

## Translation



*The following document is the 2019 budget for the National Natural Science Foundation of China (NSFC). The NSFC is a government department under the Ministry of Science and Technology that funds scientific research, principally basic research. The NSFC also runs several talent programs designed to improve China's national level of S&T talent.*

### Title

National Natural Science Foundation of China 2019 Annual Budget  
国家自然科学基金委员会2019年度部门预算

### Author

National Natural Science Foundation of China (NSFC; 国家自然科学基金委员会)

### Source

NSFC website, April 2, 2019. The budget itself is dated April 2019.

*The Chinese source text is available online at:*

[https://web.archive.org/web/20200528202313/http://www.nsf.gov.cn/Portals/0/fj/fj20190402\\_01.pdf](https://web.archive.org/web/20200528202313/http://www.nsf.gov.cn/Portals/0/fj/fj20190402_01.pdf)  
*US \$1 ≈ 7 Chinese Yuan Renminbi (RMB), as of August 26, 2020.*

### Translation Date

August 26, 2020

### Translator

Etcetera Language Group, Inc.

### Editor

Ben Murphy, CSET Translation Lead

## Contents

<b>Part 1: National Natural Science Foundation of China (NSFC; 国家自然科学基金委员会) Overview</b>	<b>3</b>
1. Primary Responsibilities	3
2. Departmental Budgetary Unit Composition	3
<b>Part 2: 2019 NSFC Departmental Budgets</b>	<b>4</b>
1. Summary of Government Fiscal Appropriation Revenue and Expenditures	4
2. General Public Budget Expenditures	5
3. General Public Budget Basic Expenditures	6
4. General Public Budget Expenditures for the "Three Public" Expenses	8
5. Government Fund Budget Expenditures	8
6. Summary of Departmental Revenue and Expenditures	8
7. Summary of Departmental Revenue	9
8. Summary of Departmental Expenditures	10
<b>Part 3: Detailed Description of the NSFC's 2019 Departmental Budgets</b>	<b>11</b>
1. Description of Government Fiscal Appropriation Revenue and Expenditure	

Budgets	11
2. Description of 2019 General Public Budget Current Year Appropriations	11
3. Description of Basic Expenditures in 2019 General Public Budget	13
4. Description of the "Three Public" Expenses in the 2019 Budget	13
5. Description of 2019 Government Fund Expenditures	13
6. Description of 2019 Revenue and Expenditure Budgets	14
7. Description of the 2019 Revenue Budget	14
8. Description of the 2019 Expenditure Budget	14
9. Description of Other Important Matters	14
<b>Part 4: Glossary</b>	<b>20</b>

## Part 1: National Natural Science Foundation of China (NSFC; 国家自然科学基金委员会) Overview

### 1. Primary Responsibilities

The NSFC is a public institution<sup>1</sup> managed by the Ministry of Science and Technology. It was established in February 1986 and performs the following duties in accordance with the *Regulations on the National Natural Science Foundation of China*:

(1) To develop and implement funding plans to support basic research and training for S&T talents, to accept project applications, to organize expert reviews, to manage funding projects, to promote the effective allocation of scientific research resources, and to create a favorable environment for innovation.

(2) To collaborate with national S&T administrative departments in formulating guidelines, policies, and plans for the nation's development of basic research, and to provide consultation on major national development S&T issues.

(3) To carry out relevant work and cooperate with relevant institutions to carry out funding activities, as entrusted by the State Council and relevant ministries.

(4) To establish contacts and carry out international cooperation with government S&T management departments, funding institutions, and academic organizations in other countries or regions.

(5) To support the work of other domestic science foundations.

(6) To carry out other work assigned by the State Council.

### 2. Departmental Budgetary Unit Composition

The department budget of the NSFC is only a budget for the foundation itself.

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<sup>1</sup> Translator's note: "Public institutions" (事业单位) are organizations created and led by PRC government departments that provide social services. Unlike state-owned enterprises (SOEs), public institutions do not create material products and do not generate income. Public institutions are not considered government agencies, and their employees are not civil servants. Most public institutions are fully or partially government-funded, but some fully privately funded (but still government-led) public institutions exist. Public institutions typically provide services in areas such as education, science and technology, culture, health, and sanitation.

## Part 2: 2019 NSFC Departmental Budgets

Departmental Disclosures Table 1

### 1. Summary of Government Fiscal Appropriation Revenue and Expenditures

Units: Chinese Yuan Renminbi (RMB) 10,000

Revenue		Expenditures	
Item	Budgeted amount	Item	Budgeted amount
I. Current year revenue	3,261,872.43	I. Current year expenditures	3,306,945.43
(i) General public budget appropriations	3,261,872.43	(i) S&T expenditures	3,305,128.25
(ii) Government fund budget appropriations		(ii) Social security and employment expenditures	824.18
		(iii) Housing expenditures	993.00
II. Balance carried forward from previous year	45,073.00		
(i) General public budget (一般公共预算) allocation	45,073.00		
(ii) Government fund budget (政府性基金预算) allocation			
		II. Balance carried over to following year	
<b>Total revenue</b>	<b>3,306,945.43</b>	<b>Total expenditures</b>	<b>3,306,945.43</b>

## 2. General Public Budget Expenditures

Units: RMB 10,000

Functional classification item		2018 actual amount		2019 budgeted amount				2019 to 2018 YoY Comparison		2019 to 2018 YoY Comparison (excluding National Development and Reform Commission (NDRC) infrastructure construction)	
Item code	Item name	Actual amount	Actual amount after deducting NDRC infrastructure	Initial Annual Budget			Budgeted amount after deducting NDRC infrastructure	Increase amount	Increase %	Increase amount	Increase %
				Subtotal	Basic expenditures	Project expenditures					
<b>206</b>	<b>Science and technology expenditures</b>	<b>2,946,448.27</b>	<b>2,946,448.27</b>	<b>3,260,055.25</b>	<b>8,516.07</b>	<b>3,251,539.18</b>	<b>3,260,055.25</b>	<b>313,606.98</b>	<b>10.64%</b>	<b>313,606.98</b>	<b>10.64%</b>
20602	Basic research	2,804,448.27	2,804,448.27	3,260,055.25	8,516.07	3,251,539.18	3,260,055.25	455,606.98	16.25%	455,606.98	16.25%
2060203	NSFC	2,804,448.27	2,804,448.27	3,111,055.25	8,516.07	3,102,539.18	3,111,055.25	306,606.98	10.93%	306,606.98	10.93%
2060299	Other basic research expenditures			149,000.00		149,000.00	149,000.00	149,000.00			
20699	Other S&T expenditures	142,000.00	142,000.00					-142,000.00	-100.00%	-142,000.00	-100.00%
2069999	Other S&T expenditures	142,000.00	142,000.00					-142,000.00	-100.00%	-142,000.00	-100.00%
<b>208</b>	<b>Social security and employment expenditures</b>			<b>824.18</b>	<b>824.18</b>		<b>824.18</b>	<b>824.18</b>		<b>824.18</b>	
20805	Administrative public institution (行政事业单位) pensions			824.18	824.18		824.18	824.18		824.18	
2080505	Expenditures on basic pension insurance contributions of state organ public institutions (机关事业单位)			618.74	618.74		618.74	618.74		618.74	
2080506	Expenditures on occupational annuity contributions of state organ public institutions			205.44	205.44		205.44	205.44		205.44	
<b>221</b>	<b>Housing expenditures</b>	<b>563.00</b>	<b>563.00</b>	<b>993.00</b>	<b>993.00</b>		<b>993.00</b>	<b>430.00</b>	<b>76.38%</b>	<b>430.00</b>	<b>76.38%</b>
22102	Housing reform expenditures	563.00	563.00	993.00	993.00		993.00	430.00	76.38%	430.00	76.38%
2210201	Housing provident fund	350.00	350.00	750.00	750.00		750.00	400.00	114.29%	400.00	114.29%
2210202	Rent subsidies	48.00	48.00	48.00	48.00		48.00	0.00	0.00%	0.00	0.00%
2210203	Home purchase subsidies	165.00	165.00	195.00	195.00		195.00	30.00	18.18%	30.00	18.18%
<b>Total</b>		<b>2,947,011.27</b>	<b>2,947,011.27</b>	<b>3,261,872.43</b>	<b>10,333.25</b>	<b>3,251,539.18</b>	<b>3,261,872.43</b>	<b>314,861.16</b>	<b>10.68%</b>	<b>314,861.16</b>	<b>10.68%</b>

### 3. General Public Budget Basic Expenditures

Units: RMB 10,000

Departmental budget expenditures – economic classification items		2019 Basic Expenditures		
Item code	Item name	Total	Personnel expenses	Public expenses
<b>301</b>	<b>Salary and benefits expenditures</b>	<b>6,839.59</b>	<b>6,839.59</b>	
30101	Basic salaries	1,774.47	1,774.47	
30102	Subsidies and allowances	557.44	557.44	
30107	Performance pay	2,733.72	2733.72	
30108	Basic pension insurance contributions of state organ public institutions	618.74	618.74	
30109	Occupational annuity contributions	205.44	205.44	
30112	Other social security contributions	85.62	85.62	
30113	Housing provident fund	750.00	750.00	
30114	Medical expenses	112.40	112.40	
30199	Other salary and benefits expenditures	1.76	1.76	
<b>302</b>	<b>Goods and services expenditures</b>	<b>3,000.00</b>		<b>3,000.00</b>
30201	Office expenses	78.50		78.50
30202	Printing expenses	1.00		1.00
30203	Consulting fees	5.00		5.00
30205	Water fees	21.00		21.00
30206	Electricity fees	176.00		176.00
30207	Postage and cable fees	47.00		47.00
30208	Heating expenses	65.00		65.00
30209	Property management fees	326.00		326.00
30211	Travel expenses	55.40		55.40
30213	Repair and maintenance costs	361.56		361.56
30215	Conference fees	34.73		34.73
30216	Training fees	130.74		130.74
30217	Official reception expenses	7.76		7.76
30218	Special-use material costs	20.00		20.00
30226	Labor costs	680.10		680.10
30228	Trade union funds	80.00		80.00
30229	Welfare expenses	4.62		4.62
30231	Official vehicle operation and maintenance costs	61.83		61.83
30239	Other transportation expenses	320.00		320.00
30299	Other goods and services expenditures	523.76		523.76
<b>303</b>	<b>Assistance for individuals and families</b>	<b>493.66</b>	<b>493.66</b>	
30301	Pension (离休) costs	61.89	61.89	
30302	Pension (退休) costs <sup>2</sup>	330.50	330.50	
30303	Retirement (decommissioning) costs	0.43	0.43	
30304	Survivors' benefits	95.44	95.44	
30305	Subsistence allowances	3.60	3.60	
30309	Awards	1.00	1.00	

<sup>2</sup> Translator's note: China implements two tracks for civil service retirements and pensions. Retired (离休) civil servants who began working prior to the founding of the PRC in 1949 are in one track. Retired (退休) civil servants who began working after 1949 are in the other.

30399	Other assistance expenditures for individuals and families	0.80	0.80	
<b>Total</b>		<b>10,333.25</b>	<b>7,333.25</b>	<b>3,000.00</b>

#### 4. General Public Budget Expenditures for the "Three Public" Expenses<sup>3</sup>

Units: RMB 10,000

Early 2018 budgeted amount						Adjusted 2018 budgeted amount						2019 budgeted amount					
Total	Expenses for official travel abroad	Official vehicle acquisition and operation costs			Official reception expenses	Total	Expenses for official travel abroad	Official vehicle acquisition and operation costs			Official reception expenses	Total	Expenses for official travel abroad	Official vehicle acquisition and operation costs			Official reception expenses
		Subtotal	Official vehicle acquisition	Public vehicle operation costs				Subtotal	Official vehicle acquisition	Public vehicle operation costs				Subtotal	Official vehicle acquisition	Public vehicle operation costs	
398.81	303.00	70.00		70.00	25.81	398.81	303.00	70.00		70.00	25.81	386.85	303.00	61.83		61.83	22.02

#### 5. Government Fund Budget Expenditures

Units: RMB 10,000

Item code	Item name	Current Year Government Fund Budget Expenditures		
		Total	Basic expenditures	Project expenditures
	Total			

The NSFC does not use basic expenditures and project expenditure budgets arranged by government fund budget fiscal appropriations, so there is no data in this table.

#### 6. Summary of Departmental Revenue and Expenditures

Units: RMB 10,000

Revenue		Expenditures	
Item	Budgeted amount	Item	Budgeted amount
I. General public budget allocation	3,261,872.43	I. S&T expenditures	3,385,313.25
II. Government fund budget allocation		II. Social security and employment expenditures	824.18
III. Business revenue (事业收入)		III. Housing expenditures	993.00
IV. Public institution operating revenue			
V. Other revenue	80,185.00		
Total current year revenue	3,342,057.43	Total current year expenditures	3,387,130.43
Balance carried forward from previous year	45,073.00	Balance carried over to following year	
Total revenue	3,387,130.43	Total expenditures	3,387,130.43

<sup>3</sup> Translator's note: The "three public" expenses ("三公"经费) refer to spending on (1) foreign travel, (2) cars and chauffeurs, and (3) official receptions. Chinese auditors pay close attention to these three categories of expenditures because they are often the most visible examples of corruption and waste of public funds.



## 7. Summary of Departmental Revenue

Units: RMB 10,000

Account item		Total	Balance carried forward from previous year	General public budget appropriations	Government fund budget appropriations	Business revenue		Business unit operating revenue	Subsidy revenue from higher levels	Revenue from payments by lower-level units	Other revenue	Business funds used to make up the balance of revenue and expenditures
Item code	Item name					Amount	Of which: Educational charges					
<b>206</b>	<b>Science and technology expenditures</b>	<b>3,385,313.25</b>	<b>45,073.00</b>	<b>3,260,055.25</b>							<b>80,185.00</b>	
20602	Basic research	3,354,533.25	14,293.00	3,260,055.25							80,185.00	
2060203	NSFC	3,205,533.25	14,293.00	3,111,055.25							80,185.00	
2060299	Other basic research expenditures	149,000.00		149,000.00								
20699	Other S&T expenditures	30,780.00	30,780.00									
2069999	Other S&T expenditures	30,780.00	30,780.00									
<b>208</b>	<b>Social security and employment expenditures</b>	<b>824.18</b>		<b>824.18</b>								
20805	Administrative business unit pensions	824.18		824.18								
2080505	Expenditures on basic pension insurance contributions of state organ public institutions	618.74		618.74								
2080506	Expenditures on occupational annuity contributions of state organ public institutions	205.44		205.44								
<b>221</b>	<b>Housing expenditures</b>	<b>993.00</b>		<b>993.00</b>								
22102	Housing reform expenditures	993.00		993.00								
2210201	Housing provident fund	750.00		750.00								
2210202	Rent subsidies	48.00		48.00								
2210203	Home purchase subsidies	195.00		195.00								
<b>Total</b>		<b>3,387,130.43</b>	<b>45,073.00</b>	<b>3,261,872.43</b>							<b>80,185.00</b>	

## 8. Summary of Departmental Expenditures

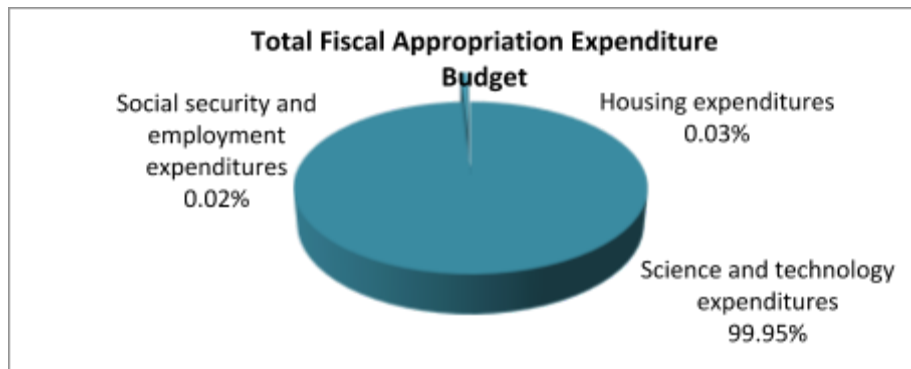
Units: RMB 10,000

Item code	Item name	Total	Basic expenditures	Project expenditures	Payments to higher authorities	Business unit operating expenses	Subsidies for Lower-level Units
<b>206</b>	<b>Science and technology expenditures</b>	<b>3,385,313.25</b>	<b>9,766.07</b>	<b>3,375,547.18</b>			
20602	Basic research	3,354,533.25	9,766.07	3,344,767.18			
2060203	NSFC	3,205,533.25	9,766.07	3,195,767.18			
2060299	Other basic research expenditures	149,000.00		149,000.00			
20699	Other S&T expenditures	30,780.00		30,780.00			
2069999	Other S&T expenditures	30,780.00		30,780.00			
<b>208</b>	<b>Social security and employment expenditures</b>	<b>824.18</b>	<b>824.18</b>				
20805	Administrative public institution pensions	824.18	824.18				
2080505	Expenditures on basic pension insurance contributions of state organ public institutions	618.74	618.74				
2080506	Expenditures on occupational annuity contributions of state organ public institutions	205.44	205.44				
<b>221</b>	<b>Housing expenditures</b>	<b>993.00</b>	<b>993.00</b>				
22102	Housing reform expenditures	993.00	993.00				
2210201	Housing provident fund	750.00	750.00				
2210202	Rent subsidies	48.00	48.00				
2210203	Home purchase subsidies	195.00	195.00				
	<b>Total</b>	<b>3,387,130.43</b>	<b>11,583.25</b>	<b>3,375,547.18</b>			

## Part 3: Detailed Description of the NSFC's 2019 Departmental Budgets

### 1. Description of Government Fiscal Appropriation Revenue and Expenditure Budgets

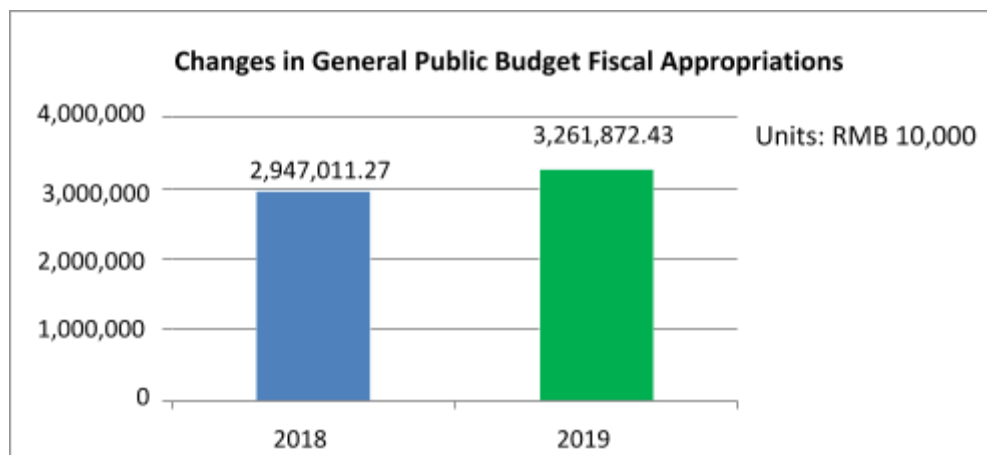
The NSFC's total government fiscal appropriation revenue and expenditure budget for 2019 is RMB 33,069,454,300. All revenue is general public budget appropriations, with no government fund budget appropriations, and includes: General public budget appropriation revenue for the current year of RMB 32,618,724,300, with RMB 450,730,000 carried forward from the prior year. Expenditures include: S&T expenditures of RMB 33,051,282,500, social security and employment expenditures of RMB 8,241,800, and housing expenditures of RMB 9,930,000.



### 2. Description of 2019 General Public Budget Current Year Appropriations

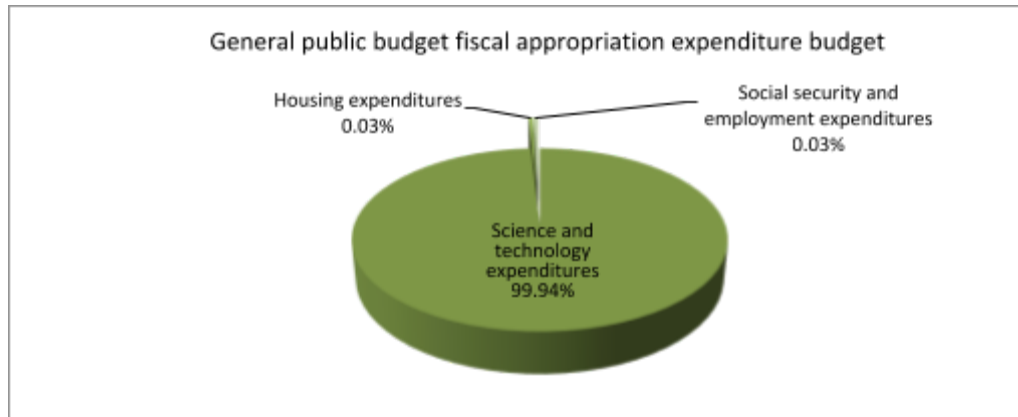
#### (1) Changes in General Public Budget Fiscal Appropriations

The NSFC's 2019 general public budget appropriations for the current year amount to RMB 32,618,724,300, an increase of RMB 3,148,611,600, or 10.68%, from the amount executed in 2018. This is mainly due to an increase in the central government's fiscal appropriation for the National Natural Science Foundation of China compared with the prior year to promote basic research, advance the effective allocation of scientific research resources, create a favorable environment for innovation, and promote economic and social development.



## (2) Structure of General Public Budget Fiscal Appropriations

**S&T (type)** expenditures are RMB 32,600,552,500, accounting for 99.94%; **social security and employment (type)** expenditures are RMB 8,241,800, accounting for 0.03%; **housing (type) expenditures** are RMB 9,930,000, accounting for 0.03%.



## (3) Specific Use of General Public Budget Fiscal Appropriations

1. In 2019, the budget figure for **S&T (type) basic research (sub-type) natural science foundation (item)** is RMB 31,110,552,500, an increase of RMB 3,066,069,800, or 10.93%, from the amount executed in 2018. This is mainly due to an increase in the central government's fiscal appropriations for the National Natural Science Foundation of China.
2. In 2019, the budget figure for **S&T (type) basic research (sub-type) other basic research expenditures (item)** is RMB 1.49 billion for the youth projects under the "Thousand Talents Program" managed by the NSFC, an increase of RMB 1.49 billion from the amount executed in 2018. This is mainly due to an adjustment in the structure of accounts in accordance with government fiscal requirements such that funds originally arranged under "other S&T expenditures (item)" are now included in this account.
3. The 2019 fiscal appropriations budget figure for **S&T technology (type) other S&T expenditures (sub-type) other S&T expenditures (item)** has been reduced by RMB 1.42 billion, or 100%, from the amount executed in 2018. This is mainly due to an adjustment in the structure of accounts in accordance with government fiscal requirements such that funds originally arranged under this account are now arranged under "other basic research expenditures (item)."
4. The 2019 budget figure for **social security and employment (type) administrative business unit pensions (sub-type) basic pension insurance contributions of state organ public institutions (item)** is RMB 6,187,400, an increase of RMB 6,187,400 from the amount executed in 2018. This is mainly due to an adjustment in the structure of accounts in accordance with government fiscal requirements such that funds originally arranged under "S&T (type) basic research (sub-type) NSFC (item)" are now included in this account.

5. The 2019 budget figure for **social security and employment (type) administrative business unit pensions (sub-type) expenditures on occupational annuity contributions of state organ public institutions (item)** is RMB 2,054,400, an increase of RMB 2,054,400 from the amount executed in 2018. This is mainly due to an adjustment in the structure of accounts in accordance with government fiscal requirements such that funds originally arranged under "S&T (type) basic research (sub-type) NSFC (item)" are now included in this account.
6. The 2019 budget figure for **housing expenditures (type) housing reform expenditures (sub-type) housing provident fund (item)** is RMB 7,500,000, an increase of RMB 4 million or 114.29% from the amount executed in 2018. This is mainly due to the arrival of new personnel, routine promotions, and to make up for the funding gap in the housing provident fund from prior years.
7. The 2019 budget figure for **housing expenditures (type) housing reform expenditures (sub-type) rent subsidies (item)** is RMB 480,000, which is the same as the amount executed in the 2018 budget.
8. The 2019 budget figure for **housing expenditures (type) housing reform expenditures (sub-type) housing purchase subsidies (item)** is RMB 1,950,000, an increase of RMB 300,000 or 18.18% from the amount executed in 2018. This is mainly due to the arrival of new personnel and routine promotions.

### **3. Description of Basic Expenditures in 2019 General Public Budget**

In the NSFC's 2019 general public budget, total basic expenditures are RMB 103,332,500, of which:

Personnel expenditures account for RMB 73,332,500, which mainly include: Basic wages, subsidies and allowances, performance-based wages, pension insurance and occupational annuity contributions for state organ public institutions, other social security expenditures, housing provident fund contributions, medical expenses, other salary and benefit expenditures, pension expenses, death and disability benefits, living expense subsidies, and other individual and family subsidies.

Routine public expenditures account for RMB 30 million, which mainly include: Office expenses, printing expenses, consulting fees, water fees, electricity fees, postage and telecom fees, heating fees, property management fees, travel expenses, maintenance and upkeep fees, conference expenses, training expenses, official reception expenses, special-use material costs, labor expenses, union fees, benefit expenses, maintenance expenses for official vehicles, other transportation expenses, and other product and service expenditures.

### **4. Description of the "Three Public" Expenses in the 2019 Budget**

The 2019 budget figure for funding for the "three public expenses" is RMB 3,868,500, including: RMB 3,030,000 for expenses for official travel abroad, RMB 618,300 for official vehicle purchase and operation costs, and RMB 220,200 for official reception expenses. The 2019 budget figure for the "three public" expenses has been reduced by RMB 119,600, or 3%, from 2018. This is mainly due to a further reduction in expenditures for official vehicles and official receptions in accordance with the requirements of the CPC Central Committee and the

State Council regarding "belt-tightening" and the insistence on cost savings and waste reduction.

### 5. Description of 2019 Government Fund Expenditures

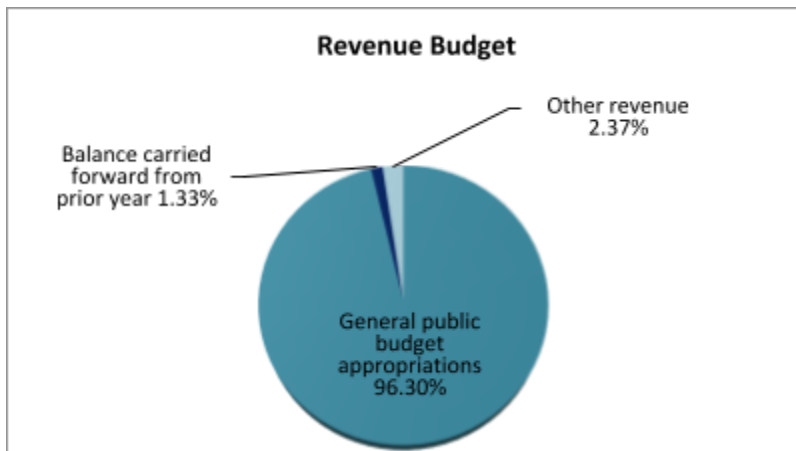
In 2019, the NSFC did not use a government fund budget to allocate for arranged expenditures.

### 6. Description of 2019 Revenue and Expenditure Budgets

Following comprehensive budgeting principles, all revenue and expenditures of the NSFC are managed in the departmental budgets. Revenue includes: General public budget appropriations, other revenue, and business funds carried forward from prior year. Expenditures include: S&T expenditures, social security and employment expenditures, and housing expenditures. In 2019, the total revenue and expenditure budget is RMB 33,871,304,300.

### 7. Description of the 2019 Revenue Budget

The NSFC's 2019 revenue budget is RMB 33,871,304,300, of which funds carried forward from the prior year are RMB 450,730,000, accounting for 1.33%; government fiscal appropriation revenue is RMB 32,618,724,300, accounting for 96.30%; and other revenue is RMB 801,850,000, accounting for 2.37%.



### 8. Description of the 2019 Expenditure Budget

In 2019, the NSFC's budgeted expenditures totaled RMB 33,871,304,300, with basic expenditures accounting for RMB 115,832,500 or 0.34% and project expenditures accounting for RMB 33,755,471,800 or 99.66%.



## 9. Description of Other Important Matters

### (1) National Natural Science Foundation of China Project Status

#### 1. Overview of Project

The National Natural Science Foundation of China project is mainly used to fund and manage the National Natural Science Foundation of China. The main expenditures include funding the National Natural Science Foundation of China project and the National Science Fund for Outstanding Youth; organizing the review and management of science foundation projects, constructing and maintaining the scientific fund management information system, as well as purchases and renovations (修缮) necessary to ensure business operations (事业运行), and other auxiliary support work.

In the early 1980s, in order to promote the reform of China's S&T system and change the funding method for scientific research, 89 academicians (members) of the Chinese Academy of Sciences wrote to the CPC Central Committee and the State Council, suggesting the study of successful international experience and the establishment of a national natural science fund, which was approved by the CPC Central Committee and the State Council. The National Natural Science Foundation of China sponsors S&T personnel from domestic colleges and universities, scientific research institutions, and other public welfare institutions (公益性结构) with independent legal person status that carry out basic research, allowing them to carry out basic research and exploration of the frontiers of science. The work of the Science Foundation has fully introduced and implemented advanced research funding models and management concepts, established the review principles of "relying on experts, promoting democracy, and selecting the best support with fairness and reason," and established an operating mechanism of "scientific democracy, equal competition, and encouragement of innovation," giving full play to the Natural Science Foundation's function of "direction, stability, and encouragement" of China's basic research. In accordance with the overall deployment of comprehensively deepening the reform of the S&T system and implementing the innovation-driven development strategy, the Science Foundation has focused its efforts on the three major reform tasks of "clarifying the orientation of funding, improving the mechanisms of review, and optimizing the arrangement of disciplines."

By adhering to the funding orientation of the new era of "encouraging exploration, highlighting originality; focusing on the cutting edge, pioneering unique paths; being led by

demand and breaking through bottlenecks; orienting around commonalities and intermingling across disciplines," the NSFC has established an intelligence-aided (智能辅助) categorization review mechanism of "taking responsibility, talking about reputation, and calculating contributions," constructed in line with the internal logic and structure of the knowledge system with a disciplinary layout that integrates knowledge levels and application fields. The NSFC strives to play a unique role in scientific innovation to promote the prosperity and development of China's basic research.

## **2. Basis for project establishment**

The *Notice on Issuing the Provisions on the Function Configuration, Internal Bodies, and Staffing of the National Natural Science Foundation of China* ([2000] No. 82) of the General Office of the State Council stipulates that the NSFC is the public institution that manages the National Natural Science Foundation of China. In accordance with the national S&T development guidelines, policies, and plans and in accordance with the mode of operation used by the Natural Science Foundation which is compatible with the socialist market economic structure, the NSFC uses the Natural Science Foundation funded by the central government fiscal budget to subsidize basic research and some applied research, to discover and train S&T talents, to give full play to the guiding and coordinating role of the Natural Science Foundation, and to promote S&T progress and economic and social development. The NSFC is also responsible for the management of the National Natural Science Foundation of China.

The *Regulations on the National Natural Science Foundation of China* (State Council Order No. 487, 2007) stipulates that the state has established the National Natural Science Foundation of China to fund basic research as prescribed by the *Law of the People's Republic of China on Progress of Science and Technology*. The main source of funding for the National Natural Science Foundation of China is central government fiscal appropriations.

The *Notice of the State Council on Issuing the Plan for Deepening the Reform of Administration of Central Fiscal Scientific Research Projects (Special Projects and Funds, Among Others)* ([2014] No. 64) clearly stipulates that, in accordance with national strategic needs, government S&T administrative functions, and S&T innovation legislation, S&T plans (special projects, funds, etc.) managed by central departments will be integrated to form five types of S&T plans (special projects, funds, etc.). Specifically, the National Natural Science Foundation of China funds basic research and exploration of scientific frontiers, supports talent and team building, and enhances source innovation capabilities (源头创新能力).

## **3. Implementing entity**

This project is organized and implemented by the NSFC.

## **4. Implementation scheme**

### **(1) Overall philosophy:**

The National Natural Science Foundation of China grasps the strategic positioning of "supporting basic research, insisting on free exploration, and playing a guiding role," strives to cultivate innovative ideas and innovative talents, and further strengthens support for the development of scientific research tools. The NSFC is responsible for formulating and publishing basic research and some applied research guidelines, accepting project applications, organizing



expert reviews, selecting the best projects for funding, and creating a research environment conducive to innovation.

(2) Implementation method and schedule:

The funding work of the National Natural Science Foundation of China follows the principles of openness, fairness, and justice and implements the principles of respecting science, promoting democracy, advocating competition, promoting cooperation, stimulating innovation, and leading the future, giving full play to the role of experts, adopting macro guidance and free application, equal competition, peer review, and merit-based support mechanisms.

The NSFC selects experts with high academic credentials and good professional ethics in accordance with the principles of combining representativeness and diversity, dynamic adjustment, and experts' free will and establishes peer expert review teams and subject review teams or professional review committees. The review experts make independent judgments and evaluations on the scientific value, innovation, social impact, and feasibility of research plans and on applied funding for applied funding projects and put forward funding recommendations based on funding plans.

The selection and determination of funding projects are generally based on the following procedures: Formal review of project applications; peer expert communication review; subject review group meeting review; committee meeting approval. Most of the project types of the National Natural Science Foundation of China accept applications in a centralized manner each year. The deadline for acceptance is generally March 20 of each year. The project application guide is released in January, and the preliminary review, peer expert communication review, and subject review group meeting review are completed from April to July, and the committee meeting review and approval is in August.

(3) Milestones and achievements:

During the 13th Five-Year Plan and for a longer period thereafter, the Science Foundation should advance the frontiers of science and engineering, catalyze more scientific breakthroughs, cultivate scientific talents, and help China's basic research to achieve the "total parallelism, contribution parallelism, and origination parallelism" ("总量并行、贡献并行、源头并行") of technologically advanced countries. The Science Foundation should provide strategic support for innovation-driven development, form the prosperous development of disciplines, and foster ample original achievements, a gathering of high-end talents, and a strong innovation culture to lay the scientific foundation for an innovation-oriented country.

## **5. Implementation cycle**

This project is a long-term implementation.

## **6. Annual budget arrangements**

The 2019 budgetary arrangement in the general public budget for this project is RMB 31,025,391,800. Of which:

(1) The National Natural Science Foundation of China project accounts for RMB 29,900,891,800. This includes both direct and indirect expenses and expenditures of the funded

National Natural Science Foundation of China project.

- (2) The National Science Fund for Outstanding Youth project accounts for RMB 761,400,000. This includes both direct and indirect expenses and expenditures of the funded National Science Fund for Outstanding Youth project.
- (3) The project’s organization and implementation costs amount to RMB 338 million. This mainly consists of expenditures for science fund project acceptance and review activities, including peer expert communication review fees, expert consultation fees, and review meeting fees as well as related expenditures for science fund project management, such as funding for audit supervisions and funding for science and education propaganda.
- (4) Information network construction, renovation, and other projects account for RMB 25.1 million. These mainly consist of expenditures for the operation, maintenance, and adaptive adjustment of the National Natural Science Foundation of China management information system and the construction of the national S&T management information system, the basic research knowledge base system, and the project achievement information system, as well as purchases and renovations necessary to ensure the operation of public institutions and other auxiliary support work.

## 7. Project Performance Objectives and Metrics

Project Expenditures Performance Objectives				
(2019)				
Project Name		National Natural Science Foundation of China		
Competent authority and code		[280] NSFC	Implementing unit	NSFC
Project attributes			Project cycle	
Project funds (RMB 10,000)	Intermediate term total funds		Annual total funds	3,182,724.18
	Of which: Government budget allocation		Of which: Government budget allocation	3,102,539.18
	Other funds		Other funds	80,185.00
O v e r a ll o b j e c t i v e	Interim objectives (2019-2021)		Annual objectives	
	From 2019 to 2021, the NSFC will use the Natural Science Fund funded by state fiscal investment to fund basic research and some applied research in natural sciences to discover and train S&T talent. NSFC will be responsible for the management of the National Natural Science Foundation of China and supervise the implementation of funded projects; for formulating and publishing basic research and some applied research guidelines; for accepting project applications, organizing expert reviews, and selecting the best projects for funding; and for ensuring that all tasks of fund management are carried out in an effective and orderly manner.		In 2019, the NSFC will use the Natural Science Fund funded by state fiscal investment to organize experts to complete project reviews and fund established natural science basic research projects. Through funding work, NSFC will promote the balanced development of various disciplines in the field of natural sciences, with the emergence of roughly 10 milestones in cutting-edge academic work and 3-5 major achievements of original significance in pushing the frontiers of science; and will strive to form more than one research team with important international influence in each subject field. The NSFC is responsible for the management of the National Natural Science Foundation of China, supervising the	

e s					implementation of funded projects and for ensuring that all tasks of fund management are carried out in an effective and orderly manner.			
	Level 1 metrics	Level 2 metrics	Level 3 metrics	Metric Value	Level 2 metrics	Level 3 metrics	Metric Value	
	P e r f o r m a n c e m e t r i c s	Output metrics	Quantitative metrics	Projects funded	≥120,000	Quantitative metrics	Projects funded	≥40,000
				Number of papers funded by the Science Foundation rated first place	≥270,000 papers		Number of papers funded by the Science Foundation rated first place	≥90,000 papers
			Qualitative metrics	Proportion of SCI papers rated as high-quality nationally	>40%	Qualitative metrics	Proportion of SCI papers rated as high-quality nationally	>40%
				Rate of good quality ratings during project implementation	≥75%		Rate of good quality ratings during project implementation	≥75%
		Percentage of project implementation process rated as excellent		≥75	Percentage of project implementation process rated as excellent		≥75%	
		Timeliness metrics	Rate of on-schedule application and project initiation	≥95%	Timeliness metrics	Rate of on-schedule completion for application and project initiation	≥95%	
			Rate of on-schedule application and project initiation	≥90%		Rate of on-schedule completion	≥90%	
		Benefit metrics	Sustainable impact metrics	Comprehensive coverage of disciplines	≥90%	Sustainable impact metrics	Comprehensive coverage of disciplines	≥90%
	Outstanding young scientific research talents trained			600	Outstanding young scientific research talents trained		200	
	Model cases of project innovation and conversion of achievements into applications			≥150	Model cases of project innovation and conversion of achievements into applications		≥50	
	Satisfaction metrics	Service recipient satisfaction metrics	Satisfaction of applicants with NSFC project services	≥4 (full score is 5)	Service recipient satisfaction metrics	Satisfaction of applicants with NSFC project services	≥4 (full score is 5)	
			Satisfaction of evaluation experts with NSFC project services	≥4 (full score is 5)		Satisfaction of evaluation experts with NSFC project services	≥4 (full score is 5)	

## (2) Government Procurement

In 2019, the NSFC's total budget for government procurement is RMB 94,068,500. Specifically, the budget for government procurement of goods is RMB 11,920,000, and the budget for government procurement of services is RMB 82,145,600.

## (3) Use of State-Owned Assets

As of the end of July 2018, the NSFC had 19 vehicles. Specifically, there were six vehicles used by department-level leading cadres, 3 vehicles used by retired cadres, two vehicles used for confidential communications, and one vehicle used for emergency support. There were no units (sets) of general-use equipment with a unit value over RMB 500,000, and no units (sets) of

special-use equipment with a unit value over RMB 1 million.

In 2019, there are plans to upgrade and purchase three vehicles for general business, of which two vehicles will be used by department-level leading cadres and one vehicle will be used by retired cadres. There will be 0 units (sets) of general-use equipment with a unit value over RMB 500,000, and 0 units (sets) of special-use equipment with a unit value over RMB 1 million.

#### **(4) Budget Performance**

In 2018, there were 8 performance target management items, involving general public budget appropriations of RMB 27,951,820,000 and a fund budget of RMB 0. Four projects were included under the department-based key performance evaluation pilot program, involving general public budget appropriations of RMB 16,514,000,000 and a fund budget of RMB 0. In 2019, there are 8 performance target management items, involving general public budget appropriations of RMB 31,025,381,800 and a fund budget of RMB 0. Two projects were included under the department-based key performance evaluation pilot program, involving general public budget appropriations of RMB 19,014,400,000 and a fund budget of RMB 0.

### **Part 4: Glossary**

**(1) General public budget appropriations revenue (一般公共预算拨款收入):** Refers to funds allocated by the central government in the current year.

**(2) Other revenue:** Refers to revenue other than "general public budget appropriations" as described above. This mainly consists of funds, such as special government allowances allocated by the Ministry of Human Resources and Social Security, from investors outside of the joint fund (联合基金委) which will be allocated by the NSFC in 2019 to units entrusted with projects.

**(3) Balance carried forward from prior year:** Refers to the funds that were not used up in prior years and are carried over to the current year but continue to be used for their original intended purposes.

**(4) S&T technology (type) basic research (sub-type) Natural Science Foundation (item):** Refers to expenditures for the natural science foundation established by the State Council.

**(5) S&T technology (type) other S&T expenditures (sub-type) other S&T expenditures (item):** Refers to special project expenditures established by the central authorities for youth projects under the Thousand Talents Program which have been managed by the NSFC since 2017. This is due to an adjustment in the structure of accounts in 2019 in accordance with government fiscal requirements such that funds originally arranged under this account are now arranged under "other basic research expenditures (item)."

**(6) S&T technology (type) basic research (sub-type) other basic research expenditures (item):** Refers to special project expenditures established by the central government for youth projects under the Thousand Talents Program. Beginning in 2019, funding for the Youth Thousand Talents Program originally arranged for under the "other S&T expenditures (item)" will be adjusted to arrangements under this account.

**(7) Social insurance and employment expenditures (type) administrative business unit**

**pensions (sub-type) basic pension insurance contributions of state organ public institutions (item):** Refers to expenditures on basic pension insurance contributions for employees.

**(8) Social insurance and employment expenditures (type) administrative business unit pensions (sub-type) expenditures on occupational annuity contributions of state organ public institutions (item):** Refers to expenditures on occupational annuity contributions for employees.

**(9) Housing expenditures (type) housing reform expenditures (sub-type) housing provident fund (item):** Refers to a long-term housing savings fund contributed to by work units and their active employees in accordance with *Regulations on the Management of the Housing Provident Fund*. This policy began in the mid-1990s and is generally implemented among employees in government agencies, enterprises, and institutions across the country. The minimum contribution ratio is 5% and the maximum contribution ratio is 12% of the employee's salary from the previous year. This program has been implemented for nearly 20 years. The bases for contributions by administrative units include salaries for the posts and grades of civil servants, salaries for posts and technical grades (positions) of workers in institutions, one-time year-end bonuses, special post allowances, and allowances for hardship and remote areas, as uniformly stipulated by the State, and work-related subsidies and living allowances issued after the regulation; the bases for contributions by public institutions include salaries for posts, pay scale salaries, allowances for hardship and remote areas, and special post allowances, as uniformly stipulated by the State.

**(10) Housing expenditures (type) housing reform expenditures (sub-type) rent subsidy (item):** Refers to the rent subsidy approved by the State Council and subsidies for the increase in the rent standard for public housing of central units in Beijing that began in 2000. Central units in Beijing determine the rent subsidy according to the number of active employees and retirees and the corresponding subsidy standard. The monthly subsidy per capita is RMB 90.

**(11) Housing expenditures (type) housing reform expenditures (sub-type) housing purchase subsidies (item):** Refers to house purchasing subsidies paid in accordance with the provisions of the *Circular of the State Council on Further Deepening the Urban Housing System Reform and Accelerating Housing Construction* ([1998] No. 23.) Since the discontinuation of housing appropriation in kind in the second half of 1998, subsidy funds for the monetization reform of housing distribution are disbursed to employees without housing or with non-compliant housing in areas with a housing price-to-income ratio of more than four. Central government administrative public institutions began issuing home purchase subsidies in 2000, while local administrative public institutions began issuing them in 1999. Enterprises determine them based on their own circumstances. Implementation on the part of central government units in Beijing is in accordance with the standards stipulated in *Notice of the General Office of the CPC and the General Office of the State Council on Forwarding the "Opinions on Improving the Housing System for Central and State Organs in Beijing"* (2005 No. 8), while implementation on the part of central government units outside of Beijing is in accordance with the standards stipulated in the policies of local people's governments on the monetary reform of housing allocation.

**(12) Carry over to next year:** Refers to funds in the budget of one year which could not be used as originally planned due to changes in objective conditions. These funds must be carried

over to the next year, when they must continue to be used for their original purpose.

**(13) Basic expenditures:** Refers to personnel expenditures and office expenditures incurred to ensure the normal operation of agencies and their completion of routine work tasks.

**(14) Project expenditures:** Refers to expenditures in addition to basic expenditures that are incurred to complete special work tasks and business development goals.

**(15) The "three public" expenses:** Funding for the "three public" expenses is managed in the central fiscal budget. This refers to the use of fiscal appropriations from central departments to cover the expenses of official international travel, official vehicle purchases and operation, and official receptions. Official international travel expenses are the international travel expenses, inter-city travel expenses once abroad, accommodation expenses, dining expenses, training fees, and miscellaneous expenses of staff on official business during official international travel. Official vehicle purchase and operating expenses include vehicle purchase expenses (including tax,) rental expenses, fuel expenses, repair expenses, tolls, insurance expenses, and safety award expenses. Official reception expenses include the various expenditures on official receptions (including for foreign guests) as per relevant regulations.