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U.S.-Funded Assistance Programs in China

Thomas Lum
Specialist in Asian Affairs
Foreign Affairs, Defense, and Trade Division

Summary

United States foreign operations appropriations for the People's Republic of China (PRC) primarily support democracy-related programs, particularly rule of law training, and support Tibetan communities. The U.S. Congress has played a leading role in providing funding for such programs, which has grown from $10 million in FY2002 to $23 million in FY2006. Major funding areas include legal training, legal aid, criminal defense, labor rights, and non-governmental organization (NGO) development in China, monitoring human rights conditions in the PRC from outside China, and preserving Tibetan culture.

Overview

United States foreign operations appropriations for the People's Republic of China (PRC) primarily fund democracy-related programs and support Tibetan communities both inside and outside China. USAID does not have a presence or mission in the PRC, due in part to the PRC government's reported human rights abuses. However, the Peace Corps has been involved in English language and environmental education in China since 1993, and USAID and the State Department have directly funded or administered programs in China and Tibet since 2000. In the past five years, annual congressional appropriations for China and Tibet have more than doubled, from $10 million in FY2002 to $23 million in FY2006.

The Department of State's East Asia and the Pacific (EAP) Bureau and the Bureau of Democracy, Human Rights and Labor (DRL) have allocated funding from two accounts, the Economic Support Fund (ESF) and the Democracy Fund (FY2006-FY2007), primarily for U.S.-based non-governmental organizations in China, which in turn have provided some funding to Chinese NGOs. The East Asia Regional Democracy Fund also has provided some ESF for rule of law and Tibet programs. In FY2006, Congress earmarked Development Assistance (DA) for U.S. universities to conduct educational exchanges related to democracy, rule of law, and the environment in China. For FY2008, the Administration requested $7.8 million from the Child Survival and

Health Account, mostly for HIV/AIDS programs in China, and $1.3 million in ESF for rule of law programs.

Commonly Used Acronyms

ABA: American Bar Association
DA: Development Assistance
DRL: Bureau of Democracy Human Rights and Labor
ESF: Economic Support Funds
HRDF: Human Rights and Democracy Fund
NED: National Endowment for Democracy
NGO: Non-Governmental Organization
TAF: The Asia Foundation

The U.S. Congress has played a leading role in promoting democracy-related programs in the PRC. Because of the late enactment of the Continuing Appropriations Resolution for FY2007,[1] support for many foreign operations programs in FY2007 have not yet been specified, but can be expected to remain near FY2006 levels. Major recipients of U.S. grants for China programs include Temple University (rule of law), the International Republican Institute (village elections), and the Asia Foundation (civil society).

Some experts argue that legal reform efforts in China have produced limited benefits due to the lack of judicial independence, weak enforcement of laws, constraints on lawyers, and political corruption. Others contend that U.S.-funded rule of law programs in China have helped to build foundations for democratic change — more professional judicial personnel, more transparent lawmaking processes, and more sophisticated laws — and have bolstered reform-minded officials in the Chinese government. Many foreign and Chinese observers have noted that awareness of legal rights in many areas of PRC society is growing.

Foreign Operations Appropriations

Between 1999 and 2006, the United States government made available or authorized roughly $110 million for democracy-related programs in China. In FY2006, total funding for U.S. assistance programs in China represented about 7% of total U.S. foreign aid to East Asia.[2] In other comparative terms, the Ford Foundation, which does not receive U.S. government support, provides grants for projects in several areas, including rule of law, civil society, rural development, education, and public health ($220 million during 1988-2006). European aid efforts, particularly in the area of PRC legal reform, reportedly have

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[1] P.L. 110-5, the Revised Continuing Appropriations Resolution, FY2007 amends the Continuing Appropriations Resolution, FY2007 (P.L. 109-289, division B, as amended by P.L. 109-369 and P.L. 109-383).

[2] For FY1999-FY2003, totals are taken from *General Accounting Office, "Foreign Assistance: U.S. Funding for Democracy-Related Programs," February 2004*. For FY2004-FY2006, totals are taken from congressional foreign appropriations laws. Some of the money that was provided or authorized by Congress during these periods may not have been allocated. A small portion of funding for FY2006 will be obligated in FY2007. In FY2004-FY2006, although most foreign operations funding for China would pass through the Bureau of Democracy, Human Rights, and Labor, DRL reported $55 million for China programs compared to $67 million in funds appropriated or authorized by Congress. For further information, see CRS Report RL31362, *U.S. Foreign Aid to East and South Asia: Selected Recipients*, by Thomas Lum.

far surpassed those of the United States in terms of funding, with greater emphasis on commercial rule of law.[3]

FY2000-FY2003 Appropriations. Prior to 2000, China received only Peace Corps assistance. The consolidated appropriations act for FY2000 (P.L. 106-113) provided $1 million for U.S.-based NGOs (to preserve cultural traditions and promote sustainable development and environmental conservation) in Tibet as well as $1 million to support research about China, and authorized ESF for NGOs to promote democracy in China. For FY2001 (P.L. 106- 429), Congress authorized up to $2 million for Tibet. In FY2002 (P.L. 107-115), Congress made available $10 million for assistance for activities to support democracy, human rights, and the rule of law in China and Hong Kong, including up to $3 million for Tibet. In FY2003 (P.L. 108-7), Congress provided $15 million for democracy-related programs in China, including up to $3 million for Tibet and $3 million for the National Endowment for Democracy (NED).

FY2004-FY2006 Appropriations. In 2004, the Bureau of Democracy, Human Rights and Labor became the principal administrator of China democracy programs. The FY2004 appropriations measure (P.L. 108-199) made available $13.5 million for China and Hong Kong, including $3 million for NED. Appropriations for FY2004 provided a special earmark for Tibet ($4 million). In FY2005, Congress provided $19 million for China, including $4 million for NED, and authorized $4 million for Tibet and $250,000 for NED in Tibet (P.L. 108-447). The FY2005 appropriations measure authorized the use of Development Assistance to American universities for educational exchange programs related to democracy, rule of law, and the environment. The conference agreement (H.Rept. 109-265) on the FY2006 foreign operations appropriations bill (H.R. 3057, signed into law as P.L. 109-102) authorized $20 million for China and Hong Kong. In addition, Congress recommended $3 million to NED. For Tibet, P.L. 109-102 authorized $4 million for Tibet and Tibetan communities in China and $250,000 to NED in Tibet. The FY2006 appropriations measure also appropriated $5 million in Development Assistance to American educational institutions for legal and environmental programs in the PRC.[4] (See **Table 1**.)

Foreign Aid Restrictions. Many U.S. sanctions on the PRC in response to the Tiananmen military crackdown in 1989 remain in effect, including some foreign aid-related restrictions, such as "no" votes or abstentions by U.S. representatives to international financial institutions regarding loans to China (except those that meet basic human needs).[5] The Foreign Operations Appropriations Act for FY2002 lifted the restrictions (effective since FY2000) requiring that ESF for China democracy programs

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[3] The European Union reported "co-operation projects" worth $325 million (250 million Euros) during 2002-2006, including legal and judicial assistance, social reform, education, the environment, and economic development. See Delegation of the European Commission to China, available at [http://www.delchn.cec.eu.int/en/Co-operation/General_Information.htm].

[4] S.Rept. 109-96 on H.R. 3057, the FY2006 foreign operations appropriations bill, recommended Vermont Law School, the University of Louisville, and the University of Western Kentucky as possible recipients of these funds.

[5] Pursuant to Section 902 of the Foreign Relations Authorization Act of 1990-91 and Section 710(a) of the International Financial Institutions Act. For further information, see CRS Report RL31910, *China: Economic Sanctions*, by Dianne E Rennack.

be provided only to NGOs located outside the PRC. Tibet programs are still restricted to NGOs. Congress has required that U.S. representatives to international financial institutions support projects in Tibet only if they do not encourage the migration and settlement of non-Tibetans (the Han Chinese majority) into Tibet or the transfer of Tibetan-owned properties to non-Tibetans, which some fear may erode Tibetan culture and identity. Since FY2002, foreign operations appropriations measures have barred U.S. assistance to the United Nations Population Fund (UNFPA) because of the UNFPA's funding to family planning programs in China, which the State Department has determined retain coercive practices.[6]

Table 1. Selected U.S. Grant Assistance to China, 2000-2006
(thousand dollars)

Account	FY2000 P.L. 106-113	FY2001 P.L. 106-429	FY2002 P.L. 107-115	FY2003 P.L. 108-7	FY2004 P.L. 108-199	FY2005 P.L. 108-447	FY2006 P.L. 109-102
DA	—	—	—	—	—	—	4,950
ESF (est.) [a]	1,000	28,000[b]	10,000	15,000	13,500	19,000	23,000
ESF-Tibet	—	—	—	—	3,976	4,216	3,960
Peace Corps	1,435	1,298	1,559	977	863	1,476	1,785
Labor	—	—	6,400	—	—	—	—
Total	2,435	29,298	17,959	15,977	18,339	24,692	33,695

Sources: U.S. Department of State congressional budget justifications for foreign operations; congressional foreign operations appropriations laws.

a. ESF for democracy-related programs are based upon congressional appropriations laws. The State Department's annual budget reports do not provide totals of ESF- DRL spending in China.
b. Compensation for damages to the PRC Embassy in Belgrade.

Key Actors

Bureau of Democracy, Human Rights, and Labor. Congress has supported increased funding for DRL's Human Rights and Democracy Fund (HRDF). Appropriations for HRDF grew from a yearly average of $13 million in FY2001-FY2002 to $33.7 million in FY2003-FY2005. Congress provided $63 million for HRDF in FY2006. China programs account for about 25% of spending from its Democracy Fund. Most DRL funding goes to U.S.-based NGOs, including universities, while some sub-grants go to PRC "partner NGOs."[7]

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[6] The "Kemp-Kasten" amendment to the FY1985 Supplemental Appropriations Act (P.L. 99-88) bans U.S. assistance to organizations that support or participate in the management of coercive family planning programs. For further information, see CRS Report RL33250, *International Population Assistance and Family Planning Programs: Issues for Congress*, by Luisa Blanchfield.

[7] For a listing of HRDF projects, see U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, *HRDF Projects, 1998-Present* [http://www.state.gov/g/drl/c12440.htm]. Because of political sensitivities, DRL does not disclose the names of its grant recipients.

National Endowment for Democracy. The National Endowment for Democracy is a private, non-profit organization that promotes democracy around the world. NED was created by and obtains nearly all of its funding from the United States government. The Endowment's China programs receive grants through three channels: the annual foreign operations earmark for NED — the "core fund" — ($74 million in FY2006), out of which approximately $2 million is devoted to China programs each year; the annual congressional earmark for democracy-related programs in the PRC ($3.25 million to NED in FY2006); and DRL grants to NED's "core institutes."[8] During the FY1999-FY2003 period, about 38% of U.S. government funding for democracy-related programs in China was allocated through the Endowment.[9] NED began awarding grants to U.S.-based organizations supporting democracy in China in the mid-1980s and funded significant in-country programs in the 1990s (worth nearly $20 million). Through its grant-making program and core institutes, NED supports pro-democracy organizations in the United States and Hong Kong, helps to advance the rule of law, promote the rights of workers and women, and strengthen village elections in China, and assists in the development of Tibetan communities.[10]

Major U.S.-Funded Programs and Grantees

Rule of Law. In 1997, President Clinton and PRC President Jiang Zemin agreed to establish a "Rule of Law Initiative." Since 2001, the State Department and USAID have provided $12 million for the Temple University rule of law program in China, launched in 1999 in collaboration with Tsinghua University in Beijing and two U.S. partners or sub-grantees — New York University and Brigham Young University.[11] Temple University's Master of Laws (LLM) program in China is the first and only of its kind, educating over 600 Chinese legal professionals, the majority of whom are officials in the executive (State Council), legislative, and judicial branches of government.[12] In 2006, USAID administered a grant of $1.1 million for a rule of law program bringing together two U.S. universities (University of the Pacific and American University) and three Chinese universities.

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[8] NED's core institutes or grantees are: the International Republican Institute (IRI); the American Center for International Labor Solidarity (ACILS); the Center for International Private Enterprise (CIPE); and the National Democratic Institute for International Affairs (NDI).

[9] General Accounting Office, "Foreign Assistance: U.S. Funding for Democracy-Related Programs," February 2004.

[10] Eric T. Hale, "A Quantitative and Qualitative Evaluation of the National Endowment for Democracy, 1990-1999" (Ph.D. dissertation, Louisiana State University, 2003), pp. 173-4. For a listing of NED projects, see National Endowment for Democracy, *Grants — 2005 Asia Programs*.

[11] DRL supports eight U.S. universities conducting rule of law programs in China. Approximately 150 U.S. law schools operate programs in China, mostly offering courses and short-term programs for American students to study PRC law; about one dozen U.S. law schools have developed exchange programs. See National Committee on United States-China Relations at [http://www.ncuscr.org].

[12] Temple University Beasley School of Law, *Rule of Law Projects in China: 2005-06 Annual Report*; Adelaide Ferguson, *Temple's Rule of Law Programs in China,* March 2006.

Since 2002, the American Bar Association (ABA) has conducted several rule of law programs in China with the support of USAID, including the China Environmental Governance Training Program and the China Legal Aid project. The environmental program, in cooperation with China's State Environmental Protection Agency, has provided environmental policy training to local and regional governmental officials, lawyers, academics, NGOs, and industry representatives in several Chinese cities. In 2002, the ABA implemented a training program in the United States for a delegation of Chinese legal aid practitioners.

Department of Labor. The Department of Labor's Bureau of International Labor Affairs has sponsored programs in China pursuant to P.L. 106-286 (granting China permanent normal trade relations status, or PNTR). In October 2002, the Department of Labor awarded a four-year, $4.1 million grant to Worldwide Strategies, Inc., with the Asia Foundation and the National Committee on United States-China Relations as subcontractors, to help the PRC government develop laws and regulations that protect internationally recognized workers' rights, promote greater awareness of the law among Chinese workers and employers, strengthen industrial relations, and improve legal aid services to women and migrant workers. The Department of Labor also awarded a four-year, $2.3 million grant to the National Safety Council to help improve safety and health conditions in Chinese coal mines.

Office of American Schools and Hospitals Abroad (ASHA). During the past eight years, USAID's ASHA has supported the construction and equipping of the Center for American Studies at Fudan University in Shanghai. ASHA has also assisted the Hopkins-Nanjing Center for Chinese and American Studies in Nanjing and provided a grant to Project Hope to support training for the Shanghai Children's Medical Center.

Tibet. Since FY2000, the U.S. government has provided foreign aid funding to the Bridge Fund, a private, non-profit organization that implements community development projects in Tibetan areas of China. The Bridge Fund has created programs in the spheres of economic development, healthcare, education, cultural preservation, and environmental conservation in Tibet and Tibetan communities in five western provinces of China. Other U.S.-based and U.S.-funded NGOs in Tibet include Winrock International and The Mountain Institute. The Department of State's Bureau of Population and Refugee Migration has provided Migration and Refugee Assistance (MRA) to the Tibet Fund for Tibetan refugee communities in India and Nepal.

The Asia Foundation. The Asia Foundation (TAF) is a private, non-profit organization that sponsors civil society, democracy, and economic development programs in Asia. TAF receives an annual congressional earmark ($13.8 million in FY2006) as well as DRL grants for several projects in China, including the following: strengthening local non-governmental networks and organizations; empowering communities and civil society organizations; promoting government transparency, public participation, and public interest law; and developing grassroots mediation processes. TAF's activities "complement U.S. Government efforts to advance U.S. national interests in the Asia-Pacific region."[13]

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[13] U.S. Department of State, *International Affairs Function 150, Fiscal FY2007 Budget Request.*