

The Challenge

The benefits of China's rapid economic growth and intensive urbanization have not accrued equitably to all sectors of the Chinese population. Equally important, China's growth and the policies and development choices the country makes often have consequences on neighboring countries. Improving decision-making and actions with respect to the rule of law, better management of the environment, and just governance are among the most pressing challenges. Although foreign development activities in China are politically sensitive, selective and transparent engagement remains an effective tool of U.S. efforts to help China develop and implement policies for sustainable development domestically and in Southeast Asia. This constitutes notification of FY 2006 funds.

Objectives, Sectors and Workforce

Regional Mission Director: Timothy Beans

MCA Status: Currently Not Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: N/A

Program Budget (Appropriations by Objective)	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07	2005 SO Performance Score		Direct SO Admin. Cost Ratio
	(\$000)	(\$000)	(\$000)	(\$000)				
435-003 Selected Foreign Policy Objectives Achieved	3,976	4,216	8,910	5,000	25.8%	1.47	Exceeded	0.00
Country Total	3,976	4,216	8,910	5,000	25.8%			

Program Budget (Appropriations by Account)	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Development Assistance	0	0	4,950	5,000	N/A
Economic Support Fund	3,976	4,216	3,960	0	N/A
Total	3,976	4,216	8,910	5,000	25.8%

Program Budget by Sector and Account	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Basic Education ESF	0	0	1,980	0	N/A
Agriculture and Environment DA	0	0	2,475	4,000	N/A
Higher Education & Training DA	0	0	0	267	N/A
Economic Growth ESF	0	0	990	0	N/A
Democracy and Governance DA	0	0	2,475	733	N/A
ESF	3,976	0	0	0	N/A
Conflict Management / Humanitarian Assistance ESF	0	4,216	0	0	N/A
Other Infectious Diseases ESF	0	0	990	0	N/A
Total	3,976	4,216	8,910	5,000	25.8%

Other Major Donors:

Bilateral: China does not have a formal aid group. The most important bilateral donors are Japan, Germany, France, the United Kingdom, Australia, and Canada. The U.S. ranks ninth, slightly ahead of Sweden and behind the Republic of Korea.

Multilateral: Major multilateral donors include the European Commission, the Montreal Protocol, the Global Environment Facility, the United Nations Children's Fund, and the United Nations Development Program.

**China
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Development Assistance	0	0	4,950	5,000
Economic Support Fund	3,976	4,216	3,960	0
Total Program Funds	3,976	4,216	8,910	5,000

STRATEGIC OBJECTIVE SUMMARY				
435-003 Selected Foreign Policy Objectives Achieved				
DA	0	0	4,950	5,000
ESF	3,976	4,216	3,960	0

Regional Mission Director,
Timothy Beans

China

The Development Challenge

The benefits of China's rapid economic growth and intensive urbanization have not accrued equitably to all sectors of the Chinese population. Equally important, China's growth and the policies and development choices the country makes often have consequences on neighboring countries. Improving decision-making and actions with respect to the rule of law, better management of the environment, and just governance are among the most pressing challenges. Although foreign development activities in China are politically sensitive, selective and transparent engagement remains an effective tool of U.S. efforts to help China develop and implement policies for sustainable development domestically and in Southeast Asia. This constitutes notification of FY 2006 funds.

Other Major Donors

Bi-Lateral Donors: China does not have a formal aid group. The most important bilateral donors are Japan, Germany, France, the United Kingdom, Australia, and Canada. The U.S. ranks ninth, slightly ahead of Sweden and behind the Republic of Korea.

Multi-Lateral Donors: Major multilateral donors include the European Commission, the Montreal Protocol, the Global Environment Facility, the United Nations Children's Fund, and the United Nations Development Program.

Data Sheet

USAID Mission:	China
Program Title:	Selected Foreign Policy Objectives Achieved
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	435-003
Status:	Continuing
Planned FY 2006 Obligation:	\$4,950,000 DA; \$3,960,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$5,000,000 DA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2009

Summary: China poses both challenges and opportunities in the commercial and economic sphere not only for the United States, but the region. The global impact of air and water pollution in China; questions of regional water rights; the spread of HIV/AIDS and other infectious diseases such as avian influenza; and America's traditional policy of advancing democracy and human rights present development challenges and opportunities. USAID activities promote sustainable development, environmental conservation, and cultural preservation in the Tibetan Autonomous Region as well as other provinces of China with significant ethnic Tibetan populations. Regional activities managed by USAID's Regional Development Mission/Asia (RDM/A) in the areas of HIV/AIDS, infectious disease, trade development, and environmental protection are also addressing issues important to China and its role in the international community. In FY 2006, USAID began a new program of support for American educational institutions for programs and activities in the People's Republic of China relating to the environment, democracy, and the rule of law. In FY 2007, subject to consultation, USAID plans to expand its work in the environmental sector.

Inputs, Outputs, Activities:

FY 2006 Program:

Increase Capacity of Higher Education to Contribute to Development (\$4,950,000 DA). USAID funds U.S. universities to work with counterpart, reform-oriented Chinese higher education institutions and their development partners. This program assists these institutions to provide education, research, analysis, technical assistance, training services, and demonstration activities. These activities enhance environmental protection and the rule-of-law, including commercial legal reforms that strengthen the role of the private sector. Planned areas of intervention include but are not limited to: (1) Assistance to the Legal and Judicial Sector; (2) Environmental Governance and Enforcement - assisting both academic institutions and national and provincial government institutions; (3) Air Quality, including planning and monitoring, and preparation of greenhouse gas inventories; (4) Water and Sanitation for Environmental Health; (5) Enhancing China's Potential as an Assistance Donor; (6) Economic growth initiatives that deal with regulatory frameworks and labor practices; and (7) Participant Training in support of such activities. Principal Implementers: To Be Determined (TBD).

Protect and Increase the Assets and Livelihoods of the Poor (\$3,960,000 ESF). Funds are being used to continue support to the ethnic Tibetan communities within China. Principal Implementers: The Bridge Fund, Winrock, and Mountain Institute.

FY 2007 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$3,000,000 DA). USAID will support efforts to ensure environmental protection and promote sustainable natural resource management. This program will also pursue global climate change activities. Principal Implementers: TBD.

Increase Capacity of Higher Education to Contribute to Development (\$2,000,000 DA). USAID will continue to fund U.S. universities to work with reform-oriented Chinese institutions of higher education and their development partners to enable these institutions to provide education, research, analysis,

technical assistance, training services, and demonstration activities that are sustainable over the long-term. Principal Implementers: TBD.

Performance and Results: In the Tibetan Autonomous Region, vocational training programs enabled 250 participants to gain the skills required to become carpenters, stone masons, cooks, motorcycle mechanics, guides, veterinarians, and rural healthcare workers. USAID school projects benefited a total of 5,612 students in 20 primary schools, five middle schools, and one vocational high school. A scholarship program funded 228 high school, vocational school, and college students. Two Tibetan Buddhist Monasteries were also restored. At the conclusion of this objective, Tibetan communities will have access to financial, technical, environmental, and educational resources that they need to sustain their traditional livelihoods, maintain their unique culture, manage and safeguard their environment for future generations, and take advantage of economic opportunities.

US Financing in Thousands of Dollars

China

435-003 Selected Foreign Policy Objectives Achieved	DA	ESF
Through September 30, 2004		
Obligations	0	14,832
Expenditures	0	9,135
Unliquidated	0	5,697
Fiscal Year 2005		
Obligations	0	110
Expenditures	0	2,683
Through September 30, 2005		
Obligations	0	14,942
Expenditures	0	11,818
Unliquidated	0	3,124
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2006 NOA		
Obligations	4,950	3,960
Total Planned Fiscal Year 2006		
Obligations	4,950	3,960
Proposed Fiscal Year 2007 NOA		
Obligations	5,000	0
Future Obligations	0	0
Est. Total Cost	9,950	18,902