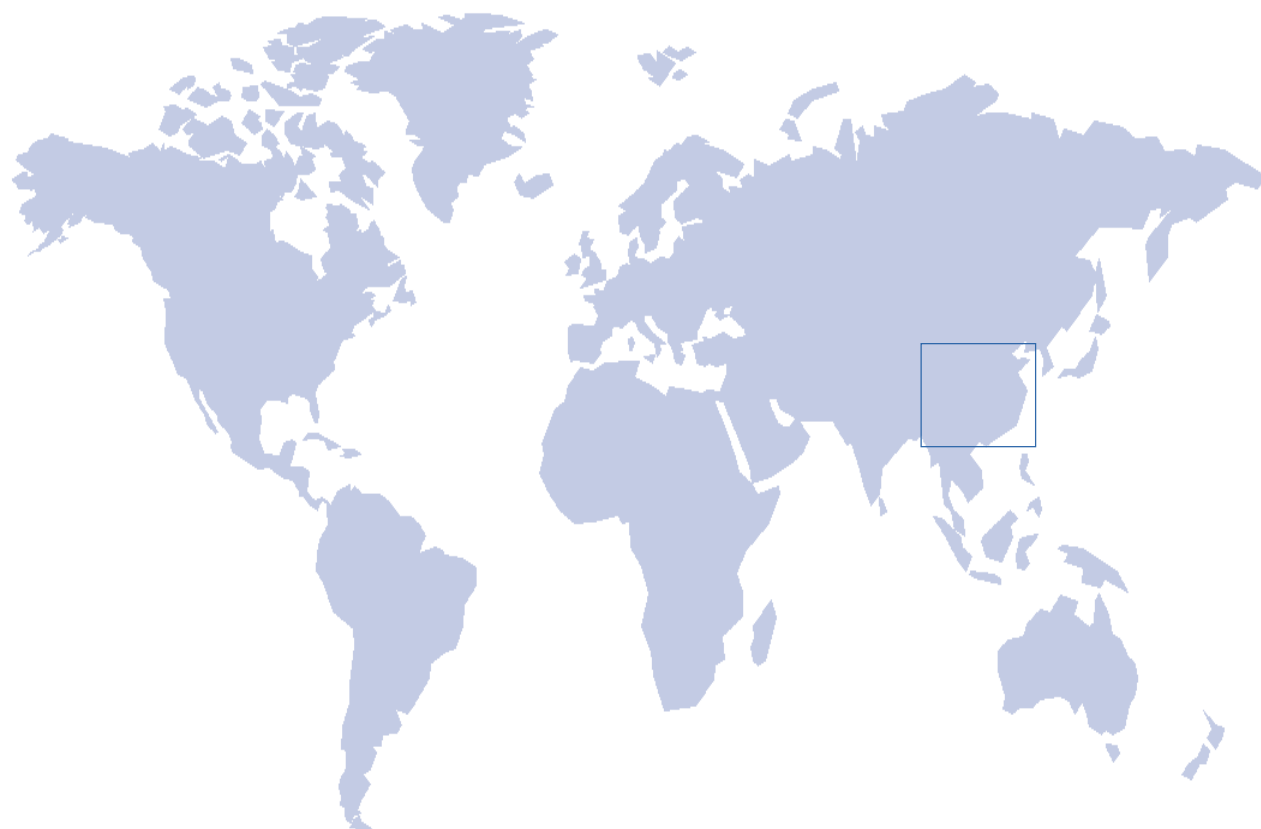


Country strategy for development cooperation

with **The People's Republic of China**

January 1 2001 – December 31 2005



REGERINGSKANSLIET

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Strategy for
Swedish Development Cooperation with
the People's Republic of China
2001-2005

According to the decision by the Government of Sweden, January 25, 2001
(III:4, UD2001/1473/ASO)

Country strategy for development co-operation with China, 2001–05

This country strategy concerns the orientation of Swedish development co-operation with China during the period from 2001 to 2005.

1. Summary

Sweden's assistance in China's development will always be marginal, especially in view of the tremendous challenges facing the country. However, strategic initiatives can help to bolster current reform processes in key areas. Development co-operation with China should be seen as an integral part of Swedish and 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. The points of departure for a broadening of contacts will be those developed in the Swedish Asia strategy (Government Communication 1998/99:61).

The principal objective of development co-operation with China is to promote the inflow of new ideas that can speed up the reform process in the areas of human rights, gender equality, legal development, democratisation and environmental improvement.

2. Political and economic development

China occupies an area roughly equal to that of Europe, and harbours a population of an estimated 1.3 billion. The average population density is just over 120 people/km², though in the most densely populated areas in eastern China there are some 2,500 inhabitants per square kilometre. (Roughly 130 million people occupy 0.5% of available land), and 90% of the population is concentrated to less than one third of the land area (350 people/km²).

The rapid economic growth brought about by the reform policy of the last twenty years has led to dramatic changes and a substantial improvement in living standards for large parts of society. Alongside the old agricultural and rural industry a modern, urban society is rapidly emerging. An estimated 200 million people have been raised out of abject poverty, although according to World Bank estimates (where the poverty line is drawn at a per capita income of USD 1 per day), some 240 million very poor people remain. China is the world's seventh-largest economy, exporting one fifth of its GDP. China's export volume is roughly twice as large as that of Sweden and, second to the USA, China is the largest recipient of foreign direct investment. At the same time, China ranks 99th in the UN's Human Development Index (HDI), between Kirgizstan and Turkmenistan.

The transition from a planned to a market economy has been successful, but the process is far from completed. China is wrestling with major structural problems afflicting the loss-making state-owned enterprises (SOEs), employment

and the banking and financial sector. According to the Government's reform programme, small SOEs are to be privatised and large ones reformed. The effect may be a temporary rise in unemployment. The planned economy system that shaped people's lives in detail with respect to domicile, employment and leisure activities has been largely superseded by freedom of choice in a market economy, but also by the insecurity that the absence of a functioning social-security system entails. New solutions for the labour market, pensions, healthcare, education and housing are being developed.

Rapid economic development has primarily taken place in the coastal regions and the fertile, riverine parts of the country. As a result, the gaps have grown between the affluent regions of eastern China and the poor inland provinces. The new wealth has also created major discrepancies between different social groups. These discrepancies have led to a floating population of at least 100 million seasonal workers, who roam the country in search of employment. A new, comprehensive social-insurance system needs to be devised in order to protect the old, the infirm and the unemployed.

In the world of banking and finance, including the equity and bond markets, state monopolies are still predominant. There is an absence of institutional investors to manage the country's pension and insurance capital. Lack of legislation and inadequate monitoring and knowledge are significant impediments. Environmental degradation and water scarcity are immense problems with major economic repercussions that may also, in the long term, result in conflicts. Corruption is rife and constitutes a major obstacle to the establishment of new private companies. It is also a source of marked social and political discontent. There has been unrest in several parts of the country, caused on the one hand by structural changes in the public-sector enterprises, unemployment and social cutbacks, and on the other hand by ethnic and religious antagonism.

Population growth is rapid - 17 million people per year, according to official estimates- despite a decline in the birthrate as a result of the one-child policy. Simultaneously, life expectancy has risen. The result is an altered demographic structure. The number of old people is growing fast, and the problem of how the elderly are to be supported and cared for is set to become increasingly acute.

There are signs indicating that women have suffered more than men, for example in the areas of unemployment, girls' education, safety and security (trafficking in women). Day-nursery access and pension benefits — formerly the responsibility of SOEs — have deteriorated. Some 80% of the population lack health insurance. The state provides only a small portion of the funding for public hospitals, which are obliged to be largely self-funding through charges to patients, commissions on drugs and through healthcare assignments. The poor have been hit hard by the change, and the prospect of falling ill is a major cause of worry.

Although no independent NGOs are permitted, civil society has begun to emerge in the form, for example, of various informal groups or networks, and a small but growing number of citizens are seeking greater participation in decisions that affect their own lives. However, the party's power monopoly seriously limits the possibility for the politically-minded to form independent interest groups. Increasing attention is being paid to gender-equality issues in Chinese media, and the topics discussed as problems include physical abuse of women. In several parts of the country, organisations and networks have been

formed to deal with women's problems; there are now, for example, women's helplines that women can telephone for support. The family-planning policy has resulted in many girls being abandoned at birth, but an overview of the rigid family planning policy of old is underway. Adoption agencies have emerged, and nowadays most abandoned children are adopted by Chinese parents, who are thus enabled to have more than one child.

China is not a democratic country, and the respect for human rights in China is unsatisfactory. China is, however, a signatory to several UN conventions, such as the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Elimination of all Forms of Discrimination against Women and the Convention on the Rights of the Child. The International Covenant on Economic, Social and Cultural Rights has recently been ratified, whereas the International Covenant on Civil and Political Rights has not yet been submitted to the National People's Congress (China's parliament) for review. Freedom of expression, association, religion and the press are guaranteed in the constitution but, in practice, heavily restricted. The one-party state imposes strict limitations on ideological debate. Public expressions of opposition to the one-party system can lead to severe punishment. The population of Tibet and Sinkiang (Xinjiang) are the victims of particularly serious violations of human rights. Religious liberty has been further circumscribed by a repressive clampdown on unsanctioned religious communities and spiritual movements such as the Falun Gong.

Despite these restrictions, most people in China today enjoy greater freedom than at any other time in the 20th century, and their choices and opportunities in society have increased manifold. The power of the state and the party has decreased and that of the individual has increased to a corresponding degree. People have secured greater freedom of choice in terms of the range of cultural amenities and information services, especially in the towns and cities. Foreign enterprises, foreign travel and contacts with foreigners have become common features of life, especially among the urban population. The use of the Internet is rapidly on the increase.

The judicial system underwent comprehensive modernisation during the 1980s and '90s, and extensive efforts are underway both in terms of the economy and the area of civil law to create legislation and legal practice that correspond better to the demands imposed by a modern market economy. However, there are still major shortcomings in terms of respect for the laws and ordinances in force and knowledge of the rights of the individual in the legal process. The lack of trained lawyers, especially solicitors and barristers, is a major obstacle. One fundamental problem is the fact that the Party is above the law.

Village elections have been held in most of China's provinces, self-governing towns and autonomous regions. In nearly a million villages, representatives are elected for village committees that direct local development for three years. These elections are, as such, encouraging; but as long as the practice is not repeated at higher levels so as to influence the decision-making structure, it is uncertain whether they can be regarded as progress towards democracy.

The environmental impact of rapid economic development has been heavy. Pollution of water, soil and air is very extensive, especially in the provinces north of the Yangtze River. For example, it is estimated that less than 30% of all industrial discharges into water are treated, and severe shortages of both surface water and groundwater exist. China, with 8% of the world's fresh-water resources, has 22% of the global population to support. Ninety-three per cent of

energy output comes from fossil fuels, and nearly three-quarters from coal. Floods occur regularly during the monsoon period. The Yangtze valley, with its roughly 400 million inhabitants, is one of the world's most densely populated areas. The capacity of the soil to absorb rainwater has decreased because the original forest cover has been cleared to make way for farmland and for the construction of homes, roads, factories and other infrastructure. Poor people are the prime victims of environmental degradation. Reversing the trend requires major investment as well as training on a broad front to enhance environmental awareness.

Chinese people are keenly interested in the outside world and in studying how other countries, including Sweden, have organised various social functions and dealt with social problems. The institutions and organisation of democracy are also of interest to many people, including researchers, social scientists and civil servants. Broadened interaction with the outside world has been and remains a key factor in promoting China's modernisation and adaptation to the values and ground rules of the international community. The presence of foreign companies, including Swedish firms, has been a key feature of the modernisation process.

3. Conclusions from the performance report

Swedish development co-operation with China began in 1979. The country strategy for development co-operation during the period 1997–2000 stated that co-operation should focus on the environment, human rights and gender equality. The forms of development assistance used are contract-financed technical co-operation (CFTC), development credits, support through NGOs, humanitarian assistance and Sida's international courses. Altogether, more than 100 projects have been implemented, and 36 projects were under way in autumn 2000. Payments in the period 1997–99 amounted to SEK 167 million, as shown in the table below.

Table 1. Development co-operation with China during the period 1997–99 (SEK million disbursed)

<u>Area</u>	No. of projects	1997	1998	1999	Total, SEK m
Human rights and democracy	9	10	5	7	22
Environment	25	16	16	8	40
Health	11	14	9	2	25
Swedish NGOs	29	3	7	6	16
Humanitarian assistance	9	0	40	4	44
<u>Other projects</u>	<u>24</u>	<u>5</u>	<u>9</u>	<u>6</u>	<u>20</u>
Total	107	48	86	33	167

Source: Sida's PLUS accounting system.

Due to lack of funds, no new development-credit projects were approved during 1998 and 1999.

Several evaluations and studies were carried out during the period. Overall, the co-operation is showing good results. China's strong ownership of the projects and will to learn and develop are consistent features of the work. In general, the Chinese recipients have been knowledgeable and committed to implementation and, generally speaking, the projects have fulfilled their

objectives. The recipients of training in Sweden have usually been strategically selected decision-makers. CFTC has generally worked well as an instrument of knowledge transfer. On some occasions, Sida has used the Logical Framework Analysis (LFA) method combined with discussions with the Chinese side on project configuration, to enhance quality in project preparations. This practice has proved to be of benefit to all parties involved.

Environmental co-operation has partly consisted of knowledge development projects and support for investments, and partly of dialogue on strategic environmental issues. Co-operation has included water and sewage, waste management, air and noise pollution, as well as strategic environmental issues within the framework of the China Council. It has been well received by the agencies, although environmental awareness on the local level is deficient. Sida has provided the funding for an environmental advisor at the Swedish Embassy in Peking, which has been beneficial to the CFTC projects while also initiating an intensified dialogue concerning environmental problems, as well as proposals and ideas for relevant environmental-policy projects.

A large-scale evaluation of several waste water and sewage treatment works has been conducted. The results show that these facilities are functioning according to the original plans. The problems reported include a reduction in demand for water due to raised water tariffs, which led to some investments being deemed as premature. The evaluation also shows that there has been too little discussion of policy issues in conjunction with the implementation of the projects.

The Raoul Wallenberg Institute of Human Rights and Humanitarian Law (RWI) in Lund has conducted courses in human rights and training in China since 1996. Some 300 senior public officials, predominantly from the judiciary, have attended these courses. Guest researchers have also visited Lund, and book donations comprising literature on human rights have been distributed to 13 libraries at various universities. An independent study in 1999 showed that the courses have been conducted satisfactorily but that there is a need to review their future forms and content, one reason being to help establish Chinese skills and capacity for future human-rights education in China. As a result of the study, one official has been stationed in Shanghai to investigate the feasibility of a longer-term programme. One purpose of these training projects has been to create incentives for a national application of the conventions on human rights. The projects have generated opportunities to develop and intensify co-operation in the future. Sida has also funded an exchange between the office of the public prosecutor and the Court of Appeal in Gothenburg, on the one hand, and their counterparts the People's Procuratorate in Shanghai, on the other, to enhance skills regarding human rights. This co-operation has functioned well.

Gender-equality projects have comprised education, studies and statistics aimed at enhancing awareness of women's situation in the professional sphere and in the home. The partners in this co-operation have been government agencies, research institutes and NGOs, and the efforts have focused on violence against women, attempted suicide and women's political and cultural role. These projects may stimulate reform efforts and, in the long term, contribute to an improved situation for women nation-wide. Work on gender-equality statistics has brought about greater awareness of their importance in social planning and stepped up nation-wide co-operation between Chinese provinces in this area. Another important result has been that a publication containing gender-equality statistics was compiled and presented at a meeting in 2000 to follow up the 1995 Fourth World Conference on Women in Peking.

CFTC projects in the healthcare sector have focused on the health of children and youth, as well as on training in emergency care. Technical equipment for the treatment of cancer, kidney and cardiovascular diseases has been funded through development credits. Generally speaking, the technical projects have been difficult to implement, due to administrative regulations and because the health sector is undergoing reform. The projects relating to child health and sexual education for young people have worked better and contributed to a positive attitude change on the part of the Chinese partners.

A total of 149 people from China, of whom 44 were women, have attended Sida's international course programme over the past three years. During 1999, 58 people participated. Examples of courses in demand are those on the environment, human rights, health, industry, telecommunications and energy.

Through Sida's developing-country research council, support is provided for Swedish researchers engaged in development-related research projects. During 1997-99, roughly 30 of the projects that received support — a total of some SEK 9m — involved collaboration with researchers in China (during this period, a total support of SEK 190m was provided for 645 projects).

Support given through Swedish NGOs is showing a gradual increase. About ten organisations are active in China, mainly engaged in traditional education and health projects; although some organisations have begun to work on promoting human rights, democracy and the development of civil society. These organisations take a predominantly positive view on the feasibility of conducting development co-operation in China.

The Swedish organisations find that co-operation with the Chinese NGOs, which are subject to compulsory registration and control by the state, works relatively well and that, within these organisations, there is a will to bring about development and reform. It is also evident that the attitude of government agencies towards domestic organisations is slowly changing for the better, which may strengthen civil society in the long term.

Projects in Tibet are implemented by Swedish and international NGOs in the fields of education, health and information. One of the more substantial projects, implemented by the Swedish-Tibetan Society for School and Culture, has been to start an elementary school for Tibetan children in the village of Katsel. This project has been expanded to include boarding facilities, vocational training and other aspects, and is highly appreciated. The school is now a model school for children in Tibet, and its management has been transferred to the school itself. This project has helped to provide schooling for children and to give their families contact with the outside world.

The overall lesson from these experiences is that it is possible to tackle complicated problems in China in a co-operation framework. There is considerable openness and interest in dialogue and in exchanging knowledge, both at state, academic, business and trade-union level. Co-operation is oriented towards both central-government administration and, to a small but growing degree, civil society and projects that have a direct impact on people's lives.

4. China's priorities

Extensive efforts are underway in China to define objectives and strategies for the next five years. The Chinese development strategy is based on a continued annual economic growth rate of around 8%. The Government has declared that economic reform policy is to continue and that the objective of transforming the country from a planned to a market economy stands firm. Key reform areas are

the banking and financial sector, SOEs and agriculture. Continued priority is also being given to modernisation and development of the legal system and creation of social security systems. The Chinese Government is engaged in drafting a social insurance law that will define responsibilities and guidelines for the new social insurance schemes.

To tackle the shortcomings in the economic development of the inland provinces, the Chinese Government has announced an ambitious programme that includes major investments in infrastructure (roads, railways, airports, natural gas pipelines, water resources and telecommunications), environmental improvement, small-scale industry, research and education. Foreign investments are being encouraged.

5. Strategic considerations about future development co-operation

Sweden's assistance in China's development is marginal, but strategic projects may help to strengthen current reform processes in some key areas where Swedish skills are in demand, such as the environmental sector. They may also serve to develop and strengthen systems aimed at promoting human rights and democratic social development, including gender equality. Development co-operation is an integral part of Swedish and EU policy to engage China more in the international community and support development towards making China a more open society with respect for human rights.

Sweden is a minor player in development co-operation in China. Major multilateral co-operation partners are the World Bank Group, IMF and the Asian Development Bank (ADB), as well as UN bodies such as UNDP and Unicef. Of the bilateral aid donors, Japan is the largest, contributing 67% of total bilateral aid to China. The EU's development co-operation with China, which amounted to 70 million euros in 1999, is aimed at supporting the reform process and China's integration into the world trade and investment system, promoting civil society and the rule of law, and supporting sustainable development and environmentally sound energy sources.

Through development co-operation, exchange between Sweden and China has grown. This has helped to stimulate the interest in Sweden and Swedish experience and solutions that the Chinese have shown.

In the period 1997–2000, in the dialogue as well as in the projects, particular emphasis was put on human rights, including gender equality, and the environment. Co-operation has been characterised by mutual benefit. Henceforward, it is proposed that development co-operation should continue to focus mainly on these areas. In the dialogue on development issues, particular attention should be paid to the international conventions ratified by Sweden and China, such as Agenda 21 in the environmental sphere, and the Conventions on the Elimination of all Forms of Discrimination against Women and on the Rights of the Child.

The broadened contact with other countries has contributed to vital reforms in China and increased freedom for its people. The expansion of ties and economic exchange with the outside world is not only resulting in mutual economic benefit, but is also contributing to increased interchange of knowledge with other countries. In the longer term, this may lead to greater political openness, democracy and respect for human rights.

The experience of the past few years shows that it has become feasible to work on issues relating to human rights in China. This has offered an opportunity to embark on a dialogue and other activities relating to issues of respect for human rights.

There is scope for co-operation of a more long-term nature on measures to strengthen the rule of law in various ways. There is an interest on the part of the Chinese side in discussing and identifying projects in the legal sphere. In its human-rights development co-operation, Sida has begun consideration of support to establish skills and capacity for education and research on human rights issues at universities and government agencies in China. This future co-operation should highlight the rights of women, children and young people, as well as minority issues, and how they are dealt with in the legal system.

It should be possible to further develop the co-operation that has emerged within the framework of visitors' exchanges between the cities of Gothenburg and Shanghai. Similar forms of co-operation can also be tried in other locations.

Over the past few decades, China has been able to show great progress in the health sector, and indicators such as average life expectancy and child and maternal mortality are excellent in comparison to other countries at a corresponding level of development. However, this favourable trend has been reversed in recent years and China's healthcare system, which is now largely funded through charges to patients, faces a range of severe problems. Particularly serious are inequalities in the access to healthcare, rising costs, inefficiency and deficient quality of care.

Population is still a very pressing topical issue in China, and the Government appears to be on the way to reassessing its previous rigid line on family planning. Nowadays, growing attention is paid to educating and informing people, especially the young, about reproductive and sexual health. In the field of population statistics there is a tradition of co-operation with Sweden, for example regarding gender statistics.

China has shown great interest in Swedish solutions on the right of the individual to economic and social security. Sweden's long experience can form the basis of support for policy development and institution-building with respect to social safety nets and security systems. There is also great interest in China in learning from Swedish experience with respect to the health situation of women and children. Continued and intensified information exchange in these areas is a likely outcome.

Since 1995, when the Fourth World Conference on Women was held in Peking, gender equality has been a priority field in development co-operation with China. After the conference, the Chinese women's movement was strengthened. Many new NGOs were formed and contacts with the outside world, including Swedish NGOs, were forged. Henceforth, gender equality and, above all, girls' and women's rights should continue to be a focus of attention in development co-operation. This can be achieved through co-operation with government agencies and institutions with respect, for example, to projects relating to violence against women, health and the environment. China is engaged in reinforced co-operation in combating trafficking in women and children. Co-operation between Swedish NGOs and their counterparts in China should see increased development through an increase in exchanges. Networks, such as women's hotlines, that have begun to emerge in several parts of the country, are weak and dependent on support through networks and contacts with other countries. The Swedish Embassy in Peking has received special funds from Sida to enable it to support the local networks and organisations that are now beginning to emerge, particularly those that are concerned with human rights and gender equality.

The work on gender equality should be integrated into all projects. For instance, the gender-differentiated statistics drawn up in the course of co-

operation should be helpful in many areas of social development and planning. It should also be possible to develop statistics that are age-differentiated, in order to elucidate the situation of elderly people, girls and boys in relation to other age groups.

The experience of projects in Tibet has been favourable. Support should also continue to be made available for projects via Swedish and international NGOs that support the Tibetan population, through for example education and healthcare, and that can directly or indirectly help to promote respect for human rights.

Environmental co-operation between Sweden and China has developed over the past few years. For example, contacts and exchanges between politicians, researchers, consultants and businesses have taken place. Many efforts relate to education and skills development. Investments have been made in waste water and sewage treatment. Swedish projects in the environmental sector will always be small in relation to China's immense needs. The projects should therefore, to the extent possible, be made in strategic areas of great demonstrational value that may result in an increase in domestic capacity for similar projects.

A Sida-commissioned study of projects relating to waste management, which may become a new area of co-operation, emphasised aspects such as the importance of institutional co-operation, education and capacity-building.

The procedure adopted by Sida in development co-operation with China has been based on a pronounced demand: that is, Chinese agencies submit proposals that Sida, after deliberations, either approves or rejects. During 1998/99, Sida funded a temporary environmental advisor at the Embassy in Peking. Experience shows that an increase in capacity on the ground can help to broaden and deepen contacts, which may in turn result in interesting projects and enhance the quality of co-operation. This has also meant improved Swedish capacity in conducting the dialogue with various Chinese partners, and has enabled Sida to enter the Chinese process of preparing new projects at an earlier stage. With this kind of procedure, there are better prospects of in-depth relations and improved results in future co-operation, but it also calls for an increase in resources on the part of Sida.

Future environmental co-operation should, it is proposed, be capable of comprising both projects involving knowledge development and support for investments in, for example, water and sewage, waste management and control of air and noise pollution. Projects relating to policy and strategic environmental issues and based more on conducting a dialogue — support for the China Council being one example of this — are also proposed. Finally, support should be provided for minor educational and skills-enhancing projects in the forest industry.

One result of the reform process in China is that research and development institutes have gained greater freedom to express their opinions and develop their own lines of reasoning in, for example, environmental issues. The need for investments, studies, skills enhancement and institutional development has increased, creating a market for various environmental services. A local environmental movement is emerging. This has also created new preconditions for co-operation with Chinese institutions and environmental organisations. In this co-operation a user perspective should be adopted to the extent possible, and this should be based on the participation of ordinary citizens.

The emphasis on environmental issues in the Asia strategy, as well as a high awareness of quality, call for a higher level of ambition in the environmental co-operation in the future. This does not necessarily entail more resources in development co-operation, though additional resources in the form of, for example, an environmental advisor in China may be called for.

Priority should be given to projects and partners with the capacity to bring about more highly developed and long-term Swedish-Chinese contacts, as well as broadened and deepened relations between the two countries. One aim should be to enter the process as early as possible. It should also be possible to initiate co-operation with local environmental organisations. Part of development co-operation in the environmental sphere should be so designed as to enable Sida to work through other players. (See also the sections on international courses and research collaboration, below.)

Chinese interest in Sida's international courses has been significant. China has expressed the wish to develop co-operation further in terms of skills development in environmental agencies and administrative departments. There is also, as before, scope for developing customised bilateral courses based on the international courses given in Sweden. These courses should, where applicable, conform to a perspective of democracy and human rights, and their implementation should be feasible both in Sweden and in China.

Other educational opportunities, above all through various university contacts, are also possible. Support for education through established contacts between Swedish university and college departments and educational institutions in China have the potential for broadening, for example, Swedish-Chinese environmental co-operation. There are also research fields with strong environmental links, in which Sweden and China could develop co-operation.

Support should be encouraged, for example through Swedish NGOs, for local initiatives in civil society and for organisations that work for free opinion formation, women's rights and a better environment.

Interest in Swedish research and postgraduate education among Chinese students is keen. An estimated 600 or so Chinese students (of a total of 1,000 from Asia) each year study at Swedish universities, and 90% of these students are postgraduates. A questionnaire survey conducted by Sida on the contacts of Swedish researchers in Asia showed that one third of these contacts related to China. Only a small number of these contacts presently receive funding from Sida.

Several regional projects of research collaboration are being prepared in Asia in the fields of environmental economics, conflict research and environmental technology. Similar thematic projects are planned, for example in the social sciences. Chinese research institutions will be able to join these projects, thereby promoting regional research contacts. Research collaboration between Sweden and China in which each party finances its own share may be considered. In research collaboration, as elsewhere, special attention should be devoted to issues relating to popular participation and the perspectives of democracy and human rights.

6. Objectives of development co-operation

6.1 Purpose and volume

The purpose of development co-operation with China during the period 2001–05 should be to promote the inflow of new ideas to China, that can accelerate the reform process and promote

- human rights, legal development and democratisation
- increased gender equality and social security
- environmentally sustainable development.

Within Sweden's support for human rights in China, increased emphasis should be placed on establishing institutions and on education. Other projects in the legal sphere, such as support for civil society, are also feasible. For example, assistance can be given to organisations that work for women's rights. Projects relating to women's and children's right to healthcare can also be established. Sweden's experience regarding the rights of the individual to economic and social security can also form a basis for projects in the sphere of social safety nets and security systems.

In the environmental sector, the extension and intensification of co-operation that have begun must continue. Practicable forms of co-operation include knowledge development, knowledge exchange and support for investments in such areas as water and sewerage, waste management, control of air and noise pollution, educational and skills-enhancing projects in forest management, and dialogue with Chinese agencies on policy and strategic issues. Support for local organisations, initiatives and networks may also be initiated.

Continued support should be given to projects in Tibet that benefit the Tibetan population — for example in education and healthcare.

The volume of development co-operation during the period is expected to amount to SEK 40–50 million annually, i.e. the same order of magnitude as in previous years. In addition, development credits and grants through NGOs, as well as humanitarian assistance, will be provided.

6.2 Forms of co-operation

- Contract-financed technical co-operation (CFTC) and international courses are the most important forms of co-operation.
- Physical investments, primarily in the environmental sphere, can be funded with development credits.
- Continued assistance through Swedish NGOs, including support for the development of civil society, is valuable.
- Extended research collaboration in which each partner funds its own share should be worked towards.
- Expert exchange between Sweden and China will be promoted within the framework of Sida's support for the Swedish Institute.

6.3 Administrative consequences

- To date, development co-operation has occupied roughly 2.5 full-time employees at Sida in Stockholm and one full-time employee at the Embassy in Peking. Development co-operation should be designed so as not to increase the capacity requirements on the part of Sida.

- Since the autumn of 2000, the Embassy in Peking has employed a local programme administrator to assist the special aid representative posted there.
- The dialogue with China concerning support for the reform process requires strategic skills on the part of Sida's staff in the areas where co-operation exists.
- The gradual broadening of co-operation in the environmental and human rights areas should be designed to enable Sida to work through other players.
- This applies, for example, to projects in education, institutional development and capacity-building.
- Sida is considering whether to continue to employ an environmental advisor stationed at the Embassy in Peking.



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