “software” issues – such as loans and grants to remove trade barriers between countries and harmonization of national laws, regulations and policies. To date, the vast majority of GMS funds are allocated to the transport and energy sectors. PRC has received a total of 8 loans under the GMS program mostly for road developments and railway improvement projects. The ADB contributed US\$1,532 million to these projects, while the Chinese Government itself provided 2,586.2 million in funds. Other financiers, such as the Agence Francaise de Development and the China Development Bank, among others, have provided 1,125 million in funds for GMS badged in China.³⁵ PRC Government also contributes funds to several other projects in transportation sector under the GMS framework to boost Kunming’s role as a regional transportation hub.³⁶

PRC and the ADB share a vision for the GMS program to integrate the economies of Yunnan and Guangxi Provinces of southwest China – both geographically landlocked and therefore dependent on neighbors to develop and expand trading markets – with the Mekong region to achieve economic growth. PRC has been an enthusiastic backer of the proposed Kunming to Bangkok highway via Laos, a key component of the GMS regional roads network and the North-South Economic Corridor initiative. Beyond direct economic benefit, PRC views the GMS program as a means to advance its regional leadership aspirations through “strengthening economic interdependence.”³⁷ Along with greater trade relations, PRC also hopes that all its regional trade partners will benefit from PRC’s economic ascendancy, thus generating a mutual interest in PRC’s continued growth.³⁸

Prior to 2002 when the Chinese Premier attended the first GMS Summit, Chinese interest in the GMS program mainly lay in the two provinces formally involved in the program, Yunnan and Guangxi. At the second GMS Summit, which was hosted by PRC in Kunming, Chinese officials played a greater role in setting the Summit agenda and program priorities. For example, at this Summit, PRC led efforts to establish the GMS program’s core environment program; a number of human resource development initiatives agriculture partnerships and a number of initiatives in telecommunications, trade facilitation, renewable energy and rural electrification sectors. Despite this diversification of interests, infrastructure has

remained the key priority of PRC.³⁹ It is clear that much greater interest now comes from the central government in Beijing and PRC has gone, according to research conducted in 2006 with ADB staff, “from being a ‘silent to significant partner.’”⁴⁰ in the GMS program.”⁴¹

• CAREC Program

Initiated later in 1997 on the back of successes with the GMS program, the ADB established the Central Asia Regional Economic Cooperation (CAREC). The Bank claims that the program will “improve living standards” and “reduce poverty” by pursuing economic globalization and growth in eight countries – Afghanistan, Azerbaijan, PRC – (particularly Xinjiang Uygur Autonomous Region), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan. The Bank aims to facilitate more efficient and effective regional economic cooperation. To date, the Program has focused on financing infrastructure projects and improving the region’s policy environment in transport, energy, and trade, in a similar fashion to the GMS program. CAREC’s transport corridor projects, as in the GMS program, would link these countries physically to PRC, but also create opportunities for PRC to exploit the region’s hydropower, coal and oil resources for their own benefit, meeting PRC’s demands for cheap energy while keeping the environmental impacts of these projects out of the country.⁴²

VIII. PRC AND THE ADB SAFEGUARDS

The ADB has three key Safeguard Policies meant to ensure that vulnerable groups and the environment are not unjustifiably threatened by Bank-funded projects. The Bank’s involuntary resettlement policy says that if possible, forced resettlement should be avoided and that resettlement plans should be developed in consultation with affected communities.⁴³ The policy also states affected communities should be told of plans to resettle them, and that they should be given appropriate land, housing, infrastructure and other compensation in order to re-establish their lives. Secondly, the indigenous peoples policy says that the ADB should engage directly with indigenous people and that their full, prior and informed consent should be given before project that affect their lands and livelihoods are implemented.⁴⁴ Thirdly, the environmental policy says that the environmental impacts of projects should be evaluated and minimized and that the public should be both consulted and informed about those impacts.⁴⁵

It is unclear to what extent the ADB Safeguards have worked to protect the environment and vulnerable communities in PRC due to a general lack of information available on the topic. However, it is known that in order for projects

financed by ADB, a country, theoretically, must have its own Safeguards and that they must be at least equivalent to ADB's social and environment protection measures (information on PRC's national Safeguard Policies appears in the succeeding pages). The ADB must also make sure that a member has the capacity to implement and monitor the Safeguard Policies properly before making loans and grants. It is not clear if safeguard issues have played a role in the Bank limited or withdrawing support for any projects in PRC, but some reports have been issued by the Bank mentioning ongoing problems in the operation of national level Safeguards.

When informally researching awareness of the ADB and its Safeguard Policies among NGOs in Yunnan province and Beijing, the author found a very low level of awareness and understanding, even among NGOs involved in ADB poverty reduction initiatives. Social and environmental impact assessments on ADB funded projects appear more widely available in English, for an international audience, rather than for Chinese communities being impacted by projects. One NGO worker interviewed stated that as an ordinary citizen, "no one really knows if the ADB's social and environmental impacts assessments are actually released in PRC or how to get this information." Efforts to contact the resident mission in Beijing to obtain information about the three projects highlighted in this report were not fruitful. Chinese NGOs, however, seem to be able to better access information from the Bank's headquarters in Manila, especially when partnering with organisations outside of PRC.

Some NGOs stated that the ADB is not scrutinized as much by Chinese NGOs in PRC because they are considered to be a relatively small financial player. Civil society advocates note that most large-scale development projects in PRC are monopolized by state-owned corporations and local government. As ADB loan criteria is considered much less attractive in the competitive banking sector, the Bank has traditionally funded smaller, less profitable projects. These smaller projects have arguably lower social and environment costs. But a thorough analysis of the actual social and environmental costs of ADB activities in PRC is yet to be undertaken.

The lack of an independent groups undertaking regular tracking and monitoring of ADB funded projects in PRC also contributes to this gap. Groups are however starting to show some interest in learning more about the Banks operations both in PRC and abroad, and both the constructive and destructive roles that PRC is playing in regional economic cooperation initiatives.

• Addressing Ethnic Minority Issues

Chinese ethnic minorities are granted a degree of autonomy from the central government in managing some of their affairs. The Decision of the Standing Committee of the National People's Congress on Amending the Law of the People's Republic of China on Regional National Autonomy (Order of the President No. 46) provides the framework for managing this autonomy.⁴⁶ Order No.46 was specifically amended in 2001 to give priority access privilege to autonomous areas for development financing. However, while development financing has occurred in the Western provinces, ethnic minorities have not always been able to access income and other benefits generated by these projects. Independent studies are needed in this area to fully explore the barriers that exist to benefit sharing to ethnic minority groups.

A major study commissioned by the ADB into development issues in PRC's western regions, *China 2020*, identifies two ethnic minority issues that need urgent special attention and a response by Government – firstly, emerging minority unease over planned developments for the Western Region and secondly, concerns about what the Bank terms “establishing market forces.”⁴⁷ The report highlights the need for more meaningful participation of PRC's ethnic minorities in the Western region labor market. According to the Bank, this entails “a combination of language, education, affirmative action, and participatory interventions” targeting young people. The Bank also acknowledges that these interventions are necessary as minority groups who are supposed to benefit from economic development in the Western Region doubt whether it will improve their lives and may vocally reject the proposed developments.

• Addressing Environmental Protection Issues

In recent years, the Chinese government has passed numerous environmental laws and regulations. Most recently, PRC passed a law outlining how Environmental Impact Assessments should be managed and reported on. Since 1989 when the first environmental protection law was passed, eight additional laws for environmental protection, 14 laws for the management of natural resources and at least 35 regulations on environmental protection have been made, while environmental protection authorities have publicized over 100 national environmental protection regulations and more than 1,000 local ones.⁴⁸ Not surprisingly, according to the Bank, environmental bureaus managing land resources and forests in the western regions have taken on new responsibilities sometimes in relation to unfamiliar law

enforcement roles. According to the China 2020 Report, environmental protection officials through the western regions “are discharging difficult tasks, including law enforcement, in a field where there is yet little organizational experience and in consultation with an interested community (including the regulated industrial community), which is substantially uninformed on environmental laws, issues, policies, and objectives.”⁴⁹

• Addressing Resettlement Issues

PRC struggles with issues of involuntary resettlement. Chinese observers note that displaced people are invariably resettled on less fertile lands, away from rivers and rarely receive the full compensation they are promised.⁵⁰ Corruption of local officials involved in resettlement efforts is considered a widespread and pressing problem in PRC by the central government, the Bank and civil society. For example, PRC’s state audit office reported in 1999 that millions of dollars in compensation funds for resettled communities was being embezzled by local officials.⁵¹

The Chinese law dealing with resettlement – the *Regulation on Land Requisition Compensation and Resettlement of Migrants for Large and Medium Water Conservation and Power Construction Projects* – stresses that involuntary resettlement should be pursued only as a last resort. Chinese policy makers have set in place mechanism for pre-compensation, subsidy and post-financial support for resettled communities but the policy does not detail how agencies are to guarantee indigenous people’s access to benefits from projects and the kinds of negotiation process that should occur between the authorities and resettled communities.

Another problem with the resettlement process for people affected by large-scale development is that there is little public participation. This is most evident in the monitoring and evaluation (M&E) process around resettlement plans. M&E is usually undertaken by the project implementing authority itself, not an independent agency, which many believe contributes to the level of official corruption.

Case studies commissioned by the ADB in 2006 prior to an evaluation of the Banks involuntary resettlement policy showed that, over time more attention is being paid to resettlement in ADB’s projects in PRC, and that overall compliance with ADB’s Safeguard Policies has been improving. The report concludes however, that “strict compliance with ADB’s policy has been variable” but public satisfaction with ADB resettlement plans are “high.”⁵² The ADB’s China 2020 Report however, clearly identifies the need for increased transparency combined with widespread participation of displaced communities in development decision-making process to more seriously address some of PRC’s resettlement policy challenges.⁵³

• **The ADB Safeguard Policy Consultation in Beijing**

For the first time, consultations on an update of the ADB's environmental and social Safeguard Policies were held in Beijing. In February 2008, invited representatives from Government, civil society, universities, development agencies and the private sector attended a two-day meeting on how to strengthen the effectiveness of ADB Safeguards. At the meeting, officials from three Government agencies – the State Environmental Protection Administration (SEPA), the Ministry of Land Resources Management (MLRM), and the State Ethnic Affairs Committee (SEAC) gave presentations on their own safeguards system and experiences. The ADB appears ready to work with PRC government to strengthen and apply China's domestic Safeguard Policies; however the precise details of ADB measures to address this with the Chinese government remain unclear. While these domestic arrangements to protect vulnerable communities and the environment are lacking, and while communities have little or no access to information about Bank Safeguard Policies, protection of indigenous peoples and the environment, and meeting the needs to resettled communities will remain difficult.

According to a participant who attended the consultation, Chinese NGOs suggested numerous ways to improve Safeguard mechanisms for ADB-funded projects. The conference was thought to be a good first opportunity, if only for a select group of NGOs, to learn more about ADB's operations in PRC and was considered a good first step that they hope is replicated continually in their future work in PRC.

IX. CHINESE CSO/NGO ENGAGEMENT WITH THE ADB

ADB projects, as well as the model of development pursued by the Bank in Asia, have been widely questioned and criticized by civil society and affected peoples groups in the region. Some ADB projects have even been postponed or cancelled due to lack of community support. A widespread lack of understanding in the NGO sector about the role of international financial institutions in influencing Chinese development, and to a lesser degree the cooperative relationship required between NGOs and the Chinese government, has resulted in a situation where Chinese NGOs are either unable or reluctant to criticize ADB activities in PRC.

Like many countries throughout Southeast and East Asia, government-organized NGOs (GONGOs) play an important role in PRC.⁵⁴ While they possess varying degrees of independence from government agencies, GONGOs generally enjoy greater access to government officials. This means that GONGOs are at times more able to influence the direction of Chinese government policy. This has been particularly evident in the environment movement in PRC where GONGOs of

various sizes and shapes have been active in promoting greater awareness of environmental issues and engaged the Chinese government resulting in a range of new environmental policy interventions.⁵⁵ Civil society organizations or NGOs considered independent from the Chinese government have a relatively short history in PRC in part due to political sensitivities associated with organizing communities considered outside of the purview of the State. That being said, friendly relations with the government is vital for a Chinese NGO's survival – whether that group is considered a GONGO or not. This situation has meant that civil society has a unique role where the need to address pressing social and environmental issues must be balanced carefully against the governments ability to tolerate accept input and feedback on a particular issue.

All Chinese NGOs are required to follow the *Regulation for the Registration of Civil Groups* which states that NGOs must find governmental departments to supervise or sponsor them. If a NGO cannot find a government department to be its “supervisor,” it cannot get registered as a NGO, but must register instead as a company. This means that it cannot benefit then benefit from tax relief like registered NGOs. The registration process has somewhat limited the development of Chinese NGOs, but not entirely, as Chinese groups finds creative ways of co-existing with the government throughout the country.

Because of the limitations in the Chinese tax system for NGOs, it is very difficult for a local NGO to raise funds. An NGO with a governmental background finds it much easier to get financial support from government, but for grassroots organizations, funds are mostly sourced from international NGOs and overseas charitable foundations. For some grassroots organizations, particularly those with poor English skills, any funding at all, is very hard to obtain. Chinese government's management of NGOs could therefore be considered a kind of tacit control, which renders organizations highly dependent on government funding and support. This limits the kind of monitoring role that NGOs can play as government “watchdogs,” and makes ADB funding for poverty alleviation projects very attractive.

Because of the Chinese government's emphasis on reducing economic inequalities in the national development policy, NGOs working on poverty alleviation have been given more freedom relative to those in other sectors. In addition, international NGOs from all over the world have been accepted into the country and numerous poverty alleviation projects have been established. Despite the influx of funding, the establishment and relative freedoms afforded to poverty reduction NGOs; it remains hard for groups to access detailed information about ADB-funded poverty intervention projects.

Another issue affecting the availability of information about ADB projects in PRC is the declaration of Chinese authorities that project details are State secrets. In practice, this has meant that important data related to geology, hydrology and other natural sciences are not allowed to be publicly released and discussed. Further, studies about the social impacts of these projects, especially ones that detail how indigenous people will be affected by projects, are never disseminated in public, let alone to affected minority peoples themselves. This is done with little or no explanation from the authorities and is proving to be a constant source of frustration with Chinese NGOs. It remains, therefore impossible for the public to full understand the impacts of ADB financing in PRC.

The ADB claims that a strong relationship is maintained with all development partners and stakeholders in PRC. However, information gathered from NGOs indicates that ADB consultations and partnership only occur with a set of carefully selected organizations, perceived as more comfortable with its vision for economic development in PRC.

The ADB also works with PRC government to look at models for “outsourcing” state-funded public services to NGOs, an activity pursued by governments around the world, but particularly attractive to both the ADB and PRC, who can manage these NGO relationships to their advantage. More recently, the ADB has undertaken a handful of initiatives to strengthen “NGO effectiveness, quality and sustainability of the services” they provide. Under a TA project on non-government organization (NGO) – government partnerships in village-level poverty alleviation, the Bank and PRC government have drawn on funds from the DFID-funded Poverty Reduction Cooperation Fund to finance Jiangxi Province poverty agencies and a leading PRC poverty reduction NGO to implement state-funded program to address poverty. This initiative is now briefly examined as it is a model that the Bank appears willing to pursue with NGOs as government and ADB “sub-contractors.” The ADB also partnered with the World Bank to run the PRC’s first “Development Marketplace.”⁵⁶ As part of this initiative the Bank funded an Award that helps Sichuan groups replicate “innovative approaches to education and care for children in poor areas who have been left behind by migrant parents.”⁵⁷

• **The NGO Poverty Reduction Partnership in Jiangxi**

In December 2005, a new funding program was launched by the ADB, the State Council Leading Group Office of Poverty Alleviation and Development (LGOP), the Jiangxi Provincial Poverty Alleviation Development Office (Jiangxi PADO) and the China Foundation for Poverty Alleviation (CFPA).⁵⁸ The LGOP and

Jiangxi PADO provided an 11 million Yuan (US\$1.35 million) to the CFPA who oversaw a bidding process for NGOs to conduct 22 key projects in Jiangxi villages and who is supervising funds disbursement and NGO “performance.” The ADB invested US\$1 million from its Poverty Reduction Cooperation Fund of the United Kingdom Department for International Development.

An initial evaluation of the project found that contracted NGOs have made “great efforts to ensure that the people at the village level are involved in local planning processes,” and that surveys of villagers in project sites showed a much higher awareness of the project. The evaluation also made note of changes being observed in the way local projects are being implemented, including more consideration being given to local views and issues, especially of women and poor people. The evaluation also notes that NGOs work best as “facilitators in the process, ensuring that a wide range of voices are heard in planning and helping build the capacity of villagers themselves” while local government is an important local coordinator between the various government departments.⁵⁹

ANNEX 1

ADB-Funded NGOs and their Activities

*China Association for NGO Cooperation (CANGO)*⁶⁰

<http://www.cango.org/english/index.htm>

China Association for NGO Cooperation (CANGO) is a non-profit, voluntary, membership organization operating nationwide established in 1986 and sponsored by the Chinese government. To date, CANGO has raised funds to support 272 development projects throughout PRC. Currently, CANGO has 100 member organizations across PRC, and keeps enjoys good relations with governmental agencies on various levels, colleges and universities, research institutes and domestic NGOs. CANGO's partnerships with international NGOs and organizations cover various fields.

The Ningxia Center for the Environment & Poverty Alleviation

<http://www.nxcepa.org/>

Ningxia Hui Autonomous Region's largest independent Chinese NGO supports rural communities overcome gender inequality, poverty and environmental degradation. Using a participatory approach, the Center works with individual villages to increase their capacity to identify problems and develop solutions that work in a local context. It then provides financial and technical support to assist the villagers in implementing these projects, mainly in the fields of microfinance, the environment and education.

Project Jiang Xi Online

Jiang Xi Callan's Development Fund

<http://www.jxpjh.org.cn/main.asp>

Found in 1991, Jiang Xi Callan's Development Fund implements "The Hope" project, a long running state-funded education development initiative that builds school infrastructure and provides educational subsidies for poor students.

Mountain-River-Lake Sustainable Development Promotion Association

<http://www.mrl.org.cn>

Heifer China

<http://www.hpichina.org/index.html>

Heifer China has implemented 51 projects in 13 provinces, autonomous regions and municipalities of China with a total funding of US\$8 million. Heifer China responds to natural disasters, and implements rehabilitation projects for snow disasters and landslides on the Qinghai-Tibet Plateau, rainstorm disasters in Sichuan Basin and flood disasters along the Yangtze River.

Other organizations funded under this TA, include the Jiangxi Youth Development Foundation, the Shaanxi Research Association for Women and Family, Beijing Liangsuming Rural Development Centre, Kunming Earthwatch Institute for Sustainable Development of Natural Resources and the recently established Ningdu County Community Poverty Alleviation Research Association.

ANNEX 2

Important Contact Information

Wencai Zhang is currently PRC's Executive Director and Fangyu Liu is the Alternate Executive Director representing PRC on the ADB Board of Directors.

The Chinese Government agency responsible for handling ADB affairs is the Ministry of Finance. Mr. Wu Jinkang is PRC's GMS National Coordinator, who is located within the Ministry of Finance.

The PRC Resident Mission (PRCM) was opened by the Bank in 2000. The Resident Mission provides a link between the Bank, the Chinese government, private-sector and civil society stakeholders. The PRC Resident Mission is one of the ADB's largest Resident Missions with over 30 staff and has a publicly accessible information office and library. Robert Wihtol is the currently the ADB Country Director for the PRC.

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ADB Website on PRC activities

www.adb.org/PRC

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- 9 China's Key Transport Infrastructure Projects for 2006-2010, *<http://www.china.org.cn/english/2006/160316.htm>*.
- 10 *<http://www.china.org.cn/english/features/guideline/156529.htm>*.
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- 12 ADB, "Why Social Development Matters," www.adb.org/Documents/Periodicals/NPRS-PRF/newsletter/documents/Social-Dev-Matters.pdf. A large number of ADB projects assessed by the Bank as having a social development intervention component would not normally be considered social interventions by NGOs. Similarly, these interventions are rarely direct interventions in and of themselves. Rather, these interventions are general economic ones seen as having some flow on effects to communities considered vulnerable. For example see the Gansu Baiyin Urban Development project funded with a TA grant from Special Funds which aims to "diversify its economic base in view of the diminishing mining resources over decades of exploitation," *<http://pid.adb.org:8040/pid/TaView.htm?projNo=40051&seqNo=01&typeCd=2>*.
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- 15 The ADB is financing the largest CMM (coal mine methane) power plant in the world in Shanxi Province. It is also helping improve energy efficiency through a project loan and the Clean Energy Financing Partnership Facility (CEFPF). A total of US\$2 million is being mobilized from CEFPF to support a US\$100 million energy efficiency improvement project in Guangdong. To address climate change, ADB's Asia Pacific Carbon Fund provided an up-front purchase of emission reduction credits from the Erlongshan Hydropower Project in Gansu Province in 2007.

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- 34 Premier Wen’s speech, Second GMS Summit, People’s Daily Online, July 5 2005.

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- 41 *Ibid.*
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- 43 <http://www.adb.org/Documents/SES/REG/sst-reg-2006-14/SES-on-IR.asp>.
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- 45 <http://www.adb.org/Environment/default.asp>.
- 46 The Decision of the Standing Committee of the National People's Congress on Amending the Law of the People's Republic of China on Regional National Autonomy, adopted at the 20th Meeting of the Standing Committee of the Ninth National People's Congress of the People's Republic of China on February 28, 2001.
- 47 ADB, *China 2020: Chapter 13- Minorities*, http://www.adb.org/Documents/Reports/2020_Project/default.asp.
- 48 "Green Strategy," The Central People's Government of the People's Republic of China, http://english.gov.cn/2006-02/08/content_182528.htm.
- 49 ADB, *China 2020: Chapter 17- Environmental Conservation and Pollution Control*, http://www.adb.org/Documents/Reports/2020_Project/default.asp.
- 50 马军 (*Ma Jun*) *中国水危机* Managing China's Water Crisis, 1999.
- 51 *Ibid.*
- 52 ADB Evaluation Study, *Asian Development Bank's Involuntary Resettlement Safeguards Project Case Studies in the People's Republic of China*, September 2006 (revised in October 2006), <http://www.adb.org/Documents/Evaluation/Case-Studies/Involuntary-Resettlement-Safeguards-Policy/CS-PRC.pdf>.
- 53 Shawn Steil & Dugan Yuefang, "Policies and Practice in Three Gorges Resettlement: a Field Account," *Forced Migration Review* 12, <http://www.fmreview.org/FMRpdfs/FMR12/fmr12.3.pdf>.
- 54 According to China Development Brief, "China's first generation of GONGOs included the Leninist 'mass organisations' such as the Women's Federation (which

no one in those days thought to describe as an NGO of any kind) as well as groups like the Chinese People's Association for Friendship with Foreign Countries (人民对外文化协会), established in 1954 to promote international solidarity links at a time of relative diplomatic isolation. The 'reform and opening' era has seen some of the mass organizations try to acquire more of an NGO cachet, and many more GONGOs began to appear in the late 1980s and early 90s, when the state created a number of foundations to raise and deliver funds for public benefit programmes." China Development Brief, Editorial: "GONGOs are here to stay, but need to reform and open up," <http://www.chinadevelopmentbrief.com/node/1071>.

- 55 Fengshi Wu, "New Brothers or Old Relatives? GONGOs in Transnational Environmental Advocacy in China," China Environment Series Issues 5, The Wilson Centre, <http://www.wilsoncenter.org/topics/pubs/ACF3C9.pdf>.
- 56 The World Bank's "Marketplace" initiative brings together "visionaries and entrepreneurs" in a competition where they "sell" new ideas to groups that can finance or otherwise assist them and involves a competitive, small grant making process in which applications are considered by an expert panel. For more information see Tina Qian, "World Bank goes for fundraising gold in "Development Marketplace," China Development Brief, 2 June 2005, <http://www.chinadevelopmentbrief.com/node/55>.
- 57 ADB and PRC: Fact Sheet, above note 1.
- 58 To access more information about this project, <http://www.adb.org/Documents/PRF/PRC/ta4580-prc.asp>.
- 59 Social Development Direct for ADB, NGO-Government Partnerships in Village-Level Poverty Alleviation, <http://www.adb.org/PRF/knowledge-products/PRC-NGO-Gov-Partnerships.pdf>
- 60 According to China Development Brief, the China Association of NGOs (CANGOs) was "born in a distinctly governmental stable but has proved eager to establish its independent credentials and to engage and work with the "grassroots" NGO community. CANGO has a clear, institutional interest in playing an intermediary role, and the fact that it has a foot in both government and NGO camps gives it a certain advantage in doing so," http://www.adb.org/Documents/Reports/2020_Project/default.asp.

Have you visited the Forum website lately? URL: <http://www.forum-adb.org>

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The screenshot shows the Forum website interface. At the top left is the logo 'NGO Forum on ADB'. Below it is a navigation menu with links: HOME | ABOUT US | WHAT WE DO | PARTNERS | PHOTOS. A search bar is located at the top right. The main content area is divided into several columns:

- Left Column:** A vertical list of small images with labels: 'PHILIPPINES', 'INDONESIA', 'CAMBODIA', 'MALAYSIA', 'THAILAND', 'VIETNAM', 'BRUNAI', 'MYANMAR', 'LAOS', 'CAMBODIA', 'INDONESIA', 'PHILIPPINES', 'THAILAND', 'VIETNAM', 'BRUNAI', 'MYANMAR', 'LAOS'. Below this is a 'Hot Issues' section with a red icon, an 'In the Loop' section with a blue icon, and an 'AB' logo.
- Middle Column:** Several news articles with images and headlines:
 - '\$1 billion a year for clean energy? Is the ADB slowing the tempo instead of moving forward?' with an image of an industrial facility.
 - 'ADB looks to curb poverty, promote growth' with an image of people.
 - 'ADB based working to help poverty' with an image of people.
 - 'Lullage Surma Cement in South Asia: Violator of ADB Safeguards' with an image of a cement bag.
 - 'ADB funds used to prop Pakistan's dollar' with an image of a woman.
- Right Column:** A 'People's Voice' section with a photo of a woman, a 'Latest in People's Voice' section with a photo of a man, and a 'Forum in action' section with a photo of a man.
- Bottom Right:** A 'Forum Spotlight' section with a photo of a group of people and a 'Member Watchlist' section with a photo of a person.

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