



China and the end of poverty in Africa towards mutual benefit?

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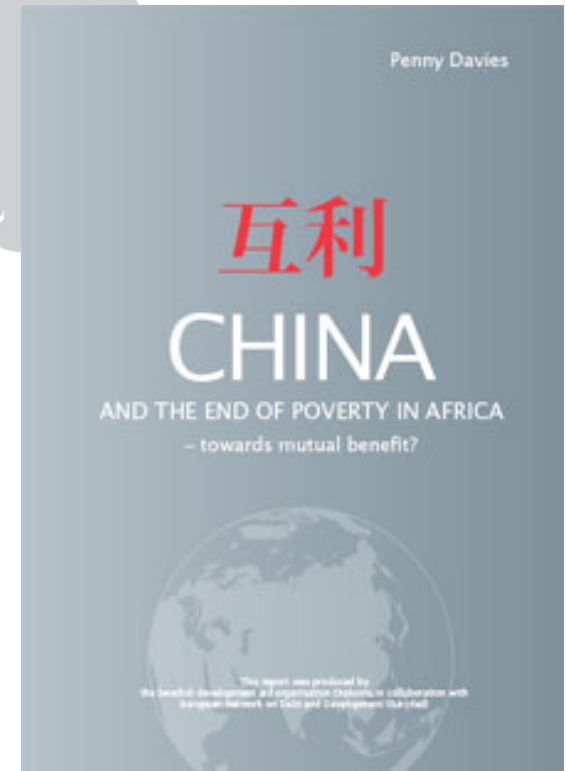
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Introduction

- **Purpose: to contribute to an increased knowledge and understanding of China's role in Africa → initiate debate on how CSOs and governments can act**
- **Focus: Chinese development assistance**
 - * Aid effectiveness
 - * Debt sustainability
 - * No political strings policy
- **Interviews with Chinese stakeholders and donors to China & Africa, Beijing**

www.diakonia.se/china



China's increased engagement in Africa

- **China's African Policy, January 2006.**
- **China hosts the Forum on China Africa Cooperation (FOCAC) 3-5 November 2006.**

→ **the birth of “a new type of strategic partnership”**

→ **Action Plan for 2007- 2009**



China's increased engagement in Africa

- **“Win-win deals”**: raw material for infrastructure
- **Trade target of \$100bn by 2010** – will be met this year
- **Large investments pledged: \$20bn in infrastructure & trade financing over the next 3 years**
- **Economic and political drivers:**
 - **Natural resources per capita below int. average**
 - **Building of alliances - South-South cooperation**



The Economist

JULY 30TH-AUGUST 5TH 2005 www.economist.com

Dealing with terror
PAGES 14, 15, 24-26, 32-34 AND 36

Mixing AIDS and morality
PAGES 15, 48 AND 68

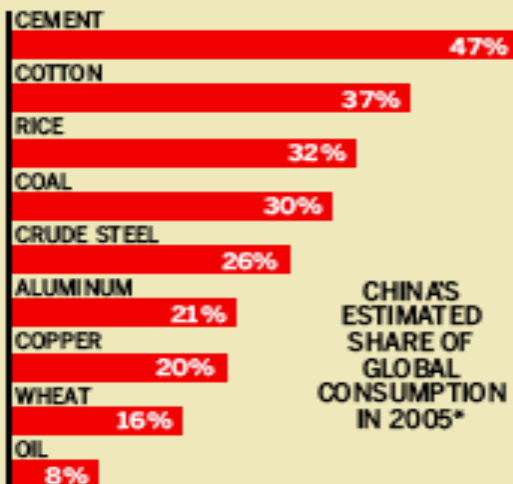
Business's dodgy numbers
PAGES 16 AND 59

Why trees aren't green
PAGE 70

GREAT WALL ST

How China runs world economy

China's Hunger For Raw Materials



CHINA'S ESTIMATED SHARE OF GLOBAL CONSUMPTION IN 2005*

*2004 FOR CEMENT AND METALS

Data: U.S. Geological Survey, Energy Dept., Agriculture Dept.



SPECIAL DOUBLE ISSUE

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BusinessWeek

AUGUST 22/29, 2005

www.businessweek.com

CHINA & INDIA

What you need to know **now** Page 49



EXAME

EDIÇÃO 842 ANO 39 - Nº 9 - 11/MAIO/2005 R\$ 8,90



A CHINA QUE ASSUSTA

Os chineses estão conquistando o mundo. Muitas empresas brasileiras vão morrer ao enfrentá-los. Outras poderão ganhar muito. EXAME mostra como e por quê

ESPECIAL 2ª GUERRA
As lições do conflito para o mundo dos negócios

What's in it for Africa?

The question is less does Africa gain or lose from China, but rather, which Africans might gain or lose, in which countries or sectors, and in which circumstances?

The New Sinosphere, China in Africa, 2006.

What lessons to share with Africa?

- **Chinese scholars stress that China and Africa face similar challenges: rural development, urbanisation, regional imbalances, how to integrate to markets etc.**
- **China has lessons to share from lifting 400 million people out of extreme poverty**
- **An alternative to the structural adjustment policies of traditional donors?**

Guiding principles of China's cooperation with Africa

- **Sincerity, friendship and equality;**
- **Mutual benefit, reciprocity and common prosperity;**
- **Mutual support and close coordination;**
- **Learning from each other and seeking common development.**

(China's African Policy, 2006)

Chinese development assistance

- **Aid is provided within the framework of South - South cooperation, do not talk of donor - recipient.**
- **China has made the commitment to double its 2006 assistance to Africa by 2009.**
- **However annual volume of aid is not disclosed – estimates from US\$ 1-2 bn/year.**

Why aid is not disclosed:

- 1. the governments does not know/lack of statistics**
- 2. the governments does not want to - “not for us to say” argument**

Chinese development assistance

- **3 types of assistance:**
 - * **Grants – in kind not cash**
 - * **Interest free loans**
 - * **Concessional loans**
- **Assistance is given to all 53 African countries and is project based (infrastructure, agriculture, sports stadiums, gov. offices)**
- **Top recipients: Angola, Ethiopia, Sudan, Tanzania, Zambia.**
- **Bilateral approach but adheres to the principle of multilateralism.**

Aid effectiveness - some concerns:

- **Not that much is known about the quality and impact of Chinese assistance**
- **China has signed up to the Paris Declaration on Aid Effectiveness, but as a recipient**
- **Use of tied aid & Chinese labour in construction**
- **Lack of transparency – deals made at the highest political level**

Cont. - some concerns:

China will “respect African countries’ independent choice of the road of development” and provide assistance “with no political strings attached”.

China’s African Policy, 2006.

The Chinese “no political strings” attached policy:

- **risk of strengthening repressive regimes/elites**
- **risk of weakening social and environmental standards**
- **ownership is totally focussed on governments - no mechanism to listen to other perspectives**

The no political strings attached policy - Chinese responses

- **The principle is based on China's:**
 - * **historical experience of western interference**
 - * **view on Tibet, Taiwan etc as internal affairs**
 - * **experience of its own development model**

Chinese responses to concerns

- **If dilemmas/concerns arise – China will listen more to Africans (governments) than westerners – changes made in Chinese labour quotas**
- **China not immune to international critique – Sudan case**
- **Environmental and corruption issues are a priority for the government – risk of bad PR**
- **Interest in learning from other donors, but a strong belief in the Chinese way, do not want to be associated with donor driven initiatives**

Suggestions for ways forward

1. China's assistance to and cooperation with Africa are changing the rules of the game and threaten to leave governments, institutions and organisations that do not act strategically by the wayside

Western governments need to develop strategies for:

- a) bilateral policies on China**
- b) policies for relations with African countries**
- c) policies within multilateral institutions**

Suggestions for ways forward

2. Triangular dialogue approaches are needed for the sharing of experiences and for defining solutions to global challenges

- **Governments (African – western and the Chinese)**
- **CSOs in Africa – China – western countries**

Conclusions and suggestions for ways forward

3. Western governments should practise what they preach to be able to engage with China in a credible way;

- * **deliver on aid pledges - message from China at the HLF/Accra**
- * **end of trade policies that disadvantage African countries – e.g. EPAs**
- * **do more on corruption “at home”**

Conclusions and suggestions for ways forward

4. The Chinese government should convert words into action – from a narrow “non-interference” to a broad based “non-indifference”

- **The need to find mechanisms to listens to African voices and to assess the impact of policies**

Suggestions for ways forward

5. China's growing role as a lender and donor to Africa challenges current development paradigms – towards joint standards for responsible lending and effective aid

- **Worst case scenario – race to the bottom to lower standards**
- **Best case scenario review of current practices of traditional donors/lenders which are problematic and innovative thinking on new joint standards**

Conclusions and suggestions for ways forward

6. China's economic rise and so called "march into Africa" challenges unsustainable consumption and production patterns – towards global cooperation for sustainability

- * **China's legitimate rights to lift its population out of poverty**
- * **Much of the resources imported to China are re-exported to uphold production & consumption in western countries**

The no political strings attached policy - reactions from traditional donors

1. **Don't repeat the mistakes of the west: ...*they must not make the same mistakes as France and the US did with [President] Mobutu's Zaire.***

World Bank President, 2006.

2. **In the face of competition from China – we need to lower our environmental and social standards.**

President EIB, 2007.

3. **Global Charter for responsible lending**

G8, June 2007.

