

EXECUTIVE SUMMARY

Purpose of the evaluation

The purpose of this evaluation is to provide an independent assessment of the EC-China cooperation and partnership programme and encompasses the years 1998-2006. It contributes to fulfilling the Commission's due accountability responsibilities to the European Parliament and European Council and, ultimately to the European citizen and taxpayer.

The evaluation was designed to give insights into the strategic design and quality of implementation of the cooperation and partnership strategy with China; it also examined the interaction between the various areas of policy dialogue, the thematic programmes and the country cooperation programme so as to assess the level of synergy achieved. The evaluators paid particular attention to new approaches adopted in this partnership taking into account China's role as a global power and as a major regional actor.

The basic question that this evaluation was designed to answer may be succinctly stated as:

What kind of partnership and cooperation programme with China makes sense, now and in the foreseeable future?

Analysis and main findings

The evaluation methodology was based on an initial identification and prioritisation of the programming objectives of the co-operation strategies, a deconstruction of the strategies, and an assessment of the appropriateness of their intervention logic in the context of China. On this basis, Evaluation Questions (EQ) were formulated and broken down by Judgment Criteria (JC), Conclusions

each of which was in turn assessed on the basis of quantitative and qualitative Indicators. The eight Evaluation Questions covered the major strategic goals as set out in EU Communications and the China Country Strategy Paper (CSP): integrating China into the world trade system, achieving economic and social reform, ensuring the environmental sustainability of development in China, and promoting transition to an open society based on good governance, rule of law, and respect for human rights. A separate EQ probed an especially important cross-cutting theme, namely taking account of the needs of the hinterland regions in the EC's approach to China. To these sectoral and thematic Questions were added three synthesis-level Questions addressing major quality dimensions of the EC's cooperation programme, namely the success with which various instruments were combined; how fluidly the approach adapted to change; and whether the EC's engagement produced positive "added value," by which is meant that it achieved positive impacts that would have been unachievable in the absence of the EC's involvement.

In general, the evaluation found the EC's engagement with China to be of high quality, relevant to the interests of both parties and deserving of continued support. However, the rapid evolution of China from a poor country to a global economic superpower (albeit one with many poor citizens) means (i) that the nature of partnership and cooperation needs to change, yet also (ii) that for as long as development cooperation continues, there are still opportunities for improving it.

The conclusions of the evaluation, based on the findings for the individual EQs, are given in the accompanying table.

Conclusions

EC cooperation approach (C1): The team concluded that the EC cooperation approach to China is relevant to the Chinese policy context and needs and is consistent with long-run EU policy goals.

China's needs regarding good governance (C2): Despite policy successes, concrete results have been limited by problems at the level of policy administration, implementation and enforcement. Many of these arise from poor governance, broadly considered.

Meeting of minds on project modalities (C3): Impact and effectiveness have been adversely affected by delays in project implementation because the EC and its Chinese partners have experienced some difficulty in arriving at a meeting of minds on project goals and modalities.

Co-operation among equals (C4): C3 above is mostly a partnership issue. At high levels, the Chinese and European sides share a common language on partnership and the move to a dialogue of equals. At the level of implementation, however, there continues to be friction as European partners insist, to the frustration of Chinese partners, that only expertise, and not money, will be provided.

Coordination with EU Member States (C5): Coordination between the EC and Member States, and between the EC and multilateral aid organisations, is strong in form but weak in substance.

Sector dialogue (C6): Internal links between EC sector dialogue and the EC cooperation programme are satisfactory as regards the impact of dialogue on the cooperation programme, but much weaker in the other direction.

Learning from EC supported projects (C7): Too many promising pilot projects have not been replicated elsewhere or rolled out to national level; in large measure this is due to the fact that in China provincial governments operate much like independent fiefdoms over which central government has little control.

Addressing Poverty (C8): Poverty and the theme of "winners and losers" have been well integrated into environment and governance projects, but not into projects relating to economic and social reform or trade.

Phasing out of development cooperation (C 9): While the new EC Communication clearly spells out a new vision for cooperation with China, based more solidly on mutual gains, there is as yet no joint formal thinking about how, in concrete terms, to accelerate the new relationship. How will development cooperation, still substantial, be phased out? Whereas some bilateral partners have an explicit strategy for phasing out assistance, the EC does not.

Recommendations

Based on these conclusions the evaluation team has arrived at eight recommendations. These are given below with subjective priorities attached and specifying the conclusions which gave

rise to them. The main body of the Report also gives examples of concrete first steps and flags those recommendations which may contain transferable lessons for other countries.

Recommendations

C1 => Continue development cooperation with China (R1)***

Use of these instruments should continue. However the trend towards decreased reliance on development cooperation tools should continue and, as noted in the final recommendation, the EC and its Chinese partners should start to plan explicitly for the eventual phasing out of development cooperation altogether.

C3, C4 => Insist on equal partnership (R2) ***

The EC should stress the continuing move away from traditional development cooperation towards equal partnership. This means maintaining the EC's position that it provides expertise, not infrastructure or project operating expenses.

C7 => Improve knowledge flow from cooperation programme to sector dialogues (R3)*

Greater effort needs to be made to ensure that knowledge generated in cooperation projects is also taken up at the level of sector dialogue and EC policy formulation.

C7 => Improve replication and roll-out of EC-supported projects (R4)***

More attention should be paid to replication and roll-out during the project formulation and implementation phases, including canvassing potential candidates for replication so as to assess their level of interest while the project is being formulated.

C2 => Mainstream good governance (R5)***

The theme of governance needs to be mainstreamed into all sectors; in addition, governance should be broadly defined to include corporate governance issues, rule of law to the extent that it overlaps with governance (e.g., independent judiciary and corruption), and so on.

C8 => Mainstream poverty and the theme of losers from reform more thoroughly in all sectors. (R6)*

Since the Delegation now has sector expertise in place in poverty-related areas such as the social sector, gender, regional disparities, labour markets, and so on, it should improve poverty mainstreaming, especially in trade and economic and social reform.

C9 => Plan for the phasing-out of traditional development cooperation and initiate discussions with the partners (R7)***

With GDP per capita in China continuing to grow at near-double-digit rates, bilateral development cooperation will soon cease to be an appropriate means of engagement. Urgent priorities are therefore (i) accelerating planning for this eventuality and (ii) starting a dialogue with the GoC (and other relevant partners) about the EC's longer term, post-development cooperation engagement with China.

C5 => Move from formal coordination to substantive coordination with EU, MS and major multinationals(R8)**

Donor coordination is a challenge everywhere, but especially in China because of the temptation to seek competitive advantage by not coordinating. The EC, Member States, and other actors should move beyond information sharing to explore joint programming

To summarise in a nutshell, the team has recommended that an appropriate forward-moving strategy

- should continue, in the near term, to contain a significant development cooperation component.
- ...while at the same time planning for its eventual transformation into a programme based on other forms of cooperation.

Within that development cooperation programme, the team has recommended

- greater emphasis on governance issues with a view to addressing problems of policy implementation, administration, and enforcement;
- insistence on equal partnership, which implies limiting the EC contribution to expertise and best practice,

and stipulating that this EC contribution be matched by adequate financial and other resource contributions by the Chinese partner.

The team has noted that

- poverty issues could be better mainstreamed;
- there is room for improved coordination with other donors;
- foresight in the project design and strategic programming phases, as well as improved post-project evaluation procedures, could improve replication and roll-out of projects, and
- knowledge generated in projects could be better integrated into sector dialogue.