

# Social impacts of China's approach to development

*Rupert Avis*

*Independent*

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## Question

*What evidence is there about the social impacts of China's approach to development, particular gender-related?*

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# 1. Summary

This rapid literature review collates available evidence on social impacts of China's approach to development. It draws on a diverse range of sources from multiple academic disciplines (both quantitative and qualitative) and grey literature. The review acknowledges that social impacts of development assistance are multidimensional and multifaceted and will manifest differently across sectors and countries making conclusions hard to reach. The review draws heavily on the work of Martorano et al. (2018; 2019) and Iacoella et al. (2021) etc., who combine data on Chinese development projects with data from Demographic and Health Surveys to study the impact of Chinese aid on household welfare and political participation.

China has emerged as a significant global donor. Whilst there is much debate as to what constitutes Chinese foreign aid, expenditure of the Chinese government on aid grew significantly from the turn of the century linked to events such as the launch of the Forum on China-Africa Cooperation (FOCAC) in 2000 and the initiation of the China-Africa Development Fund in 2006.

The Chinese government has consistently reiterated its commitment to making a positive global impact through foreign aid (see for example the Peoples Republic of China, 2014; 2021). However, because of definitional challenges (which financial flows count as aid and which do not) and a lack of transparency, China's aid system is not well understood. Chinese official aid – unlike most major nation-state sources of aid – is not regulated and measured under the Organization for Economic Cooperation and Development's (OECD's) protocols for official development assistance (ODA).

As China increases its role in international development cooperation, its practices in foreign aid attract more attention and, at times, criticism. Critics have, for example, highlighted issues of corruption, impediments to democratic development, lack of transparency and accountability, and the absence of conditionality other than the 'One China'<sup>1</sup> principle and aid being tied largely to Chinese contractors.

A nascent body of research has emerged associated with the release of AidData's Global Chinese Official Finance Dataset (published in 2017). Studies have found positive, negative, or even no impact of Beijing's aid on recipient countries. To date, the literature has investigated the effect of China's foreign assistance on a broad range of outcomes in recipient countries, including economic and social development, governance, conflict, and deforestation. Understanding the social impacts of China's approach to development is thus complex linked to the form and financing mechanisms of development aid. It is also suggested that China's approach to aid has evolved, influenced by both domestic factors (i.e., the nature of the Chinese economy) and international factors (i.e., influenced by debates around the Sustainable Development Goals (SDG's) and a desire to exert a leadership role on the international stage).

*Key findings:*

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<sup>1</sup> The One China principle is the position held by the People's Republic of China (PRC) that there is only one sovereign state under the name China, with the PRC serving as the sole legitimate government of that China, and Taiwan is a part of China.

**Household welfare:** Households in close proximity to Chinese projects are more likely to be wealthier and in a higher wealth quintile, stay in school longer and achieve a higher educational attainment than households that are not in proximity to a Chinese project. Sectoral analysis of the data found that economic projects generate broader benefits than social sector projects.

**Child mortality:** Research has shown that households living in areas hosting Chinese aid projects enjoy lower child mortality. Other studies find mixed results, with aid decreasing infant mortality at the country level while increasing it at the sub-national level.

**Economic growth:** A small body of rigorous evidence finds that Chinese investments have positive economic growth impacts including increases in Gross Domestic Product and flattening spatial inequalities. However, there is a consensus that Chinese investment has weak backward linkages (related to the modalities of Chinese investment) and can act as “enclaves,” unintegrated with the host country’s economy.

**Job creation:** Chinese investments and Chinese-owned companies lead to job creation. However, there is also consensus that skilled positions are filled by Chinese workers. Skills training is a growing component of large Chinese funded/constructed infrastructure projects and within larger Chinese companies such as Huawei.

**Labour practices:** There is a relatively large body of evidence, particularly from Zambia, but also from Zimbabwe, outlining poor labour practices in the mines. Comparative studies are limited, but there is some evidence suggesting that these practices are worse than those at non-Chinese owned mines.

**Governance:** The impact of Chinese development financing on governance outcomes in recipient economies is controversial. Some assert that Chinese aid projects fuel local corruption, undermine democratic governance, discourage trade union involvement, exacerbate ethnic identities, and disincentivise economic reforms. However, there is mixed evidence indicating that Beijing’s foreign assistance contributes to maintaining autocratic regimes in power or to eroding citizens’ trust in government, perception of democracy, or tax compliance.

**Conflict:** Studies investigating the relationship between Chinese aid and conflict present a mixed picture. Some literature highlights that Chinese aid projects in Africa are associated with an increase in civilian riots at the district level. Other studies do not find a conflict-fuelling effect, although Chinese aid tends to correlate with more government repression and an increased acceptance of authoritarian norms.

**Displacement and resettlement of communities:** Resettlement of communities has been a recurrent issue in a number of infrastructure projects. Similarly, Chinese land-related investments have received increasing attention in recent years, with claims of “land-grabs”. The available academic evidence suggests that the scale of this problem is smaller than suggested and there is limited evidence of Chinese land grabs

**Elite Capture:** The potential for elite capture has been a common critique of Chinese aid. Research found that Chinese finance is prone to being used by local elites to pursue their own interests. This may relate to the lack of transparency in loan conditions, or because of China’s principle of not interfering in domestic affairs when granting loans, which gives local political leaders more power to allocate resources to projects.

**Gender:** the current Chinese approach to the promotion of gender justice emphasises and heavily relies on state-led actions. In addition, there is no gender-specific policy for the Belt and Road Initiative (BRI). In terms of media outputs, press releases show that Chinese companies have not completely ignored gender disparity in the developing world. For example, Huawei has targeted young women in its training initiatives in Africa. Officially, however, initiatives such as the BRI and gender have rarely been used in the same sentence.

**Human rights:** The composition of Chinese development assistance may also dampen its impact on human rights in recipient countries. Chinese aid routinely supports large infrastructure projects such as the construction of roads, dams, and bridges. Such projects are not only unlikely to improve human rights conditions, but may also provide opportunities for rent-seeking, cronyism, and corruption, contributing to worse human rights practices.

A common theme within the literature included in this review is the paucity of reliable data and the challenges this poses to understanding the relationship between China and developing countries and measuring China's development impact

## 2. China's Foreign Aid

China has emerged as a significant global donor. Whilst there is much debate as to what constitutes Chinese foreign aid, expenditure of the Chinese government on aid is considered to have grown significantly from the turn of the century linked to events such as the launch of the Forum on China-Africa Cooperation (FOCAC) in 2000 and the initiation of the China-Africa Development Fund in 2006 (Iacoella et al., 2021; Dreher et al., 2017). In 2021 China was estimated to be a significant (if not the most significant) trading partner for many countries in the global south. Alongside this, China spent an estimated US\$350 billion (£250 million) on development programmes to 140 countries and territories in Africa, Asia and the Pacific, Latin America and the Caribbean, the Middle East, and Central and Eastern Europe between 2000 and 2014 (Dreher et al., 2017), on a par with US aid during the same period (Iacoella et al., 2021).

The Chinese government has consistently reiterated its commitment to making a positive global impact through foreign aid (see for example policy statements of the Peoples Republic of China, 2014; 2021 cited in Cole, 2022). However, because of definitional challenges (which financial flows count as aid and which do not) and a lack of transparency, China's aid system is not well understood (Lynch et al., 2020). Chinese official aid – unlike most major nation-state sources of aid – is not regulated and measured under the OECD's protocols for ODA.

As China increases its role in international development cooperation, its practices in foreign aid attract more attention and, at times, criticism (Yuan et al., 2022). Critics have, for example, highlighted issues of corruption, impediments to democratic development, lack of transparency and accountability, and the absence of conditionality other than the 'One China' principle and aid being tied largely to Chinese contractors (Yuan et al., 2022). Dunning (2004: 422) warned of the "future dangers that geopolitical factors could pose to the effectiveness of aid conditionality". That is, the view that should China rise to the status of economic, political, and military antipode to the US, aid may once again become a pawn of superpowers jockeying for global influence, rather than a mechanism for promoting welfare and human rights in developing countries.

Understanding the social impacts of China's approach to development is thus complex, linked to the form and financing mechanisms of development aid.

According to the Chinese government, China's development cooperation is provided in eight different forms (Lynch et al., 2020):

1. Complete sets of projects (also known as "turnkey" or infrastructure-based projects)
2. Commodity aid (i.e., equipment, goods, and materials exported to other countries)
3. Technical cooperation projects
4. Cooperation on human resources
5. Sending Chinese medical teams
6. Emergency humanitarian aid
7. Volunteers programmes
8. Debt forgiveness

Further to this, Lynch et al. (2020) highlight that there are three ways in which Chinese development assistance may be financed:

1. **Grant or a "donation"**: Grants or donations are mostly used to help the recipient country government construct social welfare projects such as hospitals, schools, and housing. They are also used to provide goods and materials and emergency humanitarian disaster relief aid, and to train personnel.
2. **Interest-free loan**: These are usually provided when recipient countries want to build a "turnkey" project. When China forgives debt, it is often for this type of loan. But these types of interest-free loans can also be provided for other types of projects.
3. **Concessional loan**: These loans do carry interest, but at "low" rates. They usually have a grace period of at least two years, and repayments can stretch over 10 or even 20 years. These loans tend to be provided for big infrastructure projects, and they are provided directly by the Export-Import Bank of China (Exim Bank).

Lynch et al. (2020) conclude that because aid type does not always map to a particular type of finance, it is possible that Chinese development assistance for a specific project may be provided through more than one type of finance arrangement.

China's South-South partnership approach to foreign assistance is often criticised. For example, Naím (2009) referred to China as a "rogue donor", principally concerned with its own narrow interests and willing to ignore local abuses via its no-strings attached loan policies. Others have flagged the social, economic and political implications of this vast investment. Summarising such debates Zhao (2014) notes that countries in the global north have been critical of China's attempt to gain "soft power" (gaining economic and cultural power without coercion), saying it might undermine good governance and human rights.

Despite China's growing role in the global development finance arena, much of the conventional wisdom about the effect of Chinese aid on recipient economies rests on anecdotal evidence owing to the lack of reliable and comprehensive data (Cooper, 2019). Unlike traditional donors organised in the OECD Development Assistance Committee (DAC), Beijing does not publish detailed country- and project-level information about its foreign aid activities.

A nascent body of research relying on rigorous empirical analysis has emerged with the release of AidData's Global Chinese Official Finance Dataset which captures information on over 4,000 Chinese government-financed projects in 138 countries between 2000-14 (Dreher et al., 2017). The dataset provides, inter alia, the sub-national location of each aid project, the amount and terms of financing, and the sector of activity. It was constructed using the Tracking Underreported Financial Flows (TUFF) methodology, which involves a systematic, transparent, and replicable process of triangulating information from various sources to minimise the impact of incomplete or inaccurate information (Dreher et al., 2017).

The empirical evidence on the effectiveness of Chinese aid is ambiguous, with studies finding positive, negative, or even no impact of Beijing's support to recipient countries. This literature has investigated the effect of China's foreign assistance on a broad range of outcomes in recipient countries, including economic and social development, governance, conflict, and deforestation (Dreher et al., 2017; Martorano et al., 2019; Isaksson & Kotsadam, 2018a; Ben Yishay et al., 2016, etc).

## China's evolving approach

It is also important to note that China's approach to aid is not static. Rather, China's emergence as an aid donor is reflective of a broader evolving ambition to become a global power (Lee, 2017). The government's "going out" policy, announced in 1999, encouraged China's state-owned business enterprises to invest overseas. Similarly, the founding of the Forum on China-Africa Cooperation was considered a mechanism for "consolidating solidarity among developing countries and facilitating the establishment of a new international order" (Ministry of Foreign Affairs 2004 cited in Cole, 2022). In 2013, China launched its Belt and Road Initiative (BRI), an ambitious infrastructure programme aiming to link Asia with Africa and Europe through a network of roads, railways, ports, and pipelines. Throughout these initiatives, China portrays itself as a leader of and champion for the world's developing countries. China is considered by some to offer countries an alternative non-Western model of political and economic development, one that is neither fully capitalist nor entirely socialist, yet one that unambiguously rejects liberal human rights norms (Lee, 2017: 34).

Haibing (2017) argues that there have been four stages of development of China's foreign aid:

- The first phase covers the period after 1949 to the time of adoption of the Reform and Opening-up Policy. It can be categorised as ideologically coloured foreign aid, mainly arising from the strategic need of vindicating national independence.
- The second phase corresponds with the launch of the Reform and Opening-up Policy, which used the aid as a complementary means of enhancing cooperation with recipient countries. This period was associated with the development of a more comprehensive aid strategy with the combination of aid and investment and more trade and contracting projects.
- The third phase has been accompanied by a period of institutional building. Since the turn of the century, China has paid more attention to the integrity and synergy in aid cooperation with traditional recipient countries in Asia, Africa, and Latin America. A series of forums were established and gradually developed, such as the Forum on China-Africa Cooperation, China-CELAC Forum, China-ASEAN Forum on Social Development and Poverty Reduction, etc.

- Since 2013, China has gradually emerged as a major donor country, focusing more on the sharing of development ideas, experiences, and values rather than purely pecuniary and material aid. With the promotion of the BRI, as well as the establishment of the Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB), China's foreign aid has received increasing institutional and material support.

Further to this chronology, Yuan et al., (2022) argues that there have been three key rationales behind the evolution of Chinese foreign aid. The initial political ideology of the 1950s evolved to economic pragmatism from the late 1970s, with a focus on facilitating China's domestic economic development after it introduced its reform and opening up policy. More recently, foreign aid has become a channel for China to participate in global governance to improve its global image and increase its discourse power in international affairs. It is clear that China's foreign aid plays an important role in serving its foreign policy and commercial interests. In addition, there are also humanitarian concerns to provide ad hoc emergency assistance as well as long-term support in areas such as poverty reduction, education and health (Yuan et al., 2022).

There are two factors arising from both national and international settings that have motivated the transformation of China's foreign aid (Haibing, 2017):

- Domestically, with the Chinese economy entering a "new normal", a new development concept was outlined in the 13<sup>th</sup> Five Year Plan (2016-2020) with the core principles of "innovative, coordinative, sustainable, open, and inclusive". Compared with the past model of development mainly focusing on quantitative expansion, China attached greater importance to an innovation-driven sustainable development model, which gives more weight to the environmental impact of economic development in its consideration.
- Internationally, with the adoption of the 2030 Sustainable Development Agenda, Paris Climate Agreement, and Addis Ababa Action Agenda in 2015 issues around sustainable development were further mainstreamed internationally and reflected in Chinese approaches to international cooperation. Indeed, according to Haibing (2017) China has demonstrated an increased political willingness to play a certain kind of influential leadership role in global sustainable development.

It is suggested therefore that China's approach to aid has evolved and is influenced by both domestic factors (i.e. the nature of the Chinese economy) and international factors (i.e. influenced by debates around the SDG's and a desire to exert a leadership role on the international stage).

### **3. Impacts of China's approach to development**

#### **Debates and limitations**

There has been much debate about whether the impact of China's foreign investment strategy is significantly different from that of other countries. Jolly (2016) argues that there is no easy answer given the diversity of Chinese investment. She asserts that State-owned enterprises, for example, are more likely to conform to host country regulatory standards than are Chinese private enterprises, which may be developed more through individual contacts and informal channels (Jolly, 2016).



China is not a member of the OECD DAC. Its development financial flows to Africa do not align with OECD DAC definitions (Strange et al., 2013). OECD DAC defines ODA as official financing whose main objective is economic development and welfare in developing countries, with a grant element of at least 25% (Dreher, et al., 2017). AidData's global dataset of Chinese development finance found that China provides very little aid in this strict sense globally, with a large proportion of Chinese development finance being categorised as other official flows (i.e. official finance that lacks development intent or a minimum level of concessionality) (Dreher et al., 2017). As such, Chinese overseas financial flows are not directly comparable with DAC members' flows to the developing world, and it can also be challenging to determine which investments or loans are development finance (Strange et al., 2013). China, along with Brazil and India, has also argued that "south-south" cooperation should not be held to the same standards as Western development aid (Strange et al., 2013).

Chinese "development aid" is thus a contentious subject of debate attracting criticism of the lack of terms associated with provision of finance. For example, China has supplied diplomatic and financial support to governments in Ethiopia, Sudan and Zimbabwe irrespective of their being denounced by the international community for violation of human rights, suppression of ethnic minorities, and refusal to transition to democratic rule and responsible governance (Yuan et al., 2022).

Moreover, questions have been raised about how funds get spent and who receives them i.e. the extent to which authoritarian regimes or elites garner the benefits from funding. Dreher et al. (2017; 2019) argue that China uses different types of official financing with different motivations. However, they argue that China neither favours authoritarian or corrupt regimes nor take natural resources into consideration when committing foreign aid (Dreher et al., 2017; 2019).

Much evidence on the impacts of Chinese investment is partially skewed towards anecdotal evidence (e.g. Wang and Zadek's 2016 literature review for the International Institute for Sustainable Development). A common theme within the literature included in this review is the paucity of reliable data and the challenges this poses to understanding the relationship between China and developing countries and measuring China's development impact (Strange et al., 2013). In particular, it is hard to ascertain a comprehensive picture of Chinese aid, as the majority of studies focus on small samples or particular industries and countries (Sun et al., 2017). This also makes it difficult to extrapolate findings.

Initial efforts have been made to provide systematic reviews of empirical literature on the impact of Chinese foreign assistance. For example, IMF (2022: 12) employed a meta-regression analysis to conduct a systematic review and quantitative analysis of the conflicting empirical literature on the impact of Chinese foreign assistance. Using a sample of 473 estimates from 15 studies, IMF (2022) found no genuine empirical effect of Chinese foreign assistance on recipient countries after correcting for publication selection bias. However, running meta regression analysis over sub-samples of outcome categories reveals that, on average, Beijing's aid has had a positive effect on economic and social outcomes, but the opposite on governance, albeit negligible in size. There is no evidence of a statistically significant effect on socio-economic stability, the inflow of other types of foreign finance to developing countries, or perceptions of China among citizens in recipient countries.

In what follows, this rapid review provides an illustrative overview of some of the debates surrounding the impact of Chinese aid to developing countries. This includes economic, social



and political impacts given the multidimensional and intersectional impact of these spheres on individuals and households.

## Household Welfare

Martorano et al. (2018) investigate the impact of Chinese aid (including state financed concessional and non-concessional loans) at the household welfare level (measured in terms of wealth and education status) in thirteen sub-Saharan African countries<sup>2</sup>. The authors matched geocoded data on Chinese projects (including transport, energy, education and health projects, amongst others) from AidData's Chinese Official Finance to Africa<sup>3</sup> with geocoded household data from Demographic and Health Surveys at two points in time (before and after the inflow of Chinese aid) to assess the impacts on households that live in proximity to a project.

The study found that households in proximity to Chinese projects are more likely to be wealthier and in a higher wealth quintile, stay in school longer and achieve a higher educational attainment than households that are not in proximity to a Chinese project. Sectoral analysis of the data found that economic projects generate broader benefits than social sector projects.

Further work by Martorano et al. (2019) again analysed this data and found that:

- Chinese projects significantly improve education and child mortality in treatment areas, but do not significantly affect nutrition.
- Social sector projects have a larger effect on outcomes than economic projects.
- They do not find significant effects for projects that ended more than five years before the post-treatment survey wave.

The results of Martorano et al.'s (2018; 2019) analysis provide evidence of an overall positive development impact of Chinese project assistance on non-economic development outcomes, namely education and child mortality. In this respect, China is similar to other donors for which a positive effect on these important development outcomes was demonstrated as well (Martorano et al., 2019). Findings also suggest that the positive effects of Chinese aid only materialise when a certain number of projects or a certain project volume is reached. That means the scale at which foreign assistance takes place seems to matter for its impact on the ground.

## Child mortality

Linked to the above, according to Martorano et al. (2019), households living in areas hosting Chinese aid projects enjoy lower child mortality. Cruzatti et al. (2020) find mixed results, with Chinese aid decreasing infant mortality at the country level while increasing it at the sub-national level.

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<sup>2</sup> Benin, Cote d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Malawi, Namibia, Nigeria, Senegal, Togo, Uganda and Zimbabwe.

<sup>3</sup> This dataset contains 1,955 geocoded projects in 50 African countries, spanning 3,545 locations and covering the years 2000 to 2012.

## Economic growth

It is asserted by both providers and recipients of Chinese investment that this supports national economic growth and is servicing global infrastructure gaps. A small body of rigorous evidence, largely derived from AidData datasets on Chinese investment in Africa, finds that Chinese investments have positive economic growth impacts including increases in GDP and flattening spatial inequalities (Dreher et al., 2017; Dreher et al., 2019).

Combining night-time light intensity with geocoded aid data, Dreher et al. (2016; 2017) and Xu et al. (2019) show that Chinese projects boost economic growth in Africa, a result confirmed by Dreher et al. (2017) using a large sample of developing countries. However, Busse et al. (2016) do not find a statistically significant and robust effect of Chinese aid on economic growth.

More specifically, Chinese investment has mixed impact on local economic development: a small body of rigorous evidence suggests that Chinese investment increases infrastructure access at the local level and that there are positive economic spill overs, including increasing rural access to markets and higher wealth levels (Bluhm et al, 2020). Bluhm et al. (2020) show that Chinese infrastructure investments reduce within-region economic inequality in low- and middle-income countries, while Xu et al. (2019) find the opposite for Africa.

However, there is a consensus that Chinese investment has weak backward linkages (related to the modalities of Chinese investment) and can act as “enclaves,” unintegrated with the host country’s economy. This can inhibit positive local economic development outcomes (Gardner, 2018).

## Job creation

There is consensus across the reviewed literature that Chinese investments and Chinese-owned companies lead to job creation, with estimates of local employment ranging from 75-92% of the workforce depending on the sector (Cooper, 2019). However, there is also consensus that skilled positions are filled by Chinese workers. Skills training is a growing component of large Chinese funded/constructed infrastructure projects and within larger Chinese companies such as Huawei (McKinsey & Company, 2017).

## Labour practices

Chinese-owned mines (both State Owned Enterprises and private companies) potentially have worse labour practices than non-Chinese competitors (Sautman & Hairong, 2014). there is a relatively large body of evidence, particularly from Zambia, but also from Zimbabwe, outlining poor labour practices in the mines. Comparative studies are limited, but there is some evidence suggesting that these practices are worse than those at non-Chinese-owned mines (Sautman & Hairong, 2014).

## Governance

The impact of Chinese development financing on governance outcomes in recipient economies is controversial. Some assert that Chinese aid projects fuel local corruption (Isaksson & Kotsadam, 2018a;), undermine democratic governance (Li, 2017), discourage trade union involvement (Isaksson & Kotsadam, 2018b), exacerbate tensions between ethnic identities

(Isaksson, 2019), and disincentivise economic reforms (Brazys & Vadlamannati, 2020). However, contrary to conventional wisdom, there is little evidence indicating that Beijing's foreign assistance contributes to maintaining autocratic regimes in power (Bader, 2015) or to eroding citizens' trust in government, perception of democracy, or tax compliance (Blair & Roessler, 2018).

## Democracy

A criticism levelled at Chinese lending practices is that, by providing alternative sources of finance to authoritarian regimes, China is undermining efforts by traditional donor countries and organisations that require democratic reform and good governance as conditions of receiving aid. As articulated by Yuan et al.(2022), countries that receive aid from China can pursue economic goals without having to undertake democratic or market reforms or adopt sound financial management practices.

Literature that adopts a political economy approach have indicated that as a form of cross-national resource transfer, foreign aid plays a significant role in the export of institutions and value systems of donor countries, either for democratic or authoritarian countries (Lee, 2021).

Older analyses tend to provide more critical reflections on the impact of Chinese support, for example, Tseng and Krog (2016) surveyed the scope and extent of China's aid allocation in the 1990s, analysed its motivation and potential political impact on recipients' democratic development. Their analysis identified the unique determinants of Western and China's aid and suggests that although supporting authoritarianism may not be on Beijing's primary aid agenda, given China's current natural resources and commercially-oriented aid allocation pattern, an increase in China's aid inflows can hinder democratic development in resource dependent recipient countries.

In a more critical vein, Lee's (2021) empirical analysis provides partial evidence of a Chinese "political aid curse". Chinese aid leads to recessions of civil liberty and democratic accountability, while it has no effects on state repression and electoral manipulation. Impacts are regionally variable with Lee (2021) finding weak evidence of a Chinese "political aid curse" in Southeast Asia.

**Central Asia:** According to Peyrouse (2022), since the 2000s, China has engaged in a strategy of leveraging not only its economic influence but also its political influence in countries where it invests and develops trade relations. One of the components of this has consisted of challenging the principles of democracy and universal human rights. Beijing claims these are Western-centric and tools to constrain China's development, instead promoting its own paradigm of democracy and human rights under which each state is entitled to revise and frame these concepts using its own historical, cultural, and local political considerations, in the name of non-interference and peaceful coexistence.

Peyrouse (2022) continues that this approach has been demonstrated in Central Asia where Beijing has sought convergence with Central Asian states' approaches to governance and foreign relations in order to minimise uncertainty and to maximise its leverage over governments with similar political systems.

China's economic and political engagement in Central Asia has paved the way for it to exert influence concerning the region's political and democratic development in pursuit of its own objectives. Moreover, Beijing's influence is likely to be reinforced by the Silk Road Economic Belt (SREB) and, conversely, by diminishing Western involvement and hence lesser influence in the region (conflict in Ukraine may have an influence on this) (Peyrouse, 2022).

Peyrouse (2022) does assert that in the current Central Asian political context, efforts to promote democracy and human rights face significant challenges with or without the influence of China. Central Asian leaders have been less and less receptive to efforts by the international community to promote democracy and have instead openly asserted their displeasure at what they see as interference and blackmailing through economic aid in exchange for democratic reforms and improvement in their human rights records (Peyrouse, 2022).

**Latin America:** Freytag and Kautz (2022), drawing on the Latinobarómetro Household Survey, test the effect of Chinese aid on attitudes toward democracy in eighteen Latin American countries on the national and regional level. They find that Chinese aid has a non-negative effect on support for democracy. They also find that individuals who have a positive attitude towards China are more likely to value democracy. In contrast, positive attitudes towards the US have no robust impact on support for democracy.

### **Authoritarianism**

The claim that Chinese foreign aid helps to finance authoritarianism in recipient countries, is at odds with a growing body of cross-national empirical literature or country-specific studies that find neither a significant relationship between Chinese foreign aid inflows and recipient countries' regime types (Dreher et al., 2017) nor confirmative observation that this unconditional aid has hampered economic development in recipient countries (Bräutigam, 2011). Indeed, Tseng and Krog (2016: 7) that the distribution of its foreign aid shows "a comparatively even [geographic] coverage."

For example, it is important to note that central Asian states are not passive recipients of foreign actors support. To varying degrees, since independence Central Asian governments have taken an authoritarian path or have become increasingly authoritarian (Peyrouse, 2022). Moreover, Central Asian leaders have been receptive to the narrative of "going capitalist and staying autocratic," as it allows them to open their economies to investment without political liberalisation and therefore preserve the security of their regimes (Peyrouse, 2022: 15).

### **Corruption**

In one study (Isaksson & Kotsadam, 2018a), investigate whether Chinese development projects affect local corruption in Africa. A potential effect could work both via economic incentives, i.e., through the presence of donors affecting the costs and benefits of engaging in corrupt activity, and by means of norm transmission. They argue that China's policy of non-interference in the domestic affairs of recipient countries suggests that it is unlikely to take an active role in fighting corruption. Unlike donors with a clear anti-corruption policy, such as the World Bank, it thus seems unlikely that the Chinese presence should involve increased monitoring and delegitimisation of corrupt practices. Second, and conversely, considering reports of corruption among Chinese firms operating abroad, its tendency to maintain control over development

projects throughout the entire implementation phase implies that Chinese development projects may stand out in terms of the use of corrupt practices. The Chinese presence could thus affect descriptive corruption norms for the worse (Isaksson & Kotsadam, 2018a).

In central Asia, the neo-patrimonial nature of the Central Asian regimes and the corruption of the political elites, some of whom have commercial interests with China, also means the governments are receptive to Beijing's narrative (Peyrouse, 2022). It is also reported that Chinese companies have engaged in corrupt practices to gain commercial advantage (Yuan et al., 2022).

## **Conflict**

Studies investigating the relationship between Chinese aid and conflict present a mixed picture. Sardoschau and Jarotschkin (2019) show that Chinese aid projects in Africa are associated with an increase in civilian riots at the district level. However, Gehring et al. (2019) do not find a conflict-fuelling effect, although Chinese aid tends to correlate with more government repression and an increased acceptance of authoritarian norms. Strange et al. (2013) argue that Chinese aid allows recipient governments to avert armed conflict by substituting for sudden withdrawals of aid from traditional donors.

## **Protests**

Protests provide an insight into how citizens respond to Chinese investment. A direct and legitimate form of political participation, protests can draw attention to grievances and to demand accountability from governments. Martorano et al. (2021) identify a systematic link between Chinese projects and the occurrence of protests.

Iacoella et al. (2021) used a global database on local protests that located around 125,000 protests across Africa and combined it with data on the location of Chinese projects across the continent. Iacoella et al. (2021) found that areas with more Chinese projects were more likely to experience protests influenced by the type of project and its location. For instance, energy projects, often hydropower, are generally far away from towns and cities. By contrast, big infrastructure projects could be more likely to promote public demonstrations because they have visible effects on local and regional activities.

The authors found that citizens' grievances and distrust were more likely to result in protests when there was evidence of improved mobile connectivity. This may play an important role in helping citizens to coordinate.

In the Central Asian context, Peyrouse (2022) highlights the treatment of Chinese Muslim minorities has been increasingly and publicly criticised, despite China's soft power initiatives in the region. In 2019–2020 alone, more than 40 protest actions against "Chinese expansion" took place in Central Asia, a high number in a region where opposition activities and demonstrations are often suppressed.

In the African context, using data from the Afrobarometer, Martorano et al., (2021) observe a growing sense of China's rising domestic economic influence among citizens who are more strongly exposed to Chinese projects. This perception can stir protests when citizens feel that the economic changes are serving Chinese rather than domestic interests (Martorano et al., 2021).

## Environmental and Social Issues

Chinese environmental practices have been widely criticised on the grounds that China finances and construction projects typically have weak environmental standards (Wang & Zadek, 2016). Chinese development investments in hydropower, infrastructure construction and extractives have resulted in instances of environmental degradation (Wang & Zadek, 2016). In such sectors, there are reported examples of inadequate environmental impact assessments, water and soil pollution and illegal activities.

A key issue raised in the literature is that China imposes lower environmental benchmarks on its aid and investment projects than multilaterals or Western companies (Wang & Zadek, 2016). Related to this is the narrative that Chinese companies ignore social and environmental impacts due to competitiveness and profitability, including gaining a competitive advantage over their Western counterparts (Wang & Zadek, 2016;).

Based on a comparative analysis, Wang and Zadek (2016) find that public lending by China's policy banks contributes to pollution despite boosting power-generation capacity since most of the plants financed by Beijing operate in the carbon-intensive coal sector.

Chinese extractive companies have been sanctioned by host countries for poor practices. For example, Sinopec were accused of illegally prospecting for oil in Gabon's Loango National Park in 2006, and in 2013 the Chadian government suspended China National Petroleum Corporation's license for oil exploration on environmental grounds (IMF, 2022).

However, BenYishay et al. (2016) argue that there is no systematic evidence that confronts the causal claim that Chinese-funded development projects have negative environmental impacts. Related to this is the claim that African governments prefer Chinese investments, as the absence of aid conditionalities and lower social and environmental safeguards means projects can be implemented quicker (BenYishay et al., 2016). According to BenYishay et al., (2016) this could encourage African countries to "shop" their riskiest projects to China in order to ensure they are funded. However, BenYishay et al. (2016) argue that the evidence for these claims is limited and that debates persist because it has been difficult to subject the claim that Chinese-funded development projects cause large-scale environmental damage to rigorous empirical scrutiny. It is important to note that investments in hydropower and extractives are often controversial regardless of the donor, due to issues related to environmental degradation and resettlement.

### Deforestation

Chinese development investments and private investment activities have also been linked to deforestation and illegal logging. However, studies have identified a mixed impact of Chinese development assistance on forests. Marty et al. (2019) find that Chinese official finance reduced forest loss in Rwanda and Burundi. In contrast, according to BenYishay et al. (2016), Chinese infrastructure projects in Cambodia and Tanzania led to deforestation only in areas with weak domestic enforcement of environmental laws and regulation.

### Displacement and resettlement of communities

Large infrastructure projects, for example hydropower dams and transportation projects often entail resettlement of affected communities and compensation. They also raise issues related to



environmental damage to the livelihoods of host communities (Wissenbach & Wang, 2017). Working papers, policy briefs and research briefs by centres including the China Africa Research Initiative outline resettlement issues in a number of infrastructure projects. For example, land compensation has been controversial in the case of the Mombasa-Nairobi Standard Gauge Railway (Wissenbach & Wang, 2017). Land is a sensitive issue in Kenya and many communities along the railway line expressed unhappiness with the land compensation scheme and the amounts they were awarded (Wissenbach & Wang, 2017). The Kenyan government were responsible for the land compensation schemes and there are claims that they do not allocate enough funds for these purposes (Wissenbach & Wang, 2017). Anecdotal evidence of resettlement includes the forcible eviction of over 400 families in Kipawa, Tanzania, in order to expand Tanzania's main international airport (a Chinese-funded project) (Wissenbach & Wang, 2017).

Chinese land-related investments have also received increasing attention in recent years, with claims of "land-grabs" (Wang & Zadek, 2016). The available academic evidence suggests that the scale of this problem is smaller than suggested and there is limited evidence of Chinese land grabs (Wang & Zadek, 2016). Bräutigam (2018 – cited in Wang & Zadek, 2016) argues that the majority of Chinese-owned farms in Africa are small, less than 100 hectares. There are Chinese agribusiness companies in Africa, but in most cases the amounts of land are smaller than reported and the projects are related to commercial, import-substitution production, or biofuels (Bräutigam & Zhang, 2013 cited in Wang & Zadek, 2016).

## Elite capture

The potential for elite capture has been a common critique of Chinese aid. Previous research that provided a comparison with World Bank aid found that Chinese finance is prone to being used by local elites to pursue their own interests and obtain many of the benefits (Dreher et al., 2019). The authors suggest that this may relate to the lack of transparency in loan conditions, or because of China's principle of not interfering in domestic affairs when granting loans, which gives local political leaders more power to allocate resources to projects (Dreher et al., 2019). Cumulatively this can lower citizens' trust in their government institutions. Analysis has confirmed that areas with a larger number of Chinese projects do see lowered trust in local government (Dreher et al., 2019).

Dreher et al. (2019) investigate whether foreign aid from China is prone to political capture in aid-receiving countries. Specifically, they examine whether more Chinese aid is allocated to the birth regions of political leaders, controlling for indicators of need and various fixed effects. They collected data on 117 African leaders' birthplaces and geocode 1,650 Chinese development projects across 2,969 physical locations in Africa from 2000 to 2012. Their econometric results show that political leaders' birth regions receive substantially larger financial flows from China in the years when they hold power compared to the same region funding at other times. Dreher et al. (2019) find evidence that these biases are a consequence of electoral competition: Chinese aid may thus be considered to disproportionately benefit politically privileged regions in years when incumbents face upcoming elections and when electoral competitiveness is high. Comparatively, Dreher et al. (2019) observe no such pattern of favoritism in the spatial distribution of World Bank development projects.

In Central Asia, political elites have for their own reasons welcomed China's narrative on an alternative model of democracy as well as China's methods of promoting it, which has not tried to publicly impose Chinese views and practices abroad, but instead has promulgated the principle of non-interference in the internal affairs of other countries, as well as the notion of win-win solution trumpeted through the promotion of the SREB (Peyrouse, 2022).

## Human development

At the macro level, countries benefiting from Chinese foreign assistance tend to score higher on the human development index (Yuan, 2022). In the same vein, BRI transport projects have the potential to expand trade and lower poverty in participating countries according to the World Bank (2019), although risks inherent to large infrastructure projects, including debt sustainability issues from excessive borrowing (Horn et al., 2020), remain a concern.

## Gender

The current literature on the theme of China and gender predominantly explore cross-cultural relations between China and other countries (including labour and marriage migration, sex work, family life, cultural alienation and integration). There are more limited studies that explore the implication of Chinese investment, trade, development cooperation, agricultural and mining activities on local women's livelihood and business opportunities (Yiping & Yingtao, 2021).

Wu (2020) focuses on the role of gender equality in the BRI, arguing that China has made significant progress in promoting gender equality. While China still has a way to go in terms of domestic gender equality, it may be a model for other countries that are promoting gender parity. Wu (2020) comment that notwithstanding a number of important obstacles and limitations, the BRI has the potential to offer a new paradigm on gender justice. In its ideal form, it could guarantee human rights as an intrinsic part of development, and thus promote a human rights centred approach to development, which could be translated into practice.

Wu (2020) suggests that a feminist discourse has long been an integral part of the modernity project in China. Promoting gender equality is a state policy and overarching principle enshrined in the Constitution of China. China has also implemented gender-sensitive laws, regulations and policies to take the corresponding domestic measures to promote gender equality and women's rights protection in its overall plans for economic and social development and could export these via its aid programme. However, others have criticised the operation of these laws and regulations.

China has increasingly made global commitments on gender quality and women's development in various international forums and through its international cooperation programmes. For example, at the high-level meetings China co-hosted with UN Women on the occasion of Beijing+20 (2015) and Beijing+25 (2020), President Xi Jinping reiterated gender equality as state policy and committed financial support to UN Women and developing countries to accelerate the implementation of Beijing Platform for Action (China has promised to donate US\$10 million to UN Women) and SDGs on gender equality and women's empowerment. The report "Equality, Development and Sharing: Progress of Women's Cause in 70 Years Since New China's Founding" enumerates the achievements of China's participation and cooperation in promoting women's development and gender equality at the global level (Yiping & Yingtao, 2021).

China has also committed to help other developing countries build one hundred “health projects” for women and children and implement one hundred “happy campus” projects to finance the schooling of poor girls. It will also host 30,000 women from developing countries to receive training in China and provide 100,000 skills training opportunities in local communities of other developing countries (Yiping & Yingtao, 2021).

However, the current Chinese approach to the promotion of gender justice emphasises and heavily relies on state-led actions (Wu, 2020). In addition, there is no gender-specific policy for the BRI (Wu, 2020). Wu (2020) asserts that China should adopt a “gender lens” in its overseas investment and foreign aid programs to ensure that both men and women in BRI countries can enjoy equal opportunities to develop their careers within the evolving framework.

In terms of media outputs, press releases show that Chinese companies have not completely ignored gender disparity in the developing world. For example, Huawei has targeted young women in its training initiatives in Africa. Officially, however, BRI and gender have rarely been used in the same sentence. In BRI forum speeches (see for example English translation on Xinhuanet<sup>4</sup>), openness and inclusiveness are mentioned as goals, emphasising race and religion, but gender equity typically goes unmentioned. An example of this, as outlined by the Chinese Governments Belt and Road Portal (2015) in key BRI vision documents, the Chinese government lists areas ripe for cooperation from the arts and public health to strengthening sister cities however, such documents fails to outline any specific initiative to benefit women. Most notably, China has no gender specific BRI policy in place apart from its broader commitment to the 2030 Agenda for Sustainable Development (Marshall, 2021). According to Marshall (2021) there are a number of reasons for China’s lack of interest:

- Beijing has typically supported the status quo in its international engagements. Traditional recipient countries have struggled with prioritising gender mainstreaming in the past, providing little incentive for China to promote an issue that could be opposed.
- Unlike other SDGs, gender norms present a higher level of contention. Women’s status is embedded in religion, culture, and politics and may prove subtleties of local social norms. It requires sensitivity when approaching change.
- Despite official rhetoric, China has not addressed its own gender gap. According to the World Economic Forum (2021), the country ranks 107th of 156 in gender equity and maintains a vast gender imbalance resulting from its former one-child policy. For example, no woman has ever held a seat in the Chinese Communist Party’s most influential body, the Politburo Standing Committee. This effectively leaves the highest-level decisions about foreign and domestic policy with no direct female input.

Broussard (2019) comments that despite China’s experience with increasing female participation in government, school, and the labour force, China has not actively exported its success in narrowing the gender gap when promoting its successful economic and social transformation to other developing countries.

While not actively promoting gender equality as instrumental to economic success, Broussard (2019) asserts that there are signs that China has begun addressing gender issues in its South-

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<sup>4</sup> <https://english.news.cn/home.htm>

South endeavours. For example, China provides technical training and material assistance to women in Africa, Asia, and Latin America to improve their working and living conditions (Broussard, 2019).

## Human rights

Unlike other donors, who purport to condition financial assistance on democratic reforms, human rights improvements, and good governance, China’s official aid policy underscores the principles of mutual benefit, non-interference in domestic affairs, and political non-conditionality (Cole, 2022). The composition of Chinese development assistance may also dampen its impact on human rights in recipient countries. Chinese aid routinely supports large infrastructure projects such as the construction of roads, dams, and bridges (Bräutigam 2011; Lee 2017). Such projects are not only unlikely to improve human rights conditions, but may provide opportunities for rent-seeking, cronyism, and corruption, contributing to worse human rights practices.

Cole (2022) using data for 113 low- and middle-income countries between 2000 and 2017, analysed the relationship between receipt of bilateral development assistance from three sources (the US, major European donors, and China) and human rights practices, with a focus on physical integrity and “empowerment” (i.e., civil and political) rights. Panel fixed-effects regression analyses with and without instrumental variables suggest that US ODA improves both sets of rights outcomes, but particularly civil and political rights. The effects of European ODA, while generally positive, are far less robust and confined to physical integrity rights. Chinese assistance has no reliable effect, positive or negative, on human rights practices in recipient countries. According to Cole (2022), these results imply that Chinese aid is not as toxic nor US assistance as ineffective as is commonly assumed. The findings instead support the claim that Chinese aid is benign, albeit not altruistic: it is not necessarily pernicious to human rights, but neither does it promote rights improvements (Cole, 2022).

In terms of specific reports of human rights abuses, between 2013 and 2020, the Business and Human Rights Resource Centre recorded 679 human rights abuse allegations linked to Chinese business conduct abroad. Whilst human rights abuses were reported across sectors, they were most common in metals and mining, construction, and energy industries (see Table 1).

As Chinese businesses – particularly energy, construction, and mining and metals companies – continue to venture abroad, civil society and the media have reported an unfortunate increase in social, environmental and human rights violations – particularly in Asia, Africa and Latin America Business and Human Rights Centre (2021).

Table 1: High-Risk Sectors

Industry	Number of Allegations (2013-2020)	Hotspots	Dominant Human Rights Risks	Other Common Human Rights Risks
<b>Metals &amp; Mining</b>	236 (35%)	Peru Myanmar Ecuador	Inadequate disclosure or EIA Land rights Protests	Security issues and conflict zones Beatings and violence Pollution and health Indigenous Peoples Arbitrary detention

<b>Construction</b>	152 (22%)	Myanmar Laos Indonesia	Inadequate disclosure or EIA Land rights Livelihood	Indigenous Peoples Labour rights Protests Ecosystem and wildlife
<b>Energy (Fossil Fuels)</b>	118 (17%)	Uganda Myanmar Pakistan	Inadequate disclosure or EIA Pollution and health Livelihood	Climate change Labour rights Indigenous Peoples Security issues and conflict zones
<b>Renewable Energy</b>	87 (13%)	Myanmar Argentina Cambodia	Inadequate disclosure or EIA Land rights Livelihood	Environment-related issues Indigenous Peoples
<b>Finance &amp; Banking</b>	72 (11%)	Indonesia Brazil Pakistan	Inadequate disclosure or EIA Livelihood Land rights	Indigenous Peoples Climate change Environment-related issues
<b>Food &amp; Agriculture</b>	61 (9%)	Laos Cambodia Myanmar	Labour rights Protests Workplace health and safety	Beatings and violence Environmental-related issues
<b>Textile &amp; Apparel</b>	23 (4%)	Cambodia South Africa Myanmar	Inadequate disclosure or EIA Livelihood Land rights	

Source: Business and Human Rights Centre (2021: 19)

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