

New CIFOR project

Chinese trade and investment in Africa: assessing and governing trade-offs to national economies, local livelihoods and forest ecosystems

Overview

Launched in March 2010, this 3-year project aims to advance the livelihood security of rural communities and the sustainable management of forests shaped by Chinese investment in Africa, and enhance the contribution of Africa's forests and raw materials to meaningful economic development.

The project's purpose is to advance understanding of the social, economic and environmental impacts of Chinese investment in commodities or sectors affecting forests and livelihoods in Africa (e.g. timber, mining, oil palm), and to strengthen the capacity of decision makers in government, civil society and the private sector to enact reforms to maximise social and economic benefits whilst minimising adverse effects.

The project is supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) through the Gesellschaft für Technische Zusammenarbeit (GTZ). Initial project partners include the University of Leipzig's Institute of African Studies and the World Agroforestry Centre, Beijing.

This project seeks to understand China's role in shifting global trade flows and investment patterns; what is unique about Africa's trade with China (relative to other development partners) in the forestry sector; and how trends in forest-related trade and investment are playing out in the Congo Basin and the southern African woodlands. For a selection of Chinese investments that have impact on forests on the continent (including timber, agricultural cash crops, biofuels and mining), economic, social and environmental trade-offs (positive and negative impacts) will be identified.

We will also assess the efficacy of governance instruments at diverse levels (global to local) in regulating identified outcomes or impacts. Research results will be shared with key national and regional audiences capable of influencing policies and decisions affecting forests and livelihoods in Africa and China. CIFOR engagements with regional initiatives on the continent suggest that demand for such research is high. A regional stakeholder workshop held by the Common Market for Eastern and Central Africa in collaboration with CIFOR highlighted lack of information on long-term economic and ecological impacts of foreign investment as a major hindrance to the forestry sector having a voice in decisions with significant consequences for forests. Participants expressed a need to finance balanced research on the costs and benefits of investments penetrating forest landscapes. The need for credible information on the topic was also expressed by the Congo Basin Forests Partnership (CBFP) for research to identify the impacts of Chinese trade and investment on the sustainable management of Congo Basin forests, in support of their mandate in the region.

Project description

Following initial surveys in three Congo Basin countries (Gabon, Democratic Republic of Congo, Cameroon) and three southern African woodland countries (Mozambique, Zambia, and Zimbabwe), in-depth case studies will be carried out in two different countries for each prioritised commodity to systematically assess local impacts of major trade and investment trends. Case studies will involve a comparative analysis of companies of different origin (Chinese, non-Chinese) and serving different buyer countries (China vs. EU, USA) to test the hypothesis that Chinese capital and markets produce unique outcomes for these African countries.

A common framework will be used to guide the trade-off analysis, so as to facilitate synthesis of case studies. The framework focuses on identification of the economic benefits to local residents and society at large, as well as the social, economic and ecological costs associated with international trade with and investment from China and, in comparison, other foreign centres. In addition to facilitating country- and commodity-specific information of high relevance to civil society and policy makers, systematic collection of data around a common set of criteria and indicators will facilitate subsequent comparative assessments of commodities and governance arrangements producing the greatest benefits relative to costs incurred.

Comparison between case studies of the same commodity in contrasting governance contexts will help illustrate how governance conditions shape outcomes; some comparison across all case studies is also expected to yield useful insights into other (e.g. sector-specific) factors shaping outcomes.

In addition to these case studies, the project will produce an analysis of governance instruments and conditions designed to shape corporate social and environmental practice generally, and for prioritised commodities. This will be done through policy analysis in countries where case studies are located, with a focus on policies and legislation designed to govern corporate practice, environmental and land tenure policies, and investment promotion strategies. It will also include an analysis of relevant global treaties or declarations to which case study countries and China are signatories, and any national level actions taken to implement treaties which have been ratified. Industry-wide standards for the commodity of concern and corporate policies of companies of concern will be analysed, as will the role of reputational risks (e.g. linked to consumer demand) and market-based instruments designed to foster corporate social and environmental responsibility that are operational.

Expected project contributions

International-level analyses of Chinese trade and investment trends in commodities affecting Congo Basin forests and southern African woodlands, and Chinese policies and corporate strategies shaping these activities and associated impacts.

National- and local-level analyses of implications of identified patterns of forest-related trade and investment for national economic development, local livelihoods and forest condition/sustainability in prioritized countries and related to specific commodities.

Assessment of the effectiveness of governance instruments at diverse levels in shaping outcomes, and of opportunities for decision makers to achieve more sustainable and equitable outcomes.

Dissemination of findings (trade-offs, governance assessment), policy recommendations and institutional options, with a focus on enhancing the capacity of key decision makers to make economically, environmentally and socially responsible decisions.

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CIFOR advances human wellbeing, environmental conservation and equity by conducting research to inform policies and practices that affect forests in developing countries. CIFOR is one of 15 centres within the Consultative Group on International Agricultural Research (CGIAR). CIFOR's headquarters are in Bogor, Indonesia. It also has offices in Asia, Africa and South America.

