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**CHINA AS A GLOBAL DEVELOPMENT ACTOR:  
TRANSFORMING THE INTERNATIONAL AID LANDSCAPE**

Editors: Malin Oud and Oscar Almén



# China as a Global Development Actor: Transforming the International Aid Landscape

Editors:

Malin Oud and Oscar Almén

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The Expert Group for Aid Studies (EBA)

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# Foreword by EBA

Over the past decades, China has emerged as a central actor in global development, especially as traditional Western donors scale back or rethink their engagement. This shift raises important questions about how to relate to and engage with China in a more multipolar aid landscape, and how to safeguard development effectiveness and local ownership.

Despite China's growing footprint, significant knowledge gaps persist among policymakers and development practitioners regarding the objectives, instruments, and institutional logic of Chinese international development cooperation. This volume aims to help close those gaps by offering evidence-based analysis and sector-specific insights. It examines China's evolving role across a broad range of sectors and continents, explores both the opportunities and risks of its expanding engagement, and highlights Swedish and European comparative advantages and avenues for constructive dialogue with China and partner countries.

EBA hopes this anthology will be a valuable resource for policymakers, managers, aid practitioners, and researchers at the Ministry for Foreign Affairs, embassies, Sida, and other government agencies involved in international cooperation; for civil society organizations; and for stakeholders within Team Sweden, Team Europe, the UN system, and other multilateral organizations.

The anthology has been edited by Malin Oud and Oscar Almén and reviewed by a reference group chaired by Lars Niklasson. The authors bear sole responsibility for the content of their respective chapters.

Stockholm, February 2026

Torbjörn Becker,  
EBA Chair

Lars Niklasson,  
Chair of the Reference group

## Summary

### **China as a global development actor: transforming the international aid landscape**

In the last decade, China has emerged as a major development partner for many countries, increasingly visible as traditional Western donors reduce or recalibrate their engagement in various regions and sectors. This shift raises important questions for Swedish and European development policy: How might China fill gaps left by traditional providers? How can development effectiveness be maintained and recipient-country priorities respected in a multipolar aid environment? Where can Swedish aid have the greatest impact? Understanding China's global ambitions and its evolving role as a multilateral actor is essential for grasping how it shapes international development.

This anthology situates China within this evolving terrain. It analyzes China's approaches across health, climate and environmental governance, gender equality, trade, infrastructure, finance, agriculture, and media, with concrete examples and geographical case studies (Africa, Southeast Asia, Ukraine, and Iran). It assesses China's global development footprint, opportunities, and risks. Key questions include aid modalities (grants vs. loans, tied vs. untied aid), governance and transparency, debt sustainability, local ownership, human rights, governance standards, and the social and environmental impacts of projects. It highlights Sweden's and the European Union's comparative advantages and how to leverage them in dialogue with China and partner countries. It also examines how development finance interacts with private investment, public-private partnerships, and domestic policy reforms—core elements of contemporary development cooperation.

Comprised of 14 chapters by authors from different academic disciplines and diverse professional backgrounds, the anthology provides a comprehensive examination of China's evolving role as a global development actor and its implications for Sweden and the European Union. It addresses critical issues, such as dependencies and debt traps, while presenting a balanced view of both the successes and shortcomings in China's development initiatives. Each chapter provides current and nuanced perspectives on China's positioning, discourses, policies, and practices in development cooperation, shedding light on risks and opportunities. The goal is to inform policy and practice in Swedish and European development cooperation within a rapidly changing multilateral landscape.

## **Key questions**

- What are China's global ambitions and the domestic drivers of China's international development initiatives?
- Who are the actors—public and private sector institutions—involved in China's international development cooperation?
- How does China's development practice differ from, or align with, OECD-DAC norms and traditional aid providers?
- What are the main opportunities and risks of Chinese development finance for recipient countries?
- What concrete policy measures can Sweden implement to navigate China's rising role while leveraging multilateral mechanisms?

## **Main findings**

- China's rise as an international development actor is tied to its broader strategic, economic, and political objectives, including infrastructure-led growth, access to resources, and the diffusion of its standards and governance models.
- China's development practice encompasses a broad set of sectors, and regional case studies show diverse outcomes. Financing

is heavily weighted toward loans tied to Chinese firms and materials, with varying implications for recipient-country debt, local value capture, and procurement practices.

- Western development paradigms have increasingly converged with Chinese models. Major donors, notably the US, have adopted more state-centric and infrastructure-oriented strategies, emphasizing transactional engagement with recipient governments. Sweden’s new International Trade Strategy, which aims to better integrate trade and investment policies with development objectives, moves Sweden closer to China’s integrated approach.
- Sweden and other traditional donors need clear, evidence-based positioning to maintain cohesion and legitimacy in international development governance, leveraging China’s resources for broader development outcomes while protecting recipient-country ownership and adhering to OECD-DAC norms and international human rights standards.
- Multilateral dialogue and collaboration are evolving. There is room for EU–China conversations on development finance, co-financing risks and safeguards, and the exploration of blended finance and guarantees—provided there are strong transparency, governance, and accountability measures.

## **Policy implications and recommendations**

- Strengthen transparency and accountability: work with recipient countries to improve governance frameworks, data management, and procurement transparency in development projects, including those involving Chinese financing.
- Pursue multilateral engagement: given Sweden’s small size, work through EU and multilateral channels to maximize leverage, scale, and coherence in the face of China’s growing influence.
- Invest in human rights, democracy, and the rule of law: expand support for civil society, independent media, and digital rights;

coordinate Nordic and EU efforts to reinforce UN reform and human rights norms; explore constructive collaboration with China on, for example, gender equality and sexual and reproductive health and rights (SRHR) through multilateral platforms.

- Reframe the Global Gateway as a partnership platform: emphasize recipient-country leadership in project selection and design, transparent procurement, and governance reforms, with a focus on sustainable results rather than geopolitical competition.
- Develop risk-aware engagement and co-financing: monitor debt sustainability and financial dependency risks; safeguard against tied aid and non-competitive procurement; encourage blended finance that yields clear domestic spillovers and strengthens local capacity.
- Formalize aid coordination and nurture expert exchanges: establish EU–China development finance dialogues and launch informal expert exchanges to deepen understanding, identify best practices, and enable cooperation that adheres to OECD-DAC norms and standards.

# Sammanfattning

## **Kinas framväxt innebär en omvandling av det internationella biståndslandskapet**

Under det senaste decenniet har Kina vuxit fram som en viktig utvecklingsaktör i många låg- och medelinkomstländer. Kinas har fått en alltmer framträdande roll i takt med att traditionella västerländska givare minskat eller justerat sitt engagemang i olika regioner och sektorer. Denna förändring väcker viktiga frågor för den svenska och europeiska utvecklingspolitiken: kommer Kina att fylla några av de luckor som traditionella givare lämnar efter sig? Hur säkras utvecklingseffektivitet och att mottagarländernas prioriteringar respekteras i en multipolär biståndsmiljö? Var kan det svenska biståndet ha störst effekt? För att förstå hur Kina påverkar den internationella utvecklingen av biståndet är kunskap om landets globala ambitioner och växande roll som multilateral aktör viktiga.

Denna antologi beskriver Kinas positionering inom det föränderliga biståndslandskapet. Den analyserar Kinas strategier inom hälsa, klimat- och miljö, jämställdhet, handel, infrastruktur, finansiering, jordbruk och media, med konkreta exempel och geografiska fallstudier (Afrika, Sydostasien, Ukraina och Iran). Den kartlägger Kinas globala avtryck, möjligheter och risker. Viktiga frågor är bland annat biståndsformer (t.ex. bidrag kontra lån, bundet kontra obundet bistånd), styrning och transparens, hållbar skuldhantering, lokalt ägarskap, mänskliga rättigheter, styrningsstrukturer samt projektens sociala och miljömässiga effekter. Antologin belyser Sveriges och Europeiska unionens komparativa fördelar och hur dessa kan nyttjas i dialogen med Kina och partnerländerna. Den undersöker också hur utvecklingsfinansiering samverkar med privata investeringar, offentlig-privata partnerskap och inhemska politiska reformer – centrala delar i dagens utvecklingssamarbete.

Antologins 14 kapitel är skrivna av författare från olika akademiska discipliner och med olika yrkesbakgrund. Den ger en omfattande bild av Kinas växande roll som global utvecklingsaktör och vad det kan innebära för Sverige och Europa. Den tar upp viktiga frågor som beroendeförhållanden och skuldfällor, samtidigt som den presenterar en balanserad bild av både styrkor och brister i Kinas utvecklingssamarbete. Varje kapitel ger aktuella och nyanserade perspektiv på Kinas positionering, diskurser, politik och praxis inom utvecklingssamarbetet, och belyser risker och möjligheter. Målet med antologin är att förse svenskt och europeiskt utvecklingssamarbete med värdefull kunskap och information i en snabbt föränderlig omvärld.

## **Viktiga frågor**

- Vilka är Kinas globala ambitioner och de inhemska drivkrafterna bakom Kinas internationella utvecklingssamarbete?
- Vilka aktörer – offentliga och privata institutioner – är involverade i Kinas internationella utvecklingssamarbete?
- Hur skiljer sig Kinas utvecklingspolitik från, eller överensstämmer med, OECD-DAC:s normer och traditionella biståndsgivare?
- Vad finns det för möjligheter och risker för mottagarländerna med kinesisk utvecklingsfinansiering?
- Vilka konkreta politiska åtgärder kan Sverige vidta för att hantera Kinas växande roll och nyttja multilaterala mekanismer?

## **Huvudsakliga slutsatser i antologin**

- Kinas framväxt som internationell utvecklingsaktör är kopplad till landets bredare strategiska, ekonomiska och politiska mål, bland annat infrastrukturledd tillväxt, tillgång till naturresurser och spridning av kinesiska standarder och styrningsmodeller.
- Kinas utvecklingssamarbete omfattar en rad olika sektorer och regionala fallstudier visar på varierande resultat. Finansieringen är i hög grad inriktad på lån kopplade till kinesiska företag och

material, med varierande konsekvenser för mottagarländernas skuldsättning, lokalt värdeskapande och upphandlingspraxis.

- Västerländska utvecklingsmodeller konvergerar alltmer med kinesiska. Stora givare, särskilt USA, har antagit mer statscentrerade och infrastrukturorienterade strategier, med betoning på transaktionsbaserat engagemang med mottagarländernas regeringar. Sveriges nya internationella handelsstrategi, som syftar till att bättre integrera handels- och investeringspolitik med utvecklingsmål, för Sverige närmare Kinas integrerade tillvägagångssätt.
- Sverige och andra traditionella givare behöver en tydlig, evidensbaserad positionering för att upprätthålla sammanhållningen och legitimiteten i det internationella utvecklingsarbetet. Kinas resurser bör nyttjas för bredare utvecklingsresultat samtidigt som mottagarländernas ägarskap skyddas och OECD-DAC:s normer och internationella människorättsstandarder följs.
- •Multilateral dialog och samarbete är under utveckling. Det finns utrymme för samtal mellan EU och Kina om utvecklingsfinansiering, risker och skyddsåtgärder vid samfinansiering samt utforskande av blandfinansiering och garantier – förutsatt att starka åtgärder vidtas för transparens, styrning och ansvarsskyldighet.

## **Policyimplikationer och rekommendationer**

- Stärk transparensen och ansvarsskyldigheten: samarbeta med mottagarländerna för att förbättra styrningsramverk, datahantering och transparens i upphandlingar inom det internationella utvecklingsarbetet, inklusive när kinesisk finansiering är involverat.
- Sträva efter multilateralt engagemang: med tanke på Sveriges storlek i förhållande till andra givare, arbeta genom EU och multilaterala kanaler för att maximera påverkansmöjligheter, kapacitet och sammanhållning i relation till Kinas växande inflytande.

- Investera i mänskliga rättigheter (MR), demokrati och rättsstatsprincipen: utöka stödet till civilsamhället, oberoende medier och digitala rättigheter; samordna nordiska och EU-insatser för att förstärka FN-reformer och MR-normer; utforska konstruktivt samarbete med Kina inom till exempel jämställdhet och sexuell och reproduktiv hälsa och rättigheter (SRHR) genom multilaterala plattformar.
- Omforma Global Gateway till en partnerskapsplattform: betona mottagarländernas ägarskap i projekt och utformning, transparent upphandling och styrningsreformer med fokus på hållbara resultat snarare än geopolitisk konkurrens.
- Utveckla riskmedvetet engagemang och samfinansiering: övervaka skuldållbarhet och risker för finansiellt beroende; undvik bundet bistånd och icke-konkurrenskraftig upphandling; uppmuntra blandfinansiering som ger tydliga inhemska spridningseffekter och stärker lokal kapacitet.
- Formalisera biståndskoordinering och främja expertutbyte: inrätta dialoger mellan EU och Kina om utvecklingsfinansiering och inled informella expertutbyten för att fördjupa förståelsen, identifiera bästa praxis och möjliggöra samarbete i linje med OECD-DAC:s normer och standarder.

# Abbreviations

ACWF	All-China Women’s Federation
ADB	Asian Development Bank
AfCFTA	African Continental Free Trade Area
AIIB	Asian Infrastructure Investment Bank
API	Active Pharmaceutical Ingredients
ATDC	Agricultural Technology Demonstration Center
AU	African Union
BPfA	Beijing Platform for Action
BRI	Belt and Road Initiative
BRICS	The acronym is derived from the names of the early members Brazil, Russia, India, China, and South Africa. <sup>1</sup>
BWI	Building and Wood Workers’ International
CAADP	Comprehensive Africa Agriculture Development Programme
CAC	Cyberspace Administration of China
CASCF	China–Arab States Cooperation Forum
CCP	Chinese Communist Party
CDB	China Development Bank
CDC	Centers for Disease Control and Prevention
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CGTN	China Global Television Network

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<sup>1</sup> BRICS is an intergovernmental organization representing key emerging markets from the Global South. As of 2025–2026, it includes Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Saudi Arabia, the United Arab Emirates, and Indonesia.

China–CELAC	China–Community of Latin American and Caribbean States Forum
CIDCA	China International Development Cooperation Agency
CIKD	Center for International Knowledge on Development
CIMA	Center for International Media Assistance
CNPC	China National Petroleum Corporation
CNY	Chinese Yuan
COFCO	China National Cereals, Oils and Foodstuffs Corporation
CPPCC	Chinese People's Political Consultative Conference
CRINK	China, Russia, Iran and North Korea
DFC	Development Finance Corporation
DFI	Development Finance Institute
DSR	Digital Silk Road
DSSI	Debt Service Suspension Initiative
EAS	European External Action Service
EPC	Engineering, Procurement and Construction
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
EU	European Union
EXIM	Export-Import Bank of China
FAO	Food and Agriculture Organization
FAPE	Foreign Aid Project Evaluation
FIMI	Foreign Information Manipulation and Interference
FOCAC	Forum on China-Africa Cooperation
GCI	Global Civilisation Initiative

GDI	Global Development Initiative
GDP	Gross Domestic Product
GFMD	Global Forum for Media Development
GGI	Global Governance Initiative
GHG	Green House Gas
GHSP	Global Health Support Programme
GNI	Gross National Income
GPEDC	Global Partnership for Effective Development Cooperation
GAWAL	Green Agriculture West Africa Limited
GSI	Global Security Initiative
GW	Gigawatt
HIPC	Heavily Indebted Poor Countries Initiative
HVDC	High voltage direct current
ICAO	International Civil Aviation Organization
ICC	International Communication Centers
ICPD	International Conference on Population and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IMO	International Maritime Organization
ISSCAD	Institute of South-South Cooperation and Development
IRGC	Islamic Revolutionary Guard Corps
ITU	International Telecommunications Union
JCPOA	Joint Comprehensive Plan of Action
LMIC	Low and middle-income country
LSLA	Large-scale land acquisition

MARA	Ministry of Agriculture and Rural Affairs
MCC	Millenium Challenge Corporation
MDP	Multilateral Development Bank
MDRI	Multilateral Debt Relief Initiative
MOFCOM	The Ministry of Commerce
NATO	North Atlantic Treaty Organization
NDB	New Development Bank
NDRC	National Development and Reform Commission
NGO	Non-governmental organization
NPC	National People’s Congress
ODA	Official development assistance
OECD-DAC	Organisation for Economic Co-operation and Development - Development Assistance Committee
OOF	Other official flows
PBOC	People’s Bank of China
PPE	Personal protective equipment
PRC	People’s Republic of China
REC	Regional Economic Communities
RMB	Renminbi, the official currency of China
SDG	Sustainable Development Goal
SGBV	Sexual and gender-based violence
SCO	Shanghai Cooperation Organization
SOE	State-owned enterprises
SRB	Sex ratio at birth
SRHR	Sexual and reproductive health and rights
SSC	South-south cooperation
UHV	Ultra-high voltage

UK	United Kingdom
UN	United Nations
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
US	United States of America
USAID	U.S. Agency for International Development
USD	US Dollar
4WCW	Fourth World Conference on Women
WHO	World Health Organization

# 1 China as a global development actor: transforming the international aid landscape

Malin Oud and Oscar Almén

*The People's Republic of China (the PRC) is central to current debates about the crisis and future of international development aid. China plays an essential role in addressing global challenges like climate change and antimicrobial resistance and has become the largest bilateral creditor and a key provider of infrastructure and technology to developing countries.*

*This anthology emerges from a recognition that despite the PRC's central importance to international development, a comprehensive assessment of its role, goals, and impact has been notably absent. Drawing from different contributions to the anthology, this introductory chapter covers insights about China's role in different sectors and regions. We conclude with an assessment of China's significance for Sweden's international development cooperation, and what lessons can be drawn to ensure its relevance and effectiveness in the future.*

## **Why an anthology on China as a development actor?**

Through its studies, the Expert Group for Aid Studies (EBA) seeks to generate evidence-based knowledge that can enhance the effectiveness of Swedish development cooperation. In the last decade, China has emerged as a significant development partner for many countries—a role that has become increasingly prominent as traditional Western donors, including the United States (US), have reduced their engagement in certain regions and sectors.

This raises critical questions for Swedish and European development policy: How might China fill gaps left by traditional providers? How to ensure development effectiveness and align with recipient-country priorities in a multipolar aid environment? What are the European Union's comparative advantages and how to leverage them in dialogue with China and partner countries? In which sectors and geographical areas can Swedish aid have the greatest impact? This anthology aims to advance our understanding of China as a development actor within this evolving multilateral framework.

A comprehensive analysis of China's approach across key sectors—including health, climate and environmental governance, gender equality, and trade and infrastructure development—is essential for informed policy formulation. Such insights will enable Swedish policymakers to identify opportunities for constructive engagement while clearly delineating areas where fundamental differences in objectives and underlying motivations preclude meaningful collaboration.

### **Great changes in the development landscape**

The contemporary world finds itself at a critical juncture where traditional paradigms of international development cooperation are being fundamentally challenged and reshaped. We are witnessing what can only be described as a paradigm shift characterized by the emer-

gence of a multipolar world order, the relative retreat of the United States from global leadership, and fundamental questions about the future of multilateralism and traditional development cooperation mechanisms. Long-established concepts such as “the West” and “the Global South” are increasingly in flux, as new power dynamics re-shape global relationships.

The term “polycrisis” is sometimes used to describe the current convergence of global challenges where different crises feed into and exacerbate one another, including climate change and environmental degradation, stagnated reduction of extreme poverty, economic instability and inequality, democratic backsliding, pandemic health crises, and geopolitical tensions and conflicts. Political scientist Yuen Yuen Ang suggests we should instead view this moment as a “polytunity” – “a once-in-a-generation opportunity for the deep transformation of global institutions and ideas” (Ang, 2025).

Whether seen as a crisis or an opportunity, this profound transformation of the international aid landscape necessitates a fresh examination of China’s role as a development actor. From China’s perspective, the world is undergoing “great changes unseen in a century.” These changes are perceived by China’s leadership as an opportunity to assert greater global influence. What then is China’s vision for a new world order, where Beijing plays a greater role in shaping the standards and norms underpinning international development cooperation?

## **Critical knowledge gaps**

Despite China’s prominence in development debates, significant knowledge gaps persist that this anthology seeks to address. First and foremost is the question of what constitutes “Global China”—how we should understand China’s global presence, influence, and impact across different sectors and regions (Baxter, 2025; Lee, 2022).

What are the domestic factors that shape China’s foreign policy and development practices? Who are the key actors involved in China’s

development initiatives, and to what extent do they share common interests versus pursuing divergent agendas? These questions are fundamental to predicting China's future behaviour and identifying potential areas for collaboration or competition.

Development cooperation has emerged as what might be termed a “strategic theatre” in contemporary geopolitics. Where does development aid, finance, loans, and other instruments fit into China's broader geostrategic thinking? Or should we understand China's approach as more functionally oriented—focused on specific sectors like infrastructure, agriculture, or clean energy—and driven by opportunism, individual actor interests, and commercial motives rather than grand strategic design?

The reality likely involves a complex mixture of geostrategic considerations, commercial interests, opportunism, and coincidence that varies across geographical contexts and sectors. Projects may emerge from careful strategic planning, immediate commercial opportunities, individual initiative, or simple chance. Understanding this complexity is crucial for both recipient countries seeking to engage with China and traditional donors trying to position themselves in the new landscape.

## **Myths and competing narratives**

A significant obstacle to clear understanding has been the proliferation of myths and competing narratives surrounding China's global role. Too often, analysis falls into the trap of comparing China's actual (and sometimes problematic) practices with idealized Western models rather than examining real-world performance and historical track record. This tendency toward stereotyping and oversimplification obscures more than it clarifies.

Moreover, such comparisons often ignore the interests, needs, motives, and agency of recipient countries and local actors. Development cooperation cannot be understood solely through the lens of donor motivations; the agency, preferences, and strategies of recipi-

ent countries and communities play crucial roles in shaping outcomes.

On the other hand, romanticization of China's development trajectory often presents an equally distorted picture, portraying China's economic transformation as a seamless success story while glossing over significant costs, contradictions, and context-specific factors that may not be replicable elsewhere. The narrative of development at "China speed" and the "Chinese economic miracle" tends to overlook environmental degradation, rising inequality, political repression, systemic human rights violations, social tensions, and the unique historical circumstances that enabled China's rapid growth—including its integration into global supply chains during a period of unprecedented globalization.

These competing mythologies create a false binary that impedes nuanced understanding of China's actual role in global development. The reality is far more complex, involving both successes and failures, beneficial partnerships and problematic dependencies. Moving beyond these one-sided narratives requires acknowledging that China's global engagement, like that of any major power, produces mixed outcomes that vary significantly across sectors and regions.

This anthology compiles insights from a distinguished group of experts, who examine various facets of China's role as a global development actor. Each chapter provides current and nuanced perspectives on Chinese practices, discourses, and policies in development cooperation, enriching the reader's understanding of China's positioning within the international context. Importantly, this work seeks to move beyond simplistic binary narratives that often characterize discussions about China—those that label the West as inherently "good" or "normal" and China as "disruptive," or "new." By the same token, it also challenges the Chinese government's narrative about China as a leader of the developing world, provider of global goods, and champion of multilateralism (Oud & Drinhausen, 2025).

Covering a wide range of themes and geographic contexts—including finance, climate action, agriculture, health, and gender—alongside regional case studies from Africa, Southeast Asia, Ukraine, and Iran, the anthology offers a comprehensive examination of China’s role in global development. It addresses critical issues, such as dependencies and debt traps, while presenting a balanced view of both the successes and shortcomings in China’s development initiatives.

The implications for Sweden and the European Union are particularly relevant, providing policymakers with insights necessary for navigating the current geopolitical landscape. This introduction synthesizes the diverse contributions within the anthology, elucidating common themes and drawing conclusions that culminate in a set of practical policy recommendations for Sweden and its European partners.

## **Definitions and key concepts**

In the anthology, the terms “development aid” and “development finance” are used interchangeably, but it is important to clarify their distinctions. Official Development Assistance (ODA), as defined by the Organisation for Economic Co-operation and Development (OECD), refers to government aid intended to foster economic growth and welfare in developing countries. This includes grants, “soft” loans, and technical assistance, with only the “grant portion” of loans—meaning the amount provided at below-market rates—counted as ODA. Aid can be delivered bilaterally from donor to recipient or through multilateral agencies like the United Nations (UN) or World Bank, with the OECD designating specific countries and territories as eligible for ODA.

In contrast, China’s approach to international development cooperation encompasses a broader array of financial flows, including non-concessional loans, trade, and investment aimed at fostering mutual economic development with recipient countries. China’s development finance predominantly targets sectors such as industry, energy,

transport, and banking, with key recipients including Russia, Venezuela, and Pakistan. The focus is often on large infrastructure projects that enhance trade connectivity and resource access, favouring countries that are strategic partners or rich in natural resources. This strategy diverges from OECD donors, who traditionally emphasize development cooperation in accordance with the Paris declaration on aid effectiveness, which in 2005 initiated a push towards increased use of budget support and country systems. Recently, these traditional donors, including Sweden, have however also begun to adopt more transactional development cooperation models, prioritizing mutual economic benefits over solely addressing extreme poverty.

This raises a pertinent question: how much of China's international development finance qualifies as ODA or development aid? The OECD and AidData define and calculate these contributions differently, leading to varying assessments of China's overall impact. In a recent study, AidData finds that China's lending portfolio has reached 2.1 trillion USD, which is several times more than previous estimates. Moreover, in contrast to the image of China as focusing on infrastructure development in low-income countries, infrastructure investments and Belt and Road Initiative (BRI) projects only make up a minority of China's overseas financing, and the main bulk of overseas lending now goes to upper-middle-income and high-income countries rather than, as previously, to low-income countries (Parks et al., 2025).

The central challenge in evaluating China's role as a development actor is its lack of transparency and limited adherence to the OECD Development Assistance Committee (DAC) standards. This opacity complicates assessments of China's financial contributions, making it difficult to classify them consistently within the framework of traditional development aid.

## Significance for Sweden

For Sweden, China's emergence as a major development actor presents both challenges and opportunities that require careful navigation. The year 2025 marked the 75<sup>th</sup> anniversary of diplomatic relations between Sweden and the PRC. Swedish development cooperation with China began in 1979 and concluded thirty years later as China transitioned to middle-income status with significantly improved living conditions for much of its population. Sweden's development cooperation emphasized democratic governance, human rights, environmental protection, and sustainable development through partnerships between Swedish and Chinese universities, government institutions, municipalities, and civil society organizations.

China remains an important trading partner for Sweden, with Swedish businesses maintaining a historically strong presence in the Chinese market. However, operating conditions have become increasingly challenging due to slower economic growth, intensified competition, a deteriorating political climate, and rising geopolitical tensions.

## Sweden's approach to China

Sweden's dialogue and cooperation with China have evolved alongside China's emergence as a global power. In 2019, the Swedish government published "Approach to matters relating to China" (Government of Sweden, 2019), outlining Sweden's comprehensive approach to China relations "in light of China's growing influence in the world and the new implications, opportunities, and challenges this brings." The document addresses nine key areas:

- Security and defence policy.
- Trade and economics.
- Climate and environmental issues.

- China as a multilateral actor.
- Human rights.
- China as a development actor.
- Technology, innovation, and digital transformation.
- Research and education.
- Culture and media.

Regarding China's role in international development, the government mainly noted that it is essential that China adheres to the Paris Declaration principles of aid effectiveness and collaborate with OECD-DAC, and that Sweden will encourage China's participation in donor coordination mechanisms and the Global Partnership for Effective Development Cooperation (GPEDC).

## **Fundamental ideological differences and bilateral tensions**

For Sweden, China's emergence as a major development actor presents both challenges and opportunities that require careful navigation. A primary challenge stems from the contrasting political systems of the two countries: Sweden being a liberal democracy while China is an autocratic one-party state. This fundamental difference generates conflicting perspectives on human rights, democracy, rule of law, gender equality, and good governance—issues that have long been central to Swedish development assistance.

China actively resists and challenges the notion of universal human rights, both domestically and internationally at the UN (see Sebastian Haug and Marina Rudyak's chapters). For China, non-interference and state sovereignty constitute the most fundamental principles for international relations; therefore, development assistance should remain disconnected from governance issues. These divergent views create significant tensions in bilateral relations, tensions that have intensified in recent years.

At the heart of the strained relations is the case of Swedish publisher Gui Minhai, abducted by Chinese agents in Thailand in 2015 and sentenced to ten years in prison in 2020 for allegedly “illegally providing state secrets to foreign entities.” That same year, amid rising tensions, Sweden’s Post and Telecom Authority banned Chinese companies Huawei and ZTE from its 5G development, leading Huawei to sue the Swedish government. Additionally, China halted the approval of export licenses for essential artificial graphite to Sweden.

Further damaging China’s image in Sweden are issues such as the repression of Xinjiang’s Muslim population, the crackdown on Hong Kong protests, and support for Russia’s war in Ukraine. While Western attitudes towards China have generally deteriorated, this shift has been particularly pronounced in Sweden, with Swedes ranking among the most critical toward China in PEW surveys (Pew Research Center, 2024). Until recently, Sweden was one of only three EU countries with visa restrictions for travel to China. However, in November 2025, Sweden was granted visa-free travel privileges, indicating a possible thaw in relations.

## **Current policy direction**

In her February 12, 2025, Foreign Policy Declaration, Swedish Minister for Foreign Affairs Maria Malmer Stenergard emphasized the growing need for international cooperation at the intersection of technology, innovation, trade, and security. She noted that while Asia-Oceania represents the world’s fastest-growing economic region—with China as the second-largest global economy and technological leader—the country’s authoritarian governance and expanding geopolitical ambitions present significant challenges (Malmer Stenergard, 2025).

The government supports dialogue and cooperation with China where possible and aligned with Swedish interests and values, particularly in promoting fair trade and addressing climate change. However, Sweden will continue working with EU partners to address hu-

man rights violations, ensuring that Sweden-China relations remain “anchored in a European strategy and close transatlantic cooperation.”

The Swedish Government’s aid reform agenda, “Aid for a New Era—Freedom, Empowerment and Sustainable Growth,” positions development assistance as a key foreign policy tool for advancing Swedish interests. Compared with earlier development policy frameworks, the agenda places greater emphasis on promoting and safeguarding national interests and on aligning development cooperation more closely with foreign and security policy objectives. The agenda also emphasises that development cooperation should be concentrated to the neighbouring region and Ukraine. A new thematic area on migration was introduced focusing on decreasing irregular migrants and refugees and on return and repatriation. By integrating aid policy with foreign affairs, security, trade, climate, and migration policies, Sweden aims to strengthen its global influence while maximizing aid effectiveness. Development cooperation should also focus on synergies between development aid and trade to leverage Swedish businesses, entrepreneurship, and trade opportunities (Ministry of Foreign Affairs, 2024).

## Key insights

The chapters in this anthology explore a diverse array of perspectives on China’s role as a development actor. This diversity reflects the multifaceted ways in which China influences global development, both thematically and geographically, as well as the varied backgrounds and viewpoints of the contributing authors. In this section, we summarize key insights from the anthology, highlighting four prominent themes: the geopolitics of development, China’s growing role as a global standard-setter and norm entrepreneur, the implications of dependencies and debt traps, and the evolving landscape of donor practices.

## The geopolitics of development

China uses development assistance to strengthen its relations to countries in the Global South, which is of strategic importance to Beijing, both in terms of securing access to raw materials and as a way to gather support for its political agenda. China's entering into the international development scene has made other donor countries inclined to focus more on the strategic aspects of development. International development has partly become a battleground for the geopolitical struggle between China and the West. This geopolitical struggle is highlighted in many of the volume's contributions, as is the securitization of international development.

Jingdong Yuan points out that China's development finance predominantly targets infrastructure projects that enhance trade connectivity, resource access, and power generation. China's aid focuses on strategic partners, traditional allies, countries in key locations, or those rich in critical minerals and oil. Similarly, Assem Abu Hatab and Franklin Amuakwa-Mensah write that China's agricultural development engagement in Africa, while generally bringing development benefits for the continent, is driven by self-interest to secure its own food supply.

Countries that are dependent on China for development financing are unlikely to criticise China and more likely to support China's position in multilateral fora such as the UN as shown in Marina Rudyak's chapter. This serves to strengthen China's global image. David Bandurski explains that a key element of China's strategy lies in achieving "discourse power" or information dominance, which is integral to its comprehensive national power. China invests heavily in influencing global narratives across a multitude of media channels, languages, and regions—ranging from Southeast Asia to Africa. The importance of China's international image is also reflected in Lisa Eklund's analysis of how China increasingly emphasises gender equality in its foreign policy to enhance its global legitimacy, despite China's modest financial contributions to gender equality initiatives.

Similarly, Karl Hallding describes how China presents itself as a responsible leader in the green transition, while its climate finance serves dual purposes—both environmental goals and geopolitical influence. By supporting climate projects, China strengthens diplomatic ties, shapes markets, and encourages policy alignment over time. Furthermore, China’s shift from fossil fuels to green energy is a strategic bet on future growth in electrification value chains—from critical minerals to power electronics and software—securing its role in the global energy transition and expanding its geopolitical influence.

Another example of how China connects development cooperation with its geopolitical goals is China’s engagement with Ukraine. Helena Legarda and Abigaël Vasselier note that despite Ukraine’s delicate diplomatic balancing act between East and West, China has sought to preserve trade relations and influence Moscow indirectly while positioning itself for involvement in Ukraine’s future reconstruction.

In a similar vein, Andrew Small describes how China’s engagement with Iran is far more explicit now than previously and China is now by far the main importer of Iranian oil. While China used to avoid being too strongly associated with countries that are under Western sanctions, China now takes the role of the leader of an “anti-hegemonic” bloc.

Western donors have tried to balance China’s increasing influence in the Global South with its own policies. Europe launched the ambitious investment plan Global Gateway in 2021, but so far, only a small part of the investments has materialized. Marina Rudyak argues in her chapter that to position the Global Gateway primarily as a counterweight to China’s Belt and Road Initiative is counterproductive, since this is not the priorities of the partner countries. Instead, focus should be on offering sustainable solutions to the needs of the recipients.

The US withdrawal from international development and the dramatic downsizing of USAID — the world’s largest aid agency — under the Trump administration fundamentally disrupted the global development landscape, creating significant funding gaps in areas such as global health and humanitarian assistance. The extent to which China could exploit this vacuum to expand its influence in the Global South has generated considerable debate among scholars and policymakers. Michael Schiffer observes that China has already increased development finance in some regions abandoned by the US. However, Lewis Husain argues that despite China’s recent commitment of 500 million USD to the World Health Organization (WHO) over five years, there is limited evidence that China will sustain existing programs at previous funding levels. This selective engagement extends to other sectors. Jiayi Zhou emphasizes that China cannot serve as a replacement for climate finance flows from the Global North to the Global South. Similarly, Jingdong Yuan highlights China’s institutional limitations, arguing that it lacks the experience and infrastructure necessary to replicate USAID’s humanitarian aid model. Nevertheless, China will no doubt make the most of the US withdrawal, likely pursuing opportunities that align with its own development priorities and geopolitical interests.

## **Dependencies and debt traps**

China’s role as the primary trading partner for numerous developing countries and major investor in others has created new forms of economic dependency. Åsa Malmström Rognes examines China’s increasing economic influence in Southeast Asia, where it has overtaken Japan’s role as the region’s dominant trading partner and creditor. Multiple authors (Yuan; Hatab & Amuakwa-Mensah; Rudyak; Husain) analyse China’s development financing across Africa, highlighting how China leverages economic relationships to advance strategic objectives.

Marina Rudyak demonstrates this dynamic through her findings of a strong correlation between Chinese development finance flows and

recipient countries' UN voting patterns. China's dominance in production of key components creates additional layers of dependency. Karl Hallding illustrates how China's green finance initiatives can establish dependence without explicit policy conditionalities through strategic choices in hardware, software, technical standards, and extended service contracts. Similarly, Legarda and Vasselier highlight how Ukraine's defence industrial dependence on China became problematic when China began restricting drone and component exports to Ukraine in September 2024. Andrew Small notes Iran's growing reliance on China, observing that Iran has accepted dependency due to limited alternatives.

The extent to which China's development finance creates unsustainable debt burdens remains contentious, with contributors offering diverse perspectives. Lewis Husain emphasizes the critical juncture facing many low- and middle-income countries now entering principal repayment periods, raising questions about how Chinese financial institutions will balance debt recovery with borrowers' social welfare and health priorities.

Jingdong Yuan identifies multiple contributing factors to debt distress in heavily indebted countries, including insufficient institutional capacity in recipient nations, corruption among political elites, and shifting economic conditions. He notes that China's lending practices diverge from traditional donors: rather than debt forgiveness, China typically employs debt rescheduling and rollover mechanisms.<sup>1</sup>

Michael Schiffer discusses the well-known case of Sri Lanka, where Sri Lanka's inability to repay its loans resulted in China gaining operational control over both the Hambantota Port and Mattala Rajapaksa International Airport, demonstrating the concrete consequences of fundamentally different lending practices between China and Western institutions.

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<sup>1</sup> While this is predominantly the case, there are examples of Chinese debt relief (cancellation of interest-free loans). See Wang and Moses, 2022.

## **China as global standard-setter and norm entrepreneur**

China has long abandoned its previous low-profile foreign policy, emerging as a “norm entrepreneur” promoting “Chinese values” and “solutions” internationally. Through a series of global initiatives launched since 2020—the Global Development Initiative (GDI), Global Security Initiative (GSI), Global Civilization Initiative (GCI), Global AI Governance Initiative (GAIGI), and Global Governance Initiative (GGI)—China presents itself as a responsible great power, champion of multilateralism, and provider of global common goods. The GGI, introduced in September 2025 ahead of the 80<sup>th</sup> anniversary of the United Nations, promises new solutions for enhancing global governance—with China leading the way into the new global order (Oud & Drinhausen, 2025).

In her chapter, Marina Rudyak describes how the Global Development Initiative has emerged as a pivotal strategic umbrella for Chinese development finance. Its framing around the SDGs has enabled it to resonate within the United Nations system. In achieving this, China has accomplished what it could not with the BRI: firmly anchoring its development initiative within the UN framework.

Sebastian Haug’s analysis further illuminates the fundamental differences between China’s approach to multilateralism and that of countries like Sweden. While Sweden’s approach has sought to strengthen UN autonomy and effectiveness through substantial core funding contributions, China pursues a fundamentally different strategy: emphasizing state sovereignty and control over multilateral processes and seeking to make the UN more responsive and accountable to member state preferences rather than promoting institutional independence.

Ideas and initiatives promoted by the Chinese Communist Party (CCP) increasingly make their way into UN documents and international cooperation, with phrases like “shared community of mankind” appearing regularly in international declarations and bilateral

statements. China positions itself as a “democracy that works” and as a “progressive force” against Western hegemony, and as a Global South leader challenging Northern dominance. This narrative resonates in many parts of the world by addressing perceived Western hypocrisy and global inequalities (Oud & Drinhausen, 2025).

Underpinning China’s rhetoric is its recent domestic history of dramatic poverty reduction, which bolsters its legitimacy as a leader in global development discourse. The United States’ retreat from multilateralism under Trump emphasizes China’s rising status and has provided Beijing additional space to expand its influence and present alternative models of governance and development. In that sense, “Trump is making China great again” (Garton Ash et al., 2026).

As one of the five permanent UN Security Council members (P5), Beijing occupies a unique position at the United Nations, claiming the role of an economic superpower while simultaneously asserting itself as a “developing country.” In the context of UN negotiations, China often adopts a collaborative approach, aligning itself with the Group of 77 (G77) to elevate specific points concerning human rights and non-interference in China’s “internal affairs” (Oud, 2024). This cooperative stance contrasts with the tactics employed by other powers like Russia, and more recently, the USA. As a self-proclaimed “responsible great power” and “champion of multilateralism,” China too wants a rules-based international order, albeit where Beijing leads rather than follows Western directives.

## **A new realignment of donor practices**

China’s development cooperation is often portrayed as a contrast to Western development models. Several chapters in this volume apply such a comparative approach. Sebastian Haug compares China’s and Sweden’s UN development work models. While China’s model prioritises government-to-government cooperation, economic development, and earmarked funding, Sweden’s focus is on multilateral cooperation, good governance and core funding. However, some authors point to how Western aid has changed in recent years. As ge-

opolitical tensions rise and traditional donors perceive China's increasing influence in the Global South as a challenge, Western development practices are changing. To what extent are traditional donors adjusting aid policies in a way that makes them more similar to China's development cooperation model?

Michael Schiffer argues that over the past decade, Western development paradigms have increasingly converged with Chinese models. Major donors, notably the United States, have adopted more state-centric and infrastructure-oriented strategies, emphasizing transactional engagement with recipient governments. Initiatives such as the Biden administration's Partnership for Global Infrastructure and Investment exemplify efforts to counterbalance China's development influence amid strategic rivalry, marking a departure from the governance and social-sector priorities that dominated Western aid frameworks in the 1990s and 2000s. The transactional perspective has been particularly obvious during the second Trump administration and its "America First" approach.

Jiayi Zhou observes that many OECD countries have reallocated financing toward domestic security and defence expenditures, potentially compromising their climate finance commitments. Sweden follows this trend, having redirected significant foreign aid from other continents to support nearby Ukraine. Simultaneously, David Bandurski warns of a concerning shift in media funding: as Western donors reduce support for independent media in the Global South, China is expanding financing for state-aligned media outlets.

Despite these divergent priorities, China has also demonstrated notable adaptability since entering the international development arena. China's vehement rejection of Western accusations regarding "debt trap diplomacy" reveals its sensitivity to reputational concerns and desire to distance itself from neo-colonial perceptions. Marina Rudyak argues that the Global Development Initiative, launched in 2021, represents a deliberate departure from the Belt and Road Initiative's emphasis on mega-infrastructure projects. Through the GDI, China seeks to anchor development projects within UN frame-

works while promoting “small but beautiful” initiatives focused on poverty reduction and sustainable development. Lisa Eklund identifies another area of Chinese adaptation in its increasing emphasis on women, peace, and security.

These evolutionary changes suggest potential convergence in development approaches, as shown by Sweden’s new International Trade Strategy, which Åsa Malmström Rognes notes aims to better integrate trade and investment policies with development objectives—moving Sweden closer to China’s historically integrated approach.

## **Conclusions and policy recommendations**

The landscape of global political dynamics has shifted dramatically over the past few decades. During the 1990s and early 2000s, the prevailing trends in international development were characterized by the ideals of democratization, globalization, multilateralism, cooperation, and openness. This period was marked by significant global initiatives such as the World Trade Organization (WTO), annual UN Climate Change Conference of the Parties (COP) meetings, the Paris Declaration on Aid Effectiveness, the Global Partnership for Effective Development Cooperation, Human Rights-Based Approaches (HRBA), and the establishment of the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs).

In stark contrast, contemporary global realities present a landscape where the established international order, along with the frameworks for aid and cooperation, face profound challenges and scepticism from multiple fronts. The current world (dis-) order is increasingly characterized by instability and unpredictability, with China and the USA each pursuing hegemonic regionalism in Asia and the Americas, focused on self-reliance and on building their own networks, standards, infrastructure, and supply chains.

As Orliande and Pornet (2025) observe in their recent work on the geopolitics of development, two parallel dynamics have led to the current rupture: on the one hand, countries in the Global South are

increasingly contesting the Western-centric norms of international development and cooperation. On the other hand, rising geopolitical rivalry has revived power politics, pushing cooperation toward a more transactional logic. These trends are reinforced by growing opposition to international solidarity in the US and parts of Europe, coupled with tighter development aid budgets amid fiscal consolidation and higher defence spending (Orliande & Pornet, 2025).

This evolution mirrors the concept of the Kindleberger Trap, which posits that global stability is contingent upon the existence of a leading power capable and willing to provide global public goods beneficial to the international community—goods such as disease prevention, climate action, and financial stability. Historically, the United States has occupied this pivotal role. However, the Trump administration's exit from key multinational agreements and institutions such as the Paris Agreement, WHO, and the United Nations Human Rights Council, has fundamentally altered the dynamics of global governance.

## **Can China fill the gap left by traditional donors?**

In early 2025, several OECD DAC members announced cuts to ODA budgets, intensifying discussions on the future of international development cooperation and the potential role of emerging providers like China. Over the past 25 years, China's development finance has positioned itself as a significant player in international development, also enhancing its geopolitical influence. However, despite its rise as a major contributor over the last two decades, China's lending to low-income countries has declined and it is unlikely that China will fill the void left by the US, UK, Germany and other traditional providers. The dismantling of USAID nevertheless provides China with an opportunity to present itself as a reliable partner to the Global South. While it may not fully fill the gap left by the US, China can enhance its image simply by maintaining its current development finance trajectory.

## Should we adapt to China or offer alternatives?

Over the past two decades, international development cooperation has become more complex and fragmented, with an increase in the number of donors and projects, a decrease in project grant sizes, and a growing emphasis on “donor country first” approaches.

According to the World Bank, earmarked funding has quadrupled while contributions through multilateral development banks has declined. More than 50% of official aid flows circumvent government systems, with eight in ten projects managed by non-government actors. This proliferation of donors raise transaction costs for recipients (World Bank Group, 2025). Traditional donors have gradually shifted their focus away from extreme poverty and human rights-based approaches. As OECD donors reduce ODA and increase defence spending, they are leveraging aid to attract private capital to promote growth and reduce reliance on development assistance, all aimed at achieving “mutual” benefits. Donors are aligning their strategies with the priorities of recipient governments, which often focus on job creation and economic growth. This shift also responds to calls from the African region and other countries for increased self-reliance and a move away from aid dependency, mirroring aspects of China’s development model.

China’s engagement with traditional donors and multilateral organizations has evolved from learning, to promoting its alternative development finance model. Labelling China as a “new actor” or “emerging donor” that is still adapting to OECD practices is misleading; such descriptions fail to reflect its established role in the international development arena.

As the global order becomes increasingly fragmented, finding common ground for coordination and cooperation—despite fundamental differences and divergent values—becomes essential. The EU offers unique advantages, particularly through budget support, an aid modality where donors transfer funds directly to a partner government’s treasury to support national development strategies, rather

than funding specific projects. With 90% of EU and member state funding allocated as grants and 90% of Chinese funding as loans, the differing approaches provide a useful starting point for dialogues with resource-strained developing countries. Moreover, the EU28 (including the UK) has remained the largest provider of Foreign Direct Investment (FDI) to the African continent over the last 20 years, consistently outpacing both the United States and China in total investment value (African Futures and Innovation, 2025).

Both China and the EU should explore how to stimulate long-term financial flows through their development assistance, focusing on public-private and domestic-foreign partnerships, especially as direct aid becomes less influential in transitioning economies. The EU might consider adopting a strategy similar to China's by offering guarantees to its companies wishing to invest in regions like Africa and expanding blended finance options. However, Chinese development finance is typically tied to its companies and materials, raising concerns regarding local economic benefits and fair competition. OECD donors have previously moved away from tied aid due to its negative effects on aid effectiveness, often inflating costs and undermining recipient country ownership. Concerns persist regarding Chinese loan restructuring practices that could foster long-term financial dependencies.

## **Key recommendations for Swedish development cooperation**

The insights gathered from this anthology highlight several priorities for Swedish development cooperation. Sweden should deepen its engagement with recipient countries to better understand their perspectives on different development actors and preferred cooperation modalities. A nuanced understanding of how China's development practices function in various contexts will allow Sweden to appreciate both the strengths and weaknesses of different strategies. Sweden should utilize its reputation and history of effective development assistance to carve out distinct niches in the international development

landscape, focusing on areas where Sweden excels while remaining open to learning from others, including China. As China emerges as a key development actor, navigating this landscape will require sophisticated analysis and adaptive strategies, all while respecting the preferences and capabilities of partner countries. Given Sweden's small size, despite its generous aid contributions as a percentage of GNI, it is essential to work increasingly through the EU and multi-lateral organizations in a strategic manner, particularly in relation to China.

### **Reframe the Global Gateway**

- Transform the Global Gateway into a partnership-driven development platform, leveraging European governance, standards, and sustainable practices.
- Develop communication strategies that highlight development results rather than geopolitical competition.
- Ensure that recipient countries play a central role in defining project priorities and implementation strategies.
- Strengthen and systematize capacity to assess debt and finance flows linked to Chinese development finance, combining development and finance ministries' work with economic intelligence gathering, to build up an accurate picture of the new landscape.
- Work with multinational development banks to improve transparency and encourage Chinese involvement in multilateral lending.
- Develop programs to help partner countries effectively evaluate and manage Chinese aid with a focus on improving governance frameworks and transparency in development projects.

## **Invest in human rights, rule of law, and democratic development**

- Increase funding for local civil society organizations and independent media rooted in service to communities, to support public participation, access to information, and accountability.
- Support partner countries in building frameworks for secure data management and digital rights.
- Communicate success stories: Launch campaigns highlighting the benefits of democratic governance over authoritarian models.
- Coordinate efforts across Nordic countries to maintain leverage in UN reform processes, emphasizing human rights and rule of law.
- Collaborate with China on initiatives promoting gender equality and reproductive health rights through platforms like UN Women. This collaboration is especially crucial given the significant reduction of US support in this area.

## **Formalize aid coordination dialogues and launch expert exchanges**

- Initiate EU-China dialogues on development finance to facilitate practical cooperation and coordinated responses to global challenges using existing multilateral frameworks.
- Establish informal channels to build trust and identify cooperative opportunities between Swedish and Chinese development experts. Focus on specific themes which are geopolitically less contentious such as green transitions, inclusive economic development, gender equality, rights of people with disabilities, pandemic preparedness and coordinated responses to health crises.
- Co-finance projects with China only when there are guarantees of openness: utilize multilateral platforms to co-fund initiatives that adhere to transparent procurement practices, interoperable designs and robust safeguards. In cases where these conditions are not accepted, provide a European alternative.

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## 2 China's rise as a global actor in international development finance

Jingdong Yuan

*China has become an important player in the changing international development aid landscape. The aim of this chapter is to provide a general discussion of China's evolving policy toward international development cooperation. It offers a preliminary analysis of the motivation and objectives behind China's policy toward international development cooperation and analyzes its approaches to international development finance at a time of an increasingly uncertain global aid landscape, especially after the Trump administration's dismantling of USAID.*

*The chapter compares the divergence and convergence between the Chinese model and the traditional Western approaches and argues that China is unlikely to replace the United States as a major provider of international aid, nor will it play a more proactive role in the official development assistance (ODA) space in the near term, due to both the capacity of its principal aid agency and the fact its ODA-equivalent budgets remain small.*

## Introduction

The international aid landscape is undergoing significant changes. Three factors explain what has been described as ‘a generational shift’ in overall official development assistance (ODA) reduction in recent years. The first is the general economic downturn that both traditional and emerging donor countries—with the majority being OECD members in the former group, while China, Brazil, Türkiye, and Gulf states such as Saudi Arabia and the United Arab Emirates form the latter—have experienced since COVID-19. China, for example, has risen as a major new player in international development finance over the past two decades, but has reduced its lending to developing countries given its own slower economic growth at home and the need to prioritize resources. Many governments have adjusted fiscal policies to place greater priority on domestic economic recovery. Announced ODA reductions by these countries as of April 2025 translate to about a 15 to 22 percent decrease against 2023 (Sabow et al., 2025), with the OECD projecting a 9 to 17 percent drop in ODA in 2025 after the 9 percent drop in 2024 (Ahmed et al., 2025). In 2024, eight of the top ten donor countries in the OECD Development Assistance Committee (DAC) reduced their foreign aid budgets. At the same time, some donor countries are increasingly placing more emphasis on how they can use aid to help their companies in overseas markets rather than the needs of recipient countries (Swiss, 2021). The closedown of USAID in mid-2025 adds further woes to an already depressed international aid landscape.

Second, and related to the economic slowdown, has been the assessment of the efficacy of ODA in delivering its promised outcomes, including the United Nations Sustainable Development Goals (UN SDGs) and economic development targets in recipient countries. Discussion is now taking place on future directions and forms of international aid (Tooze, 2025; Usman, 2025). Indeed, some African leaders have in the past called for more independence and greater self-reliance on indigenous resources in funding domestic develop-

ment projects rather than overdependence on international development assistance.

Third, since Russia's full-scale invasion of Ukraine in February 2022, defense has become a priority for many European donor countries to strengthen their military capabilities in order to deter and defend against future aggression. Combined with the urgent need to provide military assistance to Ukraine, governments in donor countries have by and large reallocated spending to defense at the expense of foreign aid. The UK, for instance, has increased its defense spending to 2.5 percent of GDP while simultaneously reducing its development aid, bringing ODA/GNI (gross national income) from 0.5 to 0.3 percent (Welch and Laub, 2025). Likewise, Sweden plans to spend 300 billion SEK in defense spending increases over the next few years to reach 3.5 percent of GDP by 2030. At the same time, the government is reducing its aid budget from 56 to 53 billion SEK per year for 2026–2028 and has abandoned its goal of allocating 1 percent of its GNI to ODA (Donor Tracker, 2025). At the same time, there has been a shift in aid to focus on Ukraine and refugees since 2022. Overall, the loss of foreign aid will be nearly impossible to replace; in 2023, governments spent 230 billion USD, while private foundations only spent 11 billion USD, in foreign aid (Usman, 2025).

Against this background, China's role in international development finance has drawn growing attention by academia and policy analysts alike. With overseas loans and grants worth over 2.2 trillion USD during a 24-year period (2000–2023) to both developing and developed countries, China is now the world's largest official creditor. However, its ODA budget has been relatively small, with an annual average of 5.7 billion USD over a period of 24 years (2000–2023) (Parks, 2025). Will China play a more prominent role in international development cooperation? This is a serious question, one that is informed by at least two sets of perceptions: (1) China, as one of the largest suppliers of international development finance, is capable of stepping up to fill the void as a result of the USAID closedown and the declining trends in foreign aid over the past few years; and (2) Chinese international

development finance in terms of lending practices, debt restructuring, and the overall focus in the coming years sets it apart from the OECD/DAC-defined foreign aid norms, regimes, and practices. These in turn could also have significant implications for geopolitical influence, soft power exercise, and economic benefits in general, and traditional areas of foreign aid focus such as public health, governance and civil society, education, and humanitarian assistance. There is some truth to each of these perceptions, e.g., the expectation of China filling the international aid void, or China undermining the existing international aid norms and practices. However, the suggestion that Beijing seeks to remake the international aid regime in its own image does not reflect the reality nor present the whole picture. But the issues raised are important enough that a careful analysis of China as an international development actor is warranted.

The aim of this chapter is to provide a general discussion of China's evolving policy toward international development cooperation. It offers a preliminary analysis of China's approaches to international development finance at a time of an increasingly uncertain global aid landscape, especially after the Trump administration's dismantling of USAID. This analysis has also been informed by the growing geopolitical rivalry between China and the United States; therefore, international development finance cannot be viewed as purely economic and sustainable development only but must be placed within the broader and intensifying competition for political and diplomatic influence, economic development models, access to critical mineral resources, and the security of supply chain resilience.<sup>1</sup> It examines the motivations and the institutional framework behind Chinese development finance and provides a preliminary assessment of how effectively this development finance model supports China's strategic and foreign policy goals and benefits the recipient countries, with a brief case study of China–Africa development in bilateral trade. The chapter compares the divergence and convergence between the Chinese model

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<sup>1</sup> For a detailed analysis, see Michael Schiffer's chapter in this volume, 'Development assistance in an era of strategic competition and global fragmentation'.

and the traditional Western approaches and argues that China is unlikely to replace the United States as a major provider of international aid, nor will it play a more proactive role in the ODA space in the near term, both because its ODA-equivalent budgets remain small and due to the capacity of its principal aid agency. However, its influence in the overall international development finance space is substantial and will continue to grow, with important implications for the future direction and forms of the international aid landscape.

## **Brief overview of the evolving Chinese approaches and motivations**

China has had a long tradition of advancing its strategic and foreign policy goals using economic statecraft, including foreign aid to developing countries. Initially driven by its diplomatic objective of winning friends in the developing world to counter the isolation imposed by the United States and Western allies in the 1950s, China's approaches to development cooperation and finance have evolved over the past three decades. This evolution is guided by strategic objectives aimed at securing access to resources including energy and raw materials, expanding markets for Chinese goods, enhancing global connectivity to facilitate Chinese investment, trade, and influence in critical regions of the world, and promoting China's soft power and image in the world. Specifically, Beijing seeks to achieve the following objectives:

- Securing access to strategic resources, markets, and trade routes.
- Building political capital and influence within key Global South countries.
- Helping Chinese domestic manufacturers with their overcapacity, especially in infrastructure, steel, cement, etc.
- Supporting an alternative model of global development and governance that conforms to the People's Republic of China's (PRC) interests.

These objectives reflect China's long-term strategy of cementing its leadership position in the Global South but also gaining recognition of its approach to global governance, through both the UN and regional organizations (Shanghai Cooperation Organization (SCO), BRIC<sup>2</sup>, etc.), and its growing involvement in multilateral development banks. China's assessed fees to the UN are 20 billion USD compared to the US's 22 billion USD (Haug et al., 2024).

Before proceeding to the discussion of China's evolving approaches to international development cooperation and foreign aid, some definitional issues need to be addressed. While foreign aid typically refers to what is understood as ODA, China's preferred reference is international development cooperation, which is a much broader concept. In that context, China's international development finance includes what the OECD/DAC defines as ODA but is broader in terms of both the goals and forms. ODA refers to grants (financial and in-kind), development-motivated loans that are concessional in nature and "convey a grant element of at least 25 percent (calculated at a rate of discount of 10 percent)," and technical assistance. Other official flows (OOF) refers to "official sector transactions that do not meet [ODA] criteria": non-concessional loans (e.g., by DFIs); grants for commercial or representational purposes; private sector instruments; and officially supported export credits. In China's case, it uses the term development finance to describe the various types of official financial flows to promote development cooperation with other developing countries in the forms of grants and concessional loans, but also through trade, investment, and non-concessional financing by policy banks and state-owned enterprises (Russel and Berger, 2025). While China used to refer to its grants and other financial flows to developing countries as foreign aid, it has now adopted the term South-South cooperation to characterize the relationship between China and countries receiving its development finance as one of equality and mutual benefits. Indeed, Beijing has

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<sup>2</sup> Intergovernmental organization comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia in 2025.

placed greater emphasis on how such a relationship enhances mutual economic development and focuses on achieving practical results and on responding to the needs of and benefits for the recipient countries, especially the latter's capacity for independent economic development (The State Council Information Office of the People's Republic of China [SCIO], 2021).

China's development finance therefore is much broader in both conceptual and practical terms. Apart from what would be recognized as ODA, i.e., with at least 25 percent in grant components and concessional loans with free or low interest rates, two other forms of Chinese development finance are non-concessional loans and export credits issued primarily by the Export–Import Bank of China (Exim Bank) and the China Development Bank (CDB), China's two policy banks that have funded infrastructure and industrial projects in numerous emerging markets and developing countries (Chen, 2024); and loans and credits provided by Chinese state-owned commercial banks and enterprises and guaranteed or insured by an official export credit agency. In fact, Chinese foreign aid accounts for only 11 percent of its total official outflows. The broader concept and practices largely draw on China's own experiences as a recipient of ODA from Japan, which itself has emphasized the combination of aid, trade, and investment in promoting development in China (Qian, 2024).

China's international development finance has expanded exponentially over the past 25 years. In its 2021 white paper on international development cooperation, Beijing explicitly stated that it “has been upgrading its foreign assistance to a model of international development cooperation.” This model includes the Belt and Road Initiative (BRI) as a major platform to facilitate China's development finance, which has accumulated to over 1 trillion USD over the past decade since BRI was officially rolled out in 2013. Chinese development finance has also been linked to the United Nations 2030 Agenda for Sustainable Development. Helping developing countries to achieve the UN Sustainable Development Goals (SDGs) of Agenda 2030 through development finance will also help China to increase its soft

power, gain political and diplomatic influence in the Global South, and provide alternative models of development cooperation. With its growing influence and reach, more recently, the Chinese government has introduced the Global Development Initiative (GDI) that aims to present an alternative economic development model, of which its development finance model is a critical and integral component. GDI is committed to “development as a priority, a people-to-people approach, benefits for all to leave no country and no one behind, innovation-driven development, harmony between human and nature, and results-oriented actions.”

Both the scale and scope of what China characterizes as international development cooperation have registered significant growth in recent years, placing it among the top international donor countries even when assessed using OECD ODA criteria—grants, interest-free loans, and government concessional loans. Given the lack of transparency in Chinese development aid data, its limited engagement with the OECD/DAC, and the fact that China only publishes aggregated foreign aid statistics in white papers—only three have been published between 2011 and 2021—data beyond 2019 are not available. A recent study estimates that in 2022, China was placed 6th with 7.9 billion USD on a grant-equivalent basis (which also includes China's contributions to international organizations as multilateral foreign aid), behind the United States (over 60 billion USD), Germany, France, Japan, and the United Kingdom. However, using a net disbursement basis, Chinese foreign aid in 2022 was 5 billion USD, dropping its rank to 13th place (Kitano and Miyabayashi, 2025). AidData puts the figure at an average of 5.7 billion USD between 2000 and 2024, while Johns Hopkins University School of Advanced International Studies' China–Africa Research Initiative gives an even lower number at 3 billion USD annually.

However, China's role and footprint as an international development provider is much more pronounced than what is measured if only using the standard OECD/DAC criteria. China's development finance is much bigger, placing it as the top lender in the world. Between 2010

and 2021, China's overseas lending to developing countries increased from under 100 billion to over 1 trillion USD, before falling to 800 billion USD in 2023. As of May 2025, cumulative Chinese development finance amounted to 1.34 trillion USD disbursed in 17,956 projects. In comparison, combined US/OECD development finance during 2002–2021 was 2.787 trillion USD, more than double the Chinese amount for the same period. Importantly, a significant amount in recent years was disbursed to resource-rich countries under US and Western sanctions, including Russia and Venezuela, with the two receiving a combined total of 282 billion USD in loans. It is no coincidence China is also the largest importer of crude oil from these two countries (AidData, n.d.-a). The geopolitical implications of China's role as a major provider of international development finance are obvious and indeed have become a source of friction between Beijing and Washington/European capitals.

### Figure 1. Development finance from the PRC, the U.S., and other OECD countries by flow type, 2002–2021

#### Commitments, 2002-2021

Constant 2024 USD

■ "Aid" (ODA) ■ "Debt" (OOF) ■ Vague

United States

\$696.9B

Other OECD (31 countries)

\$1.9T

\$191B

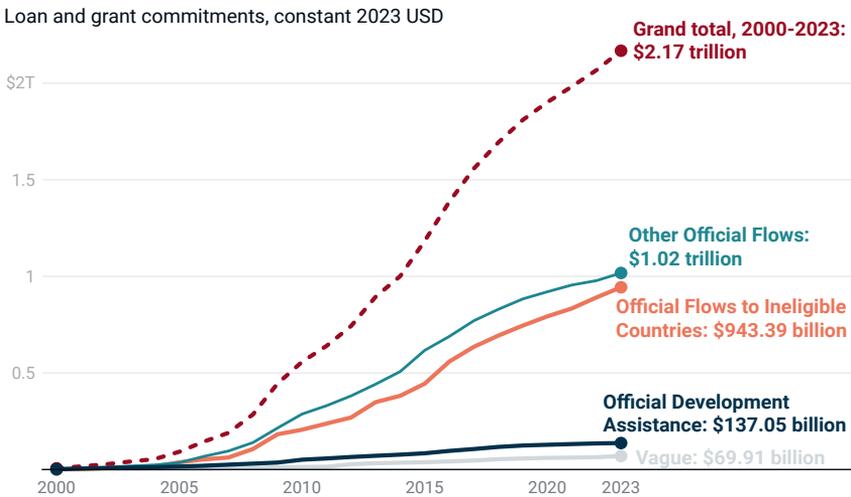
China

\$1.3T

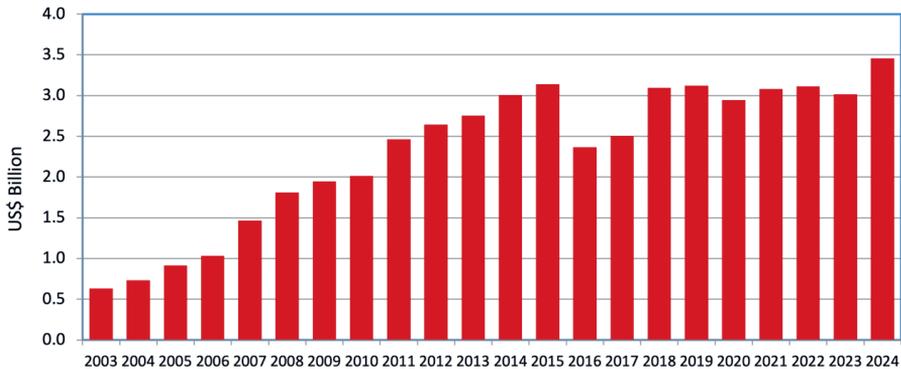
Source: AidData, Into the Breach, Figure 4, p.8.

China combines economic, diplomatic, and strategic objectives with various stakeholders (governments, enterprises, and financial institutions) to forge a coordinated, systematic, and phased development program on a grand scale with an extensive reach. It is important to note that China's own development experiences underline how investments in infrastructure were essential in facilitating manufacturing, trade, and economic growth. While recognizing some of the problems, many Chinese observers continue to view the BRI not only as a continuation of the "going out" policy but also, with modifications, as a useful development model that can benefit the Global South (Nedopil, 2026).

**Figure 2. Cumulative official financial flows from China to the world**



Source: AidData, Chasing China, p.63.

**Figure 3. Chinese global foreign aid expenditure**

Source: China Africa Research Initiative (2025)

<https://lucid-cari.squarespace.com/data-chinese-global-foreign-aid>

Since 2016, when China’s development finance reached its single-year peak in lending, primarily disbursed through BRI projects in loans and export and import credits, total year-on-year lending has decreased because of both the economic slowdown at home and an overall reassessment of its lending practices in the previous decades. According to China’s Overseas Development Finance Database managed by Boston University’s Global Development Policy Center, between 2008 and 2021, China made 1,099 loan commitments in more than 100 countries totaling 498 billion USD. However, in 2020–2021, when COVID-19 lockdowns were lifted, only 28 loan commitments worth 10.5 billion USD were registered. A new approach, “small is beautiful,” has been adopted (Ray, 2023).

The past twenty years have witnessed rapid expansion of China’s international development cooperation, as the country’s state-owned enterprises have been encouraged to “go out” to secure access to resources crucial for energy security and economic growth, expand China’s economic activities, and build infrastructure linking China’s production hubs to major international markets. China’s development finance concentrates on the following sectors: industry/mining/ construction (404 billion USD), energy (280 billion USD), transport and storage (199 billion USD), banking and finan-

cial services (96 billion USD), over 73 percent of total loans/grants commitments. The top recipients of Chinese development finance are: Russia (169 billion USD), Venezuela (113 billion USD), Pakistan (70 billion USD), Angola (65 billion USD), Kazakhstan (64 billion USD), Indonesia (55 billion USD), Brazil (54 billion USD), Argentina (38 billion USD), and Vietnam (29 billion USD (AidData, n.d.-b). It is quite obvious that China's development finance has been heavily tilted toward infrastructure construction that helps facilitate connectivity for trade and commerce, access to resources and raw materials, and power generation. China's development finance also goes to countries that are either its strategic partners, traditional friends, countries in strategic locations, or with significant deposits of crude oil or critical minerals. As a recent report by the Asia Society Policy Institute succinctly summarizes: "development assistance has increasingly become a battleground for geopolitical rivalry rather than a tool for promoting economic stability and growth" (Russel and Berger, 2025).

As China's international development cooperation took a major leap in the early 2010s, with the launch of the BRI, the earlier decentralized system—which involved a dozen ministries, with the Ministry of Commerce taking the lead—in managing foreign aid was no longer fit for purpose given its lack of strategic planning and central coordination. As a result, China has streamlined its development finance structure to improve domestic coordination and better align aid decisions with foreign policy objectives. In 2018, a deputyministerial -level body, the China International Development Cooperation Agency (CIDCA), was established, which is composed of departments and bureaus in various ministries under the State Council, for instance, the Department of Aid to Foreign Countries and part of the Department of Outward Investment and Economic Cooperation under the Ministry of Commerce. These agencies used to perform the function of formulating policies, allocating resources, and implementing aid disbursement to recipient countries. CIDCA today serves as the central coordination point that seeks to centralize decision making through better interagency consultation and deliberation, information sharing, duplication minimization, and greater implementation efficiency.

CIDCA has several departments with specific responsibilities, such as policy planning, regional affairs, supervision and evaluation, and international cooperation. It “aims to formulate strategic guidelines, plans and policies for foreign aid, coordinate and offer advice on major foreign aid issues, advance the country’s reforms in matters involving foreign aid, and identify major programs and supervise and evaluate their implementation” (China International Development Cooperation Agency [CIDCA], 2018, para. 1). This has included integrating development finance with the BRI and interacting and cooperating with traditional OECD-DAC and ODA criteria and practices (Cordell, 2020).

## **International development aid after USAID: will China step up?**

With the Trump administration slashing its international development aid, there is speculation by the media that China may step in to fill the gap left by the US (63 billion USD/year). In the aftermath of the USAID dismantlement, international media and the global aid community inevitably raise the following questions: Will China step up and step in after the dismantling of USAID and given the decline of foreign aid in recent years? Given China’s growing role in international development finance, will the Chinese model and practices offer alternatives to, if not replace, the existing ODA model and its focus? On the one hand, Beijing will seize the opportunity to promote its brand of development finance, with the emphasis on infrastructure (e.g., Chinese motto: to become rich, build the road first) and trade promotion. On the other hand, given the purposes and level of China’s current ODA spending, it will be impossible for Beijing to fill the gap left by the US. For instance, USAID spent 12 billion USD per year in Africa on public health, which alone is twice China’s entire annual global ODA spending. Even if China were willing and able to spend more, it would face enormous challenges in managing disbursement because it simply does not have the institutional capacity nor the experience. USAID had over 10,000

staff, and there are around 20 more US government agencies and countless NGOs involved, while CIDCA has a staff of around 100 and far fewer NGOs. In sum, China may not want to seek leadership, but it will make the most of the void left by the US to promote its leadership without specific (and substantive) commitments.

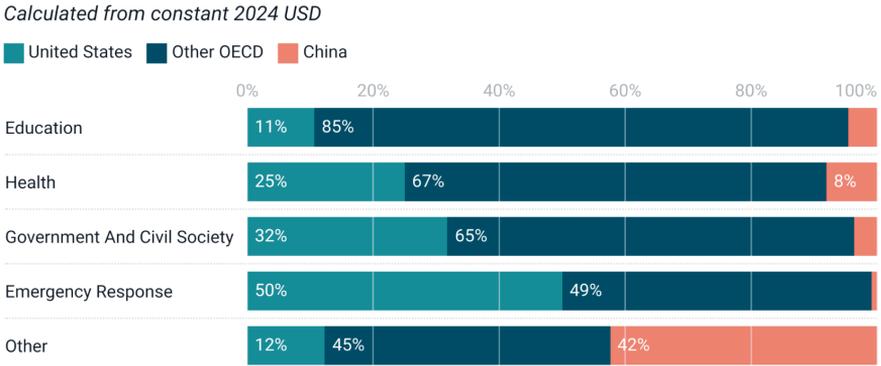
Indeed, largely for structural reasons, while China has increased aid amounts in areas where US aid traditionally concentrated, such as health, governance, and disaster relief, such support remains a small fraction of what the US used to provide. For instance, China, along with South Korea, sent 4 million USD to the African CDC to support its efforts after the USAID cancellation. US aid to the health sector in Africa in 2023 alone was more than 12 billion USD for combating HIV/AIDS and addressing emerging public health threats such as Ebola, malaria, and tuberculosis (Kenny, 2025). This is because China's development finance is structured in a way that over 85 percent are commercial loans; out of 1.34 trillion USD (in 2021 constant USD), only 139 billion USD is ODA. At the same time, China does not have the types of implementing agencies, either in numbers or with the experience, that USAID depended on to have its ODA money disbursed to recipients.

US and Chinese development finance is distinctive in terms of types, sectors, and amounts. Between 2001 and 2023, the US disbursed 1.24 trillion USD in foreign assistance to countries worldwide. Of this amount, economic assistance to support global development represented 72 percent, or 886.7 billion USD, while security assistance was 28 percent, or 348.7 billion USD. The three priority areas of US development assistance are public health, governance, and humanitarian aid. More than 80 percent of US development assistance is in the form of ODA, i.e., grants and concessional loans (with low or no interest; Custer et al., 2025). However, as a ratio to its Gross National Income (GNI), US ODA in 2024, about 63.3 billion USD and by far the largest among all donor countries, was only 0.22 percent (OECD, 2025). The top ten recipients that received USAID-managed funds in 2024 were Ukraine, Democratic Republic of

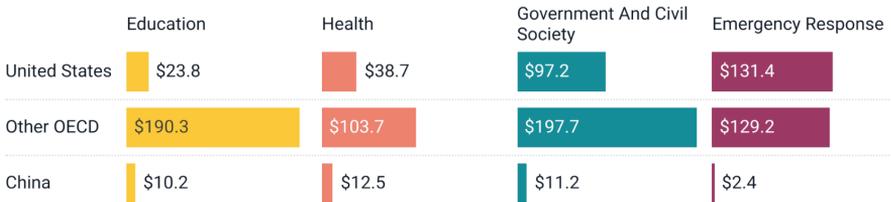
Congo, Jordan, Ethiopia, West Bank and Gaza, Sudan, Nigeria, Yemen, Afghanistan, and South Sudan. Of World Bank–determined low- and lower-middle -income countries, 66 out of 77 received US aid in 2024. Since 2004, more than 120 billion USD has been spent for the President’s Emergency Plan for AIDS Relief (PEPFAR) and, since 2020, on emergency assistance to combat COVID-19.

China’s international development finance, as discussed earlier, is largely in commercial lending and export credits, which constitute 85 percent or higher of total disbursement. On paper, CIDCA, China’s equivalent of USAID, provides strategic guidance and oversees the delivery and evaluation of Chinese-financed overseas projects. However, CIDCA’s remit is rather limited, both because of its rank in China’s bureaucratic system with a small staff and since its oversight is limited to planning and coordinating, not implementing traditional ODA -funded projects, which total between 5 to 8 billion USD annually in recent years. Whereas a large portion of US development finance has been concentrated in three sectors—governance, public health, and humanitarian assistance—Chinese development finance consists of two components. A small portion, equivalent to ODA, finances small-scale projects in education, health, disaster relief, among others. It supports many small-dollar goodwill projects with grants and in-kind support in the social sectors (health, education, government and civil society) in ways that are more reminiscent of the U.S.’s official development assistance. Indeed, the PRC has the highest number of its projects in sectors like health (21%), education (15%), and government and civil society (9%), although each project receives small amounts of funding from the Chinese government in comparison to what OECD donor countries normally would disburse in these sectors (Custer et al., 2025, pp. 13–14). In recent years, Chinese ODA funding has included, albeit still on a limited scale, humanitarian assistance and disaster relief, public health, and gender equality. It has supported gender equality and women’s rights by providing funding to the UN and by training and scholarships in women’s capacity building. Indeed, China’s emphasis is that only through economic improvement can gender equality be achieved (Zhang and Huang, 2023).

**Figure 4. Proportion of development finance from the U.S., China, and the OECD, 2002–2021**



**Selected Sectors, 2002-2021**  
Constant 2024 USD (Billions)



Source: Custer, S., Burgess, B., & Sritharan, N. (2025). Into the Breach: Will China Step Up as the U.S. Retreats from Global Development? Policy Brief, AidData. p. 20–21. Available: [https://docs.aiddata.org/ad4/pdfs/Into\\_the\\_Breach.pdf](https://docs.aiddata.org/ad4/pdfs/Into_the_Breach.pdf).

While Chinese foreign aid continues to be predominantly bilateral, since 2015 it has become more involved in multilateral development cooperation, through the UN system, such as with the UN Development Programme (UNDP), and multilateral development banks (MDBs), such as the World Bank’s International Development Association (IDA). It has also played a critical role in establishing two development banks—the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB). Over time, both its voting weight and influence in MDBs have increased, giving it a growing voice in these international development finance institutions (Humphrey and Chen, 2021). In 2019, China ranked as the fifth -largest overall donor (assessed plus voluntary) to UN agencies focusing on development programs.

China's growing role as a key player in international development finance has allowed it to gain greater voice in discussing and debating models of development in the Global South, as it seeks to demonstrate that its model of development is a better fit for the conditions of developing countries and has delivered concrete outcomes. China's engagement with traditional donors and multilateral organizations, therefore, has shifted from learning from the former to promoting its alternative model of development finance. Trilateral cooperation, which would involve China, an international organization such as UNDP or another donor country, and the recipient country, can serve as an important channel for China to participate in global governance and to increase its discourse power and expand its influence in international and regional affairs, including in international development finance with Chinese characteristics (Hofman and Srinivas, 2024).

One of the criticisms of China's development finance through commercial lending is that developing countries can be drawn into the so-called "debt trap." A few cases readily come to mind: Sri Lanka, Laos, Angola, Ethiopia, Zambia, even though it is not entirely clear who is to blame for debt exposure of borrowing countries. Multiple factors may have contributed to such developments: lack of institutional capacity in recipient countries to absorb and use loans efficiently; politicians pursuing personal gains; failure in accruing economic returns on investments due to misjudgment and changing economic conditions; among others (Himmer and Rod, 2022). Since 2016, China's overseas lending has exceeded all the major multilateral institutions and the 22 members of the Paris Club combined. A few borrower countries have become heavily indebted as a ratio against GDP. The five countries with the highest China debt/GDP ratios are Djibouti (38%), Kyrgyzstan (35%), Congo (34%), Tonga (27%), and Cambodia (27%). One of the implications of China becoming a major creditor in international development finance is its approach to debt restructuring. While traditional donor countries, members of the Paris Club, have adopted debt forgiveness, China's policy banks instead prefer debt repayment rescheduling and rollover rather than cancellation. Other concerns over China's growing role

in international development finance are the lack of transparency and conditionalities in Chinese lending, and its potential challenge to existing foreign aid norms, practices, and the OECD/DAC regime (Caria and Ghinoi, 2025). Clearly, further integrating China into multilateral institutions, including debt relief, is one way of encouraging the country to take greater responsibility and engage in international development aid coordination. One such effort is through the G20 Debt Service Suspension Initiative (DSSI) that was launched on 15 April 2020 as the COVID-19 pandemic was sweeping across the world. China joined the DSSI framework and fulfilled its role in implementing its programs in suspending, rescheduling, and forgiving debts from developing countries (Bräutigam and Huang, 2023).

Clearly, China has adopted a different approach to development finance, with a primary focus on infrastructure and capacity building, hoping that these would enable the recipient countries to industrialize and more fully participate in the global economy. While Chinese ODA-equivalent development aid remains relatively small compared to its total overseas development lending, it is increasing, albeit slowly, given the economic headwinds it has been facing in recent years. Given the recent debate on development aid (Tooze, 2025; Usman, 2025; Foreign Policy, 2025), there could be an opportunity for China and DAC to coordinate to make development assistance work, especially for recipient countries. China's development paths provide some useful lessons but cannot be replicated because conditions are quite different. US tariffs and growing protectionism also do not help the Global South move from aid recipients to newly industrializing markets.

## Conclusion

China has become an important player in international development finance. While its ODA spending remains relatively small but not inconsequential, placing it among the top ten donor countries in the world, it is its overall international development lending that makes it the largest lender in the world, surpassing the United States. Driven by a multitude of considerations, from gaining access to critical resources, increasing political and diplomatic influence, to facilitating trade and expanding markets for Chinese goods, Beijing has introduced its development model and provided alternative sources of financing of which developing countries have enormous needs, and which traditional foreign aid cannot and will not meet given the priority areas ODA typically focuses on.

The chapter presents an overview of the scale, scope, and evolution of Chinese international development finance over the past two decades. With the demise of USAID, two questions have become more salient and important. First, how do we understand China's role as an international development actor and how is this assessed—by traditional criteria that define ODA or some other measurements? Second, whether China will replace traditional donor countries such as the United States and other OECD countries depends on Beijing's evaluation of its interests, capacities, and its interactions with other donor countries and multilateral lending institutions. At the same time, important issues that need to be addressed also include whether the traditional approaches to development aid and finance are adequate or even correct in delivering what are the original targets of foreign aid in the first place: economic development and human development.

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### 3 Development assistance in an era of strategic competition and global fragmentation

Michael Schiffer

*This chapter examines how the US-China strategic competition is reshaping development assistance as a domain of geopolitical contest. The analysis focuses on how the dismantling of the United States Agency for International Development (USAID) under the second Trump administration, combined with China's expanding Belt and Road Initiative, is transforming the landscape of international development cooperation.*

*For Sweden and European partners, the strategic imperative is demonstrating that transparent, accountable development partnerships deliver superior long-term outcomes compared to alternatives that sacrifice governance standards for speed. This requires focused investment in areas of comparative advantage—digital freedom, democratic resilience, and climate-aligned infrastructure—while coordinating with like-minded donors to fill critical gaps created by US retrenchment and counter authoritarian influence in multilateral institutions.*

## Introduction

This chapter examines development assistance as a theater of strategic competition. It analyzes how different approaches to development reveal competing visions of the international order and explores the implications for democratic development actors—particularly Sweden and European partners—in an era of American retrenchment and authoritarian assertiveness.

The international system is undergoing a structural transformation more profound than any since the end of the Cold War. Three simultaneous shifts are reshaping the global order: the fragmentation of the post-1990 liberal international consensus, the emergence of systemic great power competition, especially between the United States and the People's Republic of China (PRC), and the breakdown of multilateral institutions' capacity to manage shared global challenges. Development assistance—long viewed as a largely technical domain focused on poverty reduction and economic growth—has become a primary arena where these structural changes manifest and where competing visions for global order are being tested.

This ongoing transformation extends far beyond the rise of China as a major development finance provider, though that is certainly a central element. What we are witnessing is the end of what might be called the post-Cold War consensus on development: a broad view that market-oriented economic growth combined with gradual political liberalization represented the natural trajectory for developing countries, and that international development cooperation should facilitate this convergence. That post-Cold War consensus has collapsed under the weight of democratic backsliding in dozens of countries, the demonstrated capacity of authoritarian regimes to achieve rapid economic growth without political liberalization, and the weaponization of economic interdependence by both democratic and authoritarian powers.

The current moment can be characterized as a return to systemic competition—not merely rivalry between great powers, but compe-

tion over the fundamental rules, norms, and institutional arrangements that govern international affairs. Development assistance has become a crucial instrument in this systemic competition, because it shapes the domestic governance structures, economic relationships, and international alignments of scores of countries. And, in aggregate, the choices made by these nations will determine whether the 21<sup>st</sup>-century international system remains characterized by relatively open, rules-based cooperation, lapses back to a state of nature, red in tooth and claw, or fragments into competing blocs.

### **U.S. development assistance and U.S. foreign policy**

Historically, development assistance served as a critical instrument of U.S. foreign policy, extending influence, fostering stability, and promoting a liberal international order built on democratic values, human rights, and market principles. This aid was instrumental in shaping post–World War II global governance and establishing norms of cooperation and transparency.

U.S. foreign assistance has, historically, been predominantly grant-heavy, driven by the values that animated American foreign policy and, as such, designed to empower local institutions, promote transparency, and foster sustainable, inclusive development (DeSilver, 2025), even if at times it did not always land that way for aid recipients.

The second Trump administration’s foreign assistance posture, including the dismantling of the United States Agency for International Development (USAID) and dramatic budget cuts, creates both significant risks and strategic opportunities for the global order. This shift has accelerated trends toward a more fractured international system while creating space for alternative leadership. The Trump administration’s preference for short-term, transactional wins over long-term capacity-building and values-driven development fundamentally undercuts U.S. credibility as a reliable and predictable development partner. Moreover, it weakens the U.S. voice and leverage within international institutions that rely on multilateral cooperation

and shared development goals, such as the World Bank, IMF, and various UN agencies. This approach risks eroding adherence to established international norms of sustainable development, good governance, and human rights, which have been painstakingly built over decades.

The global humanitarian dimension presents particular challenges. USAID has historically provided a substantial share of global humanitarian assistance outside the UN system, with rapid response capabilities that have been crucial in recent crises from Syria to Haiti to Ukraine. Loss of this capacity, if it is not maintained at the State Department, would create a humanitarian gap that existing multilateral systems cannot fill, potentially leading to increased human suffering and regional instability that ultimately undermines global security (Harvard Kennedy School, 2025).

One of the most immediate risks involves the abrupt termination of crucial data collection systems that USAID has historically maintained. From health surveillance networks tracking infectious disease outbreaks in Africa to agricultural productivity monitoring systems in Asia and early warning systems for climate disasters, USAID has funded critical information infrastructure that informs evidence-based policymaking globally. The enduring loss of this infrastructure would create dangerous blind spots in global crisis response capacity, precisely when climate change and health security challenges are intensifying (Caspian Post, 2025).

## **China's development model**

This chapter uses “Chinese development finance” to refer to the full range of China’s international financing activities, including commercial-rate loans from policy banks, export credits, and Belt and Road Initiative (BRI) investments. This concept is distinct from “development assistance” in the OECD Development Assistance Committee (DAC) sense, which refers to concessional flows primarily aimed at development.

The BRI is a central pillar of Beijing’s grand strategy over the past decade and has transformed China into the world’s largest bilateral development financier (Council on Foreign Relations, 2021; American Enterprise Institute, n.d.). Beijing does not classify most BRI financing as “aid,” and indeed China’s actual concessional grants and interest-free loans represent a relatively small portion of its overall international development engagement. This distinction matters because governance frameworks, transparency requirements, and accountability mechanisms differ substantially between these financing modalities.

From 2013 to 2021, the BRI committed approximately USD 889 billion according to data from the American Enterprise Institute’s China Global Investment Tracker (American Enterprise Institute, n.d.), an amount that now exceeds USD 1 trillion, largely in the form of non-concessional loans at commercial rates averaging 2–7 percent interest (Council on Foreign Relations, 2021). This approach frequently leads to debt dependency for recipient nations, with countries like Pakistan, Sri Lanka, and Zambia seeing Chinese debt reach roughly 15–30 percent of their total external obligations (Voice of America, 2024).

However, Chinese development assistance maintains significant appeal to recipient countries for reasons beyond authoritarianism or lack of governance capacity. China’s “south–south cooperation” narrative positions China as a fellow developing nation without colonial baggage—a framing that resonates powerfully across Africa, Asia, and Latin America, where memories of colonial exploitation and structural adjustment programs remain fresh. Chinese aid often comes with fewer governance conditionalities, faster implementation timelines—typically 18–24 months compared to 3–5 years for traditional donors—and direct infrastructure outcomes that provide visible, immediate benefits (GAO, 2024). The “no strings attached” approach resonates with governments seeking sovereignty over their development choices, even as it may compromise long-term governance standards and undermine sustainable economic development.

Chinese development finance is described in more detail in several chapters of this anthology.<sup>1</sup>

To counter Chinese influence in the development sphere, it is essential to understand why the Chinese model genuinely appeals to many recipient countries beyond simple authoritarianism or elite capture. These reasons do not excuse governance deficits, debt sustainability problems, or authoritarian enabling that often accompany Chinese development finance. However, they explain why many governments see the appeal of Chinese partnerships for certain types of projects, even when Western alternatives exist—and even more so when other alternatives may be absent. Any effective Western response must address these genuine appeals while demonstrating superior long-term outcomes through transparent, accountable development partnerships.

## **New era of U.S.–China strategic competition**

The intensifying geopolitical, geostrategic, and geoeconomic contest between the United States and the People’s Republic of China represents one of the defining features of contemporary international relations. As articulated in the 2022 U.S. National Security Strategy, the PRC is identified as the only peer competitor with both the intent and the growing capability to fundamentally reshape the international system (U.S. National Security Council, 2022). The view from Beijing is similar, with Chinese President Xi Jinping characterizing the United States as seeking the “containment, suppression, and encirclement” of the PRC (New York Times, 2023), and China’s May 2025 national security white paper (State Council Information Office of the PRC, 2025) pointing to shifting U.S. military posture in the Indo-Pacific as proof of U.S. efforts to destabilize China and check its “legitimate interests”.

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<sup>1</sup> For a detailed analysis, see Jingdong Yuan’s chapter in this volume, ‘China’s rise as a global actor in international development finance’.

The resulting power shifts are contributing to an increasingly fractured global order, where consensus on fundamental principles is eroding and competing visions for international cooperation are clashing. Development aid and foreign assistance, previously insulated (in word if not in deed) from great power politics, are now contested domains.

The contemporary international system is increasingly defined by this great power strategic competition that transcends traditional power politics. It constitutes a profound clash over competing visions for governance models, information flows, technology norms, and economic dependencies, all directly challenging the foundations of the existing global order and the efficacy of international institutions, law, and norms.

## **Development aid as a strategic theater: where competition is playing out**

The arena of development has emerged as a critical strategic theater where the U.S.–PRC competition is playing out, with direct implications for international institutions, law, and norms. This competition manifests across several key domains. While climate, environment, and resource extraction represent critical battlegrounds in this strategic competition—and are addressed in dedicated chapters elsewhere in this volume—this chapter focuses on three domains with distinct governance implications that reveal fundamental differences in development philosophy: infrastructure and financial architecture, digital ecosystems, and information warfare and narrative competition.

### **Infrastructure and financial architecture: beyond false equivalencies**

While both Chinese and Western development approaches involve infrastructure investment, the governance frameworks underlying these projects reveal fundamental differences that cannot be reduced

to mere stylistic variations. Chinese infrastructure financing typically operates through deliberately opaque contracts that often lack competitive bidding processes, systematically bypass established environmental and social safeguard requirements, and create non-transparent debt obligations for recipient governments (Al Jazeera, 2021).

Western infrastructure approaches typically embed projects within comprehensive governance frameworks that require competitive bidding, environmental impact assessments, community consultation processes, and transparent financial arrangements. This does not mean Western development lacks state direction—indeed, institutions like the Millennium Challenge Corporation (MCC) and Development Finance Corporation (DFC) represent significant state involvement in development finance. The distinction lies not in market versus state-centric approaches per se, but rather in the governance frameworks, transparency requirements, and accountability mechanisms that govern how development finance operates. These governance standards are not “bureaucratic obstacles” but fundamental requirements for sustainable development that strengthen recipient country institutions rather than undermining them.

Beyond abstract policy concerns about governance standards and transparency requirements, Chinese-financed infrastructure projects have also generated concrete, costly, and highly visible failures that illuminate the serious risks of prioritizing speed and volume over rigorous technical due diligence and governance safeguards. Some illustrative examples are provided below.

### **Neelum–Jhelum hydropower project in Pakistan**

Pakistan’s Neelum–Jhelum Hydropower Project exemplifies these dynamics with devastating clarity. Originally estimated at USD 167 million when first planned in 1989, the Chinese-built project ultimately cost around USD 4.1 billion when finally completed—representing a staggering 2,400 percent cost overrun—with an eight-year construction delay beyond scheduled completion. Pakistan’s Auditor General formally concluded the project was “an exemplary misman-

aged project,” noting that construction delays directly caused Pakistan to lose internationally adjudicated water rights to India in binding arbitration, imposing permanent strategic costs beyond the financial burden. The project’s massive tailrace tunnel collapsed completely within three years of completion, forcing total facility shutdown in July 2022. Chinese contractors subsequently abandoned repair efforts due to Pakistan’s inability to make additional payments, leaving the 969-megawatt facility completely idle during Pakistan’s worst power crisis in decades, when the electricity was desperately needed (Kiani, 2025).

### **Standard gauge railway in Kenya**

Kenya’s Standard Gauge Railway (SGR) demonstrates how operational failure and financial unsustainability compound initial debt burdens to create permanent fiscal drains. The USD 4.7 billion Chinese-built SGR, Kenya’s largest infrastructure project, costs the government over USD 1 billion annually in debt service—representing more than 80 percent of Kenya’s total foreign debt payments in mid-2023—yet generated only about USD 84 million in total revenue during 2022. The railway operates at massive sustained losses requiring continuous direct government subsidies that strain Kenya’s entire national budget. Construction stopped roughly 300 kilometers short of the intended destination in Uganda when Chinese lenders abruptly throttled financing after recognizing the project’s financial unsustainability. The International Monetary Fund has classified Kenya at high risk of debt distress, with the SGR debt burden identified as a primary factor undermining Kenya’s fiscal stability. (Business Daily Africa, 2024; Africa Defense Forum, 2025.)

### **Coca Codo Sinclair Dam in Ecuador**

Ecuador’s Coca Codo Sinclair Dam reveals how technical deficiencies stemming from inadequate oversight create cascading systemic failures. Built by Sinohydro for USD 2.25 billion, Ecuador’s largest infrastructure project experienced severe structural problems imme-

diately upon 2016 completion. Engineers discovered over 7,600 cracks in 2018 resulting from substandard materials and defective welding practices. By 2025, the number of identified cracks had grown to more than 17,000. The hydroelectric plant operates at only about 39–42 percent of designed capacity, forcing repeated nationwide blackouts that cripple Ecuador’s economy. Inadequate geological studies conducted before construction failed to account for regressive erosion patterns that now threaten the dam’s structural integrity, potentially requiring complete reconstruction. After years of disputes, Ecuador dropped international arbitration proceedings in 2025, accepting roughly USD 400 million in compensation while simultaneously ceding operational control of the facility to PowerChina—effectively losing sovereignty over critical national energy infrastructure (Dialogue Earth, 2025).

These three cases share disturbing common patterns: massive cost overruns stemming from poor initial planning and feasibility studies; rushed construction timelines that sacrifice quality for speed; systematic use of substandard materials and questionable construction methods; severe structural defects emerging within months or years of completion; persistent inability to generate projected economic returns or power outputs; creation of unsustainable debt burdens for recipient governments that crowd out other development priorities; and ongoing dependence on Chinese contractors for operations and repairs that recipient countries cannot perform independently.

It should also be noted that China has emerged as a global leader in renewable energy manufacturing and deployment, and Chinese development finance has supported significant clean energy infrastructure in developing countries. However, the governance frameworks, labor standards, and environmental safeguards accompanying these investments remain substantially different from those required by Western development finance institutions, and the strategic implications of technology dependencies created through these relationships warrant careful consideration.

The distinction extends to the underlying financial architecture. China's challenge to Bretton Woods norms through institutions like the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank creates parallel systems with reduced transparency requirements and weaker governance standards. Although not unique, the case of Zambia illustrates this systemic challenge: Chinese creditors have demanded preferred treatment in debt restructuring negotiations, challenging established Paris Club principles that ensure equitable burden-sharing among creditors and transparent debt treatment processes (Mingey & Wright, 2023).

### **Digital ecosystems and the “Digital Silk Road”**

The second domain of aid where the strategic competition is playing out is the field of digital ecosystems. Beyond physical infrastructure, the strategic competition over digital ecosystems represents a battle for the future of information flows, technological standards, and ultimately, the exercise of state power. China's deployment of digital infrastructure through its “Digital Silk Road” initiative systematically includes sophisticated surveillance technologies that enable authoritarian control, while simultaneously meeting real needs in the Global South to be able to join the technological revolution and the remaking of the global economic and financial order (Gravett, 2020). Huawei's “Safe City” initiatives have been implemented in scores of cities across dozens of countries, introducing facial recognition systems, comprehensive digital monitoring capabilities, and data collection infrastructure that fundamentally alter the relationship between citizens and state (Hillman & McCalpin, 2019). The Digital Silk Road initiative has exported surveillance technology to at least 80 countries, introducing systems that fundamentally alter the citizen–state relationship through comprehensive monitoring capabilities and facial recognition infrastructure that enable targeted repression.

In Zambia, Chinese-installed surveillance systems now monitor public spaces in Lusaka and Ndola, with data-sharing arrangements that provide Chinese companies—and potentially the Chinese govern-

ment—access to biometric data of Zambian citizens (WSJ, 2019). Similar systems in Ecuador have been used to monitor political opposition activities, and in Serbia, Chinese surveillance technology has been employed to track journalists and civil society activists (European Parliament, 2019).

This stands in contrast to USAID’s digital development programs that promoted open, secure, and interoperable digital ecosystems, or to Swedish development programs. In Eastern Europe, for example, USAID invested hundreds of millions between 2018–2024 to strengthen cybersecurity infrastructure, promote internet freedom, and support digital governance systems that empowered citizens and fostered democratic participation (Fixler & Yang 2025). Sweden’s development cooperation has supported digital governance reforms in partner countries, emphasizing open-source technologies, data protection frameworks, and digital services that enhance government transparency and citizen participation (Government Offices of Sweden, 2024). These programs explicitly aimed to uphold international law concerning freedom of expression and privacy, creating digital infrastructure that enhanced rather than restricted civic space.

The implications of the strategic competition over digital ecosystems extend beyond individual countries to global governance of cyberspace. Chinese digital infrastructure exports systematically normalize surveillance capabilities, data localization requirements, and state control over digital communications, undermining emerging international norms around digital rights and internet freedom.

## **Information warfare and narrative competition**

The third, and perhaps the most underappreciated, domain of this strategic competition is the narrative warfare that accompanies aid delivery. China has developed sophisticated messaging that frames its development assistance as “dignified partnership” free from Western “conditionality and hypocrisy.” This narrative strategy challenges not just Western aid effectiveness but the legitimacy of transparency, accountability, and human rights standards themselves.

Chinese state media and diplomatic channels systematically promote stories of Western aid failure while highlighting Chinese infrastructure successes, often obscuring the long-term costs and governance implications of Beijing's approach. This information campaign aims to reshape global perceptions of what constitutes legitimate development partnership, gradually normalizing opacity, elite capture, and authoritarian governance as acceptable alternatives to democratic development models.

## **Competing visions of development success**

The competition between democratic and authoritarian development models rests on fundamentally incompatible theories of what constitutes successful development and legitimate governance. These differences transcend technical questions about project finance or implementation modalities to reflect deeper philosophical divides about state–citizen relationships, transparency as a governing principle, and whether sustainable development requires democratic accountability or merely economic growth metrics.

China's approach defines development success primarily through visible infrastructure delivery and rapid economic growth achieved via state-directed investment without political conditionality. This model explicitly positions Beijing's approach as respecting recipient sovereignty while delivering tangible results that governments can showcase to their populations. The underlying normative framework legitimizes opacity in contracting processes, elite-centered decision-making without meaningful public consultation, and authoritarian governance structures as acceptable—indeed efficient—paths to development. As comprehensively documented by researchers at the Robert Strauss Center for International Security and Law, “China is exporting the tools of authoritarianism,” providing not just infrastructure but surveillance technology, censorship systems, and training in sophisticated methods of political control that erode institutional safeguards while building patterns of technological and political dependence (Greitens et al., 2025).

The Western democratic model traditionally defines development success through sustainable institutions, inclusive growth, and democratic accountability mechanisms. However, this framework faces serious challenges. The “Washington Consensus” of the 1990s produced deeply mixed results, with structural adjustment programs often exacerbating inequality while weakening state capacity. Moreover, Western approaches have themselves become increasingly state-centric and infrastructure-focused, as discussed earlier, while the Trump administration’s dismantling of USAID represents a wholesale abandonment of governance conditionality.

The West’s moral authority is further undermined when democratic governments simultaneously sell advanced weapons systems to authoritarian regimes and allow extractive corporate practices in developing countries. The distinction between democratic and authoritarian development thus lies not in perfect Western practice but rather in the presence of accountability mechanisms—*independent judiciaries, free press, active civil society*—that can expose and pressure governments to address harmful practices. These accountability structures are intentionally absent in the Chinese authoritarian model (Greitens et al., 2025).

These competing visions embody incompatible theories about how societies should organize power, resources, and citizenship. If opacity, elite capture, and authoritarian governance become normalized across the developing world, democratic space contracts globally—not through direct coercion, but through the gradual erosion of expectations for transparency, accountability, and citizen participation. The challenge for democratic development actors is demonstrating that transparent, accountable development partnerships deliver superior long-term outcomes while respecting partner sovereignty.

## **The paradox of convergence: state-centric development in an era of competition**

A striking and underappreciated paradox has emerged in contemporary development practice. Precisely as strategic competition between democratic and authoritarian powers has intensified dramatically, the actual development approaches deployed by these competing geopolitical blocs have shown surprising and accelerating convergence toward state-centric, infrastructure-focused, commercially oriented, transactional models. However, the underlying normative frameworks and governance philosophies animating these superficially similar approaches remain fundamentally and irreconcilably opposed.

The United States has moved decisively toward infrastructure-focused, commercially oriented development finance through the Development Finance Corporation's expanded lending authorities and investment guarantees, as well as additional budgetary requests from the administration. Simultaneously, it is dramatically scaling back traditional grant-based development assistance programs and technical cooperation initiatives that historically emphasized governance reforms and institutional capacity building. The Trump administration's wholesale dismantling of USAID represents not an unfortunate aberration but rather the logical culmination of a longer bipartisan trajectory toward fundamentally abandoning distinctions between development conceived as long-term partnership building versus development reduced to transactional infrastructure deployment serving immediate commercial and geopolitical interests. European approaches have similarly evolved toward what European Union officials explicitly describe as "geopolitical Europe." The Global Gateway initiative is strategically positioned as a transparent, values-based infrastructure alternative to the BRI; It emphasizes large-scale infrastructure projects while maintaining governance standards and transparency requirements that differentiate it from Chinese practice, even as the practical distinctions narrow.

Meanwhile, China has selectively adopted elements of Western development rhetoric and procedural forms, increasingly emphasizing “partnership” language and “mutual benefit” framing while establishing institutions like the Asian Infrastructure Investment Bank (AIIB). The PRC deliberately adopts procedural elements and governance structures resembling established multilateral development banks, even as actual project implementation remains systematically opaque and governance requirements minimal. Chinese development finance institutions have begun including environmental and social impact assessment language in project documentation and loan agreements. However, meaningful enforcement mechanisms remain notably weak, and recipient governments report minimal actual compliance requirements.

This convergence toward state-centric models creates several serious analytical and practical challenges. First, surface-level convergence in project types and financing modalities obscures genuine differences in development approaches. These differences can only be understood through careful examination of actual governance frameworks, accountability mechanisms, transparency requirements, and demonstrated long-term sustainability, rather than through initial project descriptions or financing volumes. Second, the convergence risks what has distinguished democratic development assistance for a long time—its foundational emphasis on institution-building, civil society strengthening, rights protection, and accountable governance. Abandoning these distinguishing features of democratic development assistance in favor of visible physical infrastructure that photographs impressively for political audiences may risk failure to address underlying development challenges or to build sustainable local capacity. Third, the paradox of convergence fundamentally undermines international efforts to articulate why democratic development approaches should be preferred if they increasingly resemble authoritarian alternatives in their emphasis on large-scale state-to-state infrastructure deals and reduced attention to governance reforms.

## **Implications and opportunities for Sweden and European partners**

For Sweden and like-minded European development partners, this convergence, and the intensifying geopolitical rivalry between the U.S. and the PRC, creates both significant challenges and distinctive opportunities. The challenge lies in maintaining principled values-based development approaches when major powers across the entire ideological spectrum have largely abandoned them in favor of commercially oriented, state-centric, transactional models.

The opportunity lies in demonstrating empirically that rigorous governance standards, systematic transparency, and robust accountability mechanisms are not bureaucratic impediments to development effectiveness but rather essential foundations for genuinely sustainable development outcomes. The distinction between democratic and authoritarian development models matters profoundly precisely because governance quality and institutional strength ultimately determine whether infrastructure investments generate broad-based prosperity and enhanced state capacity or merely create new patterns of economic dependency and mounting debt burdens that undermine recipient sovereignty.

Sweden's small size necessitates strategic focus and coalition building but also provides advantages in terms of agility, credibility, and ability to pioneer innovative approaches that can be scaled by larger actors. Sweden's development approach differs markedly from both the U.S. and Chinese models of development finance. Sweden has so far maintained smaller-scale but consistently values-based programming that continues to prioritize civil society strengthening, human rights protection, gender equality advancement, and sustainable institution-building over rapid infrastructure deployment. Sweden's legacy from the feminist foreign policy has established international frameworks and relationships that remain valuable for promoting inclusive development approaches. As of 2018, Sweden was the only country

that allocated close to 80 percent of its financial aid to projects advancing gender equality, with an intersectional approach to aid.

Swedish development cooperation operates largely through multilateral channels and genuine partnership modalities, with institutions like Swedfund pioneering systematic integration of rigorous environmental, social, and governance standards into development finance operations (Swedfund, 2025). Sweden's Swedfund has pioneered the integration of the Environmental, Social, and Governance (ESG) framework in development finance, demonstrating that strong governance standards and development effectiveness are mutually reinforcing. This approach cannot and does not attempt to compete on volumetric scale with Chinese lending or match revised U.S. commercial finance mechanisms. Instead, it offers distinctive and increasingly valuable qualities through sustained commitment to transparency, democratic accountability, and consistent principled standards.

Sweden's position combines several strategic advantages that become particularly valuable in the current environment. Its consistent commitment to multilateralism provides credibility when advocating for international law and institutions that are under pressure from multiple directions. Its technological expertise in digital governance, renewable energy, and sustainable development creates concrete alternatives to Chinese state-controlled technologies.

The European Union's Global Gateway initiative represents an attempt to offer a transparent, high-quality alternative to the BRI, committing USD 300 billion through 2027. However, implementation has been slow, with only a small share of this amount actually disbursed by early 2024, and coordination among member states remains inconsistent. This implementation gap creates space for Sweden to provide leadership in specific sectors where its expertise is internationally recognized, particularly in conjunction with other Nordic countries and through strategic EU coordination.

The current moment creates opportunities for Swedish leadership in several domains. Climate-aligned infrastructure finance and energy sector transitions represent Sweden's most obvious comparative advantages. With proven expertise in renewable energy systems, sustainable urban planning, and climate adaptation, Sweden can partner with initiatives like the G7 Partnership for Global Infrastructure and Investment to deliver projects that demonstrate superior environmental and economic outcomes compared to Chinese fossil-fuel-heavy alternatives. Sweden's energy sector expertise—spanning renewable energy technology, grid infrastructure, energy efficiency, and just transitions—has been successfully deployed through programs like the Sweden–USAID Power Africa partnership (Sida, 2025). This partnership model demonstrates how Swedish technical expertise can be scaled through strategic partnerships to achieve regional impact. Sweden's infrastructure approach can emphasize technology transfer, local capacity building, and governance systems that create lasting institutional improvements.

Digital freedom and cybersecurity leverage Sweden's technological capabilities while addressing one of the most critical battlegrounds for future governance models. Sweden can provide technical assistance for secure, open digital infrastructure that explicitly counters authoritarian surveillance models. This includes supporting regulatory frameworks that protect privacy rights, promote internet freedom, and prevent digital authoritarianism while enabling economic development through digital technologies (Government Offices of Sweden, 2024).

Democratic resilience and civil society support build on Sweden's institutional expertise and international credibility to provide robust support for organizations that promote transparency, accountability, and human rights. This extends beyond traditional civil society support to include investigative journalism, independent digital platforms, and governance monitoring organizations that can provide alternatives to both Chinese information control and declining U.S. democracy promotion capacity.

The strategic imperative involves positioning Sweden as the “go-to” partner for countries seeking development assistance that strengthens rather than undermines their long-term governance capacity and sovereignty. This approach requires sustained commitment, strategic communication, and coordination with like-minded partners to achieve meaningful scale and impact. Given current budget constraints, this positioning is even more critical—Sweden must leverage its reputation and expertise to punch above its weight through strategic partnerships and focused interventions in areas of comparative advantage.

While Sweden has traditionally emphasized multilateral approaches and civil society partnerships, the current competitive environment may require complementing these with more direct state-to-state cooperation channels. Developing pilot state-to-state programs in priority countries could enable more strategic engagement while maintaining Sweden’s commitment to transparent, accountable partnerships.

### **Strategic priorities for Sweden and like-minded partners**

**Geographic focus:** Increase development investments in Southeast Asia where democratic trajectories remain contested. Several countries offer high-impact opportunities for supporting democratic governance.

**Climate-resilient infrastructure:** Competitive, climate-aligned infrastructure financing that matches Chinese speed and scale while upholding high governance standards. Rapid-response facilities for e.g. renewable energy and climate adaptation can demonstrate advantages of democratic development models.

**Digital freedom:** Invest in secure, open-source digital infrastructure and regulatory support that offers credible alternatives to Chinese surveillance technologies. Promoting “digital sovereignty” that empowers citizens.

**Multilateral defense:** Coordination to prevent authoritarian influence in international institutions by strengthening transparency, democratic decision-making, and early-warning systems for institutional capture.

**Strategic communication:** Invest in communication that clearly contrast democratic development with authoritarian alternatives. This includes supporting independent media, fact-checking initiatives, and evidence-based demonstrations of successful democratic partnerships.

**Data and monitoring systems:** Maintain essential monitoring and evaluation systems for health, agriculture, and climate etc.

**Integrate security and development:** Align development and security strategies without subordinating one to the other. Effective governance, resilience to coercion, and sustainable economic growth are core to both.

**Innovation for democracy:** Innovation labs dedicated to testing and scaling democratic development approaches, supporting entrepreneurs and reformers to strengthen institutions while addressing concrete needs.

**State-to-state cooperation pilots:** Maintain multilateral and civil society partnerships, but pilot targeted bilateral cooperation in countries committed to democratic governance, emphasizing transparency and results.

**Selective cooperation with the PRC:** Strategic competition should not preclude collaboration with the PRC on issues such as climate change, pandemic preparedness, and food security—provided such cooperation upholds transparent and accountable governance.

## Conclusions

The current geopolitical environment sits at a fundamental inflection point, where development assistance has become a primary arena for great power competition over the future of global governance. This competition extends beyond traditional geopolitical rivalry to encompass competing visions for how societies should be organized, how citizens should relate to their governments, and how international cooperation should function.

The past decade's transformation of Western development approaches toward more state-centric, transactional models has created conceptual confusion about fundamental differences between democratic and authoritarian development paradigms. The current dismantling of institutions like USAID represents not a temporary policy shift but the culmination of longer trends that have weakened the distinctive value proposition of democratic development assistance.

The stakes extend beyond development effectiveness to the fundamental question of how democratic governance models can demonstrate superior outcomes in an increasingly competitive international environment. Sweden has an opportunity to lead by example, showing that transparent, accountable development partnerships deliver better results for both individual communities and global stability than either authoritarian alternatives or transactional approaches. This is ultimately an existential challenge for democratic space and rules-based cooperation in an increasingly authoritarian world.

The U.S. retrenchment creates strategic vacuums that less democratic actors may exploit. This also creates a significant strategic space for like-minded donors—especially the Nordic countries and the European Union—to step up and lead in shaping inclusive, locally led development agendas. Conversely, however, if this vacuum is not effectively filled by democratic actors, the PRC and other authoritarian powers are poised to expand their influence rapidly and potentially promote corrosive capital and governance models that undermine transparency, accountability, and the very foundations of

a rules-based order. This could lead to a further —and potentially irreversible —fractured global order, characterized by weakened international legal frameworks, diminished multilateral institutions, and a greater prevalence of transactional, power-based interactions over principled cooperation.

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## 4 A European response – implications of China’s development finance for the EU and Sweden

Marina Rudyak

*China has moved from “emerging donor” to global architect of development finance. Through the Belt and Road Initiative and campaigns such as the Global Development Initiative, Beijing has combined large-scale infrastructure lending with the promotion of its own development model, framed as an alternative to “Westernisation”. This has reshaped the landscape in which the EU and Sweden operate and creates both friction and opportunity. Chinese and European agendas overlap on poverty reduction and the Sustainable Development Goals, yet diverge sharply on governance, human rights, and the role of the state. At the same time, many partner countries see China and the EU as complementary rather than competing actors. This chapter asks what a European response should look like: where coordination or even cooperation with China is possible, how Sweden and the EU can support partners in steering Chinese finance, and how Europe’s own instruments need to adapt.*

## From emerging donor to global architect

Over the past two decades, China has ascended to become a major provider of development finance, with its lending rising almost exponentially since the turn of the millennium. Since Xi Jinping assumed power at the helm of the party-state, China's approach became more ambitious and strategically driven, expanding beyond financing to a broader export of its own development model.

This shift was most visibly marked by the launch of the Belt and Road Initiative (BRI) in 2013, a globally framed programme of large-scale infrastructure and connectivity projects heavily relying on state-backed loans. At the same time, Beijing created new institutions to research and promote Chinese development knowledge—notably the Center for International Knowledge on Development (CIKD) under the State Council's Development Research Center.

Furthermore, Beijing took steps to upgrade its aid bureaucracy. In 2018, the China International Development Cooperation Agency (CIDCA) was established, taking over responsibility for foreign aid from the Ministry of Commerce (MOFCOM)<sup>1</sup>, to better align aid with China's overall diplomatic goals. In parallel, Beijing made its own mark on multilateral development finance, launching the Asian Infrastructure Investment Bank (AIIB) and the BRICS<sup>2</sup> New Development Bank (NDB).

China's new assertiveness is accompanied by the global promotion of distinct Chinese development paradigms. Since 2021, Xi Jinping has announced four major global initiatives with direct relevance to development: the Global Development Initiative (GDI) (2021), the

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<sup>1</sup> MOFCOM's Department of Foreign Aid, which had been in charge of Chinese foreign aid, was integrated into CIDCA. However, CIDCA mainly exercises political steering and oversight, while MOFCOM retained project implementation.

<sup>2</sup> Intergovernmental organization comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia in 2025.

Global Security Initiative (2022), the Global Civilisation Initiative (2023), and, most recently, the Global Governance Initiative (2025).

Together, these initiatives articulate China’s official outlook on development and its vision of modernization. They frame development as the paramount human right, while stability and security—often understood by Beijing as the absence of dissent—are viewed as prerequisites for progress, and universal values are rejected in favor of “common values.” In this way, China advances its own trajectory as an alternative path to “Western” models. As Xi Jinping put it in 2023, China has “broken with the myth that ‘modernisation equals Westernisation’ ... and provides a Chinese solution to humanity’s search for a better social system” (Xinhua, 2023).

Within this framework, the GDI has emerged as a new strategic umbrella for Chinese development finance. Contrary to early Western speculation, the GDI is not intended to replace the BRI or China’s foreign aid. Beijing presents it as a vehicle to accelerate the 2030 Agenda and forge a “consensus on development.” Like the BRI, the GDI remains loosely institutionalized, operating through a network of ad hoc platforms and non-binding Memoranda of Understanding (MoUs). But with the GDI China has achieved what it failed with the BRI: anchoring the initiative within the UN. Its focus on “small but beautiful” projects aimed at development and poverty reduction, rather than megaprojects as in the BRI, helped it secure agreements with several UN agencies and major NGOs.<sup>3</sup> In this sense, the GDI should be understood less as a technical aid framework and more as a political campaign to mobilize national and global actors behind a “consensus on development” shaped by China’s vision.

The GDI exemplifies the challenge Chinese development finance poses for Europe. A comparison with the EU’s 2017 consensus on development, *Our World, Our Dignity, Our Future*, shows clear overlap

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<sup>3</sup> As of 2025, MoUs were signed with the UN agencies FAO, UNDP, UNICEF, UNAIDS, UNIDO; the UN Office for South-South Cooperation; and globally operating NGOs like the Gates Foundation, the Rockefeller Foundation, and the International Committee of the Red Cross.

at the level of goals, particularly poverty reduction. Yet the normative foundations diverge. The EU treats the 2030 Agenda and the Sustainable Development Goals (SDGs) as its overarching framework, integrating economic, social, and environmental dimensions while grounding its approach in democracy, rule of law, and universal human rights. China, too, has repeatedly endorsed the 2030 Agenda and the SDGs, but it views progress as insufficient and frames the GDI (and the BRI) as tools to accelerate SDG implementation and promote “country-specific” approaches to human rights.

The dismantling of the United States Agency for International Development (USAID) in 2025 gives China an opportunity to further project itself as a responsible stakeholder to the Global South. While it is unlikely that China will—or can—fill the gap<sup>4</sup>, the U.S. retreat nonetheless makes it easier for Beijing to strengthen its image as a reliable actor simply by continuing to provide predictable, highly visible development finance.

This new reality has to be taken seriously. As the international order fragments, it becomes more important to identify where dialogue and cooperation on development remain possible despite persistent differences. In turn, it requires recognizing where shared goals may clash with divergent values. Where reasonable, cooperation should be possible without stepping under Beijing’s ideological umbrella. Donors and recipients often agree on objectives but not on values, so there is experience to build upon.

The remainder of this chapter examines where cooperation with China is possible, how Sweden and the EU can help partner countries better leverage Chinese development cooperation, and where Europe’s own instruments need strengthening. It begins with unpacking the normative and structural frictions between Chinese and

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<sup>4</sup> Replacing USAID would require China to fundamentally overhaul its development finance model. Whereas USAID traditionally offered budget support, Chinese funds are usually tied to projects implemented by Chinese companies, with disbursements flowing directly to firms rather than partner governments. See also chapter 2 by Jingdong Yuan and chapter 3 by Michael Schiffer in this volume.

European development paradigms, while critically reflecting on why China’s offer—despite transparency and governance concerns—continues to appeal to recipient countries. It then zooms in on two sectors that are both underexplored in the literature and particularly relevant for Sweden: digital infrastructure, and labor and decent work in infrastructure investment.

The chapter then discusses the potential costs and benefits of cooperation, while identifying possible pathways forward. It concludes by examining how the EU’s Global Gateway can be leveraged more strategically to strengthen coherence and visibility in Europe’s development response.

## **Clashes in development finance norms – perspectives from EU, China and recipient countries**

Since the launch of the BRI, China has become the world’s largest bilateral creditor to developing countries, making debt sustainability a central friction point between Beijing and European donors. While BRI-funded infrastructure addresses pressing development needs, the scale of BRI loans and the lack of transparency of loan contracts make it hard to realistically assess debt sustainability.

### **China’s development finance model: scale, instruments, and debt dynamics**

Most of Chinese development finance comprises project loans from the policy banks China Exim Bank and the China Development Bank, provided at preferential and commercial rates, respectively, often through resources-for-infrastructure swaps. ODA-comparable “foreign aid” flows account for only between 5–10% of Chinese official finance (Rudyak, 2024b: 158). The involvement of private companies and commercial creditors has been rising since 2015, with

significant implications for debt sustainability in many developing countries.

Between 2010 and 2021, China provided USD 1.03 trillion in total official financing to developing countries, of which only USD 100.4 billion were ODA-like grants, and the remainder loans by Chinese policy banks or other official finance.<sup>5</sup> By comparison, Team Europe (the EU and EU Member States combined) provided USD 1.7 trillion of grants and USD 154 billion of loans to developing countries over the same period.<sup>6</sup> In 2024, China was the largest bilateral creditor to low- and middle-income countries (LMICs), holding a larger debt share in low-income countries than the entire Paris Club<sup>7</sup> group of traditional creditor countries combined (Zucker-Marques, Gallagher & Volz, 2024).<sup>8</sup>

Typically, Chinese development finance is tied to Chinese companies and materials. Chinese contractors receive about 89% of China-funded transportation infrastructure projects, compared to 29% in multilateral development bank-funded projects—while local hiring and procurement are often not a priority (Rudyak, 2024a: 208). This model has raised concerns among international development experts and civil society groups in recipient countries about limited local spillovers and fair competition. Donors from the Organisation for Economic Co-operation and Development (OECD) have moved away from tied aid because it raises the cost of goods and services

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<sup>5</sup> Estimates from AidData's Global Chinese Development Finance Dataset 3.0 (<https://china.aiddata.org>). The Chinese government does not report to international systems like the DAC, making exact volumes difficult to estimate.

<sup>6</sup> Data from OECD Data Explorer (<https://data-explorer.oecd.org>) and European Commission on European Union's external action instruments ([https://international-partnerships.ec.europa.eu/publications-library\\_en](https://international-partnerships.ec.europa.eu/publications-library_en)).

<sup>7</sup> The Paris Club is a group of 22 major creditor countries aiming to provide sustainable solutions to debt problems, including Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, the Netherlands, Norway, Russia, South Korea, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

<sup>8</sup> The countries most indebted to China in absolute terms are Pakistan (USD 27 billion), Angola (USD 22 billion), Ethiopia and Kenya (USD 7.4 billion each) and Sri Lanka (USD 7.2 billion). The Countries with the biggest debt burdens relative to the gross national income (GNI) are Djibouti (42%), Angola (35%), Laos (30%), Maldives (29%) and Mongolia (24%).

and undermines recipient-country ownership, thus having a negative impact on aid effectiveness (OECD, n.d.). In the Chinese case, however, even untied finance may generate limited local spillovers, as VAT exceptions in loan agreements often make Chinese goods cheaper than the local ones.

Recent debt distress cases in Africa, exacerbated by the COVID-19 crisis, have brought China’s distinctive approach to debt restructuring into sharp focus. Generally, rather than forgiving debt and taking “haircuts,” China tends to extend the duration of loans, adjust loan terms, or issue new money (rescue loans).<sup>9</sup> This practice stands in contrast to Paris Club creditors, which have repeatedly canceled significant portions of low-income countries’ debt, and to the International Monetary Fund’s (IMF) use of debt relief initiatives such as the HIPC (Heavily Indebted Poor Countries Initiative) and MDRI (Multilateral Debt Relief Initiative) programmes.

A notable case that illustrates both debt sustainability concerns and China’s evolving approach to debt restructuring is Kenya’s Nairobi-Mombasa Standard Gauge Railway (SGR). Built by China at a cost of USD 4.7 billion, the railway was intended to anchor a network of industrial parks across several Kenyan cities and link them more efficiently to the port of Mombasa. Yet, so far it remains underutilized and runs at a deficit. By the end of 2024, China accounted for 63% of Kenya’s bilateral external debt and 13.7% of its total external public debt.<sup>10,11</sup> To help reduce the USD 1 billion Kenya spends annually on servicing Chinese loans, both countries agreed to convert three major loans from USD to RMB, trimming the annual repayment by an estimated USD 215 million. As of November 2025, Ethiopia is considering a similar restructuring. The

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<sup>9</sup> China’s debt restructuring approach resemblances that of private rather than public creditors (Bon and Cheng 2021).

<sup>10</sup> Derived from Republic of Kenya National treasury and Economic Planning. Quarterly Economic and Budgetary Review: <https://africacheck.org/sites/default/files/media/documents/2025-04/Kenya-Quarterly-Economic-Budget-Review-Feb2025.pdf#page=35>

<sup>11</sup> Read more about the Standard Gauge Railway in chapter 3 p.9 by Michael Schiffer in this volume.

IMF, however, has warned that while currency swaps can ease short-term fiscal pressure, they may introduce new currency risks for recipients (Bailey, 2025).

China's loan restructuring practices, which favor extensions and refinancing, have fueled European concerns about long-term financial dependencies and the potential coercive use of debt in support of Chinese diplomatic and geopolitical interests.

Many countries in the Global South have openly or indirectly aligned with China on issues it defines as core interests that are otherwise condemned at the United Nations, ranging from support for China's detention policies in Xinjiang to backing its stance on the Hong Kong protests and territorial claims in the South China Sea, despite adverse rulings by international courts. Evidence suggests a strong correlation between Chinese development finance flows and UN voting behavior (Rudyak, 2023a). African states have also helped China diplomatically isolate Taiwan and secure leadership positions in key UN agencies such as the FAO. Overall, African voting patterns in the UN often align more closely with China than with Western positions (García-Herrero et al., 2024; Nurullaev & Papa, 2023), underscoring the extent of Beijing's political influence on the continent.<sup>12</sup>

## **Competing narratives and divergent norms in development cooperation**

China rejects the Western critique of its lending practices, arguing that Western donors overemphasize “soft” aspects of development such as good governance and human rights while neglecting the actual needs in infrastructure and connectivity. This divergence reflects China's own development paradigm and the leadership's belief that infrastructure has been the driving force behind China's economic rise—captured in the widely known Chinese proverb: “If you want to get rich, build a road.” Beijing therefore uses develop-

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<sup>12</sup> This is not the case for the UN Security Council (Wu 2025).

ment financing not only to build structural power and reduce domestic overcapacity (and gain easier access to raw materials), it also believes that it helps close the infrastructure financing gap that Western donors and multilateral institutions failed to adequately address.

Notably, several experts argue that singling out China as a source of “debt traps” is misleading. Research shows that China is the largest creditor in only a few African countries and holds about 20% of African government external debt—far less than private lenders or multilateral institutions (Devermont, 2018). Others highlight that China provided 63% of all relief under the G20 Debt Service Suspension Initiative despite holding only about 30% of eligible claims, warning that focusing solely on Beijing obscures the role of other creditors and undermines broader efforts to achieve meaningful debt relief (Brautigam, 2023). A full discussion of this critical issue, however, lies beyond the scope of this chapter.

## **Why is China attractive? – a critical view**

Despite widespread criticism of Chinese projects across the Global South—from labor and environmental concerns to corruption and debt—European warnings about transparency and debt risks often fail to resonate. Understanding China’s continued appeal despite mounting criticism requires acknowledging Europe’s own blind spots in how its development engagement is perceived: *“When we talk to China, we get a road or an airport; when we talk to Europe, we get lectures,”* as an African politician put it.<sup>13</sup>

The global infrastructure gap remains huge, with the World Bank estimating it at around USD 1.5 trillion annually (Rozenberg & Fay, 2019). While Chinese development finance is controversial, China addresses the issues that matter most to politicians in the Global

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<sup>13</sup> The author heard the quote at several EU level development cooperation events since 2023. It was also reportedly mentioned by German Foreign Minister at the German Ambassadors’ Conference in September 2023 (von Richthofen, 2023).

South: infrastructure and industrial development—and is too often the only willing financier. Moreover, China is widely perceived as moving much faster than other lenders, both in the negotiating project terms and in construction. Infrastructure project contracts that can take years to negotiate with the World Bank can be agreed with China within months. Between 2000 and 2021, Chinese government-financed infrastructure projects took an average of only 2.7 years to complete, compared with typically 5–7 years for World Bank projects (Parks et al., 2023: 119–120).

China has filled the voids created by Western withdrawal or neglect and is offering an at-first-sight convenient package, as projects typically come with their own financing. Railways, roads, and digital infrastructure projects are backed by subsidized loans with 15–20 years repayment periods, enabling governments to launch projects without draining cash reserves. The hope is that by the time repayments fall due, development will have advanced and projects will pay for themselves. That this is not always the case—as illustrated by Kenya’s railway—does not deter leaders in the Global South from borrowing, nor China from lending, as Beijing operates with a long-term horizon in which political objectives often outweigh economic returns (Rudyak, 2023a).

China has also emerged as a lender of last resort, comparable to the IMF, by providing large balance-of-payments loans and emergency liquidity through bilateral RMB swap lines. While these arrangements have functioned as de facto rescue loans, their size, duration, and convertibility limit them to short-term bridges; typically used ahead or alongside IMF programs rather than substituting them (Watrous & Paduano, 2025). Nigeria and Laos, however, in 2018 and 2020, respectively, drew on swap lines instead of entering IMF programs. For borrowers, swap lines are attractive because Beijing demands no austerity or structural reforms, disburses quickly, and offers politically palatable, opaque financing often tied to broader diplomatic relations.

## **Critical sectoral dynamics in African contexts**

While African countries reject being “lectured” by Europe, they see a role for partners that can help strengthen governments and civil society capacity to shape the terms of cooperation and steer Chinese engagement in line with national development priorities. The following section examines digital infrastructure and labor practices—two areas of particular relevance for Sweden—and considers how to strengthen African agency vis-à-vis China while reflecting Swedish and European interests.

### **Digital infrastructure and technology**

China’s expanding reach into the African digital space has spurred concerns about technological dependencies, a bifurcation of standards and competing systems of cyber governance (Gordon & Nouwens, 2023). The foundations were laid early and predate the BRI: Huawei entered Africa in 1999, followed by Ethiopia in 2000, coinciding with Africa’s emerging telecommunications boom. Chinese firms now dominate the market: Huawei and ZTE built nearly 80 % of Africa’s 3G networks, Huawei constructed 70 % of all 4G infrastructure, and as of 2023 was supplying 5G technology to 30 operators in 17 African markets (Rudyak, 2023b: 43).

Huawei also dominates Africa’s broader digital infrastructure beyond telecommunications. It has equipped most of communication infrastructure at the African Union headquarters in Addis Ababa, is advising African governments on telecommunication and technology master plans, and is outpacing Western competitors like Ericsson in providing data centers and cloud services.

Particularly controversial from the European perspective is Huawei’s “Safe City” initiative—an AI-enabled, surveillance-oriented smart

city model focused on security.<sup>14</sup> Its emphasis on monitoring and control contrasts sharply with European smart city concepts centered on sustainability and livability. While Huawei reportedly established a USD 1.5 billion fund for “Smart City” projects in Africa in 2018, most initiatives are financed through concessional loans from China Exim Bank tied to purchasing Huawei equipment (Hoffman, 2021).

To African governments, China’s deployment of digital infrastructure is attractive because it promises bundled solutions to a wide range of problems—from terrorism to safety on the streets to e-government services. But more critically, Chinese companies offer competitive pricing *and* provide their own financing through state-subsidized China Exim Bank loans that competitors dependent on commercial banks cannot match. Exim loans, however, are tied to the purchase of Chinese equipment, enabling Chinese companies to export their technological standards and create path dependencies.

Sometimes, China is the only option available. When Tanzania began developing its National ICT Broadband Backbone in 2008, it sought support from several donors, including the World Bank. Only China agreed to fund it, providing China Exim Bank loans and having major Chinese technology companies, including Huawei, implement the project. The resulting network is compatible only with Huawei routers (Agbebi, 2022). This pattern is present across the continent: Western donors’ lack of support has opened doors to Chinese tech companies, enabling China to lead Africa’s digital infrastructure development. Countries turn to firms like Huawei despite security concerns, which resonate less strongly in Africa—when the choice is Huawei or nothing, Huawei wins.

The Export of a surveillance state is not the only concern. Chinese firms increasingly shape Africa’s digital ecosystem in ways that raise

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<sup>14</sup> As of 2022, nine African countries used safe city systems provided by Chinese firms: Botswana, Côte d’Ivoire, Ghana, Kenya, Mauritius, Morocco, South Africa, Uganda and Zambia (China Regional Snapshot: Sub-Saharan Africa, 2022).

two further critical issues from the Swedish and European perspective: digital value extraction and technological lock-in. Huawei data centers programmed in Chinese create long-term dependence, while hosting African data on Chinese servers shifts value creation abroad. Data access is often a core part of deals: Zimbabwe’s agreement with CloudWalk to develop a facial recognition system, for instance, involved sharing citizens’ biometric data to train the company’s facial recognition algorithms and boost its global competitiveness. Meanwhile, China’s growing influence in digital standard-setting may lock African countries into Chinese technical systems, increasing incompatibility with European standards and accelerating digital decoupling if geopolitical tensions intensify.

### **Policy recommendations for digital infrastructure and technology**

#### **Strengthen African regulatory and governance capacity**

- Strengthen regulatory frameworks for data protection, cybersecurity, and digital value creation, and support the adoption of international standards to prevent technological lock-in.
- Build institutional capacity for data security, risk assessment, foreign vendors oversight, and secure data management.

#### **Empower civil society actors**

- Support African digital rights organisations in promoting privacy, accountability, and responsible use of surveillance technologies.
- Facilitate knowledge exchange on global best practices, including implementation of the AU Convention on Cyber Security and Personal Data Protection.

### **Engage the private sector through strategic partnerships**

- Expand Public-Private Partnerships incentivising responsible digital infrastructure investment.
- Encourage industry participation in capacity-building to enhance Africa’s digital resilience.

## **Labor in infrastructure investments**

China accounts for over 30% of major infrastructure projects in Africa through both direct funding and contracts on multilateral projects (Cheng, 2022). Chinese construction companies have become major employers on the continent. When building under World Bank or other multilateral projects, they must comply with international standards, which may exceed national regulations. By contrast, Chinese-financed projects usually follow the “host country principle,” requiring adherence only to local regulations. This has often resulted in poor labor practices, making employment conditions one of the most contentious issues in China-Africa relations.

According to the Building and Wood Workers’ International (BWI), main issues include violations of workers’ rights, lack of social security, limited skill transfer, weak health and safety standards, sexual harassment, obstacles to unionizing, and breaches of national labor laws. Most workers are employed under short-term or no contracts, even for long-term projects, allowing companies to evade social fees and obligations such as minimum wage, health care, social security, and overtime pay. The absence of contracts strips workers of the right to unionize and associated protections.

The most contentious issues stem from the replication of China’s domestic labor practices abroad. Low wages and limited worker welfare are the shadow side of China’s economic success. In China, the “dormitory labor regime”—where on-site housing and food are framed as a “social wage”—justifies low pay. In Africa, however,

workers see this model less as a benefit and more as a control tool masking lower pay. Weak occupational health and safety standards present another challenge, as many Chinese companies lack experience implementing robust safety procedures. The absence of independent trade unions and legal protections for the right to strike in China—alongside wider restrictions on freedom of association and collective bargaining—means that Chinese firms have little exposure to organized labor or social dialogue (Rudyak, 2023b: 36–37).<sup>15</sup>

Understanding these domestic dynamics is key to understanding labor relations in Chinese companies abroad. Some difficulties may also stem from limited awareness of required standards or a lack of implementation capacity. Chinese managers are often surprised when workers turn to unions or strike over what they view as minor issues, such as food. Many try to avoid dealing with unions by not allowing employees to join them—which frequently backfires: unprotected by unions, workers resort to strikes as the only means to voice grievances.

The Chinese government does not officially condone violations of local laws. Ministry of Commerce investment guidelines urge companies to “abide by local laws and relevant international standards” and to “avoid bribery activities” (MOFCOM, 2019). Yet these rules are voluntary and largely ineffective in contexts with weak rule of law and high corruption.<sup>16</sup> Distance from Beijing further limits oversight,

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<sup>15</sup> Trade unions exist in China but are not independent – they are part of the party bureaucracy. All unions must register with the All-China Federation of Trade Unions (ACFTU), which serves as a “transmission belt” for the China Communist Party (CCP), represents the party rather than workers, and serves to curb dissent. A 2015 reform aimed to improve its reputation, and some local unions now assist workers with individual rights, but most lack collective bargaining experience and continue to prioritise party loyalty.

<sup>16</sup> Chinese companies’ engagement with global labour standards and corporate social responsibility (CSR) remain limited compared to major OECD multinationals. While some large firms have joined frameworks like the UN Global Compact or issued sustainability reports, participation is neither widespread nor institutionalised and often remains symbolic or compliance-driven rather than reflecting substantive commitment to international labour norms.

suggesting that the reliance on voluntary policies reflects both limited enforcement capacity and lack of political will.

Nevertheless, BWI has successfully organized workers in Chinese multinationals and their subcontractors across Africa. Beginning in Ghana in 2011 with collective bargaining agreements with China Railway Wuju and Sinohydro, BWI affiliates had organized 81,000 workers across 18 countries by 2019, engaging over 200 companies, from major state-owned firms to smaller private contractors.

Notably, Chinese workers in Africa face similar hardships—temporary contracts, low wages, no social security, and unsafe conditions—creating a potential basis for solidarity with African workers, despite language barriers.

### **Policy recommendations related to labor in infrastructure investments**

#### **Strengthen worker representation and social dialogue**

- Support African trade unions and BWI in promoting constructive engagement with Chinese companies, emphasizing to companies that effective social dialogue reduces labour disputes and project delays.
- Facilitate initiatives bringing together African and Chinese workers, recognising their shared challenges and potential for solidarity despite language barriers.

#### **Leverage China’s regulatory and normative commitments**

- Encourage African governments and unions to invoke Chinese laws on overseas contracting and foreign investment, which require respecting local laws, communities, and labour standards.

- Hold Chinese multinational corporations accountable to China’s international commitments – such as the UN Guiding Principles on Business and Human Rights – and use these as leverage to push companies toward higher labour standards, including via their global business partners.

### **Support enforcement and engage Chinese industry associations**

- Encourage African policymakers to strengthen labour inspections, enforce national laws, and ensure unions have a seat at the table in trade and investment negotiations.
- Engage Chinese industry associations – drawing on models like GIZ’s textile partnerships – to build companies’ capacity for social dialogue and union engagement, emphasising this reduces strike risks.

## **Is cooperation possible? Suggestions for operational pathways**

It is worth asking whether China’s development engagement in Africa aligns—at least partly—with EU interests, or whether it should be seen primarily as a geopolitical strategy. Should we distinguish between Chinese activities that pose security risks to Europe and those that are neutral or even supportive of shared goals, like improving infrastructure and connectivity? In many cases, China addresses genuine demand where European financing has been absent. Crucially, many Global South actors do not view China and the EU as competitors but as complementary: China providing “hard” infrastructure and Europe having a strong track record in delivering “soft” infrastructure, including standards and governance. The EU cannot outcompete China on infrastructure development, but Sweden and the EU can help African countries manage Chinese devel-

opment finance more effectively—enabling Chinese projects to achieve higher development impact.

The critical question for political decision-makers is: Do Sweden and the EU want China to become better? A “cleaner” BRI would not only improve development outcomes but also strengthen Beijing’s ability to export its own norms and increase political influence in strategically important regions. The export of China’s growth model—coupling rapid economic development with authoritarian governance—remains a fundamental concern, as do over-indebtedness risks. Domestically, cooperation with Beijing is widely perceived as risky; few want to be accused of being too close to the China Communist Party (CCP) or “whitewashing” an authoritarian regime. Criticism of China—often justified—easily attracts headlines, while advocating pragmatic cooperation rarely gains traction. Yet the reality remains: China is a global player central to addressing pressing global challenges. Allowing systemic rivalry to harden into blanket rejection risks deepening the global divide already underway. Notwithstanding different priorities and diverging approaches, cooperation with China in selected areas may be in Swedish strategic interests. In particular, there is a shared Sino-European commitment to the SDGs.

## **Development effectiveness**

Although China has declined to join the Development Assistance Committee (DAC)—the OECD’s forum of major bilateral donors—and the Paris Club, it has sent observers to both and has long studied “traditional” donors’ approaches, selectively applying them to its own system. Since establishing CIDCA, more attention has been paid to monitoring and evaluation, with many Chinese aid scholars arguing China should adopt DAC’s results-based management practices (Schwarz & Rudyak, 2023: 45).

In October 2023, CIDCA and CIKD published a document outlining China’s Foreign Aid Project Evaluation (FAPE) system (CIDCA & CIKD, 2023). FAPE aims to ensure that funds are “spent where

needed most,” draws on Western development agencies’ practices, and intends to integrate development effectiveness principles of Agenda 2030 and the SDGs while reflecting “Chinese characteristics” and China’s own long history of aid giving. While one might criticize that the highest-ranked indicator is whether projects promote “friendly exchanges with foreign countries”—a political code for China’s diplomatic interests—the other indicators are relatively robust, sector-tailored and development-oriented. Though FAPE applies only to foreign aid and not to policy banks and other financing, it signals a major shift in China’s development cooperation approach.

This creates an opening for dialogue. Rather than letting systemic rivalry harden into disengagement, policymakers should recognize that China is already engaging—on its own terms—with international debates on development effectiveness. Constructive exchanges on evaluation standards, transparency, and results could improve the Chinese aid impact and foster complementarity with other donors. Some donors, international financial institutions and UN agencies have already been engaging with China in this way.<sup>17</sup> Building on these changes could open space for more effective cooperation in the future—but this requires the EU to develop a strong strategic game plan beyond, but perhaps building on, Global Gateway.

## **Consider trilateral cooperation**

Trilateral cooperation offers a pragmatic way to strengthen labor, social, and environmental governance, as well as development effectiveness. Two factors make this viable. First, Chinese actors—both state and non-state—recognize that contractors must better understand international standards and improve sustainability performance. Second, there is broad openness in China to engage with in-

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<sup>17</sup> China’s Foreign Aid Project Evaluation (FAPE) system was built on extensive exchanges with UNDP.

ternational partners, recognizing that Chinese companies overseas often lack knowledge of host-country contexts.

This shift is reflected in the 2019 National Development and Reform Commission guidelines on “third-party market cooperation,” calling for “open, green and clean cooperation” (NDRC, 2019). Though aimed primarily at business-to-business partnerships, the guidelines share the core principle of trilateral cooperation: cooperation should serve the interests of the third country. They also signal China’s recognition that it needs partners with stronger international experience to better manage overseas investment risks.

Given their role within the Chinese system and history of partnerships with international organizations and DAC donors—including ongoing trilateral cooperation with Germany’s GIZ through the Sino-German Center for Sustainable Development in Beijing—Industry associations such as China International Contractors Association (CHINCA), China Chamber of Commerce of Metals, Minerals and Chemicals (CCCMC), and the China National Textile and Apparel Council (CNTAC) are the most likely partners for trilateral projects. Though their standards are mostly non-mandatory, they play a significant role through capacity building and evaluations. Their convening power reaches major industry players, while their members increasingly recognize the challenges they face abroad—such as dealing with trade unions and civil society—that they do not encounter at home.

Critics point to the high transaction costs: negotiating procurement, organizing experts and bridging bureaucratic logics often make trilateral cooperation projects slower and more complex than bilateral ones. Yet the added value lies first and foremost in mutual learning. For DAC donors, it provides insight into how Chinese bureaucracies work and why certain approaches are resisted—often for administrative, not political, reasons. For China, it offers feedback on how companies’ performance against international standards and opportunities to strengthen implementation of its own sustainability and development effectiveness guidelines.

## The European dimension

Despite valid criticisms of the BRI, it has undeniably returned infrastructure development to the international development agenda, spurring counter-initiatives such as the U.S.-led Blue Dot Network, the G7’s Build Back Better World (2021) and Partnership for Global Infrastructure and Investment (2022), and the EU’s Global Gateway (2021)—all aimed at offering an alternative model of high-quality, sustainable infrastructure investment.

The Global Gateway was launched with the goal of mobilizing investment of up to EUR 300 billion by 2027, primarily for digital connectivity, energy and transport, with a focus on sustainability—and was presented as a means for developing countries to “de-risk” from China. Yet four years in, it has failed to gain traction comparable to the BRI, instead facing criticism for lacking coordinated approaches. Moreover, Global South stakeholders complain it seems more about Europe’s China problem than their development challenges: “China approaches us to talk about development while you [Europe] come to talk about China” (Esteban & Insisa, 2024). Against the EU’s discourse on strategic autonomy, security needs, and economic resilience, the Global Gateway now appears to be evolving towards prioritizing EU self-interest (Bilal, 2025).

Notably, the Global Gateway now faces criticisms from European—and increasingly Global South—civil society groups that echo longstanding concerns voiced about the BRI: that it primarily serves the EU’s own strategic and commercial interests, with development funds being diverted to benefit European companies (Eurodad, 2024). Such critiques point to a deeper problem: the EU has yet to clarify whether the Global Gateway is a geopolitical instrument to counter the BRI, a genuine development initiative, or both. This lack of clarity risks undermining both its credibility abroad and coherence at home.

Positioning the Global Gateway primarily as a BRI-counterweight is counterproductive (Ferenczy, 2025). For partner countries, the cen-

tral concern is not “de-risking” from China, but gaining development and investment opportunities. The EU should therefore resist defining itself in opposition to Beijing and concentrate on what it can offer in its own right.

Importantly, the EU does not need new initiatives or additional resources. Team Europe is already the world’s largest provider of development finance. The real problem is that the EU is often seen as a “payer but not a player”: it spends generously, but without strategic visibility or influence. To change this, the Global Gateway should deploy existing resources more strategically, ensuring funding is timely, accessible, and directed to projects with the greatest impact for partner countries. Equally important is stronger “branding” and public diplomacy so that the EU is recognized as a credible and visible development partner.

Africa should be at the center of this effort. Chinese officials have long outperformed their European counterparts in terms of visits and hosting of African leaders. African policymakers, meanwhile, are wary of being drawn into an “us-versus-them” competition between China and the West. If the EU wants the Global Gateway to resonate, it must present it not as an anti-China project but as a proactive platform for common development.

Recognizing, as Hans Morgenthau once argued, that aid is always inherently political, the Global Gateway should be framed as the European platform for advancing global development. That means shifting from reactive positioning to a positive agenda: one that emphasizes partnership, ownership, and the Sustainable Development Goals. Europe must articulate what it stands for—not just what it stands against. Simply claiming to be “better” or “different” than China will not suffice. The Global South is indifferent to Europe’s geopolitical anxieties; what matters is whether the EU delivers meaningful, inclusive, and sustainable development outcomes.

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## 5 Sweden's antithesis: China in United Nations development work

Sebastian Haug

*This chapter examines China's engagement with the United Nations (UN) development work through a comparison with Sweden. Both countries are UN member states, but differ on most indicators, including development experiences and trajectories as development cooperation providers. The chapter provides an overview of China's and Sweden's general profiles and compares funding practices, strategic priorities and approaches to multilateral cooperation.*

*From a Swedish perspective, the features of China's approach relative to Sweden's engagement point to areas of concern, particularly regarding China's challenge to the relative autonomy of UN bureaucracies and the human rights agenda. At the same time, there might be potential opportunities for closer coordination – notably with regard to the two countries' complementary funding practices – in a moment of extraordinary upheaval at the UN.*

## Introduction

China's expanding engagement with the United Nations (UN) system – including its development pillar – has attracted considerable attention (Fung and Lam, 2022; Haug et al., 2024). This chapter discusses China's engagement with UN development work through a comparison with Sweden in order to highlight commonalities and/or differences and support Swedish stakeholders with evidence-based decision-making.

China and Sweden have both endorsed the 2030 Agenda and the Sustainable Development Goals (SDGs) as a framework for multilateral development cooperation, as two of the UN's 193 member states. They are both members and stakeholders of the various entities that belong to the UN Sustainable Development Group (UNSDG). At the same time, China and Sweden differ on a vast number of indicators – from the size of their respective population and economy to their geographic location and regime type – that provide the backdrop for and condition their engagement patterns with UN development work.

This chapter first provides an overview of China's and Sweden's general profiles in the UN development pillar (section 1) and then zooms in on their financial contributions to the UN system (section 2), their strategic priorities (section 3), and their respective approaches to multilateral cooperation (section 4). It ends by identifying areas of concern, as well as opportunities for closer coordination, and discusses potential ways forward in a context where an at least partial retreat of the United States challenges the financial and political foundations of the UN system (section 5).

## General profiles

### **Nordic donor (Sweden) vs. developing country superpower (China)**

Sweden has long been a champion of multilateralism. Analyses past and present, as well as representatives of Sweden and its partners, highlight the country's "long-standing commitment to the United Nations" (Ruth, 1984, p. 67). As a member of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) and a relatively small European country (about 10 million inhabitants in 2024), Sweden has long punched above its economic and political weight at the UN. In 2023, it was the 10th largest member state contributor to the UN system (see section 2). Relative to its size, Sweden has also been well represented among UN staff. In 2024, 0.4 percent of the main UN workforce were Swedish nationals. Compared to Sweden's share of the world's population (0.1 percent) – which is an imperfect but informative reference – Sweden has indeed been overrepresented.

Still, the current Swedish government has explicitly emphasized the need to "ensure that more Swedes serve in strategic positions in the UN, including through strategic secondments" (MFA, 2023, p. 36). Together with Denmark, Finland, and Norway, Sweden often presents itself and – among member states and UN staff – is generally perceived as a "Nordic donor", i.e., a liberal democracy and generous supporter of UN development entities that follows a strong and explicit normative agenda committed to universal values.

In many ways, Sweden epitomizes the stereotypical good international citizen, with some even attesting it a "moral superpower" (Emmerson et al., 2024, p. 778) that has been able to frame itself as a constructive and progressive force when it comes to promoting human rights and good governance, including at the UN. In UN negotiations, Sweden usually coordinates closely with other Nordics and its fellow European Union (EU) member states that, together,

are by far the most important providers of UN funding and have long had a decisive influence on how UN entities operate, and what their work focuses on (Baumann and Haug, 2024).

The People's Republic of China, in turn, has experienced an exceptional economic transformation with important political consequences since taking over the Chinese UN seat in 1971. Then a relatively poor country, China is now a singular heavyweight among UN member states with a unique dual position as “developing country superpower” (Baumann et al., 2024, p. 59). As the world's second largest economy (after the United States, with a GDP of roughly 1.4 billion USD in 2024), second most populous country (after India, with 1.4 billion inhabitants in 2024) and one of the five permanent members of the UN Security Council, China is also a member of the Group of 77 (G77) – the UN's developing country grouping – and a UN programme country.

The latter status means that, from the late 1970s, a considerable number of UN development entities have had country offices in Beijing and still accompany the Chinese government with domestic development-related concerns today. In addition, this UN support has also come to include backing for Chinese development-focused collaboration with partners across Asia, Africa, and Latin America. Its successful domestic poverty reduction measures, in particular, have bolstered China's legitimacy as a global development actor. As the world's most prominent – and for some most notorious<sup>1</sup> – provider of South-South cooperation (Huang et al., 2019), China has joined hands with a number of UN development entities to expand its development-related engagement across the so-called developing world. Policy transfer partnerships, for instance – where China partners with a UN body to share Chinese development experiences with third countries – have become an increasingly prominent feature in China's cooperation with the UN development system (Haug and Waisbich, 2024). A number of China-sponsored trust funds have

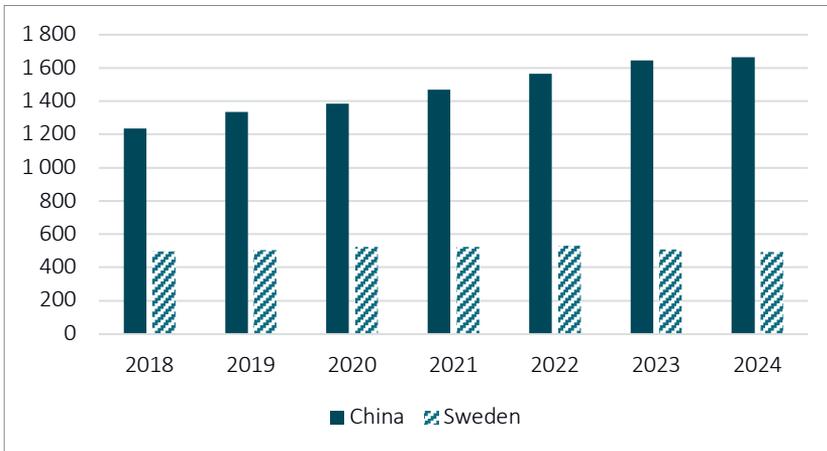
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<sup>1</sup> For an early contribution that referred to Chinese assistance as “rogue aid”, see Naim (2009).

been the Chinese government's mechanism of choice for the targeted provision of what have so far – compared to major Western donors – remained limited levels of voluntary funding for UN development work.

With regard to its representation among UN staff, China has increased its presence steadily over recent years in absolute terms. From 2018 to 2024 alone, the number rose by more than 400 (i.e., about 35 percent) from 1,235 to 1,664 (Figure 1). In particular, the increase of Chinese nationals in UN leadership positions has led to wide-ranging discussions about China's expanding footprint across the UN system (Lam and Fung, 2024). In relative terms, however, and contrary to Sweden, China remains underrepresented, both with regard to the UN Secretariat's representation key and when compared to China's share in the world's population (17.2 percent in 2024, according to World Bank figures). In 2024, Chinese nationals made up 1.3 percent of the main UN workforce, a figure thwarted by the representation levels of not only the United States (4.2 percent) but also a number of smaller member states, such as Kenya (3.4 percent) or Ethiopia (2.7 percent).

**Figure 1. Chinese and Swedish staff in the UN system, absolute numbers, 2018-2024**



Source: Author; based on UNSCEB (2025a).

Overall, staff figures are part of a larger picture where China's engagement with the UN system has expanded considerably over the last two decades. While the nature of that expansion has been uneven, recent research shows that China's bid for multilateral leadership is markedly more pronounced today than it was 10 years ago, with Beijing effectively – if unevenly – influencing UN fora and processes in direct and indirect ways (Haug et al., 2024; see Baumann et al., 2024; Foot, 2024).

**Table 1. China and Sweden compared**

	China	Sweden
Population (2025)*	1.4 billion	10.6 million
Population-based ranking among UN member states (2025)**	2 <sup>nd</sup>	89 <sup>th</sup>
GDP (current USD)* in 2000	1.22 trillion USD	263 billion USD
GDP (current USD)* in 2024	18.74 trillion USD	610 billion USD
GDP/capita (current USD)* in 2000	969 USD	29,633 USD
GDP/capita (current USD)* in 2024	13,300 USD	57,723 USD
Political regime type (2025)***	Closed autocracy	Liberal democracy
UN regional group**	Asia-Pacific States	Western Europe and other States

Source: Author; based on \* World Bank 2025, \*\* Zhu 2025, \*\*\* V-Dem 2025, and \*\*\*\* UN 2025.

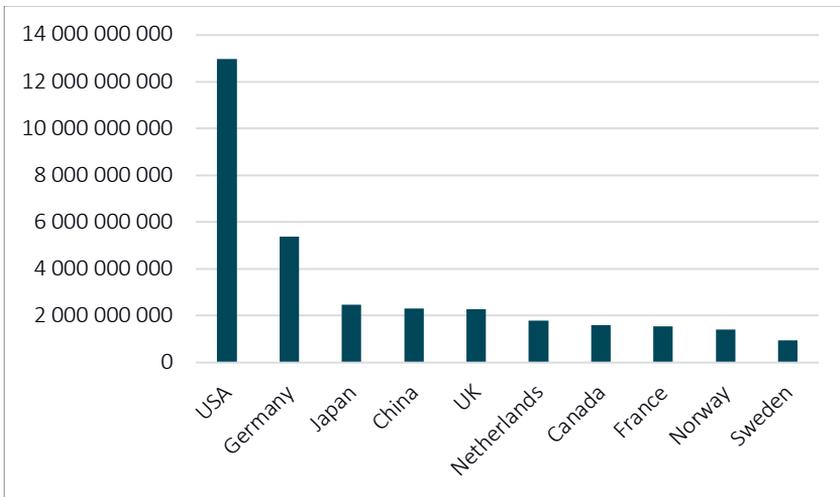
China and Sweden, then, differ significantly with regard to their engagement patterns and on most indicators used to distinguish between UN member states. While both see the UN as a central pillar of the multilateral system, Dragon and Moose, so to say, seem to have had two rather distinct general UN profiles (Table 1). The following sections probe and compare their positions and engagement patterns in more detail and depth with regard to funding flows, thematic priorities, and the two countries' approaches to and understandings of multilateral cooperation.

## Funding practices

### Voluntary contributions champion (Sweden) vs. assessed contributions champion (China)

Funding flows provide a key window into gauging member states’ engagement patterns with the UN. A comparison of China’s and Sweden’s financial contributions to the UN system – covering a focus on both system-wide flows and contributions to individual UN development entities – points to at least three key insights.

**Figure 2. The 10 largest government donors to the UN system 2023, in USD in 2023**



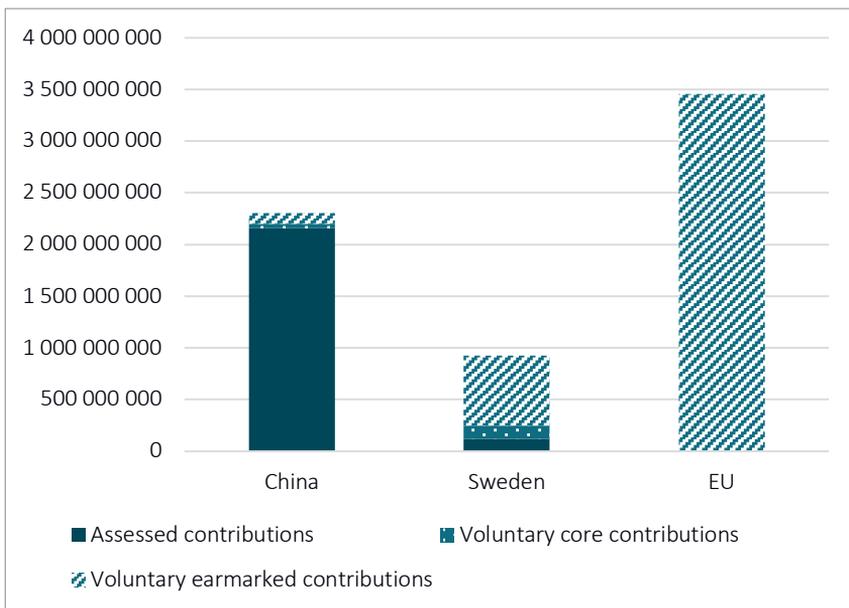
Source: Author; based on UNSCEB (2025b).

First, China and Sweden are among the top UN member state contributors (Figure 2). In fact, both have been among the top-ten donors since 2015.<sup>2</sup> Despite significant differences in size and outlook, China and Sweden thus belong to a relatively small group of member states that cover the bulk of the UN system’s finances

<sup>2</sup> Latest numbers suggest that as of 2024, Sweden is no longer among the top ten.

(Baumann and Haug, 2024).<sup>3</sup> In 2023, the top-ten contributors together provided more than 70 percent of all government contributions received by the UN that year (i.e., more than twice as much as contributions by all other 183 member states combined), with China being the only non-DAC country in that list. In light of the absolute size of its population and economy, Sweden is thus clearly punching above its weight in the UN funding context.

**Figure 3. China, Sweden and the EU: composition of financial contributions to the UN system 2023, by funding modality, in USD**



Source: Author; based on UNSCEB (2025b).

While the bulk of China's funding mix (more than 90 percent in 2023) consists of assessed contributions – i.e., fees UN member states have to pay qua their membership in line with a formula based on a country's economic weight (Haug et al., 2022) – most of Swe-

<sup>3</sup> At the same time, China is a UN programme country and therefore still a recipient of UN development funds. In 2020, UN development entities collectively spent 144.9 million US dollars in China (Baumann et al., 2022, p. 11).

den's funding to the UN system (more than 85 percent in 2023) consists of contributions provided voluntarily. Although the majority of Sweden's voluntary contributions are earmarked, meaning that funds are attached to pre-specified purposes (thematically and/or geographically), a considerable share is also provided as voluntary core contributions, i.e., without strings attached: UN entities can use core funds as they wish in line with their mandates. What is more, if funders beyond UN member states are taken into account, the EU Commission – partially funded by Sweden as EU member state – was the overall third largest contributor to the UN system in 2023, providing exclusively voluntary earmarked funding and thwarting China's overall contributions by more than 1 billion USD (Figure 3).

Second, China's and Sweden's primary funding modalities differ. While there is a certain overlap with regard to the main destinations of Chinese and Swedish funding in the UN system, the nature and logic behind their flows vary. There are two UN development entities – i.e., members of the UN Sustainable Development Group<sup>4</sup> – that were among the top-ten recipients of both countries in 2023: the UN's Food and Agriculture Organisation (FAO) – currently headed by a Chinese national – and the UN Educational, Scientific and Cultural Organisation (UNESCO). Both FAO and UNESCO are UN specialized agencies with normative and operational mandates, where states pay membership fees (i.e., assessed contributions) and provide voluntary resources at their discretion.

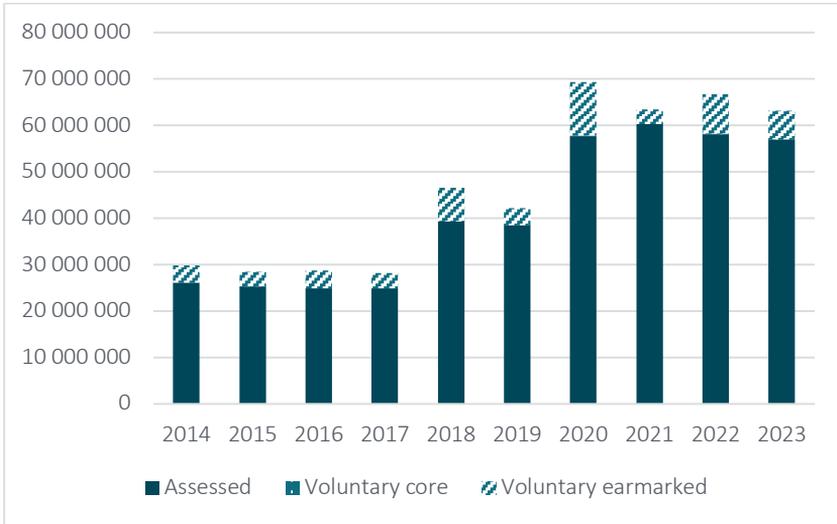
In 2023, FAO was not only among the top-ten UN entity recipients of both Chinese and Swedish contributions but China (6<sup>th</sup>) and Sweden (10<sup>th</sup>) were also both among the top-ten government donors to FAO. The substantial relative growth of the Chinese economy over the last decades has meant that China's share of assessed contributions has increased significantly, while its voluntary funding levels have remained modest (Figure 4). Sweden, by contrast, has had

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<sup>4</sup> The UN Sustainable Development Group is currently comprised of 38 member entities, including the UN Development Programme, the UN's Food and Agriculture Organisation and the World Health Organisation (see UNSDG, n.d.).

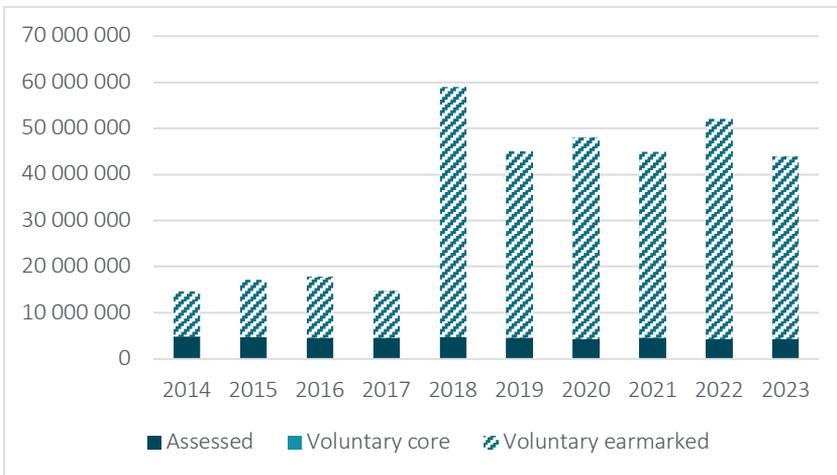
a relatively stable level of assessed contributions, while the bulk of its contributions to FAO – at least 90 percent annually since 2018 – has come as voluntary resources.

**Figure 4. China’s contributions to FAO in USD 2014-2023**



Source: Author, based on UNSCEB (2025b).

**Figure 5. Sweden’s contributions to FAO in USD in 2014-2023**



Source: Author, based on UNSCEB (2025b).

China's and Sweden's support for UNESCO has followed similar logics (Figure 5) – with China's emphasis on assessed and Sweden's focus on voluntary contributions – but has been even more pronounced in relative terms: in 2023, both countries were among the top-five government donors (China 1st and Sweden 4th). Funding patterns over time for FAO and UNESCO thus illustrate a more general pattern where China's share is dominated by assessed contributions – in line with its weight in the world economy – and a general restraint to provide voluntary funding, while large parts of Sweden's share stem from voluntary contributions.

Third, China's and Sweden's differing approaches to voluntary core funding – i.e., discretionary funding that comes with no strings attached (see above) – offer another important insight into the nature of the two countries' engagement with the UN system. Among UN member states, Sweden is part of a group of DAC members that have championed core contributions as a modality of choice to support the core functions of UN entities and provide them with leeway to decide flexibly about the use of resources in line with their mandates. Sweden has long been among the top-ten providers of voluntary core contributions to the UN system and ranked first or second on that list from 2014 to 2021 (Table 2).<sup>5</sup> Since 2022, Sweden has reduced its emphasis on core funding, resonating with the current Swedish government's explicit emphasis on combining core contributions “with softly earmarked support directed towards Swedish policy priorities and targeted project support where the UN has clear added value” (MFA, 2023, p. 35). While this arguably reflects a context where traditional donors – inspired by China and other Southern providers – have been moving closer to a more explicitly interest-focused logic of development cooperation (Mawdsley, 2018), so far Sweden has remained among the top-ten core contributors and in 2023 provided more than 13 percent of its total contributions to the UN system as core funding (UNSCEB, 2025b). What is more, most

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<sup>5</sup> In absolute terms, Sweden's voluntary core contributions since 2018 have ranged between USD 126 million in 2023 (the lowest amount) to USD 1.2 billion in 2021 (the highest amount).

of Sweden’s earmarked funding is “softly” earmarked: instead of tightly controlling how funds are spent, Sweden tends to earmark in broad terms, e.g., by contributing to multi-provider trust funds that have a general thematic focus but do not pre-specify the use of funds in more detailed ways.

**Table 2. Top 20 providers of voluntary core contributions to the UN system (2014–2023)**

	2015	2017	2019	2021	2023
1	USA	<b>Sweden</b>	<b>Sweden</b>	<b>Sweden</b>	USA
2	<b>Sweden</b>	UK	Norway	USA	Netherlands
3	UK	USA	Netherlands	Germany	Germany
4	Norway	Norway	UK	UK	UK
5	Denmark	Switzerland	Germany	Norway	Norway
6	Switzerland	Netherlands	USA	Denmark	France
7	Japan	Japan	Japan	Switzerland	Japan
8	Netherlands	Germany	Denmark	Belgium	Canada
9	Canada	Australia	France	Japan	<b>Sweden</b>
10	Germany	Canada	Switzerland	Netherlands	Italy
11	Finland	Denmark	Canada	France	Denmark
12	Belgium	Belgium	Finland	Finland	Finland
13	Australia	Italy	Italy	Canada	Ireland
14	Saudi Arabia	Finland	Ireland	Italy	Switzerland
15	Italy	France	Australia	Australia	Rep Korea
16	France	<b>China</b>	UAE	Ireland	Australia
17	Ireland	Ireland	Belgium	Luxembourg	Belgium
18	Luxembourg	Luxembourg	N Zealand	Qatar	<b>China</b>
19	Rep Korea	Rep Korea	<b>China</b>	Kuwait	Spain
20	India	UAE	India	<b>China</b>	India

Source: Author, based on UNSCEB (2025b).

China, in turn, has been a significantly less prominent provider of core funding than Sweden – in both absolute and relative terms – but is one of the few non-DAC countries that has made it repeatedly

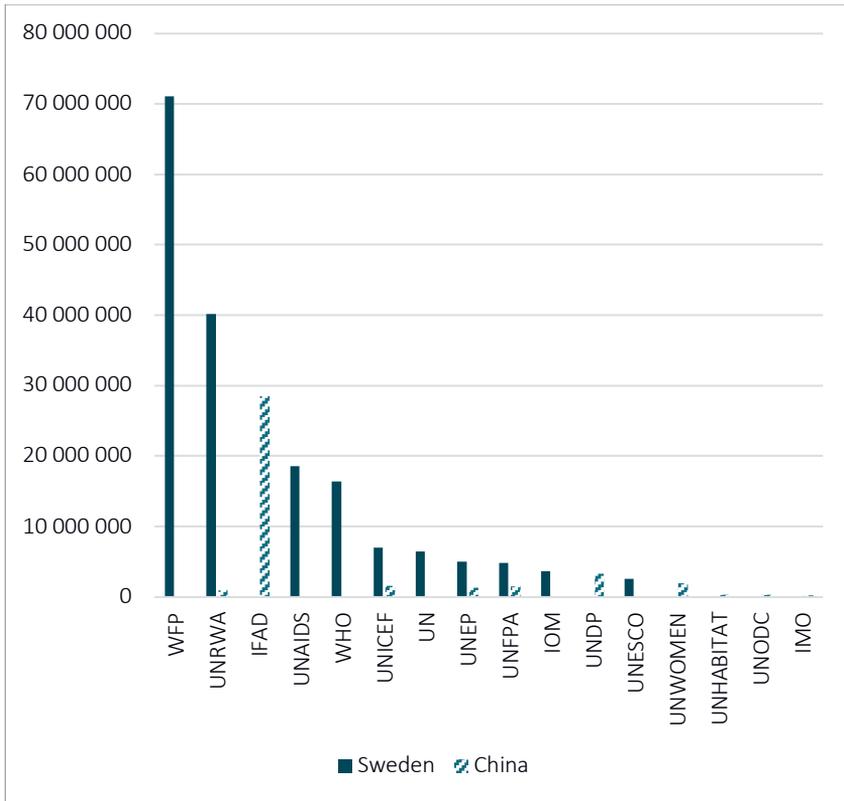
to the top-20 list of UN core contribution champions.<sup>6</sup> The share of core contributions in China's funding portfolio has remained limited, amounting to less than two percent in 2023 (UNSCEB, 2025b).

What is more, the vast majority of China's funds marked as core by UN statistics over the last decade have gone to the International Fund for Agricultural Development (IFAD), a UN specialized agency that is also an international financial institution. IFAD is funded through replenishment cycles, with central UN statistics counting replenishments as core contributions. If China's contributions to IFAD are discounted, its core funding portfolio is reduced significantly and, for 2023, drops to 0.5 percent of its overall contributions. While IFAD has long – and by far – been China's primary recipient of core funding, Sweden's core contributions are usually spread somewhat more evenly across a larger number of UN entities. In 2023, the most important recipient of Sweden's core contributions was WFP. That year, there were four UN development entities that received core funding from both China and Sweden – the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the UN Children's Fund (UNICEF), the UN Environment Programme (UNEP), and the UN Population Fund (UNFPA) – although China's core contributions to these four entities were significantly more modest than Sweden's (Figure 6). Overall, then, Sweden's longstanding emphasis on voluntary (core) contributions contrasts with China's elevated levels of assessed contributions as well as Beijing's tendency to (tightly) earmark the – limited levels of – voluntary funding it provides to the UN system.

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<sup>6</sup> In addition to India, the only other G77 members on that list have been Arab states, notably Saudi Arabia, the United Arab Emirates, Kuwait and Qatar; the Democratic People's Republic of Korea scored 16th in 2014 due to a contribution to UNICEF.

**Figure 6. UN entities in receipt of Chinese and/or Swedish core contributions in USD in 2023 for both countries respectively**



Source: Author, based on UNSCEB (2025b).

## Strategic priorities

### Good governance champion (Sweden) vs. economic development champion (China)

Beyond the analysis of funding flows, what matters most is arguably what that funding is used for. Sweden has a long list of priorities for its development cooperation and humanitarian assistance, reflecting the broad sustainable development approach championed by the SDGs. In addition to a focus on poverty reduction, education,

health, migration, and climate-related work, the Swedish government has emphasized its commitment to “promoting freedom and fighting oppression” (MFA, 2023, p. 15) as one of the defining features of its development-related engagement. In line with widely used classifications and its self-perception, Sweden is one of the world’s few truly liberal democracies (the Sweden-based V-Dem Project only found 21 strong liberal democracies in its 2024 mapping of 179 countries, see V-Dem 2025, 14). In many ways, Sweden’s emphasis on democracy and individual human rights thus resonates strongly not only with its vision of what a good society looks like but also with the general image of the good governance agenda traditionally promoted by a number of DAC – and particularly Nordic – donors. The following quote from the Swedish foreign ministry’s development cooperation strategy paper epitomizes that stance:

*Respect for democracy and the rule of law is key to the enjoyment of human rights and freedoms. Democracy is crucial for freedom, peace and security, and to achieving the Sustainable Development Goals. Free elections are the foundation of democracy. Development cooperation plays an important role in efforts to counter the democratic backsliding in many parts of the world. Sweden will be a strong voice and actor for democracy, human rights, freedom and the rule of law, in order to increase people’s freedom and combat oppression. (MFA 2023, 17)*

Relatedly, the emphasis on women’s empowerment and civil society support in partner countries complements the thematic focus on governance-related questions (MFA, 2023).

This emphasis in official rhetoric has also been reflected in Swedish funding figures. ODA data suggest that between 2014 and 2023, slightly more than 25 percent of Sweden’s earmarked contributions to the UN system each year were spent under the “government and civil society” category, which includes democracy, human rights and election support, among others. Embedded in the logic of the 2030

Agenda, Sweden has thus been a staunch supporter and champion of the focus on “peace, justice and strong institutions” under SDG 16.

China also holds that it contributes to the implementation of SDG 16, but follows a somewhat different interpretation of what that goal stands for. For Beijing, SDG 16 is mostly about strengthening institutional frameworks that ensure the implementation of other development goals (Taggart et al., forthcoming; see CIKD, 2024). Concerns with an autonomous civil society or individual human rights – elements that stand at the centre of Sweden’s engagement – do not figure on China’s development cooperation agenda, reflecting domestic configurations: in the V-Dem classification published by Sweden’s University of Gothenburg, China has long ranked in the lowest category of “closed autocracies” (V-Dem, 2025).

Instead, China’s engagement with UN development work has put a strong focus on core elements of the traditional development agenda – often reflecting the logic of the Millennium Development Goals rather than the more inclusive approach of the SDGs – with a focus on poverty reduction, the fight against hunger and, most importantly, economic development. This has been complemented by attempts to align UN work more closely with China’s infrastructure-focused Belt and Road Initiative (Haug, 2024). Throughout, China’s own (also recent) domestic development experiences have played a central role in Beijing’s engagement with UN entities. China has partnered with different UN development bodies – including FAO, the World Food Programme (WFP), and IFAD – to set up trust funds and other mechanisms that promote South-South exchanges and policy transfers. The latter often promote so-called Chinese “solutions,” i.e., Chinese experiences and technologies that are presented as having proven useful domestically, and support Southern member states through UN-sponsored activities (Haug and Waisbich, 2024). These “solutions” tend to center on improving economic productivity – rather than social inclusion, for instance (Waisbich and Haug, 2022) – and highlight China’s primary concern with economic development.

This emphasis is also reflected in China's normative stance on development-related matters. For Beijing, the right to development – established by the UN General Assembly through a resolution in 1986 – is presented as foundational (Oud, 2024). Social and particularly economic development, China's argument (and that of many other G77 members) goes, is the prerequisite for flourishing societies and should be of primary relevance – also and particularly vis-à-vis civil and political rights as well as the good governance agenda championed by Sweden and others – in how multilateral entities support their developing country membership. Where Sweden emphasizes the importance of individual human rights, China underlines the preeminence of collective rights with states – represented by their governments – as subjects. The emphasis on the collective nature of development efforts geared towards state stability – contrary to the rights-based approach to human development primarily concerned with individual wellbeing – is woven through China's engagement with UN development work. The cooperation frameworks set up between Beijing and UN entities operating in China domestically, for instance, do not mention individual human rights or the importance of supporting the autonomy of civil society organisations (Baumann et al., 2022). Instead, China tries to adapt established UN language to its own views and priorities. With regard to the established UN phrase of “leaving no one behind,” for instance, that expresses the international community's commitment to the needs of the poorest and weakest, China usually adds (or replaces it with) “leaving no country behind,” again highlighting Beijing's state-based understanding of international cooperation that can also be found across other UN pillars (see Foot, 2024).

China and Sweden, then, both operate under the 2030 Agenda as a joint umbrella for development-related efforts but have differing – and partly opposing – views on a number of key thematic elements of UN development work. Although both countries' rhetoric highlights concerns with economic development challenges and climate change, they have contrasting – and in many ways conflicting – views on the key subjects of development and development cooperation as well as the normative frameworks that should guide development efforts.

## Approaches to multilateral cooperation

### Multilateralist (Sweden) vs. inter-governmentalist (China)

The strategic differences discussed in the previous section resonate with China's and Sweden's diverging approaches to what multilateral cooperation for development is and how it should unfold. As mentioned above, Sweden presents itself and is widely perceived as a committed multilateralist: multilateral cooperation is assumed a good in and of itself, and multilateral bureaucracies should be endowed with the resources and political autonomy needed to implement their mandates. As a small country with an ambitious foreign policy agenda, Sweden has an interest in working with and through a strong UN system. During interviews, Swedish government officials repeatedly underlined that “we trust the UN” – to implement mandates, to act in line with donor preferences, or to do what is humanly possible when faced with unforeseen circumstances in day-to-day operations. Sweden's traditional championing of voluntary core contributions (see section 1) is a concrete expression of that belief in and commitment to the UN. While Sweden's assessed contributions – in line with the size of Sweden's economy – are limited, the generous provision of voluntary (core) funding enables the Swedish government to strengthen the leeway of UN development entities. The latter are often desperate for unearmarked funding they can use at their own discretion, e.g., when trying to strengthen their thematic profile or adapt to changing circumstances on the ground.

Sweden also promotes this “multilateralist” approach among other member states. At UNEP, for instance, it has been one of the champions of the organization's Voluntary Indicative Scale of Contributions that applies the formula used to determine member state contributions to the UN regular budget (i.e., a scale of assessments, see Haug et al., 2022) to UNEP's budget, trying to motivate states to provide more funding to an organization that almost entirely de-

depends on voluntary contributions (see UNEP, n.d.). Throughout Sweden's engagement with UN development work, this focus on a more reliable flow of voluntary resources is intended to strengthen UN bureaucracies that, in turn, are expected to function as a multi-lateral lever for Sweden's presence and influence. For Stockholm, there is a clear added value in being a strong supporter – financially and politically – of a strong and relatively autonomous UN system.

China, in turn, follows a different understanding of multilateral cooperation. Although Beijing regularly puts the UN front and centre in its vision of what the international order should look like, strategy documents and statements on China's global engagement mechanisms – such as the Global Development Initiative (Taggart et al., forthcoming) – suggest that a more autonomous UN bureaucracy is not part of its multilateral vision.<sup>7</sup> To the contrary, the UN China has in mind is much more subservient to its member states. The “UN-centered world” (Xinhua, 2022, n.p.) that Chinese leaders regularly refer to is supposed to replace the “US-centred world” that has prevailed since the end of the Second World War through a “democratization of international relations” (Wang, 2025, n.p.). The latter refers to a process where the developing country majority among UN member states – and China as its de facto leader – take over a substantive part of decision-making power that has traditionally been in the hands of the United States and its allies. In all this, the UN is first and foremost an inter-governmental mechanism that provides fora for inter-state negotiations and implements decisions taken by the majority of states (Haug, 2025). A more autonomous UN bureaucracy – like that emanating from Sweden's approach – would only undermine this inter-governmental understanding of UN multilateralism and, importantly, the influence of the most powerful member states.

This is one of the reasons why China prefers assessed contributions (see section 1) that reflect member states' relative economic might

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<sup>7</sup> For a discussion of this and other key features of China's engagement with the UN system, see Foot and Haug (forthcoming).

over voluntary resources, and why it has refrained from expanding its core funding portfolio: Beijing expects UN entities to closely align their actions with member states, also and particularly China. Where Sweden and other DAC donors are strong supporters of multi-provider trust funds, for instance, Beijing provides tightly earmarked resources through China-led mechanisms, like the Peace and Development Trust Fund established with the UN Secretariat or smaller funds with FAO and WFP. These funding mechanisms are directly controlled by Chinese government representatives, often with the support of Chinese nationals within the UN system and member state partners on the ground that are keen to benefit from Chinese economic prowess (Haug and Waisbich, 2024).

This emphasis on more direct control over UN cooperation processes also applies to UN staff: instead of following the logic of the UN Charter that foresees international civil servants to act as impartial representatives of the world organization, Chinese representatives have been more explicit than others in highlighting their close allegiance with their home country (Baumann et al., 2022). What is more, the Chinese government has explicitly tried to not only expand the number of Chinese nationals working in the UN system but also make sure those nationals are closely aligned with the Chinese Communist Party's worldview and act in line with Beijing's interests (Lam and Fung, 2024). Whereas Sweden's attempts to increase its footprint at the UN through voluntary funding and Swedish staff have been embedded in a strong commitment to a UN bureaucracy relatively autonomous vis-à-vis individual member states, China has used these channels for establishing or expanding more direct forms of control over multilateral cooperation. The "UN-centered" world Beijing has in mind is one where China has a range of effective means to steer the world organization in directions that align with Chinese interests, without UN representatives posing challenges to member state preferences.

## **China as Sweden's antithesis: implications and way forward**

The above discussion highlights the extent to which China can be referred to as Sweden's antithesis – not only in terms of the country's general profile among UN member states (section 1) but also with regard to its funding practices (section 2), its thematic priorities in UN development work (section 3), and its understanding of and approach to UN multilateralism (section 4; see Table 4 for a summary). While not exhaustive, these antithetical features help appreciate the fundamental differences in how the two countries engage with the UN system. They condition China's and Sweden's positions in debates about the normative framework for and organisational contours of UN multilateralism and are set to be reflected in future discussions ranging from attempts to redefine the human rights canon to preparations for a post-2030 development agenda.

**Table 3. In a nutshell: key features of China and Sweden in UN development work**

	<b>China</b>	<b>Sweden</b>
General profile	<p><b><i>Developing country superpower</i></b></p> <ul style="list-style-type: none"> <li>- Second largest economy (after the US) with second largest population (after India)</li> <li>- G77 member, UN programme country and South-South cooperation</li> </ul>	<p><b><i>Nordic donor</i></b></p> <ul style="list-style-type: none"> <li>- DAC member and small European country</li> <li>- Considerable footprint as UN development donor, punching above its political and economic weight</li> </ul>
Funding practices	<p><b><i>Assessed contributions champion</i></b></p> <ul style="list-style-type: none"> <li>- Emphasis on membership fees as financial backbone of UN multilateralism (i.e. automatic dominance of a larger economy)</li> <li>- Limited and earmarked voluntary contributions that allow for direct control</li> </ul>	<p><b><i>Voluntary contributions champion</i></b></p> <ul style="list-style-type: none"> <li>- Voluntary funds as a tool and multilateral lever for a wealthy country</li> <li>- Voluntary core and softly earmarked contributions as support for a strong UN</li> </ul>
Strategic priorities	<p><b><i>Economic development champion</i></b></p> <ul style="list-style-type: none"> <li>- Strong focus on the primacy of economic development</li> <li>- Advocate of the state as main subject of UN development work</li> </ul>	<p><b><i>Good governance champion</i></b></p> <ul style="list-style-type: none"> <li>- Strong commitment to the good governance agenda, including human rights and the autonomy of civil society</li> <li>- Promoting a rights-based approach to development, focusing on individual well-being</li> </ul>
Approach to multilateralism	<p><b><i>Inter-governmentalist</i></b></p> <ul style="list-style-type: none"> <li>- In favour of a UN bureaucracy aligned with and subservient to member states</li> <li>- UN multilateralism as a means to project China's power as developing country leader</li> </ul>	<p><b><i>Multilateralist</i></b></p> <ul style="list-style-type: none"> <li>- Supporter of strong and autonomous multilateral bodies, e.g. through core contributions</li> <li>- Investment in UN multilateralism as a strategic lever for Sweden as a small country</li> </ul>

Overall, Chinese and Swedish engagement patterns across the UN system suggest that opposites indeed do not attract. Against the backdrop of broader and evolving frictions between Beijing and Stockholm (Börjesson, 2023), areas of particular concern in the near and more distant future are set to centre around human rights in UN development work and beyond, as well as the role of China and other major powers in UN reform processes. In the context of the UN Secretary-General's UN80 initiative directed at making the UN leaner, more efficient and more effective, China and Sweden – as major contributors – share an interest in increasing UN efficiency. However, the strengthening of a more inter-governmentalist approach as promoted by China and other major powers – including the current US government – would put Sweden's long-term priorities at and with the UN in peril. A UN with stronger “Chinese characteristics” (Foot and Haug, 2026) does not bode well for Sweden, requiring Stockholm to invest in its coordination with partners from across the EU and the DAC. This includes a potential reinvigoration of smaller formats such as the informal Utstein grouping with Germany, Norway, and other like-minded donors, or even more concerted actions with its Nordic partners. Together, Denmark, Finland, Norway, and Sweden have long been key supporters of the UN development system – as reflected in their elevated levels of voluntary and particularly core contributions – and, in unison, have a strong voice in UN reform processes as a potential counterweight to the logics of great power inter-governmentalism.

At the same time, there are also instances where China and Sweden might be able to work closer together. The current US government's shift away from established foreign aid practices and at least partial retreat from the UN system (Haug et al., 2025) offers an opportunity to identify potential areas for collaboration or at least closer coordination. Contribution figures discussed above (see section 1) suggest that there might be a certain level of complementarity emerging from extant funding practices. As discussed with regard to China's and Sweden's contributions to FAO and UNESCO, China's emphasis on assessed contributions and Sweden's focus on voluntary contributions could be part of a joint effort to strengthen the funding base

of UN entities, particularly vis-à-vis attempts by the United States and others to undermine the UN's capacity to act. Although such coordination has its limits – notably when it comes to defining the capacities and roles of UN bodies in more detail – jointly responding to the US retreat from UN development work could consist of increasing both core (Sweden) and earmarked (China) contributions to entities whose mandates are under threat. In fact, three of the four UN development entities that received core contributions from both China and Sweden in 2023 – UNRWA, UNEP, and UNFPA – currently stand at the centre of the US government's disdain for UN work in Palestine, the climate change agenda, and progressive family planning policies. China and Sweden might want to jointly call other member states supportive of these UN bodies – notably UNEP and UNFPA<sup>8</sup> – to the table to decide about a way forward, circumventing a one-sided focus on US priorities. A concrete mechanism for Sweden to engage China might be UNEP's Voluntary Indicative Scale of Contributions that China has so far failed to comply with. Together with other member states from different world regions that already provide funding according to the voluntary scale, Sweden could encourage China to do the same and coordinate with UNEP headquarters to put forward proposals on how increased levels of China's (also tightly) earmarked contributions would be put to use.

While China's and Sweden's positions in and approaches to the UN system differ significantly, and although their normative and strategic priorities vis-à-vis UN development work are hardly aligned, their joint interest in UN multilateralism provides at least a basis for engaging in conversations about what the future of the UN could and should look like. For those in favour of strong multilateral bureaucracies and individual human rights, Swedish attempts to co-shape China's "UN-centered world" are direly needed.

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<sup>8</sup> In light of Sweden's decision in late 2024 to defund UNRWA over concerns related to the war in Gaza (Reuters, 2024), UNRWA-related coordination efforts between China and Sweden are currently unlikely but could play a role once the Swedish government decides to reengage.

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## 6 The greening of development? China in an era of global climate (in)action

Jiayi Zhou

*This chapter positions China in the green financing space and discusses how it fits into the wider global context. It examines trends and the trajectory of China's climate finance to developing countries, at a moment of shrinking interest by traditional donors in both climate action and development. It explores the implications of China's growing engagement in relative terms, for recipient countries, for traditional donors such as Sweden, and for the wider system of (green) development financing more broadly.*

## Introduction

Drastic changes in the global political landscape since the beginning of 2025—namely the accession of a much more unilateralist and isolationist United States (US) presidential administration—have led to a more fractured and potentially restrictive environment for climate action and development financing. Climate action and development are intimately linked: low-income countries are among the most vulnerable and exposed to immediate and long-term climate change-related risks, with much lower economic and institutional capacity for adaptation. At the same time, developing countries also have the least historic responsibility for greenhouse gas (GHG) emissions and therefore global warming itself. Advanced, industrialized countries, meanwhile, have an outsized historic responsibility for emissions; they have acknowledged their duty to help others mitigate and adapt to climate change through the principle of “common but differentiated responsibilities.” This principle was enshrined at the 1992 Rio Earth Summit and has remained a core principle of the United Nations Framework Convention on Climate Change (UNFCCC). It underpins the international climate regime and associated frameworks, including the 2015 Paris Accord. Developed countries have to this end agreed and pledged to mobilize climate-related development finance (“climate finance” hereafter). They have over the years generally fallen short of their promises and commitments. However, by the end of 2024, there had been meaningful political progress, with higher financial pledges for the coming years agreed upon in the UNFCCC and other international forums. Such climate finance to emerging and developing countries had also reached record levels.

Much of this progress, however, is now under threat. In some key cases, the progress has already been reversed. In the weeks following the election of President Donald J. Trump, the US pulled out of the Paris Agreement (for the second time), ceased its funding of the UNFCCC, and abrogated its climate financing programs, to include the US International Climate Finance Plan. The US was until then the single largest donor in international development, and in 2024

was the top contributor to global climate-related development finance. While inconstancy has been a predictable feature of US politics, its turn against both climate and development action is likely to persist through, if not beyond, 2028. The wider turn in US foreign policy has also affected the priorities of other OECD countries, which largely overlap with the category of developed states that have formal climate financing obligations within the UNFCCC framework. At a time of growing geoeconomic and geopolitical tensions, as well as US global withdrawal, many advanced economies are engaging in significant fiscal reprioritization towards domestic industrial, security, and defense expenditures. Even if they have not explicitly reversed their stated positions on the importance of global climate action, development aid, or multilateralism, these new priorities are crowding out prior commitments. In this context, questions emerge about the future of climate-related development financing. Concretely, there is a question of whether other donors can help fill what remains a significant gap—with many eyes on the main alternate donor: China.

By 2010, China had already become the world's second largest economy and, since 2017, has been the world's largest bilateral creditor. Rhetorically and politically, China continues to maintain focus on climate action, multilateralism, and energy transition, as confirmed in Xi Jinping's remarks at the UN Climate Summit in 2025. Domestically, China has been a significant outlier in terms of the scale of its climate investments; it alone accounted for 69% of all such financing in emerging and developing countries between 2018 and 2022 (CIP, 2024). Targets for peaking carbon emissions and achieving net zero by 2060 were enshrined in its 14<sup>th</sup> five-year plan (2020–2025) and recently reconfirmed in a November 2025 State Council White Paper (PRC State Council, 2025). There are expectations that China has the capacity to fill in some of the gaps left by traditional donors. There are also growing voices, particularly from the Global South, that China *should* assume more responsibilities for climate financing, given that it is the world's largest greenhouse gas emitter. Commitments to climate financing would also be consistent with China's

efforts and ambitions to be an international leader in global development. However, the relative decline of Western powers and relative ascension of China in the climate financing space also raises questions about climate-related development more generally, and what implications there will be both for recipient countries and traditional donors.

This chapter explores China as a non-traditional donor in the climate finance space and what potential implications this has for climate-related development at large. As it lays out, China is already a significant player, despite having no formal obligations within the UNFCCC framework. Data availability remains a challenge, but even conservative estimates show that China has been providing climate finance at a scale that is commensurate with that of developed countries. Going forward, China's relative role will also likely increase as traditional donors make a more parochial turn inwards. Its development financing has become more "green" over the past decade, and Chinese commitments to higher sustainability standards for overseas financing bode well for the climate action agenda. China has also been channeling more of its climate-related development financing into multilateral development banks in recent years, and there is potential for China to buttress traditional developmental institutions and fill gaps left by the US and other OECD countries.

These trends are significant, but their implications are also more limited than at face value. Domestic trends clearly position China as a leader in the space of climate action more broadly. However, as it relates to climate-related development financing, there is still a way to go. Limitations include China's own continued insistence that it is a "developing country" and its resistance to assuming any formal climate financing obligations. The scale of its financing has also been declining in recent years, and there are no signs that China seeks to assume the scale of responsibilities for climate-related development on behalf of or in place of developed countries and traditional donors. Moreover, the multilateralization of China's climate-related development finance—while positive—is also a result of China itself

having reached limits in what it feels it can effectively achieve bilaterally; it has turned away from previous large-scale, infrastructure-heavy commercial projects towards smaller -scale projects with a more diversified set of stakeholders and risk-holders. In this sense, China is increasingly outsourcing rather than promoting its own climate-related developmental agenda.

To explore these dynamics, the chapter begins by overviewing the global context of climate finance, before turning to China's emergence in this space over the past decade. This second section outlines China's basic political position on the issue and voluntary commitments and contributions it has made to the cause. It also discusses differences between China's climate financing and that of traditional donors, while noting that the two have begun to converge in recent years. A third section discusses some of the wider trends that are likely to persist before concluding with some political takeaways of these trends, or implications of its relative rise for the global political and developmental architecture that underpins it all.

## **Climate finance: the global context**

Climate finance refers to resources deployed by public or private sources towards local, national, or transnational climate-related projects. The vast majority of this is deployed through domestic resources and takes place in advanced economies as well as in China. For example, in China—which accounted for approximately 42% of the global total of climate investments in 2022—98% of financing was from domestic sources (CPI, 2024). However, other parts of the world, in particular least developed countries or low-income countries, are the most vulnerable and exposed to the effects of climate change, while also being the least responsible for causing climate change. This chapter hereafter refers to “climate finance” in terms of a narrower subset of flows of climate financing from countries of the Global North to those of the Global South. These flows are particularly important as part of the wider developmental compact, but also underpin principles of the international climate governance

regime. Indeed, Article 9 of the Paris Accord obligates certain developed countries (Annex II under the UNFCCC) to financially assist developing countries in their efforts to mitigate and adapt to climate change, that is, to mobilize climate finance to meet developing countries' needs. However, there remains no standard definition of "climate finance," with governments utilizing different methodologies for counting their contributions.

Designations of countries as being "developed" or "developing" are often controversial, not least when it comes to formal obligations or special benefits within international regimes. This has been the case for China in the World Trade Organization, where it has only recently given up the status and privileges of a developing country. The UNFCCC, for instance, is a setting where such designations have consequences for a given state: "developed" (Annex II) countries have formal obligations to "developing" (non-Annex I) countries to help them mitigate and adapt to climate change. In 2009, Annex II countries pledged to operationalize their obligations by mobilizing USD 100 billion of "new and additional" climate finance—that is, additional to existing development finance—by 2020. Dedicated multilateral funds to channel these climate finance flows have included the Global Environment Facility, the Green Climate Fund, the Fund for Responding to Loss and Damage, the Adaptation Fund, the Least Developed Countries Fund, and the Special Climate Change Fund. However, developed countries' progress in meeting their commitments to developing countries has been patchy at best. Although OECD announced that they had finally met the USD 100 billion target by 2022, critics claim that this achievement was partly based on an accounting ruse, since much of these funds were recalculated from already existing development finance (Mitchell & Wickstead, 2024). Nevertheless, it represented progress, which was furthered also by additional commitments by the US towards climate finance, bilateral public support of which reached a peak of over USD 11 billion in 2024 (WRI, 2024). Also in 2024, at the 29<sup>th</sup> annual Conference of the Parties (COP29), a new collective quantitative goal was agreed upon. This included a new

agreement by developed countries to contribute USD 300 billion by 2035 as part of a wider USD 1.5 trillion per year climate financing mobilization goal. This still undershoots the higher assessments by the UN and other parties that developing countries in fact need USD 6 trillion to meet their climate goals by 2030. However, 2024 nevertheless represented a peak in both the political will and in the concrete actions taken by developed countries to honor their commitments to developing countries' climate mitigation and adaptation.

However, this progress was made under a climate-friendly and internationalist US Presidential administration. And within an even more politically fractured and fiscally constrained geopolitical environment—to include heightened security priorities within the EU and other OECD states—there are justifiable concerns that even the countries that have maintained rhetorical commitment to climate action and development are likely to cut budgets further and prioritize other domestic or foreign policy issues. In other words, climate finance may not be able to sustain what momentum has been recently built.

It is in this context that China's footprint in global climate financing takes on additional significance, mirroring of course wider discussions on China's global development financing. The following section explores China's evolving position in its role in climate finance, trends in its climate finance flows, and the changing nature and modalities of the finance that it provides. Notably, as it relates to precision and rigor of the underlying data, Chinese development finance and assistance has long been marked by lack of coordination among a wide diversity of public and private actors—from official agencies, public and commercial banks, to state-owned and private corporations. But in the climate financing space, inconsistent methodologies and definitions, uneven reporting standards, and data availability have been perennial issues even among Annex II countries. In the case of China, which has no formal climate finance obligations or reporting requirements, these issues even more so prevent clear and rigorous understanding of precise flows.

## China and climate financing

China is counted as a non-Annex II country with no formal climate financing obligations under the UNFCCC framework (Liu et al., 2024). China received this designation in 1992, based on its relatively low historical emissions, and controversially retains this status despite having grown to be the world's second largest economy. Since that time, China's greenhouse gas emissions have also grown exponentially. By 2006, China was already the world's single largest emitter; estimates are that its cumulative historical emissions have now surpassed that of the European Union (EU) countries collectively. Nevertheless, and despite external pressure, China has been keen to maintain its developing country status within the UNFCCC framework and stresses that any of its contributions towards climate finance are voluntary rather than obligatory. It has declined to contribute to dedicated multilateral climate funds, such as the Green Climate Fund. Indeed, as a non-Annex II country, China was even officially eligible to receive multilateral climate financing funds from the Green Climate Fund. However, China did stress that it was not going to compete with its developing country counterparts for funding.

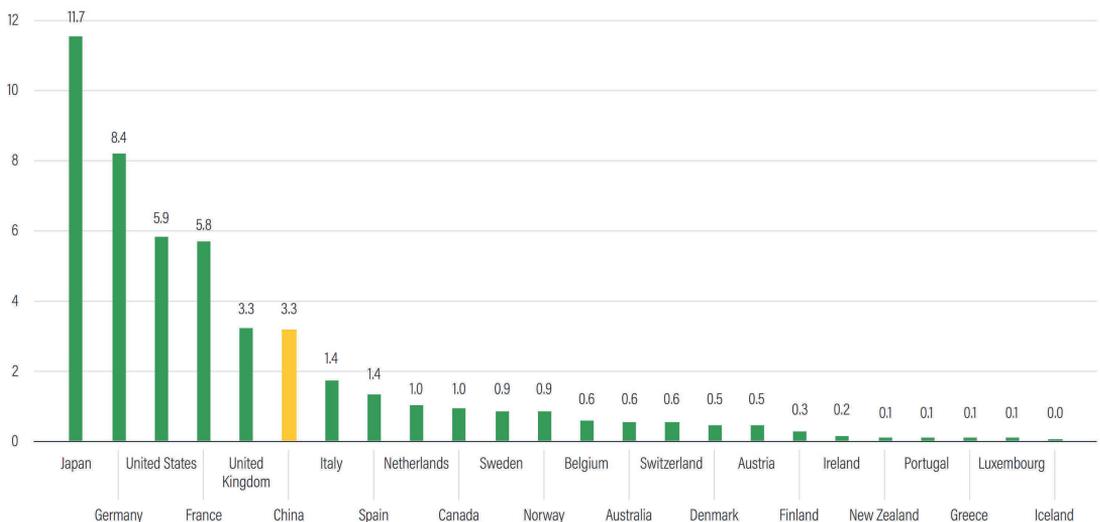
China's negotiating position has instead been to place greater focus on the responsibility as well as the failures of developed (Annex II) states to meet their commitments. China has supported the position of developing countries on major issues such as the "Loss and Damage Fund" agreed upon at the 28<sup>th</sup> Conference of the Parties (COP28) of the UNFCCC, and the new collective quantitative goal of USD 300 billion of finance from developed countries—political agreements that re-emphasize and recommit developed countries to addressing their historic responsibilities. While China has resisted the idea of having formal climate financing obligations, it has made voluntary contributions to the cause since at least the beginning of the 2010s.

In 2011, China announced that during the 12<sup>th</sup> five-year plan period it would place greater emphasis on South–South cooperation on climate change, to include capacity building, training, technical assistance programs, and other forms of support for developing countries in the area of climate mitigation and adaptation (PRC Government, 2011). In 2014, China made a much more politically significant move to establish a South–South Climate Cooperation Fund of CNY 20 billion (approximately USD 3.1 billion). At the time, this was the largest single climate financing pledge to the developing countries by any country. However, China engaged in very little follow-up; one analysis estimates only a fraction—only about CNY 1.2 billion (USD 170 million)—of the original amount was ever delivered through this fund, due to inter-ministerial coordination problems which slowed disbursement (Tsang et al., 2023). This fund represents only a small proportion of China’s engagement in climate financing more broadly, which includes a range of developmental financing provided by public and private bodies within China. But uncertainties around the fund and its lackluster performance point also to a few of the wider issues around coordination as well as information around Chinese activities in this space.

Indeed, it is likely that Chinese actors themselves do not have a comprehensive picture of how much climate finance has been provided over the years. Like in many other countries, there is no consistent definition of climate-related development finance across governance institutions in China. This is also compounded by the general patchiness of data around China’s overseas development finance, as other chapters have mentioned. There is low data availability of how much of China’s pledges towards climate finance have materialized, which compounds the problem. In this regard, third-party and independent analysis has been instrumental in understanding China’s actual climate finance contributions. China again does not have any reporting requirements for its overseas climate finance, but recent independent analysis finds that its contributions to the cause have in fact been substantial.

Applying OECD standard methodology to Chinese overseas finance and development aid flow, the World Resources Institute finds that China's contributions averaged around USD 4.5 billion per year in contributions between 2015–2021, or nearly USD 45 billion in total; this puts China as the fifth largest contributor globally, behind only Japan, Germany, the US, and France (Figure 1). This equates to about 6.1% of the total climate finance provided to developing countries in this period.

**Figure 1. Annual average climate finance from Annex II countries and China for 2013–2018 (USD, billion)**



Notes: Due to a lack of country-level climate finance data after 2018, and a lack of data on country-level climate-related export credits and mobilized private finance, we use 2013–18 as the basis for comparison and only consider bilateral public and multilateral public climate finance. Because the Organisation for Economic Co-operation and Development methodology looks at the face value of committed funds, the relative concessionality of the finance is not considered in this ranking.

Source: Liu, et al., 2024

The calculation by the World Resources Institute utilizes the OECD methodologies for climate financing accounting, which counts countries' public and private finance, bilateral and multilateral, which offers a level of comparability across different actors. The methodology notably counts flows of climate-related finance regardless of financing terms and therefore captures a wider spectrum than pure

official development assistance (ODA) or other development-type assistance. Similar but slightly differing methodologies for counting climate finance by the Center for Global Development finds China has provided around USD 3.8 billion per year on average, between 2013–2021, placing China still within the top ten of climate financiers (Cichoka & Mitchell, 2024). These numbers, of several billion USD per year, align in broad brushstrokes with a figure provided by China itself in 2024, of CNY 177 billion (approximately USD 24.5 billion) since 2016 (PRC State Council, 2024).

Discrepancies can be explained by issues of data availability, transparency, and different counting methodologies which mark climate finance analysis more broadly, as discussed previously. In the Chinese case, there are no formal and uniform definitions for climate finance even across different government agencies. In the case of external estimates, lack of or poor -quality data on Chinese private financing also suggests that many of the flows are not counted by the World Resources Institute or Center for Global Development, which err on the side of conservative estimates. Overseas lending and flows enabled, for instance, by Sinosure (China Export & Credit Insurance Corporation), China Development Bank (CDB), and EXIM (The Export-Import Bank of China) are not well understood, despite them being significant enablers of overseas renewable energy projects. China has also established several overseas investment funds since 2013 in sectors relevant to climate change. Commitments to these funds number around USD 140 billion. However, because detailed breakdowns of the allocations are scarce or unavailable, these are often also not counted in estimates. This again means altogether that Chinese climate finance numbers are very likely underestimated. Nevertheless, a clear consensus is that China's contributions amount to several billion USD per year over the past decade. According to some calculations of "fair share," which tie historical emissions with income, this in fact marks China as a more responsive/responsible donor than the US has been over the same period (Beyon & Wickstead, 2024).

## Divergence and convergence with traditional donors

The above covered China's climate finance at "face value" aggregate amounts—that is, not considering the quality of finance, or including the degree of concessionality. This follows OECD accounting standards, which do not disaggregate by types of finance. However, concessional finance is particularly important in the context of development. It matters because, besides being vulnerable to climate change, developing countries often have the lowest financial capacity. And three-fifths of low-income countries are at risk of or already have some form of debt distress (World Bank, 2024). To relieve already high debt burdens, developing countries require more concessional finance, or financing with lower-than-market interest rates. Besides loans, grants, equity investments, insurance, and co-financing are also important instruments to not exacerbate the economic and developmental challenges developing countries face.

However, most Chinese contributions to climate finance are not as concessional as those from developed countries. Analysis from the Center for Global Development finds that only about 3% of China's bilateral climate-related finance has been in the form of grants—the rest as loans. When grant-equivalence of other forms of financing is considered, this figure rises to 22% of face value numbers. Slightly less than one quarter of China's climate-related finance would actually qualify as ODA under OECD rules, in other words. This does represent a higher proportion of grant-equivalence than in China's non-climate -related development finance. For OECD countries, climate finance is three-quarters from ODA budgets, according to what they report to the UNFCCC (Cichoka & Mitchell, 2024). Another difference is that while developed countries rarely use export credits for climate finance, these in fact accounted for about a quarter of China's climate finance. Export credits facilitate China's own trade and export-related goals, and China's export credits were primarily driven by the large-scale infrastructure projects it imple-

mented in developing countries. While these have developmental benefits, they can also exacerbate debt burdens for these target countries. In this respect, it has a more controversial position within climate financing conversations.

Debt burdens on developing countries is an issue for which China has received significant international attention and criticism. However, it is also relevant to multilateral development banks (MDBs), who are among the largest contributors to international climate finance. Between 2019 and 2023, 67% of total climate finance from MDBs to low- and middle-income countries were in the form of investment loans. Grant-based MDB climate financing, which was only 10% (USD 6.08 billion) of MDB funding in 2022, has been further reduced rather than increasing; in 2023 to just 6.7% (USD 4.98 billion) (Alayza et al., 2024).

With that said, however, a key trend is that China's role within multilateral finance has also been growing, also as a proportion of its overall climate financing. Indeed, China's MDB contributions have grown from around USD 1.2 billion in 2017 to nearly USD 4 billion in 2022. These include contributions to MDBs traditionally dominated by OECD countries. This means also that there is growing convergence between China and traditional donors, in terms of institutional channels as well as governance standards. Moreover, while China's "alternative" multilateral institutions, such as the AIIB and NDB, have often been considered as institutions implicitly oriented against Western developmental agendas, these are now relatively well integrated into multilateral climate finance architecture. Besides these banks' own publication of their climate financing statistics, their figures are also represented in the Joint Report on Multilateral Development Banks' Climate Finance—an annual collaboration of MDBs to improve international reporting, transparency, and a more unified methodology to track climate finance. Most recently, in 2025, a China–UN Global South–South Development Facility was established, with USD 10 million in budgetary support to support "green and resilient development," among other issues (UN, 2025).

While multilateralism is a growing feature of Chinese climate financing, there are also many more bilateral, minilateral, or regional formats that are tied to China's own diplomatic overtures to specific countries and groups of countries. As of 2025, for example, China had signed 55 Memorandum of Understandings (MoUs) with 43 developing countries (BRIGC, 2025). In various cooperation forums, climate cooperation is also an explicit part of the dialogue agenda. This includes, for example, in the China–Arab States Cooperation Forum (CASCF), the Forum on China–Africa Cooperation (FOCAC), the China–Community of Latin American and Caribbean States Forum (China–CELAC Forum), China–ASEAN dialogues, the SCO, China–Pacific Island dialogues, and many others. These are also connected to much wider, global-led initiatives led by China that also include the Global Development Initiative (GDI), which also have climate change as a pillar of cooperation (Zhou & Zha, 2023).

## **Trends and trajectory of Chinese climate finance**

The above captured elements of China's position on climate finance, aggregate amounts, as well as modalities of Chinese financing. The pressing question, however, is what the future entails in the current geopolitical and developmental financing environment. While there are hopes, as well as concerns, that China will fill a gap, it is worth noting that in terms of aggregate amounts, data shows that from 2019 onwards, China's climate finance contributions have in fact been trending downwards. Prior to 2025, this trend was the reverse of that of other top donors, whose climate finance was trending upwards. For example, one analysis of Chinese climate finance finds that between 2017–2019, Chinese climate financing through public channels outstripped that of the US—in some cases nearly three to one; however, in 2021, the US reversed this picture. These trends can be directly correlated with the political cycles in the US; data from 2025 onwards is likely to show a precipitous decline in US spending. Moreover, the overall level of Chinese investments abroad

also shrank in 2020 and 2021, due to the COVID-19 pandemic and domestic economic pressures within China.

These fluctuations may not necessarily represent long-term trends. However, they do reflect wider trends in development financing. These trends also reflect new principles at play in China's development financing. Namely, there has been a shift towards "small and beautiful" projects compared to previous orthodoxy that mainly emphasized large infrastructure projects. Reduction of scale reflects greater caution Chinese overseas actors are displaying with respect to granting concessional resources due to aforementioned pressures, but also greater focus on quality of projects and ensuring financial return. The FOCAC 2024 Beijing Action Plan has clarified that this shift applies specifically to development assistance projects as well, following the "small and beautiful" principle, with an emphasis on smaller-scale developmental assistance that supports local communities and livelihoods (CIDCA, 2025). About a third of recent Chinese climate projects have also provided non-financial support such as capacity building, training, technical cooperation, and in-kind donations (Cichoka & Mitchell, 2024). However, in some fora, Chinese financial pledges are, for instance, rebounding, for example to the Forum on China–Africa Cooperation in 2024 (Wu, 2024).

However, while aggregate amounts of climate finance have perhaps been decreasing, Chinese overseas investments are in general getting greener and more climate friendly. This is a wider trend in China's developmental finance which does seem irreversible. For example, much of China's overseas economic engagement with developing countries has come under the umbrella framework of the Belt and Road Initiative (BRI). China has since 2017 onwards made growing promises to make the BRI more climate and environmentally friendly. Green Investment Principles for the BRI were developed in 2017, with a growing number of Chinese stakeholders as signatories. But overall environmental, social, and governance safeguards have been accelerating since this period in response to growing local demands, government guidance, and international scrutiny. In fact,

by 2021, nearly 60% of China's grant- and loan-financed infrastructure project portfolio in low- and middle-income countries had strong de jure environmental, social, and governance safeguards (Parks et al., 2023).

Moreover, the overseas commercial activities of China are highly significant for climate action, with implications for access to clean energy as well as to broader economic development for developing countries. In 2021, Xi Jinping also promised that China would not make any new overseas investments in coal-fired power plants. China has upheld that promise, although pre-planned coal projects still added 8 gigawatts (GW) between 2022–2023, with another 9 GW planned or in construction. The overall composition of Chinese overseas energy finance, according to China's Global Power Database, shows that Chinese foreign direct investment composition has been progressively shifting to green energy. Fossil fuel projects still represent more than half of the overall stock of Chinese overseas energy investments. However, by 2024, China's energy -related overseas engagement was the greenest yet, in terms of dollar amounts—which reached USD 11.8 billion of nearly USD 40 billion that year—as well as in proportional terms, at about 30% of its total energy engagements abroad. In 2024, China announced new regulations for both mandatory (for indexed companies) and voluntary sustainability information disclosures; these processes are setting the stage for more climate-related disclosures.

In 2024, Chinese companies committed USD 58 billion to building overseas manufacturing for new energy products. This represents how China's own economy is changing: 10% of its GDP was in these industries in 2024, and new energy has driven a quarter of its economic growth. While investments in clean energy technology are in part a result of market demand, they are also a result of geopolitical and geoeconomic pressures. Growing restrictions on Chinese clean energy technologies in OECD states means China is cultivating and capitalizing on alternative export markets. In some cases, this is also about circumventing trade barriers, for instance to avoid tariffs.

However, this also creates opportunities for other states who are also serving as alternative investment destinations where more manufacturing and value-add is actually captured, compared to simply importing Chinese clean energy technologies or finished products.

## **Wider implications and conclusion**

China's footprint in climate financing is particularly important for maintaining progress in mitigating and addressing climate change at the global level. China undoubtedly helps fill gaps in climate financing and will remain a key player in this space. This is even more so the case now, with the US's withdrawal from the international aid system, including climate finance. These developments do bring to the fore important questions for OECD countries—including Sweden—about the political implications of China's more prominent role as a donor. The battle for influence in developing countries is much wider than simply the amount of climate financing that either China or traditional donors provide. But climate finance is an arena in which the geopolitical competition is playing out.

China's minilateral, regional, and bilateral forms of climate cooperation can be understood as extensions of a larger Chinese strategy to extend its global influence and have much broader-scale impacts on geopolitical competition between China and the West. Only a few years ago, Western states made a political point to provide counter offers to developing states to counter Chinese influence. Various initiatives in this regard included the G7's Partnership for Global Infrastructure and Investment, which aimed to mobilize funding for "climate-resilient infrastructure," as well as renewable energy projects. The EU's Global Gateway initiative, designed to be "mutually reinforcing" together with the Partnership for Global Infrastructure and Investment, has also expressed a commitment to infrastructure consistent with net-zero targets. Implicit competition with China, at least for a few short years, did seem to stimulate a "race to the top"—both in terms of the financing available and in terms of the environmental standards to which development projects were held.

As explored in Karl Hallding's chapter, there are important implications for economic security in addition to development that need to be considered. However, it is important to consider that trends in Chinese climate finance suggest that China is not ipso facto working at cross-purposes with the global development and climate finance agenda. With China's phasing out of new coal projects overseas, stricter internal and external compliance with ESG standards, as well as growing movement towards OECD-DAC guidelines, China's overseas footprint is improving in qualitative if not quantitative terms. As mentioned, a greater proportion of China's climate financing over recent years has also been channeled through multilateral institutions, to include traditional multilateral development banks. A continued trend in this direction will be particularly significant given the US, traditionally the largest donor to multilateral development banks, has pulled out of most if not all its commitments in this sphere. Hence, under current conditions, it is unclear—for those interested in furthering global public goods—whether “countering” is the right language and approach to China when it comes to climate action.

This convergence of China providing more climate finance through multilateral institutions is positive, but there is clearly room for progress in Chinese climate financing. Debt burdens in developing countries are presently unsustainable, and more concessional loans and grants are necessary within climate finance. Moreover, Chinese projects are often not linked to recipient countries' wider developmental and national climate strategies. However, the recent shift towards the “small and beautiful” concept can represent much more grounded and targeted types of developmental programs, locally focused on adaptation and resilience, in addition to the large-scale infrastructure and energy projects that China is known for.

As of yet, China's footprint in this arena does not seem to be fundamentally transformative, either in the climate development sector nor for the wider global order. Its insistence on maintaining developing country status within the UNFCCC framework, and on having

no formal obligations for climate finance, mean that China is not quite ready to demonstrate global leadership in relation to climate finance. Recently declining amounts of climate finance also suggest that China will by no means serve as a replacement for flows from the Global North. That being said, trends do suggest that China should be engaged with and encouraged as a non-traditional donor and increasingly important actor in this space. Among the lower-hanging fruits for cooperation between China and traditional donors like Sweden is, for example, greater data transparency. More regularized and transparent reporting will support a more global framework for understanding as well as managing these flows, as well as for accountability. Cooperation and coordination between traditional donors and China will be particularly important, also, to jointly improve the frameworks, practices, and the common political will to continue to address climate change, including on behalf of the most globally vulnerable.

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# 7 The green card: China's climate aid as a tool for global influence

Karl Hallding

*This chapter examines China's climate-related finance, the "green vs. brown" paradox, and how technology and infrastructure choices embed system dependencies that shape geopolitical alignment, with implications for Sweden and the EU.*

*For Sweden and the EU, the priority is climate results with openness and interoperability: procure published interfaces and data portability, enable multi-vendor operations and integration of legacy platforms, and co-finance only where openness and safeguards hold. The aim is simple: deliver the green transition without avoidable dependence, and harness the efficiency that open, rules-based markets create through competition and cooperation.*

## Introduction

As China expands its role in global development, climate- and green-development finance has become one of its primary tools for shaping international relationships. Beijing presents itself as a responsible leader in the green transition, but this finance serves not only environmental goals – it is also a means of geopolitical and technological influence (García-Herrero et al., 2024; Hallding, 2022). China’s support for climate projects often advances strategic interests: strengthening diplomatic ties, boosting Chinese industries abroad, and, over time, encouraging policy alignment (Raess, Ren & Wagner, 2022). Officially, these efforts are framed as South–South cooperation based on mutual benefit (Oud & Drinhausen, 2021). In practice, they also build goodwill and leverage in the Global South. As “brown” investment loses ground globally, the bet is to lead in the next wave of green technologies and the value chains behind them, including critical minerals and key components.

China has rapidly become a major source of climate-related finance for developing countries despite not being an Annex II Party under the UNFCCC and Paris Agreement, where the formal obligation to provide climate finance rests with developed countries. By the late 2010s, volumes had reached a few billion USD annually, placing China among the larger providers, and the only non-OECD actor, in several comparative assessments (Liu, Cao & Kamninga, 2025). This marks a significant shift in the landscape: traditionally, climate finance flowed from Western donors, but China now blurs the line between provider and developing country identities.

At the same time, contradictions in China’s approach have raised questions about its motives. Until recently, China financed green energy projects abroad while also being the largest backer of new coal power plants overseas (Colman, 2021; Global Energy Monitor, n.d.). This paradox has fuelled debate about whether climate-related finance is primarily a soft-power tool. China’s role is double-edged: it delivers much-needed investment for sustainable development; it

also expands China's influence, serves industrial interests, and sometimes challenges Western aid norms (Hallding, 2022). The following sections examine these dynamics: the scale and nature of China's climate-related finance, the "green vs. brown" paradox, how technology and infrastructure choices create system dependencies, how these ties relate to geopolitical alignment, and what this means for other actors, particularly Sweden and the EU.

## **China's climate-related finance in context**

Over the past two decades, China's climate-related assistance has grown from negligible to significant. By 2019, for example, China's public climate finance to developing countries was on the order of a few billion USD annually, comparable to what some developed countries contribute, despite China having no formal climate-finance obligation under the UNFCCC (Liu et al., 2025). Unlike many Western climate-finance programmes, which often come as grants, the vast majority of China's climate finance is delivered as loans. Well over 90 percent by value was delivered as repayable instruments, including concessional loans and preferential export credits, with grants a small share. These loans typically fund revenue-generating projects such as renewable power plants, electricity grids and transit systems, so that host countries can service the debt. China does provide some grants and interest-free loans for climate-related activities, often for capacity building, training or small-scale demonstrations, but these are a minor portion. This loan-heavy approach reflects China's broader development finance model, which emphasises mutual responsibility.

Chinese climate finance is difficult to track because China does not publish detailed records or report to international databases such as the OECD Development Assistance Committee (DAC) (OECD DAC, 2024). Chinese overseas financing also often combines official finance with commercial investment. For example, a single project might involve a low-interest loan from the Chinese government together with a commercial loan from a Chinese bank and equity from a Chinese company. The boundaries between official finance and

business are often unclear in reporting. Much of what is known comes from independent research projects compiling information from recipient countries and the media (AidData, 2023). These studies show that China's financing deals are often negotiated bilaterally and kept confidential. Estimates differ across datasets because methods and coverage vary, for example whether commercial co-finance is included and whether values or project counts are used. The lack of transparency can make it hard for outside observers, and even publics in borrowing countries, to assess the terms and concessionality of what China calls South–South climate cooperation.

China's climate finance has overwhelmingly supported mitigation, with far less attention to adaptation. Roughly three-quarters of identified finance has gone to mitigation, chiefly renewable energy and other low-carbon infrastructure, with about one quarter to adaptation and resilience. Shares vary by dataset and by whether values or project counts are used (Liu et al., 2025). Regionally, Asia and Africa are the top destinations. Africa accounts for a large share of project counts in several datasets; the share by value can look different. Major recipient countries include Pakistan, Bangladesh, Indonesia, Kenya, Ethiopia and others that are part of China's Belt and Road Initiative (BRI) or otherwise have close ties with Beijing. Typically, these are countries with large infrastructure gaps and strong demand for energy investment. In regions such as Latin America and the Pacific, Chinese climate finance has been present but on a smaller scale, often focused on specific projects such as solar farms in Argentina or water management in island states.

China does not have a single climate finance agency; instead, multiple institutions play roles:

- **Policy banks:** China Development Bank and Export-Import Bank of China provide the bulk of funding by extending loans for overseas projects. They operate under government policy guidance and have financed many flagship renewable energy and infrastructure projects across BRI countries. For instance, Exim Bank lent funds for Egypt's El-Sokhna solar park, and CDB has

financed wind power in Latin America (Liu et al., 2025). These banks often blend developmental and commercial objectives, expecting repayment while furthering China's foreign policy goals.

- **Government aid agencies:** The Ministry of Commerce (MOFCOM) traditionally managed China's foreign aid budget, including grant-based climate cooperation. In 2018, Beijing established the China International Development Cooperation Agency (CIDCA) to coordinate aid programmes. CIDCA and MOFCOM oversee initiatives like the South–South Cooperation Climate Fund, a CNY 20 billion pledge that has supported projects such as providing solar lighting to Pacific islands or training African officials in climate adaptation (MEE & MOFCOM, 2022). These grant-funded efforts are typically smaller than the big infrastructure loans but serve diplomatic purposes and are often highlighted in international forums.
- **State-owned enterprises (SOEs):** Chinese SOEs in energy, construction and engineering implement most projects. Companies like PowerChina, Sinohydro or State Grid Corporation build the dams, solar farms and transmission lines financed by Chinese loans. They frequently also supply equipment. A large share of spending accrues to Chinese firms through equipment and engineering, procurement and construction (EPC) contracts, and sometimes through equity stakes or joint ventures.
- **Multilateral avenues:** Although China prefers bilateral control, it has bolstered climate-related contributions through new multilateral institutions it leads. The Asian Infrastructure Investment Bank (AIIB), launched in 2016 with China as the largest shareholder, dedicates a significant portion of its portfolio to green projects and has co-financed renewable energy and urban transit in Asia (AIIB, 2025). China has also made small voluntary contributions to global climate funds, for example to the UN Green Climate Fund. These contributions underscore China's role in multilateral climate efforts while remaining modest relative to bilateral flows.

China's climate finance approach is guided by a philosophy of non-interference and mutual benefit, setting it apart from many Western aid programmes (Oud & Drinhausen, 2021). In practice, Chinese aid comes with no political conditions about governance, and it is usually tied to Chinese suppliers (Lynch, Andersen & Zhu, 2020). Recipients are generally free to use Chinese funds without policy conditionality, and they are expected to award contracts to Chinese companies. By contrast, aid from OECD countries or multilateral banks often includes rigorous environmental and social safeguards, transparency requirements and sometimes economic reform conditions; it is also frequently untied, allowing open procurement. Multilateral development banks also apply environmental and social safeguards and disclosure standards that differ from bilateral practice. Where loan terms are undisclosed, independent assessment of concessionality and fiscal risks is difficult for external observers and domestic stakeholders. Thus, China's rise as a climate financier presents partner countries with an alternative model of support, one that emphasises infrastructure and state-led development, in contrast to the often process-heavy and value-driven approach of Western donors (Hallding, 2022). This alternative model underpins some of the influence dynamics discussed later in this chapter.

The next part looks at how these flows changed after 2021, and why transmission, grid digitalisation, storage and water rose in importance.

## **From brown to green: a strategic bet**

Throughout the 2010s, China ran a dual-track in overseas energy finance: significant support for renewables alongside continued backing for coal in countries that sought it (Global Energy Monitor, n.d.). Chinese banks financed solar parks and wind farms in places such as Pakistan and Kenya, while other loans supported coal-fired power in Indonesia, Vietnam and Bangladesh. Under the China–Pakistan Economic Corridor, Chinese lending enabled Pakistan's first large solar park and several wind farms, while other lending built coal

plants that now supply the grid. Kenya's Lake Turkana wind farm proceeded with Chinese support, while a planned Chinese-backed coal plant there was later cancelled.

In value terms during the mid-2010s, fossil commitments exceeded renewables by a wide margin in many estimations (Liu et al., 2025). Rather than a paradox, this pattern reflected realpolitik and a development approach often described in early-2000s debates as the "Beijing Consensus": state-led, infrastructure-centric growth, non-conditional lending and deference to recipient policy choices, presented as an alternative to the "Washington Consensus" (Ramo, 2004). Several factors explain this dual-track logic:

- **Host country demand:** Many governments prioritised rapid electrification and industrialisation, including coal where it was available and affordable. When most Western financiers stepped away from coal, China became one of the few remaining sources of finance for such projects, while also supporting renewables where requested (CREA, 2024).
- **Chinese industrial interests:** China's domestic infrastructure boom had left engineering firms with excess capacity by the 2010s and equipment manufacturers sought overseas markets. As Chinese industries lobbied for different projects, policy banks began supporting all kinds of overseas energy projects. Early deals reflected the home mix, including coal, hydropower and grid hardware, then shifted towards solar, wind, batteries and high voltage direct current (HVDC) as costs fell and markets grew.
- **Geopolitical strategy:** Large, visible infrastructure deals built diplomatic goodwill and demonstrated delivery capacity. Statements in forums such as the Forum on China-Africa Cooperation (FOCAC) affirmed support for both conventional generation and renewables, emphasising recipient choice.
- **Governance gap before 2021:** Overseas lending lacked enforceable climate -screening standards, for example an exclusion list or a Paris -alignment check. Initial greening guidance for the Belt

and Road appeared around 2020 and was voluntary, allowing different actors to pursue both high- and low-carbon projects.

Around 2021, the pattern changed. In September that year, President Xi Jinping announced at the UN General Assembly that China would stop building new coal-fired power projects abroad (Colman, 2021). Ministries issued follow-up guidance, including the Green Development Guidelines for Overseas Investment, which encouraged avoidance of high-carbon projects (MOFCOM & MEE, 2021). Trackers report no new approvals for overseas coal power after the pledge, while late-stage projects already under construction proceeded and some proposed plants were cancelled or discussed for conversion to alternatives (Global Energy Monitor, n.d.; CREA, 2024). Some gas and midstream projects continued, which the coal pledge did not cover. Analyses from the Boston University GDP Center indicate that in 2022–2023 new overseas energy capacity financed by China was concentrated in renewables and power infrastructure rather than coal (Boston University GDP Center, 2024).

With coal largely off the table for new approvals, China's overseas energy finance has focused on renewables, electricity transmission, grid digitalisation, battery storage and water. Investments in electric mobility have also expanded in some regions. This shift is visible in project announcements and in co-financing arrangements, and it aligns with areas where Chinese firms are internationally competitive.

The pledge also removed a central criticism and supported China's climate narrative internationally. Yet legacy coal assets from the 2010s will operate for decades, raising questions about early retirement, stranded costs and the role of Chinese stakeholders in solutions such as Just Energy Transition Partnerships in countries like Indonesia and South Africa.

In effect, the pivot from brown to green is also a strategic bet on where future growth and influence will sit: in the electrification stack and the value chains behind it, from critical minerals and power electronics to software, standards and long-term operations and maintenance dependencies.

## How climate finance creates system dependencies

China uses climate-related finance to advance economic and strategic interests. The practical effects show up in hardware, software, standards and long service contracts that shape how systems run and are expanded over time. Dependencies typically arise through five mechanisms:

- **Hardware choices:** converter stations, inverters, meters, control gear and spares that set the technical baseline for future upgrades.
- **Software and data layers:** control systems, head-end platforms and analytics pipelines that hold keys, credentials and update paths.
- **Standards and protocols:** grid codes, metering protocols and charging connectors that determine interoperability and switching costs.
- **Long operations and maintenance contracts:** service obligations, warranties and step-in rights that bind lifetime operations to the original vendor.
- **Capability building around a vendor's stack:** training, tooling and documentation that normalise one ecosystem in daily work.

Most projects are structured as turnkey delivery with a Chinese engineering, procurement and construction contractor. Facilities are handed over with initial training and performance guarantees; long-term service, spares and future expansions typically run through the same supplier network. For recipient countries, this often brings faster delivery at competitive prices, while from China's perspective it sustains demand for equipment and services over the asset life. The trade-off is a higher likelihood of reliance on the original vendor for maintenance, upgrades and replacements (Lynch, Andersen & Zhu, 2020).

In practice, these mechanisms show up most clearly in four concrete areas:

- **Long distance power transmission:** Converter stations and digital control systems that follow the vendor's design are added to long distance lines including high voltage direct current and ultra-high voltage (UHV). Examples include the Matiari–Lahore link in Pakistan and UHV corridors in Brazil, where spares, protection settings and operator training create dependence for later upgrades (NDRC, 2021).
- **Grid digitalisation and advanced metering infrastructure:** Metering programmes hinge on the head end system, meter protocols and cybersecurity update processes. The installation of around ten million smart meters in Saudi Arabia shows how encryption keys and firmware update paths bind future devices and analytics to the initial platform (Argaam, 2021).
- **Electric vehicle charging and battery energy storage systems:** Compatibility depends on charging connectors and communication protocols such as GB/T and the emerging ChaoJi standard (CHAdeMO Association, 2023). In storage, the battery management system governs safety, state of charge and grid services, which ties integration and service routines to the original supplier.
- **Water and resilience infrastructure:** Large wastewater and water treatment plants bundle process control and supervisory control and data acquisition. The Dasherbandi facility in Dhaka shows how finance, equipment and operations and maintenance contracts create long-term service relationships and tend to channel future upgrades to compatible equipment (AidData, n.d.).

Many of these systems depend on inputs that China produces or processes at scale, including rare earth elements for permanent magnets, battery minerals and specialised power-electronics materials. Finance and EPC packages can move alongside offtake agreements, refining investments or joint ventures in processing. When upstream

supply is secured within the same industrial ecosystem that supplies converters, inverters, magnets or cells, downstream decisions in grids, mobility and storage tend to favour compatible components and service models (IEA, 2024). The result is not automatic dominance, but higher switching costs for alternatives.

This outward push aligns with industrial and innovation policy goals set out in programmes such as Made in China 2025 and successive five-year plans: encourage firms to “go global” in green and high-technology sectors, gain system-integration experience abroad and promote Chinese technical standards. Climate-related projects are attractive vehicles because they deliver visible public benefits and, as costs have fallen, are often commercially viable (Liu, Cao & Kamnina, 2025). Many Western programmes avoid tying finance to national suppliers; China's approach typically links finance with equipment and service provision. In practice, the domestic narrative and the external push are two sides of the same state led strategy: green framed as a driver of growth at home, with coercive industrial policy tools where needed, and the outward face in finance, standards and “go global” promotion.

Influence compounds along the value chains: upstream in minerals and magnet materials, midstream in power electronics, cells and converters, and downstream in systems integration, software as well as operations and maintenance contracts. Many components in these chains are classified as dual-use in multiple jurisdictions and appear in both civilian and military systems, for example permanent-magnet drives, advanced power electronics and energy-storage subsystems. Procurement and standards decisions therefore have security and resilience implications in addition to climate and development outcomes. This is where the strategic bet described in the previous section becomes concrete: finance steers adoption toward technologies, interfaces and service models in which Chinese firms are strongest, and in which long-term dependence is most likely to form.

## Alignment and geopolitical positioning

Under Xi Jinping, China has set out to act as a responsible great power and to build a “community of shared future for mankind”. Green and high-quality cooperation, framed in the language of ecological civilisation, is part of that ambition. Outward climate-related finance, exportable technologies and technical standards are instruments that serve this strategy. The dependencies described in the previous part explain how strategy becomes influence: decisions about hardware, software, standards and service turn into routines and relationships that endure.

A first channel is system and standards alignment. When countries adopt Chinese grid codes, metering protocols, charging connectors or control software, alignment occurs in everyday operations rather than in speeches. Subsequent procurement, data handling and cyber routines tend to follow the initial ecosystem. Co-financing preferences, vendor certification lists and training pipelines then reinforce the pattern over time. In this sector, these technical choices are a clearer and more durable sign of influence than any single diplomatic gesture.

Diplomatic reciprocity grows out of delivery. Large, visible projects bring repeated interaction with Chinese banks, firms and embassies. As systems enter service and depend on Chinese equipment and service contracts, governments have reasons to keep relations smooth. Quantitative studies find that recipients of Chinese official finance tend to vote more in line with China at the United Nations General Assembly; the relationship is correlational and varies by period and method, but it points to friendlier stances where cooperation is dense (Raess, Ren & Wagner, 2022; García-Herrero, Storella & Weil, 2024). The stronger signals, however, remain technical and commercial in nature.

Norms also shift. Fast delivery, sovereignty and policy non-conditionality present a persuasive model to many governments. In climate negotiations China often supports positions that call for more

finance for developing countries with fewer conditions and greater space for nationally determined paths. By deploying its own resources, even mainly as loans, China strengthens the legitimacy of this stance and normalises infrastructure-centred climate action (Hallding, 2022). This is consistent with the narrative that China is a responsible provider, as captured in sources such as the Decoding China Dictionary.

Public perceptions matter too. Transmission lines that reduce black-outs, water plants that improve quality and electric buses on city routes are visible and easily communicated. Survey work in parts of Africa has linked positive views of China's role to such improvements, which gives local leaders political room to deepen cooperation (Lekorwe et al., 2016). Elite networks and training amplify this effect. Officials and engineers who train on Chinese systems, whether in China or in vendor courses linked to projects, build professional ties that outlast individual assets and lower the perceived risk of staying within the same ecosystem (King, 2019).

Policy non-conditionality coexists with structural dependence. Formal conditions on governance are rare, yet technical and contractual terms can bind operations to the original supplier. Long operations and maintenance agreements, step-in rights, proprietary data formats, limits on data portability and closed certification lists shape how systems are run and expanded. This is how green finance can create dependence without imposing formal policy conditions.

Security concerns intersect with these choices. Many components in electrification and storage are treated as dual use in multiple jurisdictions and appear in both civilian and military systems, including permanent-magnet drives, advanced power electronics, high-voltage converter modules, communications interfaces and energy-storage subsystems. Where upstream control of minerals, magnet materials and battery inputs intersects with downstream control of systems and software, leverage increases and alternatives become costlier. Procurement and standards decisions therefore have security and resilience implications as well as climate and development outcomes.

Reputation management has become part of the picture. The late-2010s “debt-trap diplomacy” debate has been contested in academic work, but the perception has shaped politics and risk assessments (Hurley, Morris & Portelance, 2018). Chinese authorities have participated in selected debt treatments and have rebranded cooperation as green and high-quality. In 2021, the Green Development Guidelines for Overseas Investment and Cooperation were issued, followed in 2022 by detailed environmental guidance for firms operating abroad. The documents encourage avoidance of high-emission projects, stronger impact assessment and attention to local laws and communities; implementation varies, but the direction supports the post-2021 shift towards transmission, grid digitalisation, storage, renewables and water (MOFCOM & MEE, 2021; MEE & MOFCOM, 2022).

In sum, the “green card” is not only climate cooperation. It supports Chinese firms and standards abroad, strengthens diplomatic ties and advances the image of China as a responsible great power. The result is influence that rests less on single transactions and more on systems that work to Chinese specifications, with relationships that last for decades. This sets the stage for the next part: how European and Swedish actors can cooperate and compete on systems that remain open, interoperable and secure.

## **Implications and recommendations for Sweden and the EU**

China’s “green card” is a systems offer: finance, technology and standards that can deliver climate results while creating long-lasting dependence. The response should secure climate outcomes and shape the technical terms so partners keep real choice.

- Compete on the terms of the system: require open standards, published interfaces and data portability in grids, metering, high-voltage transmission, EV charging, storage and water. Make multi-vendor interoperability and conformance testing a condi-

tion for support, and ensure the operator controls keys and credentials.

- Target the points where dependence forms: tie finance to lifetime provisions that limit vendor lock -in, including third-party operations options, documented update and patching processes, and escrow for critical interface documentation. Price the full life cycle, not only the initial build.
- Co-finance with China only when openness is guaranteed: use multilateral platforms to co-fund projects that commit to transparent procurement, interoperable designs and strong safeguards. Where those terms are not accepted, offer a European alternative.
- Put capacity where it matters: help partner ministries write technology-neutral specifications, set up simple test plans and contract independent owner's engineers. Focus this support on the domains where standards and software lock in quickly.
- Work with what already exists and reduce upstream risk: provide gateways and data extraction tools so existing Chinese platforms can interoperate with new equipment, and pursue critical-minerals partnerships that reduce single-source exposure in batteries, magnets and power electronics.

One final point: measure influence by technical alignment, not just headlines in speeches and press releases. Track operational signs such as which standards are adopted, the degree of platform concentration, who controls keys, credentials and data access, and how long term operations and maintenance contracts are structured. The aim is simple: climate results without unnecessary dependence, and European engagement that shapes the terms of the green transition rather than accepting them by default.

## Conclusions and limitations

Since 2021 China has moved away from backing new coal power abroad and towards renewables, transmission, grid digitalisation, storage and water. The shift is more than a policy correction. It is a strategic bet on the next wave of electrification and on the value chains that underpin it. Finance travels with technology, software and standards, so project choices made today shape how systems are run, maintained and upgraded for years to come.

Durable influence now rests less in single assets and more in the rules and routines of operation. Hardware choices, control software and data platforms, technical standards and long operations agreements create reliance that is practical and everyday. Diplomatic alignment often follows delivery rather than drives it. Voting patterns in multi-lateral forums can become friendlier where cooperation is dense, but the firmer signals of influence are technical and commercial: standards adoption, platform concentration, vendor-led operations and maintenance, and training pipelines that normalise one ecosystem.

For Sweden and the EU, the task is to secure climate results while keeping systems open and interoperable. That means shaping procurement towards published interfaces and data portability, helping partners run multi-vendor systems, integrating legacy platforms with open gateways, and co-financing only where openness and safeguards are guaranteed. The aim is simple: support the green transition without creating avoidable dependencies.

This chapter draws mainly on secondary sources: cross-checked quantitative trackers of Chinese official finance and energy lending, sectoral project trackers for coal and renewables, official policy documents and guidance, multilateral development bank material, and company or government project pages. The analysis also uses qualitative case vignettes to illustrate mechanisms. No new fieldwork or proprietary datasets were used, and figures are interpreted qualitatively rather than as precise totals. The focus is outward finance and projects; domestic deployment is referenced only where it explains

export capacity or standards diffusion. The time frame is the 2010s through 2025.

Data and interpretation limits remain. China does not report comprehensively to common aid databases, loan terms are often undisclosed, and independent datasets differ in scope, methods and timing, which creates inconsistencies. Apparent correlations in multilateral voting should not be read as causation, and technical alignment can be driven by price, timing or local constraints as much as by strategy. Technology lock-in may also arise through engineering, procurement and construction or supplier deals even where no Chinese finance is involved, so a finance-centred lens can understate influence.

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## 8 China's evolving global health engagement – and the need for collaboration

Lewis Husain

*China is now one of the largest providers of health assistance in all regions of the globe, and an increasingly active participant in global health governance. The Chinese capacity for engagement on a wide range of global health issues has increased substantially since the 2010s. Chinese global health institutions have been strengthened, and their areas of expertise have diversified in the last ten years.*

*COVID-19, and now the US withdrawal from major global commitments, are turning points in China's approach to global health. Following the US withdrawal of funding from the World Health Organization (WHO), the Chinese government committed an unprecedented USD 500 million over five years in support of the WHO. This chapter discusses the evolution of China's global health engagement for a Swedish and European policy audience.*

## Introduction

“Global health” as a term became more widely used in the 1990s as an alternative to “international health.” International health as a concept was often seen as a discourse, with a set of institutions, aiming to limit infectious disease spread, originating in the 19th century (Fidler, 2005). Global health, by contrast, can be characterized as “an area for study, research, and practice that places a priority on improving health and achieving equity in health for all people worldwide [and which] emphasizes transnational health issues, determinants, and solutions.” As well as addressing epidemic-prone infectious diseases or specific health concerns in the global south, the field of global health also addresses issues such as economy and finance, climate change, and urbanization (Koplan et al., 2009; Government Offices of Sweden, 2018). Further, “global health governance” may be more pluralistic, including how factors outside the health system affect health (Lee & Kamradt-Scott, 2014). Countries’ global health strategies frequently encompass multiple priorities and modalities, including engagement with “global health initiatives” (discussed more below) or shaping global governance arrangements or agendas, specific priorities (e.g., strengthening health systems, infectious and noncommunicable diseases, health determinants), and elements of domestic policy or systems (e.g., research and innovation for global ends).

Over the course of the 1990s and 2000s, China increasingly engaged with the UN and multilateral system, though largely as a recipient of assistance and support to its own domestic capacities and systems. The 2000s coincided with China strengthening its diplomatic outreach to countries in the global south, including through the Forum on China-Africa Cooperation (FOCAC) and increased “health diplomacy,” or the inclusion of health issues in bilateral and multilateral diplomacy (Kickbusch & Kökény, 2017). But by the 2010s there was an increasing realization among key Chinese health agencies and researchers that the country’s approach to global health needed to be brought up to date. The period since has been one of rapid

change, first of somewhat experimental policy development and subsequently, since COVID-19, of more focused attention on the role China can play in a modern conception of global health. The second Trump presidency has added impetus to this search for a new Chinese role.

Much of China's role in global health is shaped by the country's domestic institutions, their evolution, and reforms of the domestic government and policy architecture. This is also reflected in the chapter on gender equity and sexual and reproductive health and rights. Previously, Chinese health agencies were almost exclusively domestically focused, but in recent years the country has started to develop academic centers of expertise. Technical agencies such as the Chinese Center for Disease Control and Prevention (CDC) have become more engaged overseas, and parts of the Chinese government system have started to issue policies and strategies related to global health. However, policy and institutional fragmentation have continued to challenge a coherent, whole-of-government approach to global health. At the time of writing in late 2025, the field of global health is now in flux, requiring novel thinking and approaches to meeting the needs of countries in the global south. China, as a major middle- (verging on high-) income country with huge scientific and manufacturing resources, will necessarily be part of what comes next. The questions are how—the Chinese system gears up for a new set of challenges, and how new kinds of relationships can be formed as the country seeks a new role in global affairs.

The chapter unpacks this history and discusses the challenge of China's increasing engagement in global health, paying special attention to policy and institutional fragmentation, and related policy experimentation (Heilmann & Perry, 2011; Husain & Bloom, 2020). Moreover, it asks what role there is for cooperation between high-income countries such as Sweden with China at this critical time.

## History

A starting point for Chinese involvement in global health is often described as the sending of the country's first overseas medical team to Algeria in 1963, as part of the “revolutionary solidarity” with countries in the third world. Since then, the country has sent medical teams to countries across the global south, providing primarily clinical services to people in those countries. This continues to be a source of pride, but by the early 2010s debates in China were starting to shift and to recognize that the country needed a new role in global health. As early as 2010, leading Chinese scholars were pointing out that China's approach to global health was outmoded and inefficient (Guo et al., 2010). This coincided with an increasing “outward”-oriented policy discourse of “going global” (from the early 2000s), then Belt and Road Initiative (BRI), and increasing engagement in areas such as agriculture. The push to advance global health also coincided with an interest from an international donor (the UK Department for International Development, DFID) in exploring a new relationship with China as the country became more engaged overseas and as the UK sought a new, post-aid relationship with China. Within the Chinese health research and policy community, the assessment was also that the country's experience of health reforms might provide lessons for other developing countries (e-Pact, 2018). These actors argued that China should seek a more coherent role in global health, in line with its status as a major developing country and its recent experience of carrying out far -reaching domestic health reforms in areas such as communicable diseases, maternal and child mortality, strengthening of its health system, and extending insurance coverage to the vast majority of the population (though this remains shallow and health-related financial hardship remains high).

Simultaneously, China had increased its involvement with the multi-lateral system, including the UN health agencies (e.g., WHO, UNICEF, and UNAIDS), as well as major “global health initiatives” (GHIs) such as the Global Fund and Gavi. China has had some en-

agement with these mainstream global health initiatives, but mainly on domestic issues, and less so in the global arena.

China was also a recipient of support from the World Bank and bilateral development agencies in the 1990s and 2000s, much of which focused on strengthening domestic health institutions and systems and provided a platform for learning and absorption of international lessons that contributed to Chinese reforms (Bloom et al., 2009). Examples include DFID's partnership with China on piloting rural health reforms in the 1990s and support to strengthening Chinese HIV/AIDS programs in the early 2000s, and the US Centers for Disease Control's (CDC's) support to the establishment of the China CDC.

The next sections trace the trajectory that China has pursued to become more central to global health. However, understanding that trajectory requires a baseline understanding of some key factors that have shaped China's engagement with global health and, vice versa, the global health field's engagement with China.

First is that “global health” (previously “international health”) has historically been a primarily western construct, originating from mid-19th-century concerns about preventing transmission of infectious diseases into countries of the core. This field has evolved substantially over time, with the inclusion of new concerns, new organizational forms, and new governance arrangements. However, non-western countries have not been central to the development of the institutions, discourses, and fields of knowledge generally thought of as “global health,” with implications for the recent calls for “decolonization” of global health, and an increased emphasis on, for example, African-led agendas and pharmaceutical sovereignty policies (Cabane, 2023; Nnamani, 2025). China has been slow to adopt the dominant discourses and institutions of global health, as commonly understood.

Second is the historically predominantly domestic focus of China's health agencies and researchers. Whether the focus is strengthening the domestic health system or controlling and eliminating infectious

diseases, China displays a relatively common pattern. The country's focus has been primarily on dealing with domestic issues. Examples include the rapid progress from a “failing” health system, as assessed by the Development Research Centre of the State Council in the mid-2000s, to widespread insurance coverage and increases in health care provision (numbers of doctors, facilities, high-level care), improvement of prevention and treatment for communicable diseases (e.g., HIV, tuberculosis [TB]), or control and elimination of malaria and other parasitic diseases. As momentum started to build for the country to play a more active role in global health in the 2010s, and it became apparent that there were few medical professionals and researchers with experience of working on health issues outside China's borders. China's experience in the 2010s and onward is significant for the extent to which Chinese institutions sought to develop capacity to be more globally engaged.

An influential analysis by Chinese academics in 2013 pointed to a “distinctive” Chinese approach to global health, composed of the following main elements (Liu et al., 2014):

- Health aid—largely sending teams of clinicians overseas and constructing medical facilities (the bulk of funding), donating drugs and equipment, training personnel in China, and some malaria control projects.
- Health security—largely focused on strengthening China's domestic systems, though there were also some regional infectious disease control programs, such as in the Greater Mekong Region around the early 2000s.
- Health governance—primarily supporting the technical work of WHO both globally and through WHO cooperating centers—WHO -approved centers for scientific research and exchange on specific issues, such as influenza.
- Knowledge exchange—research and education, including of overseas students and health professionals.

The authors argue that this is distinctive and reflects Chinese history and experience. For example, health aid has concentrated on the activities highlighted above, with very little technical assistance-type activity, minimal support to global health initiatives, and no general sectoral support to countries.

Historically, these activities were not highly coordinated, but developed quite organically, with responsibilities dispersed across the Chinese system. Sending medical teams, for example, was a provincial responsibility and not nationally coordinated or regulated. Building medical facilities overseas was primarily carried out through the Ministry of Commerce (MOFCOM) system, with little engagement with the health agencies on needs analysis and integration with recipient countries' health systems. The Department for International Cooperation of the National Health Commission (formerly the Ministry of Health) historically had very limited staff, and Chinese participation at the World Health Assembly, for example, was traditionally limited, though the country has been increasingly successful in placing its nationals in WHO, including in senior positions.

## **Development of Chinese global health strategies**

The 12 million euro UK-China collaborative program, Global Health Support Programme (GHSP), was a close, strategic collaboration between actors in the UK and Chinese systems, and was managed from the Chinese National Health Commission, with a joint DFID-Health Commission-MOFCOM steering committee, and implementing partners including Peking University, Fudan, the National Health Development Research Centre, the China CDC, and others. The program ran from approximately 2013 to 2018 as a platform for strengthening Chinese research on global health, building the capacity of Chinese institutions (primarily but not exclusively research centers), supporting policy development and the formulation of a Chinese global health strategy, and carrying out joint pilots overseas.

During the 2010s, there was a period of largely piecemeal Chinese experimentation with new forms of health cooperation. Examples include initiatives such as the “Brightness project” (mobile cataract surgeries), engagement with elements of the global health security architecture (such as participation in WHO “joint external evaluations”), and signing of MOUs with global health agencies such as WHO on health and the BRI and health cooperation in Africa.

There was also some engagement with other global health initiatives, including small amounts of funding to Gavi and seconding senior personnel to the Global Fund. At this time, the UK-China collaborative program, GHSP, supported the development of a Chinese global health strategy that attempted to take a holistic view of China's significance for global health. The strategy included areas such as health assistance, which was an increasing focus in some of China's emerging global health research centers, but also the intersections of health with trade, food and agriculture, environment, and so on. At that point this was not substantially a part of Chinese research or debate. That work, undertaken by researchers at Peking University, which houses the country's leading global health center, revealed some of the limits to domestic Chinese expertise on many of these issues—issues that had not previously been a major concern for the country (e-Pact, 2018).

In parallel and prefiguring the discussion of institutional fragmentation later in the chapter, while the Chinese global health strategy was under development, other high-level national strategies—in the form of the Belt and Road Initiative (BRI)—were being developed across the Chinese system. Belt and Road health cooperation strategies were issued in 2015 and 2018. These strategies adopted the language of global health, but fundamentally linked it to the then-emerging geoeconomic and strategic framing represented by the BRI (NHFPC, 2015; NHC, 2017; NHC, 2018).

The first BRI health strategy reflected a system in rapid evolution, and was strongly grounded in a bottom-up assessment of the kinds of engagement that were then underway (from infectious disease

cooperation, to twinning of Chinese and overseas hospitals for remote diagnosis and treatment, to medical tourism, to traditional Chinese medicine). It lacked the breadth or the “globality” of the work undertaken by Peking University and, arguably, these strategies had more traction in the mid–late 2010s than that work.

## **COVID, post-COVID, and the new health order**

The COVID-19 pandemic marks a turning point in China’s approach to global health, possibly comparable to the response to SARS in 2003 that helped to stimulate domestic health system strengthening. The country’s domestic response to COVID -19 was forceful and extreme. Initially, and in aggregate, the country performed far better than would have been predicted, considering its position in the (then) most recent ranking of health security and preparedness (51st out of 195 countries), the Global Health Security Index (Nuclear Threat Initiative, 2019). The global spread of the control measures practiced in China in early 2020 to control COVID-19 represents a case of extraordinarily rapid policy diffusion.

Arguably, COVID-19 was important for China’s approach to global health in at least three ways. First, it put global health on the map of the central leadership and required the involvement of agencies new to global health issues. Chinese health diplomacy during the period was led by the Ministry of Foreign Affairs, while private companies such as Cainiao were drafted in to help with logistics and ensure supply of Chinese -produced personal protective equipment (PPE) overseas. Second, COVID-19 demonstrated new dimensions of global health—that health threats genuinely can be global (and can impact China), and that global health can present soft power and commercial opportunities. Third, COVID strongly politicized global health in China, and more widely, including a battle of narratives over the origins of the virus, with China presenting itself as a strong supporter of countries in the global south, helping meet their needs for PPE, vaccines, and other health commodities and consumables.

The period since the COVID pandemic has seen fundamental challenges to the field of global health. Responding to them requires new ways of thinking and engaging. This has implications for a wide range of countries, including Sweden, and—for the purposes of this chapter—for how China “does” global health in the 2020s and 2030s.

Funding for health, globally, is far from sufficient to meet the health-related Sustainable Development Goals (SDGs), achieving universal health coverage, or pandemic preparedness. Funding for global health initiatives is facing a traffic jam, while development assistance for health dropped by 21% between 2024 and 2025 and is expected to fall further by 2030, undermined by the United States' withdrawal of much health funding, and an overall challenge to high-income countries' ODA and health assistance. This compounds the challenges faced by many low-and middle-income countries, 60 of which face falling levels of health spending (or share of health spending in government budgets); indebtedness, strained fiscal resources and/or liquidity challenges; and persistently low levels of domestic health financing that are insufficient to support effective health system functioning (e.g., IHME, 2025; WHO, 2024; UNCTAD, 2024).

There is an urgent need for innovation in the global health order, toward a less aid-reliant system, supported by stronger domestic funding from low-and middle income countries (LMICs), targeted support to low-income and fragile states, and equitable markets for the provision of effective and low-cost health technologies (including pharmaceuticals, diagnostics, and digital technologies). The challenge of finding new approaches to global health comes amid the increase in complex challenges linked to climate change, rapid urbanization, and management of One Health<sup>1</sup>, and as multilateral cooperation is under increasing strain. Large, technologically sophis-

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<sup>1</sup> One Health is an integrated, unifying approach that aims to sustainably balance and optimize the health of people, animals and ecosystems. [www.who.int/health-topics/one-health#tab=tab\\_1](http://www.who.int/health-topics/one-health#tab=tab_1)

ticated middle-income countries are likely to be increasingly important in this new global health order.

## **New frontiers – China’s evolving significance for global health**

It is evident that the Chinese government intends the country to play a greater role in global health. Alongside the initiatives announced in recent years (including the Global Development Initiative and Global Governance Initiative) has been Chinese leadership discourse regarding the idea of a “community of common health for mankind” (人类共同健康共同体). Health was included as a key concern in the framing of the Global Development Initiative from its inception, and China recently committed 500 million USD to WHO over five years in the wake of the US withdrawal—the largest non-assessed Chinese contribution to WHO or any global health initiative (Wise, 2025).

There has been substantial discussion in the global development community regarding the extent to which China is likely to “fill the gap” in funding left by the US and other donors. In many cases, this represents a desire to maintain a status quo and existing/legacy programs and initiatives. Aside from the contribution to WHO, there is little evidence that China intends to play such a role. However, this assessment risks missing China’s changing “structural” significance for global health and development—how and where the country is important to major global flows of finance, commodities, technologies, and ideas. Elements of this are discussed below, followed by a discussion of implications for policy agendas, reforms, and the development of institutional capacity in the Chinese system.

- China is an increasingly significant provider of health assistance and investments in health. Data on Chinese aid and lending is not transparent, and many analyses rely on AidData, a US-based project tracking Chinese development assistance. The most up-to-date available analysis of Chinese health assistance shows this

to make up around 17% of all Chinese development assistance over the period 2000–2017, with an estimated worth of around 398 million USD per year between 2014–2017.<sup>2</sup> There is little overlap in apparent Chinese priorities and OECD DAC donors, with China primarily prioritizing medical services and infrastructure. This prioritization has historically been comparatively stable, likely reflecting the focus on providing medical teams and construction of medical facilities identified by Liu et al. (2014), though there have been fluctuations in attention to areas such as malaria and communicable disease projects. Chinese health assistance is present in most global regions, with a consistent focus on Africa, but an increasing presence in Asia, Oceania, and the Americas in 2014–2017 (Guo et al., 2024).

- The Forum on China-Africa Cooperation (FOCAC) has provided a platform for announcing priorities for engagement with the African region. The 2024 FOCAC meeting reiterated Chinese support for African countries in areas including pharmaceutical and medical devices industries, strengthening pandemic preparedness and disease surveillance, prevention and control of infectious diseases, cancers and cardiovascular disease, and maternal and infant mortality. Many of these are areas that play to China's domestic experience, or where the government assesses that China can provide added value (e.g., in strengthening African manufacturing capability, also aligned with an African local manufacturing and sovereignty agenda).
- China is increasingly a leading investor in biotech and biopharma, the implications of which have yet to be fully felt. Strategic research programs intended to support the development of

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<sup>2</sup> The opacity of Chinese development finance makes accurate assessments of overall spending, project values, and specific priorities hard. The most up to date analysis of Chinese health assistance uses data up to 2017, the principal cut-off date of the AidData 2.0 dataset. Depending on assumptions regarding projects for which no financial values are available, the range of annual spending is estimated to be between 286 million USD and 585 million USD for the 2014-2017 period, with a likely annual value of 398 million USD. See Guo et al. (2024), supplementary materials, Table 5.

the Chinese biopharma industry go back to at least the 1990s, with a series of “Major Projects” (重大专项) drug development and infectious disease research programs running since around 2008. By 2023, China was ranking first globally in areas including synthetic biology, genomic sequencing and analysis, and antibiotics and antivirals (Brown & Groenewegen-Lau, 2025). Since the mid-2010s, extensive regulatory reforms and incentives for overseas talent to return to China have seen the country’s pharmaceutical industry move from being focused on active pharmaceutical ingredients and generics to, increasingly, a “fast follower” and emerging leader in some product categories. China’s scientific development and research and development (R&D) in pharmaceuticals and biotech is not only focused on the domestic market but is also reliant on demand from high-income countries. In some areas, such as cancer research (Ngoma et al., 2024), Chinese cooperation with global south LMIC partners is clearly increasing. However, it is not clear how the priorities of countries are accounted for in Chinese strategic research funding and priority setting. This is now more relevant than ever, given the Trump administration’s proposals to substantially cut health research funding.

- China has emerged as the world’s largest provider of development finance and second -largest bilateral creditor to developing countries, mainly targeting infrastructure in LMICs (Parks et al., 2023). As China’s engagement in LMICs matures, its development finance appears to be increasingly able to “square the circle between speed and safety,” and surveys show that Chinese finance is predominantly welcome (Parks et al., 2023). As a major creditor, however, how China engages with initiatives such as the G20 Debt Service Suspension Initiative (DSSI) and Common Framework is of significance to countries in debt distress and facing liquidity challenges (UNCTAD, 2024). This is a complex picture—China is a less significant creditor to many LMICs than commercial bond markets and has contributed to the DSSI—and the situation is evolving rapidly, as shown by the recent

renegotiation of Kenyan debt and redenomination in Rmb. However, as many Chinese loans to LMICs are now entering their principal repayment period (55%, rising to around 75% by 2030), including loans to countries in debt distress, there are questions regarding how Chinese financial institutions take into account social welfare and health concerns, and spending on the SDGs, in their spending and debt management decisions, and how the country sees its future engagement with elements of the development finance architecture and norm setting (Kell, 2025; Parks et al., 2023; Duke, 2025).

- China is indisputably essential to aspects of global health governance. A paradigmatic example of this is antimicrobial resistance (AMR). While the country has made substantial progress in areas including strengthening surveillance and stewardship, AMR remains an area in which China faces challenges domestically, and in which it is not substantially engaged internationally. For example, there is little Chinese involvement in initiatives focused on R&D for novel antimicrobials or debates about access to antibiotics and other products (e.g., low-cost diagnostics) in the global south, and China was not significantly involved in the UN General Assembly High-level Meeting on AMR in late 2024. Given China's significance as a leading producer of antibiotics and associated active pharmaceutical ingredients (APIs), a significant investor in antibiotic and antiviral research, and a country with recent experience of strengthening its surveillance and stewardship systems at a comparatively low per capita GDP, this is a missed opportunity.

## **New challenges, new systems, and capacities**

This chapter started with a brief history of China's "global health" engagement and continued with an overview of changes in the 2000s and 2010s, ultimately culminating in a discussion of some of the "new frontiers" for China and global health—areas where China is, for systemic reasons, increasingly significant. This is not to single

China out as uniquely good or bad, but rather to point to a missing dimension of our analysis of China and global health—an ongoing process of institutional and policy change and strengthening that is needed to overcome fragmentation within the Chinese system and increase effectiveness.

The UK-China Global Health Support Programme (GHSP), flagged above, was a mid-2010s partnership between an external agency and forward-thinking elements within the Chinese system, and reflects a particular moment in China's exploration of a new role in global health, the challenges to such an enhanced role, and possible ways forward. The case of global health represents a starkly interesting case of policy experimentation within the Chinese system, from an approach to overseas health engagement rooted in a tradition of revolutionary solidarity with countries in the third world, to increasing integration with mainstream global health structures and institutions (though primarily as a recipient), to “managed experimentation” through the GHSP and simultaneous comparatively freewheeling, bottom-up exploration of new forms of engagement, to a stronger central government articulation of a vision of China as a global health power.

Each stage of this process has been accompanied by (largely piecemeal) institutional reforms that have helped explore new ways forward. For example, the 2010s saw universities and the research community develop global health centers, which increased from zero at the beginning of the decade to at least 16 by 2018 (e-Pact, 2018), as well as some strengthening of linkages between key research centers and government. However, the history of the 2010s also underscores the fragmentation of the Chinese system. Examples include the challenge of linking Chinese development banks and the country's health agencies (with implications for how Chinese -built health facilities can be integrated with health systems in recipient countries), the absence of linkage between the country's domestic work on AMR and its global engagement, and limited linking between the country's emerging global health agenda and its science and research funding

system. While progress is being made on some of these issues, substantial gaps and fragmentation remain.

In contrast to the 2010s, in which there was marginal Chinese leadership attention to global health, this is now being articulated as a high-level policy priority, along with ambitious commitments to agendas such as strengthening local manufacturing of pharmaceuticals in Africa. The “global health” order is under unprecedented strain and is evolving—and large, technologically sophisticated middle-income countries are likely to be increasingly significant in what comes next. The history of China's global health engagement from the 2010s onward has been one of institutional innovation, combined with challenges to overcoming institutional fragmentation. China now faces a need for institutional innovation that responds not just to the challenges of the last 10 years, but to the future challenges of contributing to what comes next. That will require dealing with both old and new kinds of fragmentation, and more consistently linking global health with the broader development, finance, science and research, and innovation architecture.

## Conclusions

China's advance in global health has not been linear, but rather piecemeal and marked by a range of sometimes conflicting aims. To date, it remains unclear the extent to which China has a substantive global health strategy. Since the COVID-19 pandemic, global health has assumed increased importance in Chinese leadership discourse, and it is increasingly clear that the Chinese government intends the country to play a larger role in this area. However, the country's current global health engagement and future trajectory are not transparent, and fragmentation in the Chinese system both risks undermining current efficiency and the country engaging with new and emerging challenges.

Saying this, as the challenges facing global health become starker, it is hard to see how China will not be important to what comes next

for the field. That poses challenges for Europe and individual European countries such as Sweden with a strong commitment to global health at a time when the United States is reducing funding and pursuing a more instrumental policy (United States DoS, 2025). In 2019, the EU issued an update identifying the multiple kinds of relationship the bloc needs with China, including cooperation on global goods (European Commission, 2019). Since then, the EU-China relationship has deteriorated, as challenges to multilateralism have increased, and as the United States has become less engaged and predictable.

Following the extreme securitization of relations on many issues during the COVID-19 pandemic and in its aftermath, there are signs of an intellectual rebalancing underway. China is increasingly open, once again, to engagement with European countries on development issues, while ideas such as “values-based realism,” as articulated by the Finnish President Alexander Stubb, point to the need for pragmatic cooperation on major global issues (Stubb, 2024). Global health is an area where there is a high degree of consensus regarding the need for cooperation. From a European standpoint, this is not a “nice to have” but a necessity, given China’s systemic importance to many of the challenges we face.

Sweden has a long history of engagement in global health, and there are likely to be complementarities between Swedish and Chinese approaches. As discussed in this chapter, the Chinese approach to global health, and the institutions responsible for this, are in rapid evolution, creating space for engagement on issues of mutual concern where both countries have complementary expertise. There is increasing willingness on the part of Chinese agencies to cooperate on issues including health systems strengthening in the global south, antimicrobial resistance, and research and development for medical technologies (including pharmaceuticals and diagnostics) and downstream measures to help improve access and strengthen pharmaceutical sovereignty in the global south, among others. Given the collapse in financing for global health, engaging China on these issues,

and ensuring that China's potential contributions are maximized, should be a priority, linked to emerging European strategies such as Von der Leyen's European "Global Health Resilience Initiative" (Iribarren & Fortuna, 2025). Moving forward will require building new capacities and new kinds of relationships with China and the global south.

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## 9 Gender and reproductive rights: synergies and contradictions in China's national and global development agendas

Lisa Eklund

*This chapter draws on recent literature to outline the trajectory of China's national development in the fields of gender equality and sexual and reproductive health and rights (SRHR), as well as its global engagement in these fields. By highlighting how Chinese national and global development agendas speak to and depart from each other, it attempts to identify potential synergies and contradictions that are important to understand when Sweden and other like-minded actors engage with China as an international development cooperation partner in the fields of gender equality and SRHR.*

## Introduction

A substantial amount of research has been devoted to China's growing role in international development, not least through the Belt and Road Initiative (DAWN, 2024). How Chinese development cooperation impacts issues related to gender and sexual and reproductive health and rights (SRHR), however, remains understudied (Jolly, 2016; Cai, 2021; DAWN, 2024). This chapter aims at remedying this gap. It rests on the assumptions that principles, ideals and policy goals travel within and across local, national and global levels, where development agendas at various levels meet and influence one another. Therefore, to comprehend China as an international development actor in the fields of gender and SRHR, it is imperative to understand how China's global and national development agendas relate.

The analysis is based on previous research, media reports and Chinese official policy documents and speeches. It starts by analysing China's national development agenda, recognising progress as well as persistent inequalities, and drawing attention to the "domestic gender inequality paradox". It then accounts for China's global engagement in the fields of gender and SRHR and how it relates to the national agenda. Before concluding with implications for cooperation and global partnerships, the chapter discusses "Gender and SRHR at a crossroad", arguing that the future trajectory of China's national development agenda will influence not only China's global engagement, but global agendas on gender and SRHR more broadly.

## The Chinese story of women's advancement

The advancement of women and gender equality have been core components of China's national development strategy and modernisation project throughout China's modern history. Equality between women and men was a key component of the quest for democratisation and the advancement of a modern and strong China during the Fourth of May movement in 1919 and was part of the founding principles when the Chinese Communist Party (CCP) was established in 1921. After the es-

establishment of the People's Republic of China in 1949, the CCP launched major laws and reforms to advance the status of women in terms of health, education and labour force participation. Women's position in the family was protected through the 1950 Marriage Law which established equality between women and men as a core principle, banned polygamy and child marriage, and granted the right to divorce. Equality between men and women was later enshrined in China's constitution in 1954. The idea of women's important role in public life and their revolutionary potential in breaking down old, traditional Confucian culture was captured in the slogan "Women hold up half the sky", popularised by Mao Zedong in 1968, the early phase of the Cultural Revolution. During the Reform and Opening Up Era, starting in 1978, gender equality remained a core principle. Along with Sweden and a handful of other countries, China was one of the first countries to sign and ratify the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1980. Since then, the Law on the Protection of Women's Rights and Interests was promulgated in 1992 and equality between men and women was subsequently declared a basic national policy by President Jiang Zemin at the welcoming ceremony of the Fourth World Conference on Women (4WCW) held in Beijing in 1995.

Government reforms calling for gender equality have always had the dual goal of advancing the status of women for both intrinsic and instrumental reasons, with gender equality as a means of building a stronger and more modern China. This is important to acknowledge. Many observers would argue that instrumental goals have always overridden intrinsic goals, and that women's rights are only promoted when protecting such rights serves the greater purpose of the nation and the legitimacy of the CCP (Lo and van de Pas, 2023). The most blatant example of this is the draconian one-child policy (1979–2015), which was launched with modernisation and development of the nation as a goal, severely undermining sexual and reproductive rights.

Notwithstanding the instrumental logic, the promotion of gender equality has had real and long-lasting positive implications for women. Today, China prides itself on gender parity in education.

Part of the reason for this advancement is the new generation of singleton daughters who have grown up without brothers and who have received unprecedented love, support and educational investment by their parents.

**Table 1. Key gender and SRHR indicators over time, China and Sweden\***

Indicator	Year	China	Sweden
Gender parity in education	1971	0.73	1
	2018	1	1
Female labour force participation rate (%)	1990	73	63
	2024	60	62
Maternal mortality ratio (per 100,000 live births)	1970	120	14
	2023	6	3
Birth attended by skilled health staff (%)	1987	94	100
	2023	100	100
Infant mortality rate (per 1,000 live births)	2000	30	4
	2023	5	2
Adolescence fertility rate (per 1,000 women aged 15-19)	1990	31	14
	2021	11	3
Abortion rate (per 1,000 women aged 15-49)**	2015–2019	49	17
Unmet need for modern contraceptive methods (%)	2024	8.7	N/A
Intimate partner violence – women ever experienced (%)	2018	18.5	20.5
Proportion of women in ministerial level positions (%)	2005	6.3	52.4
	2022	4.2	47.8

\* Years of comparison are selected based on earliest and most recent year where data for both countries are available. All data are from World Bank data except when indicated.

\*\* Concerns the 2015-2019 average.

Source: Guttmacher (2025) Data on China: <https://www.guttmacher.org/regions/asia/china>, Data on Sweden: <https://www.guttmacher.org/regions/europe/sweden>

China is also proud of having one of the highest female labour force participation rates in the world, and similar rates of maternal and infant mortality and births attended by skilled health staff as OECD countries, as reflected in Table 1 where China is compared with Sweden.

This story of women's advancement in education, paid work and maternal health is a story that China is proud of and happy to share, to boost its soft power, to gain legitimacy as an actor in global governance, and to offer a blueprint for other developing nations.

However, in terms of political participation, gender equality has deteriorated, and there are persistent challenges concerning SRHR (see Table 1). There is a need to look beyond “telling good Chinese stories” (Cai, 2021) and to incorporate trends and challenges beyond the state narrative. Doing so reveals several contradictions that are important to recognise in order to understand China's global role related to gender equality and SRHR.

## **Persistent inequalities**

There are several challenges to gender equality and SRHR that do not fit neatly into the idea of China as a role model. In 2025, China ranked 103 in the Global Gender Gap Index developed by the World Economic Forum, a significant drop compared to the 2008 ranking of 57.<sup>1</sup> The main reasons for the drop are women's low political participation and the persistently abnormal sex ratio at birth (SRB), outlined below, along with other areas of concern.

## **Women's political representation**

Despite major advancements in education and paid employment, women's role in the public sphere has only to a limited extent translated into increased power in the political sphere. The higher the level of decision-making, the fewer women in power. In recent years, women have constituted about 25 per cent of the National People's Congress and the Chinese People's Political Consultative Conference. Women hold a minority of ministerial -level positions (see Table 1) and none of the 24 members of the CCP Politburo are women.

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<sup>1</sup> Global Gender Gap Reports of 2008 and 2025 can be accessed here: <https://www.weforum.org/publications/series/global-gender-gap-report/>

## **Women and work**

In spite of higher female labour force participation than the global average, discrimination against women is increasing. This is exacerbated by the recent three-child policy which has increased discrimination against women (Attané, 2026; Cai and Liu, 2024). Women are twice as often as men asked about their childbearing plans during recruitment, and employers are reluctant to employ young women for fear of escalating maternity leave costs (Wang, 2025). Among women with a graduate degree, unemployment is 1.8 times higher than for men with a graduate degree (Wang, 2025). Moreover, depending on sector, the retirement age of women is 5–10 years below the retirement age of men. The low retirement age for women severely hampers their advancement into senior management and leadership positions.

## **A single carer model**

Although China loosely fits with the notion of a dual-earner model, the same cannot be said about care work. Childcare and household work are still considered women's responsibility, with women spending on average 2.8 times more time than men on domestic duties (Wang, 2025). The 'single carer model' is also reflected in parental leave policies. Only maternity leave is mandated at the national level, granting 98 days, while paternity leave is regulated at the provincial level, typically permitting 15 days (Li and Eklund, 2022). The expectation that women are the primary carers creates a double burden, and may force women to withdraw from the labour market unless childcare services are available. Alternatively, grandmothers are commonly mobilised as carers. The pivotal role for middle-aged women as carers for both grandchildren, ageing parents and parents-in-law helps justify the low retirement age of women (Eklund, 2016).

## **Skewed sex ratio at birth**

Even though daughters today are increasingly valued in China, the historical and cultural heritage of a deeply rooted patrilineal and patrilocal family system still shapes the urge for some to have at least one

son. The one-child policy meant not only severe fertility restrictions, but also that medical technology was made available to detect unauthorised births and to monitor contraceptive use. Such technology also enabled foetal sex detection, a prerequisite for sex-selective abortions (Eklund, 2011). Due to a combination of son preference, restricted fertility and access to technology, the SRB started to become skewed by the mid-1980s. SRB peaked at 121 in 2004, and has since then fallen to 110 – 111, which is still higher than normal ( $\approx 105$ ). Recent figures on SRB translate to about 100,000 ‘missing girls’ per year, despite legislative measures against sex-selection and campaigns to promote the value of daughters (Eklund and Purewal, 2025). A lasting impact of SRB imbalance is fewer women of childbearing age, a factor contributing to the current low birth rate (Attané, 2026).

## **Sexual and gender-based violence (SGBV)**

China has made substantive progress in legislation concerning SGBV through the Anti-Domestic Violence Law (2016), partly thanks to the mobilisation of women’s rights advocates and civil society groups (Feng and Hao, 2026). While the law in principle turned domestic violence into a public matter, its implementation needs to be strengthened (UNFPA, 2020). Despite some awareness-raising efforts, SGBV is still often regarded as a private problem where interference threatens family harmony. Similarly, sexual harassment at work is often silenced. SGBV is poorly covered in media, and though frequently appearing in social media, such postings are typically subject to censorship.

## **Sexual and reproductive health and rights**

China has been successful in reducing maternal and infant mortality and making contraceptives widely available, but a range of challenges remain (see Table 1). In 2015–2019, 58 percent of all pregnancies were unintended, and 78 percent of those ended with an abortion (same rates for Sweden were 42 and 48 percent), despite a low rate of unmet need for contraception (8.7 percent). This translates to a

relatively high abortion rate in China at 49 per 1,000 women aged 15–49 (17 in Sweden).<sup>2</sup> Although unmarried mothers are not punished as they were during the one-child policy era, they are still subject to stigma and may have fewer entitlements to antenatal care, maternity benefits and job protection (Guardian, 2023). Since only heterosexual marriage is legal, SRHR is of particular concern for the LGBTQ+ community (Liu, 2021).

## **Unpacking the domestic gender inequality paradox**

The strong commitment to gender equality in principle but to a limited degree in practice represents a paradox. Unpacking this paradox is important for understanding China's global development agenda. Below, three interrelated explanations will be advanced: the logic of an authoritarian gender regime, lack of a structural analysis and compromised institutional mandates.

### **An authoritarian gender regime**

Commitment to gender equality in principle but not always in practice is typical of authoritarian gender regimes (Walby, 2023). In authoritarian gender regimes, women tend to be educated and in paid work, though this only marginally translates into real political power. Moreover, political decisions and state activities are guided by the overall aim to strengthen the polity, be it the state or the party, and not the rights and freedoms of individuals. Consequently, women are granted “fewer freedoms concerning intimacy, reproduction and sexuality” (Walby, 2023: 6). The one-child policy is a blatant example of this logic. Under authoritarianism, the reach of the state is broad, freedom of expression and association restricted, and civil society thin.

The notion of an authoritarian gender regime sits well with the Confucian moral order, which emphasises harmony and hierarchy, where

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<sup>2</sup> Guttmacher <https://www.guttmacher.org/global/abortion>

women are subordinated to men, young to old, younger brothers to older brothers, ordinary people to the ruler, with only the relationship between friends being equal.

With the (re)turn to Confucian family values during the Xi era<sup>3</sup>, women have become further squeezed between the competing injunctions of family and work (Attané, 2026). In official rhetoric, women's rights and women's role in society are increasingly confined by ideas about what constitutes a good and virtuous mother and wife (Xinhua, 2023). This turn represents a different ideological underpinning compared to the gender equality rhetoric during the Cultural revolution when the slogan 'Women hold up half the sky' was associated with 'iron girls' who joined the revolution against Confucian values.

### **Lack of a structural analysis**

In Chinese plans and policies aimed at advancing gender equality, the reasons behind persistent gender inequalities are rarely accompanied by a thorough analysis. Women are often presented as a 'vulnerable group' lumped together with other groups understood to be vulnerable, like children and older persons, without due attention to uncovering wherein such vulnerabilities lie.

Gender equality as a term (*xingbie pingdeng*) was introduced to China at the time of the 4WCW in 1995. As opposed to the notion 'equality between men and women' (*nannv pingdeng*), gender equality offers a broader understanding of gender, beyond binary notions of women and men (Cai, 2021). Yet, gender equality in official rhetoric is often understood in narrow terms and confined to 'women's issues', 'women affairs', and 'women's advancement' (Liu, 2021). Such a narrow focus rests on an essentialist view, where women are understood to have innate capacities to care, and where womanhood is intimately linked to motherhood (Jung, 2024), taking focus away from structural inequalities generating discrimination. When China speaks of gender equality or women's empowerment, interventions

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<sup>3</sup> The Xi era started in 2012, when Xi Jinping became the General Secretary of the CCP.

that are gender transformative and challenge deeply entrenched patriarchal norms are not typically what is considered. On the contrary, feminism is a laden word, and feminist activists are frequently censored, placed under surveillance and imprisoned (Brooks, 2025).

Different from gender equality policy documents in Sweden and the EU, references to men and boys are missing in Chinese gender equality policy documents and official speeches. Instead, the analysis of harmful gender norms and practices is confined to vague references to 'feudalism' or 'lack of civilisation'. As such, a "crucial gap remains between Chinese and international understandings of gender" (Liu, 2021: 363).

## **Compromised institutional mandates**

A major impediment to advancing gender equality in practice is lack of mechanisms and procedures to implement equal rights and opportunities. The responsible agency for the national policy on gender equality is the Working Committee on Women and Children under the State Council, and the All-China Women's Federation (ACWF). As a mass organisation, the ACWF is positioned between the government and the grassroots, represented on all administrative levels. However, it is a marginalised organisation at the fringe of China's political system, with poor resources and a weak mandate to make a difference (Zhou- 2019). In recent years, it has increasingly become a mouthpiece of the CCP at the expense of safeguarding women's interests, as reflected in a recent speech by President Xi:

*Women's federations must tell good stories of family traditions, guide women to play their unique roles in promoting traditional virtues and cultivating good family values, and foster a new culture of family civility. They should actively cultivate new marriage and childbearing norms, guide young people on views of love, marriage, childbirth, and family, improve and implement childbearing support policies" (Xinhua, 2023: no page).*

ACWF is further constrained by the prevailing narrative that Chinese women were liberated by the CCP in 1949, making interventions that challenge structural gender inequality politically sensitive (Zhou, 2019).

Moreover, activists working on gender-related issues continue to face state surveillance and harassment (Brooks, 2025). State control and restrictions make civil society weak and prevent decision-makers from being held accountable. This points to another paradox. It is puzzling that China wants to enhance gender equality but prevents key actors from joining that pursuit. Yet, it is important to note that civil society used to be more vibrant. As the state withdrew some of its control in the 1980s, women's rights activists and feminists started to organise (Liu, 2021). During the 1995 4WCW, the NGO forum held in parallel in Huairou inspired and triggered a new generation of women's rights advocates and NGOs, boosted by the idea that civil society can be a government partner (Feng and Hao, 2026). Many projects and activities in China were made possible through multilateral and bilateral international aid. However, as of 2016, a new law severely restricts foreign funding of domestic NGOs. This has limited but not dispelled women's rights advocates and organisations.

Running across the three strands of conditions underpinning the Chinese domestic gender inequality paradox is a division between social and economic rights, and civic and political rights. The general lack of civic and political rights translates into restrictions on actors that promote gender equality. The gender inequality paradox also resonates with the contradiction that stems from the different logics of intrinsic and instrumental values. The right to 'survive' and to development overrides the right to 'thrive', which is limited to the priorities defined by the CCP and does not extend to the right of women to shape their own destinies politically. This gender inequality paradox also shapes China's global engagement.

## China's global commitment

Despite a contradictory national development agenda, China expresses a strong commitment to gender equality at the global level. One indicator of this is that gender equality is included in the 2021 white paper *China's International Development Cooperation in the New Era* (State Council, 2021) as one of eight core areas. Another recent sign is the 2025 white paper *China's Achievements in Women's Well-Rounded Development in the New Era*, where China positions itself as a global actor and team player for gender equality:

*China supports the United Nations in prioritizing women's development, promotes cooperation with the rest of the world in relevant fields, and builds international consensus on gender equality through extensive exchanges and mutual learning. Together with all other countries, China works to shape a global environment conducive to women's development, to safeguard international fairness and justice, and to make its due contribution to moving the world to a bright future of peace, security, prosperity and progress. (State Council, 2025: no page)*

China has persistently aligned with the language of gender equality and women's empowerment as outlined in CEDAW and the outcome document of the 4WCW, Beijing Platform for Action (BPfA). Though China's foreign policy since the 1950s is guided by the Five Principles of Peaceful Coexistence where 'mutual non-interference in each other's internal affairs' is one of five principles, this principle is left uninvoked when global consensus exists. This means that, contrary to countries like Russia and the USA, China does not oppose wording on gender equality as long as there is global consensus (Cai, 2021).

However, when international consensus is lacking, China does not hesitate to object. An example concerns the *Asia Pacific Declaration on Advancing Gender Equality and Women's Empowerment*, where China voted in favour (as opposed to the US), but with a reservation about the

term “women human rights defenders”, evoking the lack of international consensus on what constitutes a women human rights defender (Cai, 2021). The weight given to internationally agreed treaties and definitions is important to note, as it means that areas where there is no international consensus are areas where it is plausible that China will invoke the principle of ‘mutual non-interference in each other’s internal affairs’ and go its own way or side with countries that pursue more conservative and authoritarian agendas where women’s sexual and reproductive rights are neglected.

The increasing emphasis on gender equality in China’s global development agenda has been understood as a way to counteract criticism that China’s global expansion both as a donor and investor constitutes neocolonialism (Cai, 2021). While some see China’s endorsement of gender equality as a means to justify its leadership in the Global South (Liu, 2021), others are more optimistic, seeing China’s increasing commitment to gender equality as a chance to forge new alliances and advance gender equality both at national and global levels (Cai and Li, 2021). One can say that while the national agenda on gender equality is instrumental in the sense that it wants women to help advance the nation, the global development agenda on gender equality is instrumental because it wants to gain legitimacy for China.

When reviewing China’s role as an international aid actor in the fields of gender and SRHR, four areas stand out:

- Beijing Platform for Action
- South-South Cooperation
- Population and Reproductive Health
- Women, Peace and Security

## **Beijing Platform for Action**

Commemorating the BPfA of 1995 through various ‘Beijing+’ activities has been an integral part of Beijing’s effort to position itself as a global actor committed to gender equality and multilateralism, not

least since Xi Jinping took office. During both Beijing+20 and Beijing+30, China and UN Women have co-hosted 'global leaders' meetings'. China has attached much importance to commemorating the BPfA, even though naming the meeting a 'meeting' instead of a 'summit' can be seen as degrading the importance of the event. Also, despite the active role of women activists and women's NGOs at the time of the 4WCW in 1995, there were no publicly organised civil society commemorations of Beijing+30 held in China in 2025. Moreover, it is worth noting that in 2015, the meeting was named *Global Leaders' Meeting on Gender Equality and Women's Empowerment*, while in 2025, it was named *Global Leaders' Meeting on Women*. At both Beijing+20 and Beijing+30, China donated USD 10 million to UN Women, a sum worth much less in 2025 than in 2015. Despite the somewhat watered-out content both in wording and financially, the donations and the pledge that China has committed for the purpose of benefitting women and girls have been celebrated in China, with intense coverage in national media. This suggests that China's global development agenda in the field of gender equality is important for legitimising the leadership of Xi Jinping domestically. Yet, it is also important for setting national agendas. As an example, there is anecdotal evidence that President Xi's recent emphasis on gender equality during Beijing+30 has elevated the status of gender as a research topic worthy of external funding in China.

## **South-south cooperation**

China channels substantive resources into South-South Cooperation (SSC) (State Council, 2021). Most recently, and as part of commemorating Beijing+30, USD 100 million was earmarked for China's Global Development and SSC Fund for development cooperation projects for women and girls in collaboration with international organizations. Apart from the pledged funding, there are (to my knowledge) no available data revealing how much China spends in the fields of gender equality and SRHR. However, it is safe to assume that China's ODA in these realms is dwarfed in comparison to investments made in infrastructure.

Similar to the national development agenda, China tends to reduce the meaning of “gender” to women and girls in SSC. Moreover, “gender equality” is confined to women and girls’ rights to education, health and livelihoods. Commemorating Beijing+20 in 2015, China pledged to build one hundred health initiatives for women and children, to send medical experts, and to implement ‘one hundred happy campus projects’ for schooling of poor girls in developing countries. As part of its SSC, China also committed to hosting training programmes for 30,000 women from developing countries and to provide 100,000 local training opportunities in developing countries.

Since 2018, China has implemented over 100 programmes on ‘women and children’ within its SSC, including the Seminar on Promoting Maternal and Child Health Under Global Development Initiative, and the Seminar on Implementing the 2030 Agenda for Sustainable Development in Developing Countries – Women and Children (State Council, 2025). Maternal health is a key focus area for Chinese aid, both in Asia and Africa (see Hu (2020) for details on specific countries).

Expanding the earlier focus on health and education, at Beijing+30 in 2025, China pledged to offer development assistance for 1,000 “small and beautiful” livelihood programmes with women and girls as main beneficiaries. It also committed to establish a Global Center for Women’s Capacity Building and to invite 50,000 women to China for exchange and training programmes. Evidently, these initiatives largely fall within education, health, and income generation, aligning with China’s national development agenda on gender equality.

## **Population and reproductive health – without rights?**

Sexual and reproductive health and rights is not a distinct field in itself in Chinese development cooperation. Rather, China is more prone to talking about “population and reproductive health” with less focus on “sexual” and “rights”.

Apart from the support to maternal health within SSC, China has helped countries of the Global South with reproductive health

“commodity security” by donating medical equipment and supplies (Hu, 2020), including advanced male contraceptive technology (Gao and Xu, 2023). China has also donated medical supplies and equipment for maternal and child health. It also supplies contraceptives, such as Mifepristone, Misoprostol and Levoplant/Sino-implant (II), to other countries (Hu, 2020).

Beyond commodity security and maternal health, other core groups of concern for SRHR, including adolescents, the unmarried or LGTB+ population, male involvement and male responsibility in SRHR, and focus on SGBV are to my knowledge largely absent from development cooperation projects. In this regard, China's global development agenda represents a somewhat less ambitious agenda than the national one where China since the late 1990s has collaborated with the international development community to expand SRHR beyond married couples, although a bias in this regard still exists.

The close link between population and reproductive health is evident through training on population and reproductive health offered to policy makers, programme managers and service providers from other developing countries, as part of SSC (Hu, 2020). China has also developed and shared web-based population project software (Hu, 2020), to aid monitoring population targets. The intimate link between population issues and reproductive health was also a key message in the report South-South Cooperation in catalyzing achievement of ICPD and SDGs 2030 Agenda issued by Partners in Population and Development and UNFPA in 2019:

*Governments and international organisations should consider making more commitment to SSC in field of population and development, particularly emerging issues of low fertility and ageing, youth development for harnessing the demographic dividend, SRH & FP [Sexual and Reproductive Health and Family Planning] services in hard-to-reach areas, humanitarian and conflict situation and big data utilisation (SSC, 2019: XVIII).*

Seeing low fertility and ageing as emerging development issues is a view China subscribes to (Hu, 2020). Given how closely low fertility relates to gender and SRHR, this view is worth taking note of. Importantly, it risks reducing SRHR to instrumental goals, zooming in on macro goals at the population level without due attention to reproductive justice and reproductive agency, which includes the right to not have children (UNFPA, 2025).

Despite the principle of ‘mutual non-interference in each other’s internal affairs’, China occasionally takes a stance on reproductive rights to brand itself (mostly domestically) as an international champion of gender equality. In 2022, the Chinese foreign ministry’s then-spokesperson Zhao Lijian commented on the US Supreme Court’s decision to overturn *Roe v. Wade* saying that “(t)he conditions of women’s rights in the U.S. indicates [sic] once again that the country is in no position to claim itself as a ‘human rights defender’” (Zhang, 2023: no page). In 2023, in the policy report “U.S. Hegemony and Its Perils,” the Ministry of Foreign Affairs criticised the US decision in 2017 to withdraw funding for UNFPA on abortion-related grounds, stating that Washington “[puts] its domestic law above international law” (Zhang, 2023). Importantly, such statements did not translate into China advocating for abortion rights at the multilateral level, nor did they serve as a safeguard for abortion rights domestically, as discussed later. However, they do offer opportunities for pro-choice actors to consolidate advocacy agendas both globally and nationally.

## **Women, peace and security**

While the Five Principles of Peaceful Coexistence and the doctrine of peaceful co-rise are not new (Liu, 2021), the central role of women for peace was first mentioned by a Chinese leader (President Xi) in 2015. As the second largest contributor to UN peacekeepers, China is positioning itself as a peace-loving and responsible member of the international community (Cai, 2021). In 2016, the United Nations Peace and Development Trust Fund was established after the pledge by the Chinese government of USD 200 million for peace-keeping

and security activities. Even though China has not crafted its own National Action Plan to implement the UN Security Council Resolution 1325 on Women, Peace and Security (UNSCR 1325)<sup>4</sup>, peace and security is a field in which China is eager to advance a gender perspective globally. China prides itself on women peacekeepers and women police officers, and a Chinese mine expert was rewarded the UN Military Gender Advocate of the Year Award in 2020 (State Council, 2025). By 2022, China initiated a training programme for 'senior female talents' to promote gender equality in high-level positions within UN peacekeeping operations.

China's approach to peacebuilding has been described as an agenda for 'developmental peace' or 'peace through development' (Jung, 2024), to be understood differently from liberal peace agendas, where democracy, rule of law and liberal market reforms are key. Developmental peace is characterised by a focus on development, SSC and a deliberate silence on the political. Questions of gender power relations which marginalise and render women vulnerable both in conflict and in peacebuilding are largely absent (Jung, 2024).

Though China has been criticised for not incorporating SGBV in its peacekeeping and peacebuilding efforts, it is interesting to note that President Xi in his address at Beijing+30 in October 2025 stated that:

*We need to enhance the protection of women and girls in regions struck by war, conflict, poverty or natural disaster, and support the vital role of women in preventing conflict and rebuilding their homes. We should improve mechanisms against violence and resolutely crack down on all forms of violence against women (Xi 2025, no page)*

The increased attention to women, peace and security is an area where there is scope for China's global development agenda to influence the national agenda by providing arguments for China to de-

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<sup>4</sup> Such a National Action Plan is not compulsory but strongly recommended and a common praxis.

velop its own UNSCR 1325 National Action Plan, and possibly giving more attention to addressing SGBV, creating synergies between global and national levels.

## **The lack of a gender perspective**

Despite a strong and clear rhetoric around gender equality and women's empowerment at the global level, gender is often a missing perspective when it comes to concrete programming, according to the few studies and reviews made (Cai, 2021, DAWN, 2024, Jung, 2024). China refrains from funding projects that can be seen as interfering with the principle of 'mutual non-interference in each other's internal affairs'. This gives rise to a contradiction where China positions itself as a model for gender equality, but in practice does little to address gender inequalities. Because gender relations are seen as reflecting a country's cultural heritage, and gender issues are considered a national matter, China has not integrated gender in its foreign policy (Zhang and Huang, 2023). Reviewing China's role in various international fora, Cai (2021) finds that "gender equality and women's rights can be watered down or compromised as China negotiates instead for political and economic benefits and other priority issues" (Cai, 2021: 457). The stance of no interference means that China is reluctant to fund projects involving advocacy, for example against SGBV, considered to be related to the cultural fabric of a community or country.

A set of gender impact analyses of China's engagement in the Global South of projects in agriculture, infrastructure and mining commissioned by DAWN (2024) confirms that there is limited attention to gender. When women are positively affected, for example by gaining more access to employment opportunities, these seem to be unintentional.

Another line of critique is that Chinese firms create employment opportunities for women in sectors which are gender segregated, and where work is low skilled and low paid, potentially reinforcing women's subordinate role and strengthening gender power hierar-

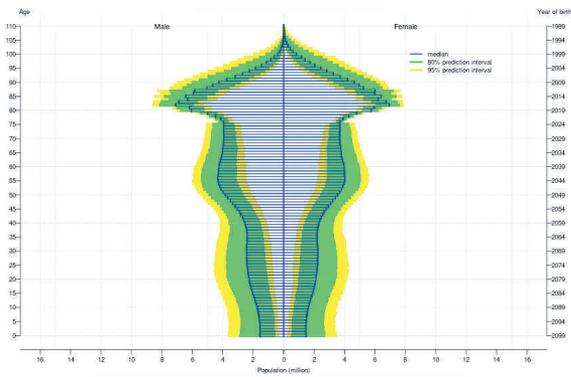
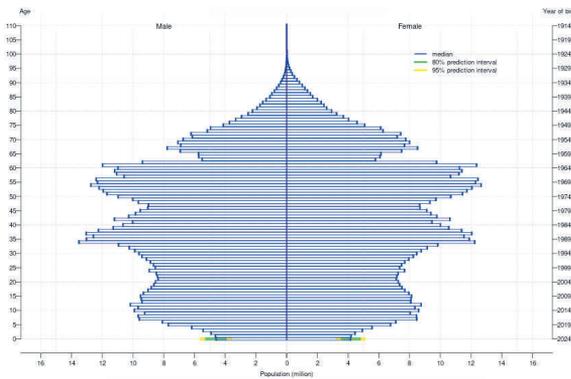
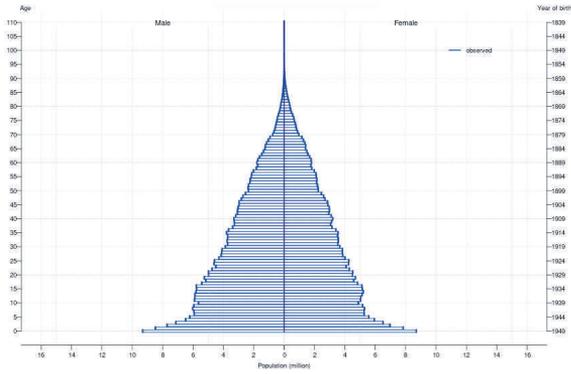
chies (Oya and Schaefer, 2021). Attention to gendered needs, such as the dual roles of women as carers and workers, is left unattended, and problematising women's care burden and the call for sharing household and care work is absent. There is a sentiment that China needs to translate its commitment to gender equality and women's empowerment into concrete action with procedures and guidelines that enable the involvement of women in planning, monitoring and evaluating development assistance projects.

All in all, China's principle of non-interference – together with the national gender equality agenda – sets the boundaries for how China prioritises its international development aid, centring social and economic development and rights, and decentring the political, including SGBV.

## **Gender and SRHR at a crossroad**

Authoritarian forces are winning ground in many countries that have been known for protecting human rights, gender equality and sexual and reproductive rights. This is at least partly driven by concerns over low fertility rates. With population projections suggesting that China's population will halve in 75 years, China shares the ambition to increase its birth rate with many countries. This represents a remarkable shift, in a short time span, where China abandoned its antinatalist stance in favour of a pronatalist agenda with the two-child policy in 2016 and a three-child policy in 2021. Despite a modest increase in the birth rate after the introduction of the two-child policy, the birth rate has continued to fall, generating a skewed population pyramid, projected to become inverted by 2100 (See Figure 1–6).

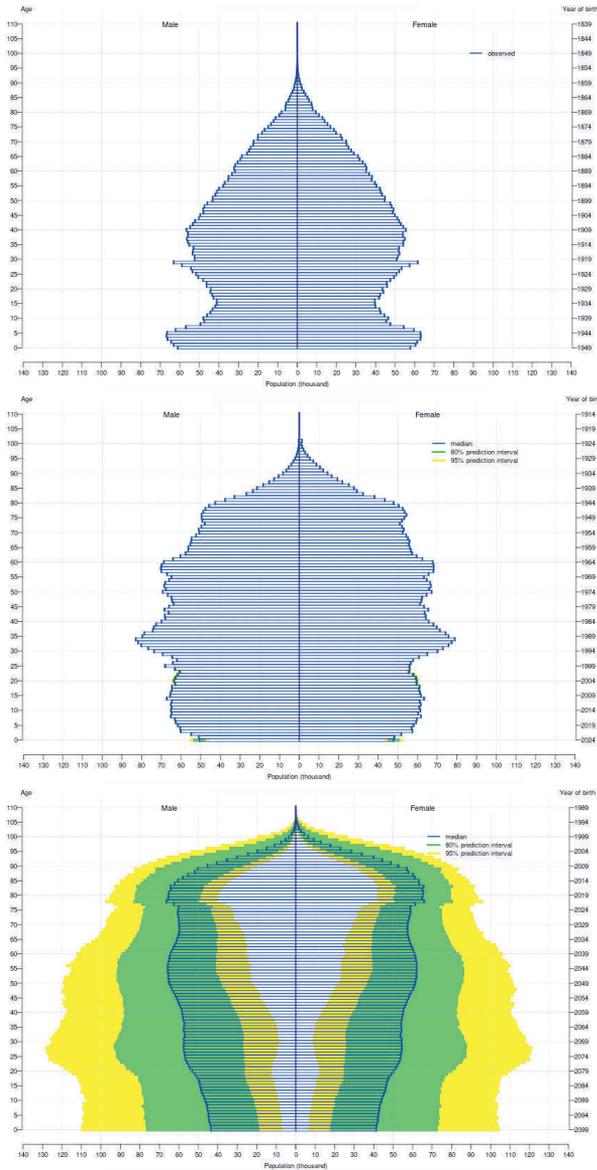
**Figures 1–3. China’s population by age and sex in 1950, 2025 and 2100 (projected\*)**



\* Green colour indicates 80% prediction interval. Yellow colour indicates 95% prediction interval.

Source: World Population Prospects 2024. United Nations, DESA, Population Division, Licensed under Creative Commonc license CC BY 3.0 IGO.

**Figures 4–6. Sweden's population by age and sex in 1950, 2025 and 2100 (projected\*)**



\* Green colour indicates 80% prediction interval. Yellow colour indicates 95% prediction interval.

Source: World Population Prospects 2024. United Nations, DESA, Population Division, Licensed under Creative Commons license CC BY 3.0 IGO.

To be able to address low fertility, will China move closer towards a woman-friendly welfare state where women's labour rights and reproductive rights are protected, and promote a dual-earner, dual-carer model? Or will China embark on a conservative route, limiting women's space in the public sphere and continue a path of "familialism" (Li and Eklund, 2022), where the family continues to constitute the basic unit of care across generations?

So far, the three-child policy is voluntary, and the government is promoting childbearing by trying to create a child-friendly society, expanding early childhood education etc. Other efforts include more generous parental leave, tax cuts and better work protection (Attané, 2026). In many ways, this strategy resembles the family policies that have evolved in Nordic welfare states, and which (at least until recently) have been associated with relatively high fertility rates.

However, as outlined in this chapter, women increasingly experience unequal opportunities at work in China and discrimination has increased since the three-child policy (Cai and Li, 2021; Attané, 2026). Even though equality between women and men is part of the Chinese constitution, and though gender equality is a recurring emphasis in speeches by President Xi, women's roles as wives and mothers are repeatedly emphasised. As an indication that such propaganda has effect, the last couple of years, marriage rates have gone up and divorce rates down, albeit without an impact on fertility rates (Attané, 2026). Moreover, an ageing population in combination with a familialistic welfare model and feminised care norms and practices further place old age care responsibilities disproportionately on middle-aged women, compromising their ability to combine family and work and reach senior management positions at work, perpetuating gender inequality.

Whether China will deepen its work to promote gender equality or continue to advocate for the traditional, Confucian family model is a big question that will impact not only gender equality and SRHR in China, but most likely also China's global ambitions.

In terms of SRHR, the strong emphasis on heteronormativity may loosen in light of the pronatalist agenda, which may result in the LGBTQ+ community having their SRHR expanded. Likewise, being a single parent may become easier for women. Recent amendments to The Law on the Protection of Women's Rights, which is decentering marital status to make for a more inclusive approach to reproductive rights, have been discerned, supporting this trend (Cai and Liu, 2024).

At the same time, pronatalist agendas may trigger a direction that curtails SRHR. Several recent developments point in this direction. In 2021, China declared that it wants to reduce the number of abortions for non-medical purposes (State Council, 2021) and some provinces are reducing the time during which abortion is available upon request by the pregnant woman (Purewal and Eklund, 2023). Moreover, in 2022, two abortion pills were banned from being sold online, and in 2023, a Chengdu court ruled that abortion without the husband's consent or 'legitimate reasons' constitutes a violation of men's reproduction rights (Zhang, 2023). As of 1 January 2026, the VAT exception on contraceptives was removed. These developments can be understood as part of the pronatalist agenda, compromising SRHR. The fact that China's abortion rate is relatively high might increase the risk of restricted abortion rights further to boost birth rates.

These different trends and scenarios indicate that China is at a crossroad with regards to gender and SRHR. The question is whether China will expand gender equality efforts and SRHR or curtail them. Here, the international development cooperation community has a role to play in engaging with China, both for the sake of promoting gender equality and SRHR within China, but also to ensure that the blueprint China represents and shares with other nations of the Global South is one that promotes gender equality and SRHR.

## Implications for cooperation and global partnerships

This chapter has shed light on how China's national and global development agendas on gender and SRHR relate, calling for the need to understand national context to comprehend global ambitions. The analysis reveals several implications for the international development community.

China is proud of its history of the advancement of women and sees itself as a role model for gender equality and maternal and child health. However, China typically does not refer to unequal power relations between women and men and structural gender inequalities when talking about gender (in)equality and reproductive rights.

There are contradictions in China's national and global development agendas rooted in tensions between instrumental vs intrinsic values and social and economic rights vs civic and political rights. At the same time, it is important to acknowledge that also a country like Sweden sees gender equality as having an instrumental value.

The political landscape in China is constantly changing. How notions of gender equality, reproductive rights and the role of civil society keep shifting over time. Therefore, dialogue and positive engagement matters. As an authoritarian country, civil society is limited but not non-existing. Chinese non-state actors are important to consider as partners in development.

Inconsistencies between the national and global agendas offer room for synergies. There are instances where the national agenda reaches further than the global one, including expanding SRHR beyond maternal and child health, and addressing SGBV through legislation and awareness-raising. Likewise, China's global engagement involves commitments that can fuel national development trajectories, such as further deepening the work against SGBV through UNSCR 1325 and implementing BPfA more fully.

Due to China's pronatalist agenda, gender and SRHR are at a cross-road. How this plays out will impact not only China's national tra-

jectory, but its global engagement, and the future global agenda on gender and SRHR more broadly. Therefore, collaborating with China and engaging in dialogues is as important as ever. More concretely, there is scope for cooperation and partnerships on gender and SRHR within SSC, through UN Women and UNFPA and in the context of Resolution 1325 on Women, Peace and Security.

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# 10 Supporting relevance: countering China's global information challenge through service journalism

David Bandurski

*This chapter examines how China's state-directed media diplomacy challenges democratic media systems worldwide and argues that the most effective response to this and other authoritarian challenges to media lies in empowering service journalism that genuinely serves and engages audiences.*

*While China promotes a model of media as instruments of state power through hundreds of forums and training programs globally, independent journalism connected to communities possesses a crucial advantage: the ability to build sustainable relevance and trust by responding to what people actually need. Meeting this challenge requires rethinking how international media development aid is conceived and delivered.*

## Introduction

In October 2025, more than 100 media representatives, government officials, and academics gathered in Nicosia, Cyprus, for the China–Cyprus–Europe Media Forum (Lingua Sinica Database, 2025). Organized by China’s embassy and the Chinese Communist Party’s flagship China Media Group, the event concluded with a declaration calling on media to help build “a community with a shared future for humanity” — a signature foreign policy concept introduced by China’s top leader, Xi Jinping. The declaration framed media not as truth-seekers working in the public interest, but as “promoters of intercivilization dialogue” whose role is to “build consensus” and strengthen bilateral relations. The forum’s timing was strategic: it came just ahead of the 55th anniversary of China – Cyprus diplomatic relations and Cyprus’s assumption of the EU Council presidency in 2026.

The Nicosia forum is hardly unique. Right on its heels was the Seventh China–Arab States Broadcasting and Television Cooperation Forum, hosted by a ministry-level agency directly under China’s Central Propaganda Department (Lingua Sinica Database, 2025). Representatives from Egypt, Mauritania, and other Arab nations issued a joint declaration laden with the Chinese Communist Party (CCP) terminology, signaling China’s influence over the forum’s framing, and announced more than 50 cooperation outcomes — part of China’s media partnership efforts with Arab states dating to 2011. The forum emphasized “content cooperation” and “exchanges between civilizations” to strengthen the China – Arab strategic partnership. Once again, media were positioned solely as instruments of state diplomacy.

The scale of China’s media engagement efforts is remarkable, and they have accelerated over the past year, as media support and engagement from the United States and other donors has gone in reverse. These forums, training programs, and partnership initiatives offer just a glimpse of a vast program of state-directed media diplomacy globally, promoting a vision of journalism as an instrument of

state power and narrative control. China, it must be noted, is not alone in this effort to redefine the role of the media. A 2024 study by the State Media Monitor found that government control of the media was generally on the rise, and that the independent public media sector faced a range of new threats (State Media Monitor, 2024). Over the past decade, scores of governments have adopted or amended laws and regulations to limit press freedom online and offline. Over the past year, U.S. President Donald Trump's actions against American news outlets have mirrored authoritarian moves elsewhere across a troubled global media landscape, with sharp cuts in funding to media outlets such as National Public Radio, Public Broadcasting Service (PBS), and the U.S. Agency for Global Media.

But China's ambition stands out for its scale, resources, and global reach. Preliminary data from the China Media Project's *Lingua Sinica* database, which logs People's Republic of China's (PRC) media engagements globally, show that at least 133 media summits, forums, official tours, and cooperation agreements were concluded in the 22 months through October 2025 — averaging six events per month (*Lingua Sinica Database*, 2025). Through exchanges like these, China's leadership is actively promoting a vision globally of media not as independent voices but as agents of national interest seeking global concord. As the Cyprus declaration affirmed: "We are of the view that the media need to act as active builders of China–Cyprus and China–EU relations, helping to enhance mutual trust and understanding, foster consensus, and lay a sound foundation of public support for the steady growth of bilateral relations. The media are expected to foster an objective and reasonable public opinion environment" (Embassy of the People's Republic of China in the Republic of Cyprus, 2025).

At first glance, reason and objectivity may seem to be shared values. And elsewhere, the Declaration further affirms that "truthfulness, objectivity, fairness, and service to the public interest" are core elements of a shared global media vision. Observers tempted by such claims must beware the larger principles set down in the fine print.

The text follows by making clear that the public interest is served “by fostering a reasonable and stable public opinion environment, preventing information fragmentation, social polarization, and divisive narratives.” This language in the Declaration aligns with China’s official propaganda policy called “emphasizing positive news” (All-China Journalists Association, 2020). It is fundamentally about compliant and non-critical media — the kind positioned to serve the broader state-to-state interests defined by the CCP.

Over the past decade, even as funding to the media sector as part of official development assistance (ODA) from the world’s established democracies has stagnated, China’s state-directed media diplomacy has expanded rapidly — even accelerating since 2021. This chapter examines the potential impact China’s media outreach has on media and journalism worldwide, and explores how donors committed to supporting independent journalism, information integrity, and open societies can respond most effectively.

This chapter proceeds in several sections. The opening sections examine the CCP’s “discourse power” framework and how this policy manifests through global media engagement activities that position journalism as an instrument of state diplomacy, with a look at the case of Southeast Asia. A subsequent section identifies critical weaknesses in how international media development aid has been conceived and delivered — including grant dependency, disconnection from audience needs, and top-down approaches that have left independent media vulnerable. The final section explores several possible solutions and argues that the most effective response lies in empowering service journalism: supporting media that genuinely engage with and serve their communities. Unlike authoritarian models that seek to manipulate audiences, independent journalism connected to communities can build sustainable relevance and trust by responding to what people truly need — a crucial advantage state propaganda cannot replicate.

## The “discourse power” framework

China's state-directed media diplomacy has its roots in an evolving official vision of how the CCP must project power through global communication to offset what it views as a critical deficit of public opinion impact that might affect China's development in key areas like trade and security. The concept of “discourse power,” or *huayuquan*, has emerged since the late 2000s as a key organizing principle for how the Chinese Communist Party approaches global communication. At the 17th Party Congress in 2007, Hu Jintao introduced “cultural soft power” as a policy priority, marking the adoption for the first time in CCP official discourse of Joseph Nye's notion of “soft power” (People's Daily, 2007). Hu called on the Party to build China's state media system to compete with powerful media in the West, emphasizing the need to bolster China's “discourse power” as a component of comprehensive national power. The CCP's focus in the latter Hu era was on central state-run media outlets such as Xinhua News Agency, China News Service, China Daily, and the then newly launched China Global Television Network (CGTN). These outlets were to “go out” and expand their international reach (China Media Network, 2006).

Xi Jinping's rise to power in late 2012 ushered in a greater sense of urgency to the bid for international discourse power, conceived as part of a project of “national rejuvenation” (Wang, 2013). At a national conference with propaganda officials in August 2013, Xi introduced a defining concept for China's external communication: “telling China's story well, effectively transmitting China's voice.” While this discourse superficially suggested a softer and more narrative-driven approach, it appeared alongside the longstanding language of “external propaganda” — making clear this was a tactical shift only. Driving home the gravity of the task ahead, Xi referred to a “public opinion struggle,” a phrase bearing hardline echoes of the Cultural Revolution, to describe the nature of the CCP's information challenges at home and abroad (Xinhua News Agency, 2013).

Xi Jinping's bid for global discourse power as "national rejuvenation" was deeply invested with a sense of national victimhood. The West and its historical information dominance were primarily to blame for China's continued marginalization. Xi spoke of the drive for discourse power as a bid to overcome what he termed the "third affliction" (Xin, 2021). The framework divided China's modern history into three periods. Foreign military aggression was an "affliction" overcome by Mao Zedong from the 1950s onward, while economic weakness and underdevelopment had been resolved by Deng Xiaoping's reforms from the late 1970s. The "third affliction," the "suffering of criticism" from Western discourse hegemony, was a problem to be addressed once and for all in the Xi era, throwing off challenges once and for all to the legitimacy of CCP rule (Thibaut, 2022).

## A closed model opens out

The fundamentally defensive nature of the Party's push to win the "public opinion struggle" at home and strengthen its international discourse power abroad has brought the strangling of voices internally. This can be seen in the cowing of domestic Chinese media, to an extent unprecedented in the reform era, reinforced by comprehensive, multilayered controls over cyberspace that primarily target domestic expression but also restrict cross-border information flows.

In 2013, months before Xi Jinping's major speech on "external propaganda" and storytelling, the CCP leadership released Document 9, a directive that drew a hard line against liberal concepts that had gained limited traction in previous years. Known unofficially as the "Seven Unspeakables," the document banned the use of such concepts as "constitutionalism" and "civil society" in both Party and popular discourse (BBC News Chinese, 2013). Among the taboos was "promoting the West's idea of journalism," which the directive equated with challenging the Party's control of the media (ChinaFile, 2013).

It was also during the first two years of Xi's term that the Party implemented more aggressive controls over cyberspace, establishing the

Cyberspace Administration of China (CAC) in 2014 to oversee what researchers have termed the “Locknet” — a sophisticated system of censorship (historically called the “Great Firewall”) that shapes information flows both inside China and, increasingly, beyond its borders (Batke & Edelson, 2025). The attack on “the West’s idea of journalism” and the CCP’s efforts to impact and restrain global information flows stemmed from a growing consensus that the external conditioned the internal. No longer was it sufficient, particularly as China’s economic and political fortunes were enmeshed with the world through signature programs like the Belt and Road Initiative (BRI), to prioritize domestic information control in isolation.

The need to advance China’s external communication is today inextricably linked in CCP discourse with the country’s overall advancement within the global system. During a collective study session of the CCP’s Politburo dealing specifically with China’s international communication strategy in May 2021, Xi explicitly linked external communication to internal regime security. International discourse power, he said, was necessary to “create a favorable external public opinion environment for our country’s reform, development, and stability” (Xinhua News Agency, 2021). Again, invoking the “three afflictions” framework, he framed discourse power as essential to the Party’s survival: “Backwardness leads to beatings, poverty leads to hunger, and losing one’s voice leads to being scolded,” he said. Echoing these sentiments more recently, a commentary in the CCP’s flagship *People’s Daily* stated that “Party and state affairs cannot develop without a favorable external public opinion environment” (Qishi Journal, 2024).

Building this favorable external public opinion environment is the goal toward which media engagement activities like the China–Cyprus–Europe Media Forum in Nicosia are directed. In fact, the 2021 politburo session marked a turning point for China’s strategic deployments on this front globally. Since 2021, responding to Xi Jinping’s call to remake the country’s system for external propaganda, provinces and cities across China have established interna-

tional communication centers, or ICCs, harnessing the resources of regional and local media groups, under the direction of local propaganda offices, with the goal of amplifying state messaging (Zhejiang Publicity, 2024). The country's first ICC, the Chongqing International Communication Centre (CICC), was piloted in 2018. By the end of 2024, more than 100 ICCs had been established across China (Thorne, 2024).

China's global media push from all levels of the national bureaucracy, from the center down through the provinces and cities, is an appreciable expansion of the country's external propaganda efforts and media engagement outreach. Consider that estimates more than a decade ago on China's annual budget for external propaganda, which was focused at that time on the above-mentioned central media groups, were around 10 billion USD (Nye, 2015). For perspective, total official development assistance (ODA) from the OECD to media support over this same period, from 2008 to 2012, hovered between 400 million and 500 million USD annually (González Cauhapé-Cazaux & Kalathil, 2015). While figures for investment in ICCs over the past five years are not available, support for external engagement from particularly wealthier provinces and cities likely represents a substantial increase in outlays from China. Moreover, this support is qualitatively different, involving — beyond support for central-level broadcasting and news overseas — much deeper engagement with media outlets and journalists, as well as with foreign governments.

To understand how this engagement is established on the ground, we need only look at the recent example of Southeast Asia, which in the past year has been struck by the precipitous withdrawal of USAID (Conley Tyler & Trinh, 2025), and declining aid from other sources, including Sweden's SIDA, which will be phasing out its strategy for Asia and the Pacific region by June 30, 2026 (Swedish International Development Cooperation Agency, 2022). Analysts warned in early 2025 that the withdrawal of USAID — which alone provided 860 million USD in aid in 2024 — and other funders “may

create vacuums that China can fill” (Hale, 2025). On the media front, this is already evident. And ICCs are playing a crucial role.

In the four months to November 2025, Yunnan provincial authorities held at least eight media engagements with Southeast Asia, while further events were hosted by Guangxi, Guangdong, and Fujian provinces. In a clear pattern of engagement, these wealthy Chinese coastal and border provinces with strong geographic, trade, and cultural ties to Southeast Asia were all deeply involved in media outreach activities to the region. In several cases, these events had even broader reach, framed as media gatherings for the Global South. This is a concept connected to the region's post-colonial history and building on shared discourse “advocating for a more representative and equitable international order” (Hoang & Cha, 2024) — but that China uses to advocate key foreign policy frames of peace and mutual development over values of media independence. The Yunnan South and Southeast Asia Regional International Communication Centre, an office founded in May 2022 under the propaganda office of the Yunnan Provincial Committee of the CCP, was central to these activities, including a five-day training seminar in August for more than 20 journalists and influencers from China, Laos, Vietnam, Myanmar, Cambodia, Malaysia, and Indonesia. During the event, training sessions on video production and AI were combined with ideologically driven historical tours on China's positive role in the region (Lingua Sinica Database, 2025).

The next month, the ICC joined the central-level Xinhua News Agency and the Yunnan Provincial Committee of the CCP in hosting the 2025 Global South Media and Think Tank Forum, which gathered more than 500 journalists and media representatives from more than 260 media outlets across 110 countries. The event was an occasion for a top Central Propaganda Department official, Hu Heping, to promote Xi Jinping's Global Civilization Initiative (GCI) as “important guidance” for reforming global governance. Addressing the Kunming forum by video, United Nations Under-Secretary-General for Global Communications Melissa Fleming, herself an experienced

journalist appointed to the post in 2019, seemed to legitimize China's official position on inequities in global media representation by urging participants — according to state media reports — to “restore balance to the global information ecosystem” (Lingua Sinica Database, 2025). The forum offered China a platform to release what it called the “Yunnan Declaration,” which positions media and think tanks as the “main force” in building autonomous discourse systems to counter Western narrative dominance, explicitly charging them with amplifying China's four global initiatives as solutions for Global South development and governance. The declaration perverts the whole notion of media trust by stating that “the most effective way to transmit this information [about Xi's initiatives for the Global South] is precisely through trustworthy media.” This cynical weaponization of the language of media credibility as a matter of bilateral or regional constructivism — the declaration specifically references “constructive narratives” — is core to China's official media engagements globally (Global Times, 2025).

Also in September, Yunnan's propaganda office and its ICC hosted the 2025 South and Southeast Asian Media Network Annual Meeting, which brought together representatives from 11 countries including China, Cambodia, Laos, Myanmar, Thailand, Vietnam, India, and Sri Lanka. The event promoted a deepening of cooperation within the so-called South and Southeast Asian Media Network, a Chinese government-led alliance of 40 overseas and 50 domestic media institutions formed in January 2024 by the Yunnan ICC along with China's government-run China Daily — an illustration of how regional media engagement efforts are proceeding with central-level coordination.

Moving east to neighboring Guangxi, the province's international communication center hosted more than 100 young journalists and researchers from Indonesia in August 2025 to discuss AI and media convergence under the theme “Partners with a Shared Destiny” (Lingua Sinica Database, 2025). In November, capping off a series of media engagement events in the second half of the year, Guangxi's

provincial broadcaster, directly under its propaganda office, hosted the Lancang–Mekong Media Event, during which 10 collaborations were announced with participating media from China, Cambodia, Laos, Myanmar, Thailand, and Vietnam (Lingua Sinica Database, 2025). These included distribution of Chinese video and broadcast content through regional media partners.

Assessing the actual impact of China's media engagement is challenging, as measuring the effects of information influence operations remains notoriously difficult. Yet recognizing the sophistication of China's approach is essential. China's strategy extends beyond state-to-state approaches to state-directed engagement that operates through seemingly grassroots channels — what has long been termed, sometimes too simplistically, “united front work.” Provincial ICCs, media exchanges, and earlier initiatives like Confucius Institutes present state narratives through interpersonal connections, making them more persuasive than top-down propaganda. Research by Brazys and Dukalskis (2019) demonstrates measurable impact. The authors found that proximity to an active Confucius Institute significantly improved the tone of media reporting about China-relevant events in that locality. This ground-level, relationship-based approach can genuinely shape media perceptions and coverage in host communities.

This change in tone of coverage owing to engagement with Chinese state-driven narratives can be documented even in contexts of broader skepticism about China, helping — as the authors of the above-mentioned paper note — to “improve China's image locally amid a general context in which opinions about China are worsening.” Improved media tone does not necessarily translate to wholesale acceptance of Chinese narratives or governance models. Research on China's media influence in Africa reveals persistent skepticism among journalists and audiences despite extensive engagement. As one African analyst notes, while Chinese media investment has been substantial, “the effectiveness of Chinese messages continues to be mixed,” with the vast majority of African audiences

remaining “focused on advancing their democratic struggles.” One Kenyan journalist who participated in a China fellowship summed up this resistance: “If the Chinese brought me to Beijing to influence my journalism, they failed” (Nantulya, 2024).

Despite this skepticism and agency, China’s media engagement in Africa and beyond remains extensive and impactful. Concerns about China’s efforts to shape media and information spaces are given greater urgency by the push for global dominance in AI development. China’s strategy has been to advance open-source AI models like Alibaba’s Qwen and DeepSeek, making their code freely available for adaptation in developing countries. While this enables localization for languages neglected by Western tech firms, research has found that AI models built on Chinese systems maintain pro-China biases even when customized for local use. Uganda’s Sunflower chatbot, built on Qwen, deflects criticism of China’s human rights record and presents Chinese investment in Africa positively despite local concerns from citizens and NGOs. As AI increasingly replaces search engines as primary information sources, such models could give governments enhanced control over narratives, particularly in languages where alternatives are scarce.

As the U.S., Sweden, and other donors step back from support in the strategically critical Indo-Pacific region, China is stepping in. At the annual Global Investigative Journalism Conference held in November 2025 in Kuala Lumpur, Malaysia, funding for independent media dominated the agenda. During a session hosted by the Global Forum for Media Development (GFMD), a network of 219 media member organizations exploring policies and programs to sustain journalism, participants from Africa and South Asia noted that rising media engagement and investment, not just from China but also from Russia, had been evident in their regions in the wake of the retreat of Western donors (Bandurski, 2025). The investment side of this equation is far more difficult to grasp. Establishing transparency around substantial Chinese state investments in entities like Independent Media, one of South Africa’s leading multi-platform

media companies, often requires the very types of critical and investigative reporting that are suffering amid funding shortfalls for journalism more broadly — which brings us to the question of media development aid in support of such work.

## **New principles for media development aid**

Given the sheer scale of China's media engagement and information operations globally, there has been understandable concern about combating the rise of disinformation and what the European Union now terms Foreign Information Manipulation and Interference (FIMI). The European External Action Service (EEAS) has documented a growing “threat landscape” of coordinated campaigns designed to undermine democratic processes and institutions (Hénin, 2023). These campaigns are real, and the concerns are well-founded. And yet, countering FIMI alone is not sufficient. The most direct challenge arises from the resilience of media spaces themselves, and whether they are fit to inform communities about immediate risks and concerns.

Research supports the conclusion that professional and independent news media result in greater social cohesion, fuller transparency, and greater citizen engagement (Larizza, 2017). Vibrant and professional media spaces are the best protection against the erosion of democratic values as well as disinformation, misinformation, and interference. It is crucial, therefore, to acknowledge that the direct challenge mounted by China and other states and actors against professional journalism and independent media is happening against the backdrop of a crisis facing journalism globally. China may have ambitious plans for media influence across the globe — but it is also stepping into a widening gap left where media donors have withdrawn, or supported programs are failing to make a lasting difference.

The resource gap is stark. While China's state-directed media diplomacy has expanded rapidly, funding from established democracies has stagnated. As an OECD report noted in 2024 as it outlined de-

velopment cooperation principles for “relevant and effective” media support, total official development assistance allocated annually to media and the broader information environment averages only 0.5 percent of total development assistance — and this drops to a meager 0.24 percent when infrastructure spending is excluded (OECD, 2024). Only up to 8 percent of that minuscule allocation directly supports media organizations in partner countries. Between 2010 and 2019, just six DAC members provided 68 percent of all media development funding, according to the report. In May 2025, Sweden announced that it would increase its support for independent media by SEK 70 million, solidifying its top three position among international donors in the field (Swedish Ministry for Foreign Affairs, 2025). But funding remains a critical issue, even more so given the dramatic funding cuts to USAID in January 2025, which hit independent media globally hard, casting “a long shadow over journalism around the world” (Fenster, 2025).

At risk of stating the obvious, the first step in meeting the challenge posed to independent media globally by state actors like China is to ensure sufficient support from donor countries and organizations committed to the value of media independence and professional journalism. The numbers cited in the 2024 OECD report already make clear that development aid for the media sector has been severely inadequate — and that situation has only worsened in the past year with the withdrawal of support from sources like USAID.

The OECD Development Co-operation Principles for Relevant and Effective Support to Media and the Information Environment, released in 2024 following advocacy by the Global Forum for Media Development and the Centre for International Media Assistance, offer donors an effective roadmap. The principles emphasize increased financial support, local ownership and leadership, improved coordination among donors, and — critically — investment in understanding local contexts. This final point is particularly relevant: the need to develop “solid and up-to-date diagnostics and thorough analysis of the media and information environment in each country,” includ-

ing the “specific needs of the people, particular audiences and public interest media organizations in each context” (OECD, 2024). This emphasis on understanding audience needs and local contexts points directly to how media support can build sustainable resilience against authoritarian influence — through genuine service to communities.

## **Building relevance into media development**

These key points in the OECD principles bring us to a final crucial point that must be underlined to ensure the impact of media support once it is applied — and that is the core question of audience relevance. The relevance of journalism and media to audiences, the imperative that they serve real needs, is not just the answer to how media can survive and be sustainable — it is also the most basic advantage that free and independent media have in competing globally with China’s expanding model of state-controlled information.

Traditional journalism support has tended to focus on “public interest media” in ways that prioritize normative understandings of what constitutes public interest reporting and professional news coverage, without sufficient regard for how content is reaching real communities, or in ways that incorporate their needs or priorities. In an article provocatively titled “Your Suffering Isn’t a Public Service,” researcher Patrick Boehler writes about how “suffering became currency” for grant organizations supporting journalism, rewarding precariousness and abstract heroism over utility, while funding work that informs elites rather than communities. He advocates instead for support tied to demonstrable service: who journalists help, how, and what communities would miss without them (Boehler, 2025b).

Boehler’s criticism, which is echoed by others such as Madison Karas who advocate a focus on service-oriented journalism, touches on a key point about the nature of media support, and the expectations of donors, that must be seriously addressed — particularly in view of the cratering consumption of the news more broadly among consumers (Karas & Boehler, 2025). When it comes to public interest

news, it seems, the public cannot be interested. Research published in 2025 by the Reuters Institute exposed a decade-long trend of public disengagement from the news (Robertson, 2025). According to the study, weekly online news consumption fell 13 percentage points among young adults between 2015 and 2024, while general interest in news dropped sharply across all demographic groups. Respondents increasingly found news coverage irrelevant, feeling, as research three years earlier found, that it's just “not for me” (Newman et al., 2022).

Examples of effective service journalism demonstrate this advantage in practice. In the United States, community-centered newsrooms have built sustainable audiences through projects addressing concrete local needs — from Public Good News’s Spanish-language WhatsApp health newsletter to the Texas Tribune’s voter guide magnets distributed at community centers (Donald W. Reynolds Journalism Institute, 2024). In the Global South, outlets like India’s CGNet Swara and Brazil’s Agência Mural have built lasting community engagement by prioritizing relevance over reach. As Paraguayan researcher Jazmín Acuña notes, successful media must move away from the mindset that “we deserve to exist because what we do is inherently valuable” toward an impact-oriented approach where change is deliberately created and measured (Acuña, 2025).

Beyond increasing support for media development, donors should work closely with journalists and media organizations to better understand audiences and their needs across various markets and contexts. With more support for research, strategic thinking, and shared insights on the media and audience needs in specific contexts globally, and with sharing of tools, resources, and technology to lower the costs for media (whatever their scale), we can better enable journalists and media to connect in new and innovative ways with local audiences. This path is already defined, though in abstract, in the call in the OECD principles to support “solid and up-to-date diagnostics and thorough analysis” of media contexts globally.

While our commitment remains to independent media that work in the public interest, we can do much more to better understand and

enrich what this means for concrete, engaged audiences as opposed to donors. With new and effective ways to re-engage audiences around substantive, credible, and relevant information, media and journalism will become more rooted and sustainable — and in many cases less dependent on direct donor support.

Meeting real information needs is not just about sustainability — it represents independent media's most powerful advantage against the expanding global media engagements and investments from authoritarian actors like China. State-directed media can deploy vast resources for forums and partnerships, but they cannot replicate the trust built through genuine service to communities. As Boehler argues in another article, "Resisting Oppression," mundane, actionable information about daily needs — which schools accept migrant children, which hospitals treat without bribes — threatens authoritarian control more than dissident broadcasts because information essential to daily life becomes impossible to restrict without visible harm (Boehler, 2025a).

Responding to the challenge posed by China's state-directed media diplomacy requires not just increased funding for independent media, but a fundamental shift in how that support is conceived and delivered. Donors must invest in broader sharing of information, tools, and resources that enable journalists to understand and respond meaningfully to audience needs in their specific contexts. By empowering media to provide genuine service — answering the questions people actually have, helping them navigate systems that affect their daily lives — we build sustainable relevance that no amount of state-directed forum diplomacy or partnership agreements can replicate. This is where independent media rooted in service to communities possess an advantage that authoritarian competitors fundamentally cannot match: not through strategic communication, but through trust earned by responding to real information needs rather than projecting geopolitical interests disconnected from audience realities.

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# 11 China's agricultural footprint in Africa – scale, patterns, and implications

Assem Abu Hatab and  
Franklin Amuakwa-Mensah

*This chapter examines the trajectory of China's contemporary involvement in African agriculture. The central argument is for a more disciplined African approach – built on clearer priorities, firmer rules, and stronger African agency. With strategic coordination, anchored in continental frameworks such as Agenda 2063 and the African Continental Free Trade Area (AfCFTA), African countries can reshape this relationship with China into a resilient and mutually beneficial model. Ultimately, realizing the opportunities of this partnership, while mitigating its risks, demands a decisive shift in mindset and strategy from African governments, complemented by a smart and supportive recalibration of engagement by traditional partners such as Sweden.*

## Introduction

This chapter examines China’s contemporary involvement in African agriculture and its impacts on food-system outcomes. The chapter also explores the African response to the Chinese involvement and offers policy recommendations. The central argument is not for a “divorce” from Chinese engagement, but for a more disciplined African approach built on clearer priorities, firmer rules, and stronger African agency. With strategic coordination, anchored in continental frameworks such as Agenda 2063<sup>1</sup> and the African Continental Free Trade Area (AfCFTA), African countries can re-shape this relationship into a resilient and mutually beneficial model. Ultimately, this demands a decisive shift in mindset and strategy from African governments, complemented by a smart and supportive recalibration of engagement by traditional partners such as Sweden.

Food security remains one of Africa’s most pressing and urgent challenges, with almost two-thirds of the continent’s population experiencing moderate or severe food insecurity—nearly twice the global average (World Bank, 2025). Agriculture supports the livelihoods of over 60% of Africa’s workforce (with women constituting nearly 50%), and the sector contributes to over 17% of GDP (far above the global average of just over 4%). Ending hunger, malnutrition, and poverty, therefore depends heavily on the capacity of African governments to build sustainable agricultural sectors and resilient, inclusive food systems (Abu Hatab et al., 2019).

China has emerged in recent decades as a pivotal player in African agriculture, channeling substantial investments, technology transfers, and aid across the continent through engagements marked by distinct characteristics. While other donors have combined multiple channels to support development, China’s approach is distinctive in the deployment of multiple instruments—including aid, trade, in-

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<sup>1</sup> Agenda 2063: The Africa We Want <https://au.int/en/agenda2063/overview>

vestment, and technical cooperation—all steered by a unified policy framework and implemented through strong state-owned institutional actors. This results in a more centrally orchestrated and strategically aligned form of South–South cooperation (Zeng et al., 2025). Another distinct characteristic of China's engagement in African agriculture is a stronger emphasis on the “production” side of agrifood value chains, like irrigation, mechanization, and input supply.

However, many aspects of China's agricultural engagement remain underexplored. Compared to high-profile sectors such as infrastructure and mining ventures, agricultural cooperation has attracted less attention due to its decentralized, small-scale nature, limited data availability, and low visibility. Debates over how to characterize China's involvement in Africa underscore the need for delving deeper. Although China is not a former colonial power and frames its actions as South–South cooperation, critics and some scholars argue that structural asymmetries, emerging dependencies, and expanding political influence mirror dynamics associated with neo-imperialism (Seifudein & Babagana, 2023). Whether or not one adopts this terminology, a clearer understanding of China's involvement in African agriculture is crucial for African countries in order to maximize the benefits of investments, while at the same time mitigating risks such as environmental degradation and uneven economic gains.

For development partners like the European Union (EU) and Sweden, a deeper understanding is essential to strategically position aid and investment initiatives, avoid duplication of efforts, foster collaborative opportunities with China where aligned, and counterbalance potential geopolitical influences, ultimately enhancing their effectiveness in addressing Africa's pressing challenges of improving food security, reducing poverty, and building climate resilience.

## China's domestic agricultural policy

To understand China's more recent engagement in African agriculture, there is a need to examine the constraints and priorities of its own agricultural policy. For a long time, China has prioritized expanding and upgrading domestic production to meet the rising demand. Under Xi Jinping, this agenda has intensified. Food policies have been strengthened, efforts to reduce food waste have expanded, and the protection of arable land has been tightened. Food has been explicitly framed as a matter of national security, with Xi repeatedly insisting that the "rice bowls" of China's 1.4 billion citizens must remain firmly in Chinese hands<sup>2</sup>.

By 2004, China shifted from net food exporter to net food importer; and between 2000 and 2020, the self-sufficiency rate fell from 93.6 to 65.8 percent. Projections suggest that food demand is expected to increase and the demand for meat and dairy products is expected to nearly double by 2050. Since 2013, agricultural policy has had a dual approach: pursuing self-sufficiency in staple grains and key proteins while relying more on global markets for non-staple commodities (Zeng et al., 2025).

China's arable land is shrinking due to rapid urbanization and industrialization. At the same time, agricultural productivity is undermined by soil degradation, driven by pollution, acidification, and intensive fertilizer use, alongside desertification caused by overgrazing and poor water management. Climate change intensifies these pressures, while population growth pushes the limits of China's self-sufficiency (Chen et al., 2019). It is within this context that Africa has become a strategic pillar in China's response to its domestic agricultural constraints. Africa's vast reserves of uncultivated arable land present an important external opportunity for China as it seeks to secure long-term food and agricultural resources.

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<sup>2</sup> Xinhua News Agency [https://www.gov.cn/xinwen/2022-09/22/content\\_5711153.htm](https://www.gov.cn/xinwen/2022-09/22/content_5711153.htm)

## **Cultivating partnership: three phases of China–Africa agricultural engagement**

The trajectory of China's agricultural involvement in Africa traces its origins back to the late 1950s (Siu & McGovern, 2017). Over the decades, this partnership has matured, evolving from modest aid initiatives into a multifaceted framework that integrates large-scale projects, trade, foreign direct investment (FDI), and technical assistance (Zhao, 2020). Notably, this engagement has been shaped by wider global geopolitics such as China's pursuit of international alliances, resource security, and responses to tensions with the West. China's own domestic political priorities, including economic reforms and food security, have also shaped the trajectory. The subsequent sections explore this progression within three distinct phases:

### **Phase I: Solidarity and non-reimbursable assistance (late 1950s–1960s)**

In the first phase of non-reimbursable assistance during the Mao era, China positioned itself as a champion of Third World solidarity, using agricultural aid as a non-monetary tool to strengthen ties with newly independent African countries (Buckley, 2013). This era featured the provision of free food aid to address immediate shortages, the establishment of agricultural demonstration farms, and the development of water conservancy projects (Alden, 2013). For instance, Chinese experts were dispatched to Guinea and Mali to set up testing and extension stations that introduced basic farming techniques including rice cultivation methods adapted from China's own experiences (Li et al., 2022). By the end of the 1960s, these efforts had resulted in over a dozen projects across the continent, helping to lay foundational infrastructure that supported local food production and symbolized China's commitment to anti-imperialist partnerships (Shinn, 2011).

Overall, during this phase, China prioritized diplomatic alliances, such as securing UN recognition, over economic gains (Bräutigam & Xiaoyang, 2009).

## **Phase II: Cooperation based on economic pragmatism (1970s–1999)**

This period marked a clear pivot from ideologically framed solidarity to results-oriented collaboration, following China’s “Reform and opening up” in 1978. Aid was increasingly paired with trade and investment. Relationships were negotiated bilaterally to meet concrete economic goals (Ayenagbo et al., 2012). State-owned enterprises moved to the forefront as delivery vehicles, shifting from small grants to larger turnkey projects in farm rehabilitation, irrigation, agro-processing, and mechanization (Hairong & Sautman, 2010). Financial instruments were diversified. China extended concessional loans, undertook waves of debt relief worth hundreds of millions of dollars, and used supplier credits tied to Chinese equipment, while high-level diplomacy intensified to unlock contracts and long-term partnerships.

On the ground, projects coupled technology transfer with capacity building. Zimbabwe’s 1980s cotton program, where Chinese firms helped install ginneries and training schemes that lifted exports and jobs, became an emblem of the era’s aid-plus-commerce model (Mukwereza, 2013). By the end of the 1990s, China had established a template—pragmatic, project-driven, and increasingly market-linked cooperation—that laid the groundwork for the expansive, investment-led engagement that would follow.

## **Phase III: Comprehensive and strategic partnership (2000s–present)**

During this phase, China–Africa relations shifted to a more institutionalized, whole-of-government partnership that links aid, trade, investment, and diplomacy, following the first Forum on China–Africa

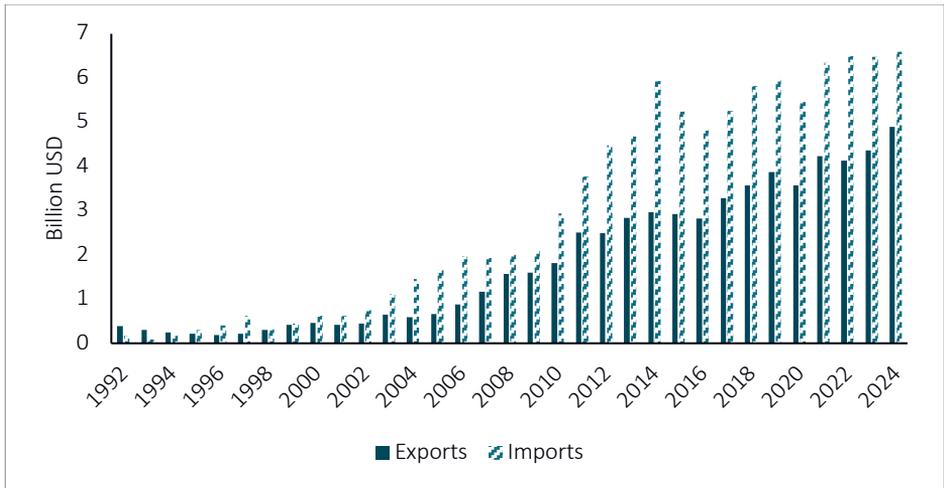
Cooperation (FOCAC) in 2000 (Large, 2022). Chinese FDI and policy-bank finance expanded rapidly, guaranteeing roads, storage, irrigation, and power that reduce post-harvest losses and connect farmers with regional markets (Siméon et al., 2022).

New policies such as the “Go Global” strategy in 2001 and the “Outward Investment Direction Policy” in 2006 facilitated overseas investment. The latter identified agriculture as a priority sector (Bernasconi & Johnson, 2012). This spurred Chinese state-owned and private enterprises to invest directly in African agrifood value chains, including farming, processing, and agribusiness. African agriculture offers high returns due to low labor costs and abundant land. Chinese firms have invested in diverse crops like cassava in Uganda and rubber in Cameroon, while also reducing reliance on volatile Western markets (Assemble-Mvondo et al., 2015).

China's agricultural engagement is driven partly by the need to secure its own food supply. For instance, Chinese agribusiness investments in countries such as Mozambique, Zambia, and Ethiopia have focused on producing crops primarily destined for export to China's domestic market, such as soybeans, hybrid rice, and sesame (Carmody & Taylor, 2016).

The toolkit has diversified further to digital agriculture (e.g., drone-based crop monitoring in Kenya and urban and peri-urban farming pilots in Ethiopia), and scaled mechanization. Policy moves on market access, such as green-lighting Kenyan avocados and expanding demand for Ethiopian sesame, have complemented Chinese exports of fertilizers and machinery (Mwaura & Hualing, 2023). Trade patterns mirror this, as Figure 1 suggests. China–Africa agri-food trade grew from negligible levels in the 1990s to multi-billion-dollar flows in recent years.

**Figure 1. Chinese exports to and imports from Africa, 1992–2024 (USD billions)**



Source: World Bank. WITS Database (2025).

## The architecture of China's engagement: key players and approaches

China's involvement in African agriculture is characterized by an ecosystem of diverse state and non-state actors, which collectively advance its strategic objectives of securing food resources and expanding markets for Chinese agribusiness. Within this ecosystem, the various actors—ministries, SOEs, provincial authorities, and commercial entities—operate with overlapping but sometimes competing interests, a dynamic that reflects the fragmented, decentralized nature of the contemporary Chinese party-state (Jones and Hameiri, 2021).

State actors, including the Ministry of Agriculture and Rural Affairs and the Ministry of Commerce, are key players, and have developed policy frameworks like the 2021–2023 Action Plan by FOCAC, emphasizing agricultural modernization. State-owned enterprises (like China National Agricultural Development Group) execute large-

scale projects overseas, often financed by policy banks like the China Development Bank (e.g., rice farming in Nigeria and irrigation infrastructure in Ethiopia) (Kupoluyi, 2024). By 2020, state-owned enterprises accounted for a significant portion of Chinese FDI in Africa, including dams in Sudan and farms in Zimbabwe, which have increased agricultural productivity but raised concerns about debts and environmental impacts (Gu et al., 2022).

These involvements typically blend aid with investment. Another example is the Agricultural Technology Demonstration Centers in Mozambique, where aid-funded infrastructure and training has evolved into investments in commercial rice farming by Chinese firms. Another example is the China–Zambia Friendship Farm, established in 1994 as a development aid project to boost arable land use via sprinkler irrigation for maize and wheat, which has since transitioned into commercial crop production through the involvement of Chinese state-owned groups.

Non-state actors and private Chinese companies often engage in diverse activities in partnership with local African businesses (Kefela, 2012). Smaller actors have run seed and machinery dealerships and contract-farming arrangements in countries such as Zambia, Tanzania, and Cameroon (Assemble-Mvondo et al., 2015). Private initiatives pursue commercial profits but also help absorb domestic overcapacity by creating external outlets for surplus production. Such exports maintain utilization and employment in China, easing pressure for politically difficult restructuring and aligning with Chinese national food-security goals (Carmody & Taylor, 2016).

The complexity of these engagements arises from the intertwined roles of state-owned and private sectors, often blurring lines through hybrid models that combine official aid, commercial investments, and public–private partnerships. This is not unique to China (many donors and development finance institutions also blend aid, guarantees, and commercial capital through PPPs and risk-sharing facilities), but in the Chinese case, the distinction between state and commercial interests is often intentionally ambiguous. This strategic

ambiguity allows for flexible, opportunistic engagement that can adapt to local conditions while consistently advancing the overarching priorities set by Beijing's policy framework.

China's approach in relation to engagement with multilateral organizations in African agriculture is to support its strategic objectives by embedding bilateral initiatives within wider international frameworks. This enhances legitimacy and amplifies China's influence. Unlike Western donors, which frequently link aid to policy conditionalities and governance reforms, China emphasizes flexibility and alignment with host-country priorities. Through platforms like FOCAC, China integrates agricultural pledges into multilateral dialogues, such as committing 10 billion USD in concessional loans for agribusiness under the 2021 Dakar Declaration. This aligns with African Union (AU) agendas like the Comprehensive Africa Agriculture Development Programme (CAADP) that promote hybrid seed technologies and training programs in over 20 countries. China thereby secures African support in global forums like the UN General Assembly (FOCAC, 2021).

Moreover, China collaborates with UN agencies such as the Food and Agriculture Organization (FAO), contributing to joint projects via the South-South Cooperation Trust Fund, which helps offset criticisms of opacity by demonstrating commitment to global standards without surrendering sovereignty (FAO, 2020b).

In alternative multilateral frameworks, including the BRICS New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB), lending has tended to prioritize large-scale infrastructure aimed at enhancing connectivity and trade. Such projects—ports and transport corridors among them—can advance the commercial and strategic interests of key stakeholders, including China. These institutions nevertheless operate within established multilateral norms and frequently engage in co-financing and coordination with existing international financial institutions. The distinction with traditional lenders, like the World Bank and the International Monetary Fund (IMF), lies not in the funding of infrastructure per

se, but in differences in institutional procedures, conditionality, and project timelines, with more extensive safeguard and review processes often shaping the pace of implementation (Wang, 2019).

Agricultural cooperation also functions as diplomatic currency for China in Africa, cultivating political goodwill and counterbalancing Western influence. Historically, agricultural aid was used to secure alliances and support China's bid for international recognition, particularly against Taiwan during the Cold War (Scoones et al., 2016). Today, through FOCAC summits, China continues to leverage agricultural cooperation to strengthen ties with African countries. These initiatives enhance China's soft power and position it as a reliable partner in Africa's development, with high-level visits and agreements reinforcing diplomatic bonds (Belt & Road Portal, 2025).

## **The fallout and the fruits: the contested impacts of Chinese engagement**

Across each area of China–Africa agricultural partnership, evidence points to tangible opportunities alongside recurring debates over scale, sustainability, governance, and who benefits. This section briefly overviews the forms of Chinese involvement and assesses the observed outcomes, both beneficial and adverse.

### **Technology transfer and productivity**

China's technical assistance to African agriculture is spearheaded by Agricultural Technology Demonstration Centers (ATDCs), “pilot farms.” ATDCs operate in many African countries including Mozambique, Rwanda, Uganda, and Tanzania, combining grant-funded set-ups with commercial activities to pursue financial viability while transferring varieties, mechanization, and agronomy (Bräutigam & Huang, 2016). In addition, stand-alone expert deployments and short-course trainings target mechanization, soils, and water management. Tangible yield gains and skills upgrading are common where trials match local agro-ecologies—e.g., hybrid rice and

mechanized methods in Tanzania have in some cases doubled output and improved market integration. However, critics argue results can be uneven, with demonstration effects not always scaled nationally and mixed evidence on sustained adoption after projects end.

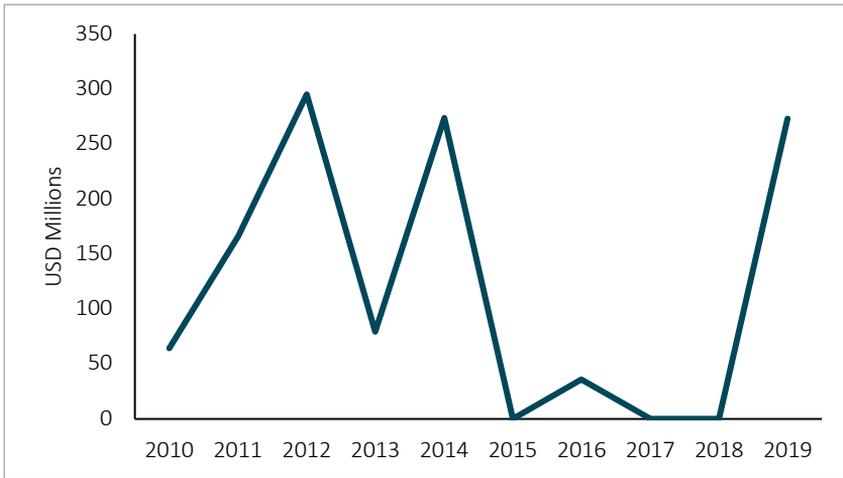
Recent empirical work using ATDCs as a quasi-natural experiment finds positive but context-dependent effects, while reviews note both strengths (hands-on training, business spillovers) and weaknesses (limited integration with national research and extension systems) (Lin & Cui, 2024). Challenges largely arise because trials are often tailored to specific local agro-ecologies, limiting their applicability elsewhere, and because projects frequently operate in isolation from national research and extension systems, reducing long-term adoption. Sustainability is further constrained when incentives, inputs, or technical support cease after project completion.

## **Funding sources and trends**

Loans are a central instrument of China's engagement with African agriculture, channeled mainly through the Export-Import Bank of China and the China Development Bank to finance irrigation, agro-processing, seed systems, and rural infrastructure. As Figure 2 shows, lending has been highly cyclical, rising from roughly 100 million USD in 2000 to a mid-2000s peak, dipping around the global financial crisis, climbing again with FOCAC pledges in the early 2010s, and falling sharply by 2016 before a modest post-2019 rebound. This volatility reflects a mix of external shocks (commodity cycles, global downturns), borrower-side constraints (debt distress, governance capacity), and China's own risk recalibration and shift toward more commercial terms. In addition, critics also warn of rising debt burdens and fears of "debt-trap diplomacy," where unsustainable repayment terms could lead to concessions over strategic assets, including agricultural lands or resources, as seen in debt relief arrangements that facilitate Chinese access to farmland and labor mobility (Abu Hatab et al., 2024).

However, this narrative has been challenged by some, who argue that the concept of “debt-trap diplomacy” is often overstated and lacks strong empirical support; for example, Bräutigam (2020) describes it as a “meme” that has shaped perceptions of Chinese lending, noting that most Chinese loans are restructured rather than leading to asset seizures, and that borrowing countries generally retain control over their strategic assets.

**Figure 2. China’s yearly total loan commitments to Africa’s agriculture sectors**



Source: Authors plotted using data from China’s Overseas Development Finance Database, Boston University Global Development Policy Center <http://www.bu.edu/gdp/chinas-overseas-development-finance/>.

### **Land, tenure, and “land grab” debates**

Chinese agribusiness engagement in Africa has combined long leases (15–99 years) with a growing shift toward contract farming, concentrated in countries such as Zambia, Mozambique, Cameroon, Ethiopia, and the DRC (Batterbury & Ndi, 2018). Portfolios often emphasize sugar, rubber, cotton, palm oil, and occasionally soy. These ventures can bring capital, processing facilities, and feeder infrastructure, yet they also generate distributional tensions. Export-

oriented crops may divert prime land, water, and finance from staple crops. Tenure disputes may arise, and many high-profile projects have underperformed or been abandoned due to logistical bottlenecks, overambitious planning, or ecological constraints.

Positive examples include rice and horticulture projects in Ghana and Mozambique where clarified tenure, credible oversight, and active local participation led to shared benefits and increased productivity. Yet outcomes vary widely. By contrast, projects in Zambia and parts of Laos illustrate negative outcomes when tenure is insecure, regulatory monitoring is weak, and communities are poorly integrated, resulting in displacement and resource conflicts.

These variations show that the design, governance, and local engagement of LSLA projects are key determinants of social and environmental outcomes. Critics frame Chinese agribusiness engagement in Africa within the broader Large-Scale Land Acquisition (LSLA) concerns like displacement, social disruption, and inequality (Shang & Zhang, 2018), and some warn of neo-colonial commodity dependence (Okolo & Akwu, 2016). Concrete flashpoints include Chinese-backed tobacco schemes in Zimbabwe linked to deforestation, water pollution, and community displacement (Gumbo et al., 2025), and rubber plantations in Cameroon accused of evicting smallholders without adequate compensation (Assemble-Mvondo et al., 2015).

## Trade access and market dynamics

Chinese initiatives like the zero-tariff policy announced in June 2025 have signaled expanded agricultural market access for African exporters. This policy grants duty-free entry for products from 53 African countries. This builds on commitments from the FOCAC Beijing Action Plan (2025–2027), which emphasizes deepening e-commerce cooperation and facilitating greater agricultural exports from Africa<sup>3</sup>. To support this, China has promoted harmonized standards, enhanced quarantine protocols, launched pilot export

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<sup>3</sup> [https://www.mfa.gov.cn/eng/xw/zyxw/202409/t20240905\\_11485719.html](https://www.mfa.gov.cn/eng/xw/zyxw/202409/t20240905_11485719.html)

programs for faster inspections, and zero-tariff treatments for 98 percent of items from the least developed countries. These efforts have enabled a range of African products to gain footholds in the Chinese market, such as sesame, peanuts, citrus fruits, and fish meal.

The potential benefits for African economies include access to China's vast consumer base. Africa's agricultural exports to China are estimated to increase toward ambitious targets like 20 billion USD by 2030. This shift could encourage investment in value-added food processing, reduce the reliance on raw commodity exports, and support trade dynamics where Africa's agricultural strengths align with China's import needs (Rarieya & de Vicente, 2024). However, several concerns temper this optimism. Hygiene standards imposed by China pose significant barriers, with only 12 African countries meeting requirements for certain products as of 2023, often requiring costly compliance measures that smallholder farmers struggle to afford. Trade remains concentrated in a narrow set of commodities, leading to vulnerabilities from market fluctuations and overdependence on a few items like nuts and fruits. Exposure to policy shifts in China, such as sudden changes in import quotas or tariffs, adds uncertainty, compounded by broader challenges like Africa's infrastructure deficits, climate vulnerabilities, and low mechanization levels.

Africa's agricultural exports to China have increased over the past two decades, with the agricultural trade balance recently shifting modestly in Africa's favor (see Figure 1). This challenges the previous notion of Africa primarily as a supplier for China's food needs, particularly in light of China's long-standing position as a major exporter of agricultural products to African markets.

## **Employment, skills, and enterprise development**

Chinese agribusinesses and input suppliers (suppliers of seeds, fertilizers, equipment, etc.) have contributed significantly to job creation across Africa, generating employment in farming, processing, and distribution. For instance, in Zambia, China–Africa Cotton has employed local workers, providing on-the-job training in machine op-

erations and extension services that have enhanced yields and efficiency for over 37,000 farmers.

Chinese agriculture-related infrastructure aid projects have boosted local employment probabilities by 2–3 percentage points in the short term, shifting workers toward skilled manual labor and formal, cash-earning roles. Training programs, often informal but practical, have upgraded agronomic and managerial skills in sectors like cotton and tobacco. Exposing African staff to advanced techniques in China has promoted enterprise development and productivity gains.

However, debates persist on the quality and longevity of these jobs, which are often low-skilled, low-paid, and seasonal, with limited upward mobility. High turnover rates also hinder sustainable skill embedding (Rodgers, 2011). In Mozambique and Tanzania, smallholders report exploitative conditions in Chinese investments, such as strict quotas, salary reductions, and a dominance of expatriate Chinese staff in managerial roles, without meaningful knowledge transfer or integration into local economies. Challenges around contract enforcement are prominent, with non-binding agreements leading to unfulfilled promises on inputs, land access, and compensation, exacerbating tenure insecurity and conflicts for smallholders, while cultural and capacity gaps limit effective technology absorption and long-term local capability building.

Under the FOCAC Beijing Action Plan (2025–2027), China has committed to provide 60,000 training opportunities prioritizing women and youth, including programs in agricultural sciences and rural development. In Nigeria, for example, Chinese-funded agricultural training in 2016–2019 (provided by Green Agriculture West Africa Limited [GAWAL]) enabled female smallholders to acquire skills in hybrid rice and cassava cultivation. Such targeted interventions have supported knowledge sharing in communities, improved yields, and contributed indirectly to food security and rural livelihoods.

However, gender disparities persist, and in many cases these same initiatives reinforce pre-existing inequalities. As Mutasa (2025) notes, participation opportunities for women remain restricted, with structural barriers such as limited access to credit, land, and extension services constraining their ability to translate training into economic gains. In the Nigerian GAWAL case above, women experienced smaller income improvements than men.

## **Resource use and environmental sustainability**

Chinese investments in African agriculture have produced a mixed record of environmental impacts. On the positive side, certain projects have advanced renewable energy and resource efficiency (Kampini & Kalepa, 2024). For example, hydroelectric dams associated with agricultural irrigation not only supply clean electricity that reduces reliance on fossil fuels but also improve water management systems in regions vulnerable to drought. In some contexts, Chinese engagement has supported the introduction of conservation-oriented technologies such as drip irrigation, terracing, and soil fertility management, helping farmers to adapt to climate variability and curb land degradation. Moreover, China's involvement has in some cases fostered comparative advantages in “green” agricultural products, particularly in horticulture and organic farming, which can strengthen Africa's positioning in environmentally sensitive global markets.

In contrast, the negative environmental consequences are more widespread and frequently more severe (Adugu, 2025). Large-scale projects often exert significant pressure on fragile ecosystems, particularly in arid and semi-arid regions where intensive irrigation strains already scarce water resources. The expansion of monoculture cash crops such as sugarcane, palm oil, and rubber has contributed to deforestation, biodiversity loss, and soil depletion, while also heightening vulnerability to pests and diseases (Weng et al., 2018). Deforestation linked to plantation agriculture accelerates resource depletion, undermines carbon sinks, and increases greenhouse gas

emissions, running counter to global climate commitments. In addition, inadequate regulation and oversight have led to cases of chemical pollution from fertilizers and pesticides, contaminating water sources and threatening both human and animal health.

Infrastructure developments tied to agriculture, such as road construction, can fragment habitats and intensify encroachment into ecologically sensitive areas. These environmental challenges are compounded by weak institutional capacity in many African states to enforce environmental standards and monitor the long-term ecological consequences of foreign investments. In some instances, environmental impact assessments are either absent or inadequately implemented, limiting accountability. Critics argue that this replicates patterns of “extractive environmentalism”, where short-term gains in output and trade are prioritized over sustainable land stewardship and intergenerational resource security (Merem et al., 2021).

## **Governance and policy alignment**

China’s non-interference policy in African agriculture enables swift project implementation through an “ask less, do more” approach, offering an often pragmatic and flexible alternative to Western aid models (Wu, 2012). This flexibility that appears to respect national sovereignty has strengthened diplomatic ties and fostered a sense of mutual benefit, giving partner countries greater autonomy to pursue their own development agendas and allowing the rapid deployment of agricultural projects. Some evidence highlights that African governments exercise significant agency in negotiations, leveraging Chinese loans for long-term growth in infrastructure and agriculture, with outcomes proving catalytic when integrated into credible national plans, open procurement processes, and robust institutional capacities (Chen et al., 2014).

However, the same policy of non-interference creates significant governance and transparency challenges (Alden & Alves, 2015). It often leaves accountability gaps and weakens oversight by sidestepping fragile institutional structures (Mohan, 2014). In addition, the

fragmented nature of Chinese engagement adds layers of opacity, making it difficult to track financial flows, project performance, or compliance with local regulations. This lack of transparency has amplified concerns over debt sustainability, with some African countries incurring large loans for agricultural and infrastructure projects under opaque terms, fueling fears of “debt diplomacy” (Monyae & Chapotera, 2023). For instance, Chinese loans contribute to rising debt-to-GDP ratios in vulnerable countries like Zambia and Djibouti, where repayment difficulties have raised concerns about asset concessions and strategic dependence.

## **Navigating the dragon in the fields: strengthening Africa's strategic position in China's agricultural engagement**

The dramatic expansion of China's engagement in Africa's agricultural sector marks a profound transformation in the continent's developmental landscape. This shift forces a move beyond the simplistic and often polarized narratives that cast China as either a “neo-colonialist” threat or a benevolent “all-weather friend.” In reality, the views held by African stakeholders are complex, nuanced, and often internally contradictory, oscillating between a pragmatic recognition of unprecedented opportunity and a deep-seated anxiety over strategic vulnerability.

Compounding this complex dynamic is a critical problem of representation and voice. For too long, the core dialogues determining the future of African agriculture have occurred in a bipolar fashion, primarily between traditional donors like the European Union and the new powerhouse, China. In this dynamic, European partners frequently view Chinese activities with deep-seated skepticism, questioning their transparency and sustainability, while Chinese representatives often position themselves as providing a modern, efficient, and respectful alternative to what they characterize as the outdated, patronizing, and inefficient support strategies of the West.

Regrettably, the voices and priorities of the most crucial stakeholders, i.e., African policymakers, ministries of agriculture, civil society organizations, and the farmers themselves, are too often sidelined in both academic and political discussions.

The subsequent sections develop this approach by outlining a strategic roadmap for African stakeholders and by discussing the specific supportive role that Swedish development actors can fulfill.

## **A strategic roadmap for African governments and stakeholders**

Beyond the mixed views of African governments discussed in earlier sections, a spectrum of perspectives exists among other critical stakeholders. The African private sector often views Chinese partnerships with cautious optimism; agribusinesses see avenues for investment and access to supply chains, yet they simultaneously fear being outcompeted by well-resourced Chinese state-owned enterprises and imported finished goods that stifle local processing.

Civil society organizations and smallholder farmer cooperatives frequently express profound skepticism, raising alarms over land tenure security, environmental degradation from intensive farming models, and the marginalization of women who form the backbone of food production but are often excluded from high-level negotiations. The prevailing “no-strings-attached” approach, while appealing to many governments, often sidelines the very social and environmental safeguards that ensure equitable and sustainable development, leaving civil society watchdogs with limited power to hold investors accountable.

For many rural youth, Chinese-led agricultural projects represent a potential source of coveted wage labor and technical training, a powerful lure in contexts of high unemployment, even if these roles are often precarious and unskilled. This complex tapestry of stakeholder opinion underscores that the Sino–African agricultural partnership is not a monolith but a series of localized engagements producing

distinct sets of winners and losers, which policy must address explicitly (Tadrous, 2025).

Navigating this reality demands a move beyond reactive postures. A critical task is for African governments to evolve from being junior partners in these engagements to becoming the lead architects of their own agricultural future and to move from merely managing the symptoms of this engagement to proactively designing its fundamental terms. This transformation requires a sequenced, coherent set of policy actions with clear accountability.

### **Strategic coordination and agency**

There is a significant opportunity for African governments to move beyond ad hoc, opportunistic engagement toward more coordinated strategies that clarify national positions and strengthen bargaining leverage vis-à-vis China. Greater regional alignment—alongside calibrated engagement with Western development partners—could enhance negotiating power and reduce asymmetries in bilateral dealings. At the continental level, the African Union is well placed to amplify collective agency by articulating shared priorities, aligning FOCAC commitments with existing AU frameworks, and conveying country-level needs through a more unified voice.

Anchoring prospective agreements within explicit agri-food strategies presents an opportunity to ensure that investments advance national development objectives while reinforcing regional integration. Engagement through regional economic communities offers scope to leverage combined market size, enabling countries to secure terms that may be difficult to achieve individually.

### **Value addition and local content**

Building on a more strategic posture, Sino–African agricultural cooperation presents opportunities to embed value addition and local content more systematically into trade and investment frameworks. Moving beyond the export of raw commodities toward onshore pro-

cessing, skills development, and technology transfer could help shift relationships up the value chain. There is also scope to integrate clearer expectations around training, employment, and managerial participation for African agronomists, technicians, and managers.

Closer alignment between agricultural policy and industrial strategy offers further potential. Drawing selectively on lessons from China's own development experience, localization of seeds, skills, maintenance, and operations could reduce long-term dependency. Aligning these approaches with AfCFTA rules of origin and national agrifood strategies would help capture greater value domestically, support job creation, and deepen regional integration.

### **Climate, environmental, and social safeguards**

The scale of agricultural engagement also creates opportunities to strengthen climate, environmental, and social governance. Elevating safeguards from formal commitments to operational practice—through measurable, enforceable provisions embedded in agreements—could improve sustainability outcomes. AU- or REC-aligned environmental clauses, combined with climate-risk screening and robust environmental and social management frameworks, offer practical avenues to link investment approval and incentives to performance.

Inclusive investment models present another area of opportunity. Greater integration of smallholders and SMEs into certified value chains, alongside fair contracting arrangements and accessible dispute resolution mechanisms, could enhance distributional outcomes. Ensuring meaningful participation by women and youth—through targeted extension services, finance, and market access—would further strengthen social returns.

### **Enforcing the African Continental Free Trade Area**

AfCFTA implementation opens space to reorient agrifood engagement with China toward more integrated continental strategies. Aligning export promotion with rules of origin, trade facilitation

measures, and strengthened sanitary and phytosanitary capacity could improve African competitiveness in segments where Chinese demand is growing. Investments in traceability systems, accredited laboratories, and cold-chain logistics are particularly well positioned to support this shift.

On financing, blended approaches that combine Chinese capital with multilateral guarantees and climate finance offer opportunities to improve transparency, risk-sharing, and resilience. Linking financing to climate-risk screening and AfCFTA compliance standards could further enhance coherence across policy domains. Regular lesson-sharing among African, Chinese, and European stakeholders—anchored in AfCFTA and REC platforms—could help diffuse best practices and reduce zero-sum dynamics.

## **Legal frameworks, financing, and knowledge**

Stronger domestic legal and regulatory frameworks represent a critical enabling condition for maximizing benefits from agricultural cooperation. Clear land tenure protections, effective competition policy, and robust environmental oversight can help mitigate risks while improving bargaining positions. In parallel, more strategic debt management—supported by independent project appraisal and diversified partnerships—can reduce fiscal vulnerabilities.

Finally, investment in knowledge and institutional capacity offers a long-term opportunity to rebalance negotiations. Building in-house expertise on Chinese agricultural policies and market dynamics, supporting independent research, and strengthening regional analytical networks can enhance evidence-based decision-making and collective bargaining power.

## The supportive role of Sweden and like-minded development partners

In this reconfigured landscape, the role of traditional development partners such as Sweden requires a refined approach. Development partners should adopt a “guardrails and bridges” stance: guardrails to prevent harm and lock in African ownership, and bridges that channel China’s scale and speed toward African and regional priorities. While guardrails are not entirely absent—most African countries already possess regulatory frameworks and safeguards on paper—these mechanisms are often unevenly enforced, under-resourced, or poorly integrated into cross-border investments. Guardrails therefore mean not inventing new rules but strengthening and operationalizing existing ones, including insisting on transparent land governance and debt practices, enforceable social and environmental safeguards, and stronger domestic linkages.

Bridges mean targeted co-financing and technical partnerships that connect Chinese-built productive assets to African staple value chains, food processing, and consumer outcomes. Sweden’s comparative advantage lies not in competing with China on its own terms of scale and speed, but in complementing and strategically shaping the China–Africa agricultural relationship through strengthening Africa’s own capacity to manage it effectively. With a long-standing commitment to human rights, gender equality, good governance, and environmental sustainability, Swedish actors are uniquely positioned to play this role.

While Sweden cannot shape China’s approaches, Sweden can play an active role in shaping the governance environment in which China operates—an arena where China is more likely to adapt because the incentives and parameters are set by African partners rather than external pressure. In this sense, Sweden’s influence is indirect: it strengthens the institutional environment that China must navigate, rather than attempting to pressure China itself. This approach also aligns closely with Sweden’s development cooperation objectives,

which emphasize democratic governance, rule of law, environmental sustainability, gender equality, and strengthening partner-country capacity.

A critical role for Swedish development cooperation actors could be to fill the gaps that Chinese agricultural investments typically ignore, particularly in the “soft infrastructure” of the sector. While China may construct warehouses and processing plants, Swedish support can focus on strengthening the rural agricultural extension systems that train farmers, supporting farmer-led research and development into indigenous crops, promoting soil health and agroecological practices, and ensuring the benefits of new infrastructure reach the most vulnerable, including women and smallholder farmers. This requires investing in the human and social capital that ensures that large-scale agro-industrial projects are sustainable and equitable.

## Conclusion

In conclusion, the deepening entanglement of China in African agriculture presents a historic opportunity to rectify the chronic underinvestment that has plagued the continent's most vital sector for decades. However, harnessing this opportunity while mitigating its inherent risks demands a fundamental transformation in mindset and strategy from African governments, and a smart, supportive evolution in the role of traditional partners like Sweden.

Through the formulation of unified policies, the strengthening of institutions, a focus on the needs of African citizens, and negotiation from a position of knowledge and collective strength complemented by the targeted support of partners focused on building capacity, African nations can aspire to transform the current relationship with China from one of potential dependency and extraction into a genuinely equitable, productive, and sustainable partnership that finally unlocks the vast, dormant potential of Africa's agrarian landscape.

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## 12 China as a development actor in Southeast Asia

Åsa Malmström Rognes

*China has emerged as a key development partner for Southeast Asia. In this chapter, how China's position has evolved over the past two decades is examined, and what that means for Sweden going forward with new aid and trade policies. The chapter shows how China has emphasised economic cooperation and prioritised infrastructure funding as the basis for development. China has simultaneously become the leading trade partner for Southeast Asia, and Chinese companies have begun to invest more as well. Sweden, as a much smaller donor, trade partner and investor, cannot compete with China but can provide development support in targeted sectors and aim for synergies between aid and trade.*

## Introduction

In this chapter, the aim is to examine China as a development actor in Southeast Asia, the strong position that China has achieved while simultaneously being a recipient of ODA and a donor. I will discuss what that means for Sweden, as Sweden reorients its aid and aims to align aid, trade, and other foreign policy priorities such as security more closely. China has had a very different approach to development in Southeast Asia than Sweden with an emphasis on economic cooperation rather than a traditional donor focus on broad-based poverty reduction. The focus is on the past 20 years since this is the time period when China emerged as a significant development actor globally.

China has become the largest development funder (debt and aid) globally in absolute terms while the United States until 2024 was the largest provider of aid or official development assistance (ODA). Between 2000 and 2021, China provided USD 1.4 trillion in development finance globally, 85% of which were loans. The United States provided USD 771 billion and 85% were in the form of aid. Other OECD member countries combined provided USD 2.2 trillion and about 90% of this was aid (Custer, Burgess, & Sritharan, 2025).

In Southeast Asia, Japan long dominated as provider of ODA and funder of infrastructure and was the most important trading partner and investor. In 2009, China emerged as the main trading partner for all ASEAN countries ahead of Japan, the United States, and the European Union. In addition, China, through its Belt and Road Initiative (BRI), became the largest funder of infrastructure and energy projects in ASEAN. In the past few years, Chinese firms have also begun to invest more in Southeast Asian economies. China has thus emerged as a significant development actor and development partner.

Southeast Asia is dominated by middle-income emerging economies that have largely graduated from basic ODA but do receive targeted grants and can borrow at concessional rates from multilateral development banks as well as bilaterally for development-oriented pro-

jects. The Philippines and Vietnam are lower-middle-income countries while Indonesia, Malaysia, and Thailand are upper-middle-income countries which receive limited or no grant funding but receive substantial amounts of debt funding for projects that are not commercially viable. Myanmar, Laos, Cambodia, and Timor-Leste on the other hand are low-income countries where aid continues to be important but other concessional flows have also increased.

Sweden has a long history of providing aid to Southeast Asia but as these countries have experienced rapid growth and higher per capita incomes, Sweden's engagement and support shifted from bilateral to regional programs except for Myanmar (which currently receives only humanitarian assistance) and Cambodia until the end of 2024. The regional strategy for Asia is being phased out and it is not yet clear what the priorities will be in Southeast Asia. However, future engagement will have to take China's actions in the region into account as China has become a vital economic partner for Southeast Asian countries.

## **China's engagement with Southeast Asia**

China's long history of foreign aid changed in the late 1990s as the Chinese economy grew rapidly and became far more integrated in the global economy. The so-called Going Out policy presented in 1999 was prompted by surplus capacity in a number of sectors as well as rapid accumulation of foreign exchange reserves that could be deployed in other countries. In addition, engagement in other countries could help secure access to key resources needed for industrial development. While no formal aid policy was communicated then, scholars interpreted the Going Out policy as one reason for the shift in China's policy and strategy vis-à-vis developing countries (e.g., Copper, 2016; Bräutigam, 2011). The 2011 White Paper on China's Foreign Aid stated that aid should focus on support for self-development and be about mutual economic cooperation. The paper explicitly said that China would refrain from conditionalities related to domestic policies, would not interfere in internal affairs, and not

seek political gains for itself. Resources could be in the form of grants, interest-free loans, or concessional loans. The first two were provided from government finances while the Export-Import Bank of China provided concessional loans. On a cumulative basis, 61% of the projects were devoted to economic infrastructure and 33% funding was allocated to Asia.

In the 2014 slightly revised White Paper, cooperation with ASEAN was highlighted as part of the provision of foreign assistance. The latest White Paper from 2021 is more comprehensive and includes the Belt and Road Initiative as a platform for development cooperation. This paper also says that helping countries reach the sustainable development goals in Agenda 2030 is another key theme. Furthermore, aid for trade was promoted as part of support for economic development. Chinese aid is recipient driven meaning that borrowing countries request funding for development projects and if deemed feasible and viable these may be funded by Chinese agencies and implemented by Chinese firms.

The White Paper provided data on foreign aid (including grants, interest-free loans, and concessional loans) but data on the non-concessional loans such as loans to BRI projects were not included. This lack of comprehensive data on broadly defined development cooperation makes it difficult to fully analyze the extent of China's development cooperation. The AidData database is the most comprehensive source on China's development projects and includes aid projects and debt-financed projects. Since there is no comprehensive list of BRI projects it is not possible to separate them in the data on loans.

During the Asian financial crisis in 1997–98, China contributed USD 1 billion to the IMF-led support program in Thailand, on par with bilateral support from Australia but far less than the Japanese bilateral contribution. This bilateral support signaled a shift in China's position as it was still a low-income country but had large enough foreign reserves that it could lend money to a middle-income country. At the time, China was the largest recipient of ODA in absolute

terms and continued to be a recipient while becoming a substantial donor. The financial support was the first step toward closer relations with ASEAN. In 2000, China became part of the ASEAN plus 3 (Japan, Korea, and China) grouping that continued to collaborate with ASEAN countries and has since held regular meetings and developed closer relations.

In 2003, the China–ASEAN strategic partnership was announced, and it became formalized with a trade agreement for goods in 2005 and services in 2007. Trade with Southeast Asian economies began to increase in the mid-1990s albeit slowly. With the rapid industrialization in China as well as the newly industrializing countries in Southeast Asia, a similar economic structure emerged as the low-income countries had with exports of basic consumer goods and textiles. There was thus limited scope for trade. Gradually, industrial production networks spread out across Southeast Asia and China which increased trade and economic integration in the region.

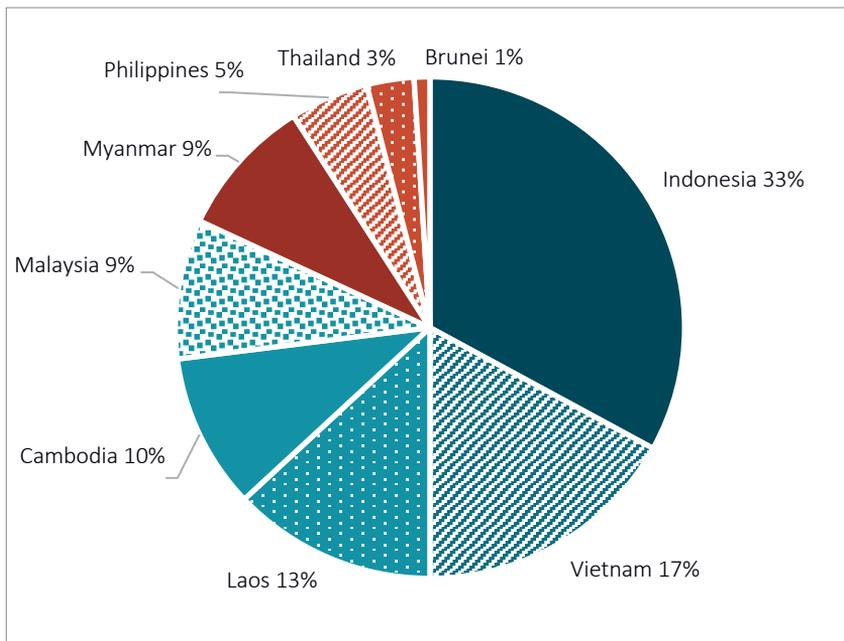
Development funds from China increased following the global financial crisis in 2008–09 as China had a significant surplus to lend and invest even though China still received significant ODA flows and was a major borrower in multilateral development banks. Another increase followed the start of the Belt and Road Initiative in 2013 with substantial funds lent for primarily infrastructure. A shift appears to have taken place with commitments going down from 2015. By 2025 a new informal policy seemed to be in place with a focus on smaller projects in Southeast Asia (Tan, 2024). While fewer BRI projects are announced, other investments and more trade have solidified China's position as a development actor and economic partner in Southeast Asia.

## **Aid and development**

Over the period 2000 to 2023, committed development finance to Southeast Asia amounted to USD 170 billion. Indonesia was the largest recipient with USD 55 billion or 33% of total, followed by Vietnam with USD 29 billion and Laos with USD 21 billion (see

Figure 1.). Of the USD 170 billion, 84% were in the form of debt, 10% aid, and 6% of the funding is categorized as “vague.” The numbers illustrate Beijing’s thinking about supporting development of self-reliance. Loans are expected to be managed well since they must be repaid. Loans finance primarily three sectors, namely 1) industry, mining, and construction, 2) energy, and 3) transportation (figure 2). These are sectors where the projects are expected to support industrialization and economic growth and thus generate returns that will be used to repay the loans. China’s aid projects are small-scale and focus on health, education, and government. The number of aid projects far outnumber loan projects, but the size and scale of the loan-financed projects are much larger.

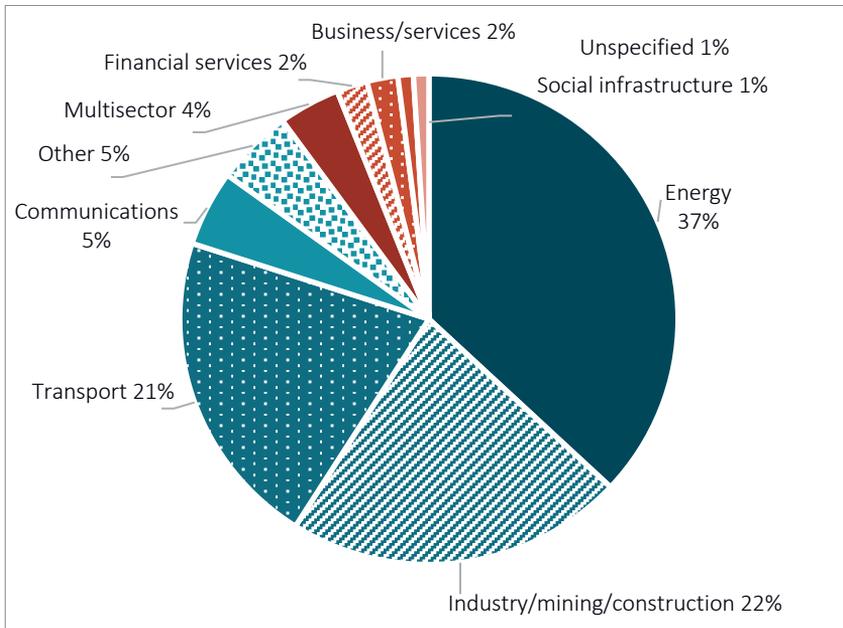
**Figure 1. Shares of China’s development funding by country, 2000–2021**



Source: [www.AidData.org](http://www.AidData.org)

Indonesia mainly received loans as grants only make up USD 187 million of the total. The loans are primarily for energy, transportation, industry, and mining. These include funding for coal-fired power plants, mines to develop extraction of ores, aluminum plants, roads and railways, and telecom projects. China has also lent to local banks for on-lending and to the state-owned energy company PLN for corporate purposes. Most of the aid funding was disbursed in early 2005 in response to the earthquake and tsunami which devastated Banda Aceh in northern Sumatra. More emergency aid was delivered during the COVID-19 pandemic. Other aid has been directed toward health clinics and education. Overall, the funding pattern reflects China's development philosophy. Indonesia with around 285 million inhabitants and a GDP per capita of USD 5000 received USD 55 billion. This can be contrasted with Laos with barely 8 million inhabitants and a GDP per capita of USD 2100 that received USD 21 billion over the same time period.

**Figure 2. Funding to different sectors, 2000–2021**



Source: [www.AidData.org](http://www.AidData.org)

In Laos, more than half of the funds have gone to energy projects, specifically to hydropower plants along the Mekong River. The second largest sector is transportation and here the north–south highway from Kunming to Bangkok via Laos is one major project and a high-speed railway between Kunming and Vientiane another. There are plans to extend the railway through Thailand and Malaysia with Singapore as the final destination. Laos, even though it has lower per capita income than Indonesia, received 77% of funding as loans and the remainder as aid and vague finance. Aid projects included health sector projects like COVID-19 vaccines and hospital upgrades.

Laos is a highly indebted country with external debt equivalent to 90% of GDP and half of this is owed to China. An analysis by Barney et al. (2025) showed that non-concessional loans from Chinese banks account for the largest part of the debt. The heavily loan-financed energy sector is highly indebted and has difficulty servicing the loans. The Laotian government has chosen to sell some state assets to get funds for debt servicing. Barney et al. dismiss the notion that Laos is a case of the so-called “debt-trap diplomacy” arguing that the government made informed decisions.

The debt-trap argument holds that Beijing deliberately imposes hard conditions that will benefit Beijing in case of repayment difficulties. This view suggests that borrowers have limited agency which Barney et al. does not accept. The only study of actual loan agreements (Gelpern et al., 2023) showed that for their sample the Chinese state-owned banks used a mix of terms from standard commercial loans and official loans to gain leverage and secure repayment. Novel clauses sought to protect lenders against changes in law or policy. Gelpern et al. note that these clauses do facilitate lending to high-risk projects and countries, but also make the loans harder to restructure if needed.

In Laos, the railroad from Kunming to Vientiane is owned by a jointventure between Chinese and Laotian firms and notionally financed by debt and equity. However, the equity part from Laos is funded with loans from Chinese banks. This type of lending is re-

ferred to as “hidden debt” since the borrower is a company rather than the state and is not recorded in international debt statistics. This contributes to the opacity of lending data.

The funding to Cambodia, another low-income country, follows the same pattern with an emphasis on loans for transportation including the Siem Reap international airport, expressways, and extensive support for the Sihanoukville economic zone. Aid-funded projects also include very concessional loans to transportation, in addition to a number of projects for health, education, and landmine clearing.

Close to 60% of all development funding to Laos comes from China and for Cambodia it is almost 35%, which make these two more reliant on China than Indonesia or Vietnam. Even if funding in absolute terms is substantial for Indonesia and Vietnam the amounts are small in relation to GDP. These countries also have more options to fund development projects. Dayant and Stanhope (2025) refer to this as the first two are constrained in their approach to China with fewer options, whereas the latter are more opportunistic and can choose among funding agencies.

Since 2015, development funding commitments have trended downward, and disbursements fallen far short of commitments. There are numerous reasons for lagging disbursements ranging from procurement delays to implementation issues with permits and in some cases, borrowers have canceled projects.

## **Trade, investment, and development**

While development funding is decreasing, economic integration through trade and investment is increasing. China became ASEAN’s main trading partner in 2009 surpassing Japan and the U.S. Total trade between China and ASEAN increased from USD 8 billion in 1991 to USD 684.6 billion in 2020. By 2023, 19% of ASEAN’s exports went to China and 29% of imports originated there, meaning that ASEAN as a whole runs a trade deficit with China as do individual countries. China is thus the largest source of imports for

Southeast Asian countries and that development is linked to economic developments over the past few decades that have seen production networks expand across Southeast Asia and China. The increase in U.S. tariffs on Chinese goods in 2018 and the supply disruptions caused by the COVID-19 pandemic prompted Western multinationals to diversify their production and suppliers in Asia. This so-called China-plus-one strategy not only led to multinationals redirecting some of their planned investments from China to Southeast Asian countries, but it also prompted Chinese companies to invest in Southeast Asian countries and establish production in particular in Vietnam and Malaysia. These investments meant further economic integration across Southeast Asia and China.

## **The Belt and Road Initiative**

The Belt and Road Initiative is significant for Southeast Asia where initially key corridors were identified—from China through Myanmar to the Indian Ocean, from China through Laos and Thailand to the Gulf of Thailand, and through Vietnam. The BRI action plan from 2015 did not present the initiative as a development initiative and it was not until the 2021 development cooperation White Paper that it was discussed as part of China's development cooperation. Since BRI's inception numerous projects have been referred to as BRI projects although neither Beijing nor individual capitals have produced any definitive lists of these projects. However, the emphasis on connectivity projects that can support trade fits well with the general development agenda in Southeast Asia. In the years before the BRI was launched, a major study from the Asian Development Bank had pointed to the massive need for infrastructure in Asia and that the financing needs were larger than the development banks could meet (ADB, 2009). Infrastructure projects like ports, highways, telecom, and energy can generate substantial returns and some can be deemed too commercial for traditional development funding but not sufficiently commercial for commercial funding. The BRI's early identification of power plants, roads, ports, and railways filled a niche where capitals welcomed additional funding. In addition,

China could deploy funds and surplus capacity comparatively quickly to the BRI projects and they were presented as win–win.

There is a debate among scholars whether there is a grand strategy behind BRI or not. In 2009, Yuan summarized the discussions around a “Chinese Marshall Plan” which built on a continuation of the Going Out strategy but added that by providing more loans to developing countries right after the Global Financial Crisis, China could deploy surplus resources, stimulate demand abroad, and gain strategic influence (Yuan, 2009). Challenging the grand strategy narrative, Ye (2020) discussed the different interpretations, but argued that they failed to consider the internal fragmentation among different ministries and government agencies, their rationales for the BRI and their varying ability to control banks and companies. However, the 2023 BRI White Paper referred to the BRI as a “key pillar of the global community of shared future” and brought together the BRI and other policy initiatives, effectively signaling global ambitions.

There is a downward trend from 2015 in committed funding as well as disbursed amounts. This probably reflects slower growth in China, effects from the pandemic, and a shift in government priorities as well as shifts in recipient countries in response to political changes as well as spending priorities for projects connected to BRI projects. Some countries, like the Philippines, have objected to only Chinese contractors and predominantly Chinese labor in the projects. Malaysia suspended the construction of the East Coast rail link in 2018 with then Prime Minister Mahathir referring to BRI as “colonialism” with the debt buildup leading to dependency on China (Lublin, 2018). The project was subsequently restarted under a new government.

Frechen (2019) contrasted Cambodia’s close relations and increased dependence on Chinese funding for critical infrastructure under the BRI with Cambodia almost becoming a client state with Vietnam’s more ambiguous position. In addition to complex relations historically, Vietnam opposes China’s territorial claims and actions in the South China Sea and balances that with increasing economic integration and funding for development projects particularly in infrastructure.

By contrast, in Indonesia, former President Widodo (2014–24) prioritized infrastructure development and BRI projects fit into that plan. Japan which had been the main donor and funded infrastructure, financed a feasibility study for a high-speed rail between Jakarta and Bandung and expected to fund the railway as well. However, China offered better financial terms and won the contract. The project suffered delays and cost overruns and after two years of operation has yet to generate enough return to service the debt. In October 2025, discussions began about rescheduling the debt incurred for the railway (South China Morning Post, October 23, 2025). Comments about a debt trap were dismissed as Indonesia's external debt is low. While the financing for this project may need to be restructured there is no general concern about the current debt.

The BRI has certainly become a major part of China's development cooperation in Southeast Asia but seems to have peaked. Repayments for the first projects are increasing but some debts may also need to be rescheduled. There is still a significant need for infrastructure so China will most likely continue to lend.

## **Aid for trade**

The Aid for trade concept was launched in Doha in 2005. It relates to aid for infrastructure, productive capacity building, trade policy and rules, and trade-related adjustment (e.g., costs associated with complying with rules and regulations) in recipient countries. The modalities include funding for infrastructure and direct financial support to companies (loans or equity investments). Technical assistance is used for capacity building for rules, regulations, and adjustment. Aid for trade support is appealing to donors as it suggests that tangible results can be seen with increased exports from developing countries, enhanced capacity, and hopefully a virtuous circle of more investments, continued capacity building, and corporate growth. Studies summarized in an EBA 2024 report show correlation between aid for trade support and export growth, but it is difficult to establish causality (Kokko & Tingvall, 2024). The relationship be-

tween hard infrastructure and export growth is comparatively easier to establish than causality between technical assistance for capacity building among companies and government agencies.

As Kokko and Tingvall point out, aid for trade works best for middle-income countries as this is where there tend to be more exporting companies and more exporters to be. In low-income countries there tend to be fewer firms that have the inclination or the capacity to produce for exports. If they do export, the exports are usually directed to neighboring countries rather than mature economies. Thus, economic links between donor and recipient are not strengthened, at least not in the short run. With a longer-term perspective, low-income countries would most likely benefit from capacity building and funding for infrastructure and for companies.

China discussed aid for trade in the 2014 White Paper and the type of funding that China has provided to Southeast Asia has been geared toward all types of infrastructure that will support mining, transportation, and industrial development that can facilitate trade. Funding directly to companies is harder to identify but loans from China's Ex-Im Bank to local banks for on-lending fall into this category. Granular data on the borrowers in the AidData database confirm a pattern of lending to power plants, electricity grids, national roads, and factory construction. The support to the Special economic zone in Sihanoukville in Cambodia is a good example of support aimed to facilitate and encourage export-oriented industrial production. In addition, China supports a number of projects related to trade policies and regulation. These range from training and equipment for inspection of containers in the Philippines to credits for trade finance in Indonesia. Studies on China's aid for trade exist for Africa but somewhat surprisingly not for Southeast Asia. Studies on aid for trade to Southeast Asia in general show a correlation between projects for capacity building and exports but authors note the difficulty in establishing causality (Lee & Oh, 2022).

## China in Asian institutions

In Southeast Asia, the Asian Development Bank (ADB) has since its founding in 1966 been the leading multilateral development bank. Japan and the U.S. are the largest shareholders with 12.7% each of the votes (ADB website). China joined in 1986 and currently has 5.4% of the votes. These three countries have individual seats on the executive board whereas Sweden is part of a constituency with Canada, Ireland, the Netherlands, and the Nordic Countries. Sweden alone has 0.6% of votes. ADB used to be perceived as mainly funding infrastructure following Japan's ODA policies but around 2000 it broadened its portfolio and began to devote more resources to social infrastructure as well (ADB, 2016). China still borrows from ADB for development projects.

In 2016, China founded the Asian Infrastructure Investment Bank which as the name suggests is devoted to infrastructure funding. It was the first multilateral development bank founded by a non-OECD member. China is the largest shareholder with 26.5% of the votes (AIIB website). The second largest shareholder is India with 7% of the votes and the third largest is Germany with 3.3% of the votes. China consequently has a decisive role in decision-making in the bank and is also a borrower. Sweden is a member but has only 0.7% of the votes. When the bank was started, references were made to the infrastructure needs identified by the ADB and it was pointed out that existing multilateral development banks could not meet those needs. Hence, the need for AIIB. Seven Southeast Asian countries are members and have borrowed from the bank, mainly for water, transportation, and urban development.

ASEAN is not an international organization on par with the development banks, but it is at the core of economic cooperation and integration in Southeast Asia, as well as in East Asia. ASEAN as a whole has a trade agreement with China. In addition to external trade, ASEAN also hosts fora like the ASEAN Regional Forum, East Asia Summit, and ASEAN Defence Ministers' Meeting Plus where China participates. The ASEAN community or the country

currently chairing ASEAN sets the agenda for these meetings to ensure that the topics are in ASEAN's interest. ASEAN plus 3 includes China, Japan, and Korea and is primarily important for economic and financial cooperation. This cooperation is not for development purposes but is a tool for economic surveillance through AMRO (ASEAN plus 3 economic research office) and financial support that can be activated to avert, or deal with, a financial crisis.

## **Sweden as a development actor in Southeast Asia**

Sweden has a long history in supporting development projects in Southeast Asia. Vietnam and Laos were key partner countries for bilateral ODA until 2007 and 2013 respectively ([www.openaid.se](http://www.openaid.se)). Humanitarian assistance was provided to Cambodia after 1979, while regular ODA only began in the 1990s. Bilateral assistance was phased out in 2024 even though certain humanitarian projects were set to continue under the regional strategy for Asia. In July 2025, the government decided to phase out the regional cooperation with Asia and redirect those resources to Ukraine (Government of Sweden, 2025a). Myanmar continues to receive humanitarian assistance. After many years as a development partner in Southeast Asia, Sweden's role is set to change.

The development strategy presented in December 2023 has eight thematic priorities and the first is job creation, trade, and education. This theme correlates with the International Trade Strategy also presented in December 2023 which aims to bring trade and investments closer as well as closer to the development policies seeking to reinforce outcomes (Government of Sweden, 2023a, 2023b). The trade strategy specifically lists Asia as important.

Sweden's ODA largely consists of grants, technical assistance, and some very concessional funding, but country programming has been central to the mix of sectors and instruments used. In addition, Swedfund has also provided funding to catalyze private sector devel-

opment and invested directly in companies or indirectly through dedicated investment funds. The investments are made with the aim of catalyzing development and supporting local companies and they are made on commercial terms. In Southeast Asia, Swedfund has invested in broad equity funds and specialized energy funds, as well as provided funding to small-and medium-sized companies in Cambodia, Laos, and Vietnam.

Sweden's aid for trade support has hitherto mainly been directed to Africa and Eastern Europe. However, with the emphasis on Asia in the international trade strategy there could be scope for more aid for trade. The EU concluded a trade agreement with Indonesia in September 2025 and is negotiating with Malaysia, the Philippines, and Thailand. These are all middle-income economies where there should be potential to increase trade with Sweden. Hence, technical assistance to capacity building about the agreements among government agencies and companies could be one area for future support.

In August 2025 a new financing instrument was made available through the Swedish Export Credit Guarantee Board which opens up the possibility of combining aid funding with export credit guarantees for sustainability projects in low-income and lower-middle-income countries. This instrument adds to the aid for trade tools and could be used for some countries in Southeast Asia.

In December 2025, the government announced new commitments to fund vaccines, and efforts to control and combat HIV/aids, malaria, and tuberculosis globally (Government of Sweden, 2025b). This funding is also needed in Southeast Asia as U.S. funding has been cut.

In addition, Sweden has increased its focus on the Indo-Pacific region as a whole and the emphasis on maritime security and freedom of navigation plays a role here. It is vital for global trade that the trade routes through the Malacca Strait and South China Sea remain open. Sweden may opt to follow Japan's example and provide

official security assistance but that is outside of traditional ODA as the primary purpose is not development but security.

## Challenges ahead

China has emerged as a formidable regional power in Southeast Asia and has overtaken Japan's role as main creditor and trading partner but not yet as investor or as trusted partner in world affairs. China is now on par with Japan in terms of development funding and like Japan, China's aid policy is about economic cooperation with a strong emphasis on infrastructure and win–win approach. The policy of non-interference in domestic affairs is in line with ASEAN's own principle of non-interference. While not all development projects proceed smoothly, China has a very strong position as a key development partner.

The region-wide opinion survey, *The State of Southeast Asia: 2024* (Seah et al., 2025), showed that China is viewed as the most influential economic power and the most politically and strategically influential, ahead of the U.S., Japan, and the European Union. The EU is trusted to respect the rule of law but falls behind China and the U.S. in terms of support for free trade. Respondents were concerned about territorial claims and aggressive actions from China in the South China Sea and if asked to choose between China and the United States, 50.5% of respondents would choose the U.S. A slight majority of respondents feel that ASEAN should respond to the rivalry between the U.S. and China with more own resilience and unity. Overall, the survey illustrates quite well China's strong position and role in the regional economy but that there is some tension in the relationship between China and Southeast Asia.

The Southeast Asia influence index prepared by the Lowy institute in Australia shows a similar view. China is a leading but not dominant economic partner. The U.S. is the second most important partner, but its influence varies from limited in Laos to strong in the Philippines. Japan has a multidimensional presence and is the third most

important partner. ASEAN is more important for Southeast Asia than any external partner. It is worthwhile to note that the EU does not feature in this study, but individual European countries do.

One challenge for the EU comes across in these surveys, it is viewed positively but is rather distant. Bilateral relations may be very good and have a long history but in terms of development cooperation, China and Japan matter the most for infrastructure finance. The opening of the AIIB meant more development banks that offer funding for infrastructure for Southeast Asia. The withdrawal of USAID will leave a gap in support for democracy, civil society, and health projects. European countries are cutting ODA budgets and are unlikely to fill that gap. Their reductions also mean that there will be less funds for projects related to climate change where Western donors have dominated funding.

Overall, there is still a need for development funding in Southeast Asia even if it varies across countries, and with cutbacks there will likely be less bilateral funding going forward. Even if commitments from China have decreased, repayments from ongoing projects will contribute funding resources in the coming years and China will remain an important development partner.

Sweden has traditionally provided aid rather than loans and has emphasized projects aimed at poverty reduction rather than economic infrastructure. Sweden has also promoted projects to develop civil society and democracy. In many ways, Sweden's support has been the opposite of China's. Sweden is a much smaller development actor in Asia, and also a minor trading partner and investor, and cannot compete with China. Aligning aid, trade, and security more closely and using all financing instruments available could open new areas of development cooperation, in targeted sectors and countries.

## Recommendations for policymakers

Sweden cannot compete with China in terms of financial resources or impact but can nevertheless deliver development support in line with the new strategies for aid, trade, and security as noted above.

- Continue Swedfund's targeted investments in lower-middle-income countries to help catalyze local small and medium-sized enterprises development. It is a niche that fits with support for private sector development and growth, as well as potentially contributing to trade.
- Utilize the trade agreements with Southeast Asian countries and build economic ties. Technical assistance can be provided for capacity building for government officials and industry associations to implement the agreements.
- Utilize the new instruments for export credit guarantees for sustainability projects in low-income and lower-middle-income countries to align aid and trade and support projects to mitigate climate change.
- Continue to support regional efforts to control malaria, tuberculosis, and provide vaccines.
- Consider following Japan's example with official security assistance.

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# 13 China as a development actor in Ukraine

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*This chapter analyzes China's current role as a development actor in Ukraine, its ambitions to get involved in post-conflict reconstruction work, as well as the likely shape that its involvement might take.*

*China is likely to play some role in Ukraine's reconstruction, if only because the costs will be so high that contributions will have to come from as many countries as possible. A strong Chinese involvement can have positive implications for Ukraine and for Europe. But risks will also emerge. For Sweden and the EU, the priority will be to support Kyiv in monitoring and regulating China's investments and activities in ways that help mitigate some of these risks.*

## **China's role in Ukraine: from the Belt and Road Initiative to post-war reconstruction**

In just a few decades, China has become a major power with a rapidly growing footprint around the world. This trend toward a more assertive and globally involved China has accelerated since Xi Jinping came to power in 2013, as part of his agenda to expand China's global influence. Development aid, or rather, development cooperation, is a key element of Beijing's push to build closer ties with low- and middle-income countries, especially across the Global South, in service of its broader strategic objectives.

Beijing's approach to international development cooperation differs from European or Western ones in ways that Sweden and other EU countries must consider. It is primarily based on the party's long-term strategic interests and objectives. And it consists less of grants and volunteerism, more of loans and the construction expertise of Chinese companies. In the language of the party, it is about mutual, "win-win" growth, rather than assistance.

The Belt and Road Initiative (BRI) is one of the primary vehicles for China's pragmatic, profit- (commercial or otherwise) oriented model of development work, in post-conflict and other settings. Defined as a key pillar of Xi Jinping's "global community of shared future", the BRI has been used to project Beijing's vision of its own global responsibility as the world's "largest developing country."

Over time, the scale of BRI activity has ebbed. The amount of capital invested has diminished, and some of the more normative aspects have been spun out into the newly minted Global Development Initiative, but the BRI remains as relevant as ever. Its aims of securing access to essential inputs and resources like energy, minerals, and food; of opening markets for Chinese companies; and of solidifying partnerships are made more relevant than ever by the rising geopolitical tensions with the United States (US), Europe, and other liberal democracies. The BRI will continue to evolve as China's own strate-

gic goals and foreign policies develop, but as long as the initiative contributes to Beijing's global ambitions, it is unlikely to go anywhere.

The BRI was, up until the start of Russia's full-scale invasion of Ukraine in 2022, also the primary vehicle for China's investments and development cooperation in Ukraine. Ukraine joined the Belt and Road Initiative in 2017 with the objective of finding synergies between China's and its own connectivity strategies. China, however, was a relevant actor in Ukraine prior to this, with Chinese companies holding stakes in Ukraine's critical infrastructure and agricultural sectors.

Russia's war of aggression against Ukraine represents a turning point in Ukraine-China relations. Beijing's support for Moscow has worsened views of China in Ukraine, and the war has led to most Chinese projects in the country being put on hold. China is signaling a clear interest in reverting this situation and finding ways to play a role in Ukraine's economy after the war ends. The country's reconstruction will be challenging and expensive, and Chinese actors bring a number of advantages to the table that are likely to make them attractive partners in some sectors (Yefremov, 2025). The extent of China's ability to participate in the reconstruction and thus its future role as a development actor in Ukraine, however, will ultimately be shaped by Kyiv's views of China.

This chapter will analyze China's current role as a development actor in Ukraine; its ambitions to get involved in post-conflict development work; as well as the likely shape that China's involvement might take. It will then assess the impact that China's involvement in Ukraine might have on Sweden and the EU's own role in the country, on their development aid and contributions to the reconstruction effort, and on Ukraine's future development more broadly.

This chapter's analysis is limited to a scenario in which Ukraine is victorious or agrees to a peace deal that preserves Kyiv's agency. A Russian victory scenario or other—less favorable for Ukraine—

peace agreement scenarios are beyond the scope of this study, as they could eliminate limitations to Chinese involvement, curb Kyiv's agency, or reduce Sweden's and Europe's future role in Ukraine's development.

With a view to Ukraine's potential future membership in the EU, and to preserving the relevance and effectiveness of Swedish and European aid to Ukraine, it is important to start a discussion on what China's future role as a development actor and a player in the reconstruction of Ukraine might look like. Chinese involvement will present opportunities and challenges for Ukraine, but also for Sweden's and the EU's interests.

### **China applies its development playbook to Ukraine**

Chinese actors use a wide range of instruments in their development work, ranging from traditional development aid, such as preferential or concessional loans, grants, and gifts, to development financing with commercial loans, equity, and acquisition. The balance, however, is heavily tilted toward lending and financing. Between 2001 and 2023, China committed globally around USD 1.9 trillion—or around 90% of the total—in “other official flows” (loans and other debt instruments approaching market rates), and under USD 140 billion in “official development assistance” (grants and no- or low-interest loans typically referred to as “aid”) (AidData, no date).

The case of Ukraine, prior to Russia's war of aggression, was a good example of traditional Chinese development cooperation. Between 2001 and 2023, China launched 109 projects in Ukraine for a total value of USD 3.37 billion. Around USD 3 billion of this was in the form of loans or debt. The most important sectors in terms of value were agriculture, representing USD 2 billion; banking and financial services, with USD 864 million worth of projects; energy (USD 253 million); and mining, industry, and construction (USD 291 million). Education and health, though highly visible in terms of China's narrative and public communications strategy, and in terms of number

of projects (57 out of the 109), only represent USD 189 million in cumulated worth within this 12-year period (AidData, no date).

## **Beijing positions itself to play a role in a post-war Ukraine**

China has long seen Ukraine as a potential gateway to Europe. The two became strategic partners in 2011, and despite stagnation in high-level diplomatic relations, Ukraine joined the BRI in 2017 (Golod & Drobotiuk, 2025). Chinese companies acquired strong stakes in Ukraine's transportation, agricultural, telecommunications, and energy sectors. China became Ukraine's top trading partner in 2019 and maintained that status until the start of the war, with trade volumes of around USD 18.5 billion in 2021. The same year, Beijing and Kyiv also signed a cooperation agreement for infrastructure development that would see joint consultations to decide on "promising projects" to be funded by China on concessional terms. This agreement prioritized communications and transport infrastructure (Ministry of Infrastructure of Ukraine, 2021).

But Beijing's support for Moscow since 2022 has dampened the relationship. Diplomatic contacts have dropped to a minimum. Chinese investment into Ukraine has collapsed, with the National Bank of Ukraine recording net-negative flows in 2023 and 2024 (CEIC, 2025). Most of China's infrastructure projects in Ukraine have also been put on hold. In 2023, Kyiv listed several Chinese state-owned enterprises (SOEs) as sponsors of the war (Business & Human Rights Resource Centre, 2023). These included China Railway Construction Corporation, China State Construction Engineering Corporation, and China's three biggest oil companies. This list is mainly a tool to pressure international firms, but it has the potential to hurt their role in reconstruction. A few Chinese companies, however, still maintain a presence in Ukraine, which could become the entry point for a larger Chinese role in the country's post-war economy.

**Table 1. Selected infrastructure projects and investments in Ukraine with Chinese involvement**

Project	Year	Company
Acquisition of 10 solar power plants	2010–2016	China National Building Materials
Grain terminal in Mykolaiv port	2016	China Oil and Food Corporation
New Zaporizhzhia Dnipro bridge and M-22 highway	2017	China Road and Bridge Corporation
Dredging of Yuzhny, Chernomorsk ports	2017, 2019	China Harbor Engineering Company
Solar farm in Dnipropetrovsk	2018	China Machinery Engineering Corp.
Kyiv subway's 4G network	2019	Huawei
Expansion of Mariupol port	2019	China Oil and Food Corporation
Construction of Kyiv ring road	2019	Poly Changda Engineering Co.
Wind farm in Donetsk Oblast	2020	Power Construction Corporation of China

Source: MERICS research.

Despite this worsening of relations, Kyiv has largely refrained from harsh public criticism of China's stance, reflecting the delicate balance that Ukraine is trying to strike to preserve vital trade relations and diplomatic engagement, with a view to potential influence over Moscow via Beijing, and potential Chinese support for Ukraine's reconstruction. This stance has contributed to keeping China as a major trading partner for Ukraine.

Bilateral trade flows reached over USD 16.7 billion in 2024, with the vast majority of these being Ukrainian imports of Chinese products. While Ukraine exports grain and iron ore to China, China remains a major supplier of communications equipment and electronics to Ukraine (imports from China represent over 20% of Ukraine's total imports) (National Institute for Strategic Studies, 2025). China's lev-

erage over Ukraine's supply chains also extends to the defense sector. The Ukrainian military is still dependent on Chinese drones and drone components, particularly those from Shenzhen-based drone-maker DJI (Casimiro, 2024). In September 2024, Beijing restricted exports of drones and drone components, including civilian drones used for military purposes, with clear implications for Ukraine (Wang & Xiong, 2024). A report by Ukrainian think tank Snake Island Institute found in October 2025 that, despite these restrictions, almost 97% of Ukrainian drone producers still name China as their primary source for components (Snake Island Institute, 2025).

At the same time, China's involvement in Ukraine continues to be dwarfed by its economic relationship with Russia. Russia was the recipient of over USD 171 billion in Chinese aid between 2001 and 2023 (compared to Ukraine's USD 3.37 billion), mostly in the form of loans, and focused overwhelmingly on industry, mining, and construction (AidData, no date). Bilateral trade, meanwhile, reached USD 245 billion, more than double that of 2020 (MERICS, OSW, & UI, 2025).

The war has aggravated the contradictions between Beijing's goal to expand BRI and its access to Europe through Ukraine, and its strategic choice to support Russia. Chinese actors, nevertheless, remain highly interested in securing stakes in Ukraine's post-war economy. To find a way out of this conundrum, Beijing has been trying to position itself as a potential mediator in Ukraine, and as a contributor to reconstruction and development after the war.

Beijing waited until 2023 to address the issue of reconstruction directly, in its 12-point position paper on the political settlement of the Ukraine crisis (Xinhua, 2023). To this day, there are very few other direct references to Ukraine's reconstruction or to China's future development role in Ukraine from official Chinese sources. Beijing has also been largely absent from multilateral initiatives to reconstruct Ukraine, despite large-scale engagement by Swedish, European, and other donors. China has skipped the annual Ukraine Recovery

Conferences, signaling that it would likely prefer bilateral deals to multilateral initiatives.

China-led peace initiatives like the “six common understandings” with Brazil (Ministry of Foreign Affairs of the PRC, 2024a), or the “Friends for Peace Group on the Ukraine Crisis” (Ministry of Foreign Affairs of the PRC, 2024b), meanwhile, emphasize the importance of peace talks. But they mostly fail to address the post-war state of Ukraine or its reconstruction.

In China, there is also very little public debate about Ukraine’s reconstruction, though two opposing viewpoints emerge in online discussions on the issue. One identifies an opportunity for Chinese companies and a chance to bolster China’s international image. The other argues that China should prioritize its own interests and allies, highlighting Kyiv’s increasing hostility and lack of financial capabilities to fund large-scale projects.

This lack of publicly visible views suggests Beijing perceives the risks of positioning itself too clearly while the war is still ongoing. China’s leadership seems to have chosen to wait until the outcome of the war becomes more predictable before making any moves so it can adjust its positioning accordingly. This caution will be especially relevant in case of a Ukrainian victory or a mediated ceasefire deal, where Beijing’s partnership with Russia would be a likely obstacle to Chinese firms’ access to reconstruction and development projects.

## **China will target strategic sectors in Ukraine**

Despite the official caution, Chinese actors are already positioning themselves to play a role in Ukraine’s economy after the war. Beijing will try to leverage the fact that the country’s reconstruction will be challenging and expensive, as well as its own track record in post-conflict reconstruction and development cooperation. Today, China has a well-defined approach to development cooperation that it has deployed in post-conflict reconstruction settings such as Iraq, Afghanistan, or South Sudan (Legarda et al., 2025).

Economic and geopolitical interests tend to take precedence over commercial considerations or values-based agendas, leading to a sometimes transactional, and almost always bilateral, engagement with post-conflict nations that focuses on specific sectors, skirting issues of governance or rule of law.

Beijing is often politically and rhetorically supportive of UN-led efforts. It participated, for example, in multiple UN donor conferences for Afghanistan and Iraq. But its announced donations at these conferences were relatively minor. Bilaterally, however, China committed to higher donations in the form of aid plans or debt relief.

Couched in win-win cooperation language, Beijing's engagement during reconstruction processes often involves tacit quid pro quo arrangements to ensure China's interests are well served. Sometimes its transactional approach is more openly stated. A good example is China's 2019 "oil-for-projects" deal with Iraq, which committed Baghdad to supplying China with 100,000 barrels of oil per day for 20 years in exchange for concessional credits for critical infrastructure development projects (Al-Auqaili, 2024).

Under Xi Jinping, Beijing increasingly perceives an international environment that is hostile to China and has, as a result, become more forceful in its pursuit of its geopolitical goals. In this era of strategic competition and geopolitical fragmentation, security- and geopolitics-first approaches to policymaking dominate. These dynamics will shape China's likely involvement in Ukraine's reconstruction and future development, which is likely to follow similar patterns as in other post-conflict reconstruction settings:

- **Approach:** Beijing's security-first approach to foreign policy means that Chinese firms and other actors are unlikely to enter Ukraine until the situation on the ground is stable and they have assurances that their interests will be protected. Moscow's security assurances are likely the reason why a few Chinese companies are reportedly already active in the Russian-occupied regions of Donetsk and Luhansk (The New Voice of Ukraine, 2025).

- **Actors:** The China Development Bank and the Export-Import Bank of China will likely be the main lenders for any Ukraine-based projects, allowing Beijing to make sure Chinese firms' activities align with its own interests. Companies that have managed to maintain a presence in Ukraine throughout the war, such as COFCO or Huawei, will likely try to seize first-mover advantage to expand their operations. The damaged reputation or even listing of a number of Chinese SOEs, however, will open doors to smaller and less well-known Chinese firms.
- **Sectors:** Beijing will focus its efforts on strategic sectors, in line with its own economic and geopolitical interests. Ukraine's economic structure and status as a more developed economy than other post-conflict nations Chinese actors have been involved in suggest China will look beyond critical infrastructure to other sectors of interest:
  - Ukraine is one of the world's largest producers of wheat, corn, and sunflower oil (accounting before the war for 10%, 15%, and 50% of the world market, respectively). With China prioritizing food security, Chinese firms will have incentives to invest further in this sector. Chinese firms already control some key facilities along Ukraine's grain corridors, including in the ports of Mariupol and Mykolaiv. Some companies are already signaling their interest in buying Ukrainian land after the war to set up production facilities (Association for Ukrainian-Chinese Cooperation, 2025a).
  - Ukraine's telecommunications and transport sectors will remain key focuses of China's investments. Chinese telecommunications firms like Huawei or ZTE already have a strong presence in Ukraine. They make up about 100% of Kyivstar's (Ukraine's largest mobile operator) radio network and around 30% of its more critical network (Seal, 2023). After the war, these companies are likely to seek contracts rebuilding civil communications systems and rolling out 5G networks.

- The energy sector is likely to be China’s main entry point into Ukraine, aided by Kyiv’s “build back better” approach, which is slated to prioritize renewables. China’s dominance in the solar and wind industries will make it extremely difficult for Ukraine to build up capacity in a cost-effective manner without leaning on Chinese firms, some of which have already started positioning themselves there (Association for Ukrainian-Chinese Cooperation, 2025b).
- Ukraine has considerable reserves of titanium, lithium, uranium, and other critical minerals that Beijing and other countries need for their industry, military, and tech sectors (Liepins, 2024). China dominates the processing and refining of rare earths, but remains import-dependent on some of them, particularly uranium and lithium. This sector is therefore likely to be of key interest for Beijing, and also a likely flashpoint of Europe-China and US-China competition. The agreement signed between the US and Ukraine in April 2025 did not only set up a joint investment fund for the reconstruction of Ukraine. It also expressed a goal not to let those who have “acted adversely to Ukraine” during the war benefit from the reconstruction—a subtle reference to China, among others. China’s weaponization of its control over rare earth supply chains will also increase Europe’s and other Western countries’ interest in Ukraine’s reserves.
- Beijing has shown a longstanding interest in Ukraine’s defense industry, especially its aerospace industry. After the war, it may well attempt to acquire or invest in key defense companies. Ukraine would be expected to block such sensitive investments, as it did in 2020 when it banned Chinese firm Skyrizon from acquiring Motor Sich over national security concerns (Hurska, 2020). The United States and Europe would also be likely to pressure the Ukrainian government not to allow such a deal to go through. Yet, China might try a transactional approach, offering a cash-strapped Kyiv attractive financing conditions in exchange for access.

- **Mechanisms:** The sharpening strategic competition between China and the United States (or the West more broadly) implies limited prospects for Chinese engagement and cooperation with Sweden, the European Union, or other Western nations on Ukraine’s reconstruction and future development. China’s approach is likely to remain bilateral or, at most, minilateral, and coordinated with its own preferred partners. Beijing is unlikely to participate in multilateral reconstruction funds or other joint initiatives with European or other international partners, limiting the opportunities for complementary action.

Kyiv is now much more security-conscious toward China than it was at the start of the war. A majority of Ukrainians now view China as a threat to peace and security in Europe (Katsioulis et al., 2025), suggesting that restrictions might be imposed on Chinese firms’ access to strategic sectors or industries. At the 2025 Ukraine Recovery Conference, Ukraine’s President Zelensky clarified that “in this joint recovery project, we [Ukrainians] will only welcome true partners—those who are not helping Russia continue this war” (President of Ukraine, 2025). But Ukraine does not yet have a formal China strategy, nor does it have mechanisms in place to provide a sufficient degree of resilience. Both local and national actors sometimes express more favorable views toward Beijing than Kyiv, which might open doors for Chinese actors.

Ukraine’s path toward EU accession could also help constrain China’s involvement in the country’s reconstruction. EU accession negotiations opened in June 2024, so China’s role might be limited by some EU rules and regulations. Kyiv will also have access to the EU’s Ukraine Facility, providing a stable alternative to Chinese financing that would allow it to reject offers for cheap financing in exchange for access to strategic sectors. Additionally, the EU’s defensive toolbox, parts of which will be mandatory for Kyiv to adopt along this process, could also increase Ukraine’s resilience.

## **Substantial Chinese involvement could impact Ukraine's future development and Europe's interests in the country**

China's role will be framed by Ukraine's interests and choices, but China is likely to play some part in rebuilding Ukraine. China's involvement will create challenges for Ukraine's future resilience and Sweden's and the EU's interests in the country that must be considered in advance, but it might also create some opportunities for coordination on concrete issues.

### **The geopolitics of Ukraine's reconstruction**

The reconstruction of Ukraine, and any future development work, will take place in a fragmented geopolitical context with intensifying great power competition. Development aid is increasingly transactional and geopolitical, and as such, the reconstruction of Ukraine will be as well.

For Europe, Ukraine's reconstruction will be embedded in the EU accession protocol obligations. This means that a key European objective throughout this process will be to pave the way for Ukraine to align with European requirements, as well as to ensure a long-lasting peace and a sustainable development path for the country. While, unlike Sweden (Government Offices of Sweden, 2023) or the EU, China does not have a post-conflict reconstruction strategy for Ukraine, Beijing has clearly stated its intentions to contribute. Considering China's strategic interests and its standard approach to development cooperation and post-conflict reconstruction, it is fair to assume that a number of China's activities in the country will not contribute to Ukraine's EU accession path. This will set the stage for friction between Europe and China's objectives in a post-conflict Ukraine. Establishing or increasing exchanges with Chinese official actors, such as Ministry of Commerce (MOFCOM), the China Development Bank, or the Export-Import Bank of China on the re-

construction of Ukraine can help Swedish and European stakeholders anticipate Beijing's priorities and avoid surprises.

## **Identifying areas for China's contributions**

China's involvement can certainly be positive for Ukraine in some ways, but risks and challenges to Ukraine's supply chain and economic independence, critical infrastructure security, or cybersecurity may also emerge. To mitigate the potentially negative impacts of a strong Chinese involvement in its reconstruction and future development, Ukraine will need to develop instruments to monitor and regulate it. Identifying the sectors that are deemed more strategic or geopolitically relevant, and thus where a strong Chinese involvement might present greater risks, would be a good place to start. Conducting a cost-benefit analysis that weighs the risks of China's involvement against the benefits it might bring will allow Kyiv to identify the sectors where collaboration with Chinese actors would serve its own interests and those where it can present risks (Orliange & Pornet, 2025). While the energy, governance, or critical infrastructure sectors, for example, might be riskier for Ukraine—and for Sweden and Europe—projects related to the education, healthcare, or climate and environment domains might be more plausible.

In a similar vein, the location of China's projects after the war will be highly political. Chinese actors might choose to prioritize work in Russian-occupied territories or in Russian-speaking regions of the country. Ensuring that development is sustainable and equitable will also require Kyiv to maintain oversight over the location of Chinese investments. Sweden and the EU are uniquely positioned to support Kyiv in this process.

## **A mismatch in the values agenda**

The Swedish and European effort for Ukraine's reconstruction is driven by a values-based agenda, centered around fundamental freedoms and democracy, as well as respect for human rights and the rule of law. Given the growing gap between Europe and China on

values, China's contribution is unlikely to contribute to this values-based agenda. Chinese projects and investments have in the past been criticized for their lack of transparency and the opportunities they create for corruption in both China and recipient countries. Multiple projects have also suffered from negative environmental and social impacts, including pollution and the lack of adequate compensation for workers or local content requirements, leading to limited benefits for local communities (Horigoshi et al., 2022).

To be sure, Chinese projects are not the only ones that suffer from such issues, but the risk remains, and Chinese actors' regular disinterest in governance requirements will only increase it. Ukraine and Europe should insist on greater transparency and accountability for Chinese projects to mitigate some of these risks.

Some room for coordination, though likely not for cooperation, might still exist in selected areas. China and Europe, for example, have cooperated in the past on issues related to gender equality in the context of the International Labour Organization and UN Women. This could be an area of common interest that could be promoted in projects related to the education and healthcare sectors, where geopolitical and strategic considerations might be more limited, at least initially. Disability policies and elderly care are other issues on which Europe and China could exchange views.

## **Choosing a model for a prosperous economic future**

After the war, Ukraine will be in a position to define a model for its economic future. Europe and China do not share the same economic and industrial model, and the clash between the two has led to unfair competition and market distortions that continue to plague EU-China relations. As has already been seen in the Western Balkans (Zweers et al., 2020), Chinese investments and development cooperation projects do not always align with the EU's rules and norms. Additionally, the entry of heavily subsidized Chinese SOEs into Ukraine could lead to unfair competition for local, as well as European, firms. It could also create challenges related to the future com-

petitiveness of Ukrainian companies, as well as supply chain dependencies.

Given Swedish objectives in Ukraine built around improving conditions for free and rules-based trade, and for companies and entrepreneurship; increasing transparency and reducing corruption; and improving livelihood opportunities, a strong Chinese role in Ukraine might clash with Sweden's interests in the country. In short, while Sweden is calling for a reconstruction effort that would bring inclusive economic development, accompanied by a democratic and liberal values-based model of fair and free competition, Beijing has a different playbook. Chinese investments can compete or interfere with Swedish or, more broadly, European aid and development cooperation in Ukraine, potentially reducing its relevance and effectiveness.

## **Common interests in green and sustainable transition**

China's dominance within certain sectors and supply chains—especially in renewable energies—means Chinese products and technologies are financially competitive and their use in Ukraine will be almost unavoidable. China's involvement can offer cost-effectiveness and other advantages that can support Ukraine's reconstruction and green transition.

Contributing toward Ukraine's green transition and sustainable development is an area of common interest for both China and Sweden. Sweden's priorities of increasing access to fossil-free energy and improving energy efficiency; improving conditions for environmentally sustainable and climate -resilient reconstruction and development; reducing environmental and climate impact; and increasing adaptability and resilience can, to a certain extent, also be served by China's involvement in Ukraine's green energy sector.

But while this could be an area for cooperation between Swedish and Chinese actors, two important concerns need to be considered. An

overdependence on Chinese firms or components in Ukraine's energy sector or green transition more broadly can reduce the competitiveness of, and even hollow out, competing European and local industries. Additionally, this can also undermine Ukraine's security by making Kyiv vulnerable to economic coercion, political pressure, or even sabotage and disruption in the case of a conflict with China. While this is an extreme scenario, Beijing has previously shown its willingness to direct Chinese companies' actions for geopolitical objectives.

### **Putting resilience at the core of reconstruction**

The reconstruction and development of Ukraine, and especially of its critical infrastructure, will be a cost-intensive effort. This is the space in which China presents the greatest competitive advantage, and where its involvement is likely to be more pronounced. Hence, ensuring the resilience of the reconstruction efforts in this sector will be crucial.

Over the past few years, the EU has developed a series of instruments that aim at increasing the resilience and security of European critical infrastructure, including a foreign direct investment screening mechanism and regulations on export controls. To avoid loopholes, especially if Ukraine eventually joins the EU, it will be essential for Sweden and other European actors to work with the Ukrainian government to harmonize approaches.

To reduce vulnerabilities, risks to Ukraine's cybersecurity and technology security should also be assessed in the context of China's contribution to Ukraine's reconstruction. Recognizing that the effectiveness and competitiveness of Ukraine's transportation and communications facilities might be improved through China's involvement, it is also important to acknowledge that control over logistical nodes and transportation networks could give Chinese companies opportunities for intelligence gathering, to disrupt regular operations or—in the case of ports—to use shipping prioritization for political leverage (Ghiretti et al., 2023).

The path toward resilience should also include a careful assessment of the conditions of China's involvement. Beijing is likely to proceed bilaterally, with a mix of commercial, concessional, and preferential loans. Transparency should be required to ensure a sustainable level of debt for Ukraine, avoiding collaterals.

## **The way forward for Sweden and Europe**

To mitigate potentially negative impacts and try to take advantage of opportunities, Ukraine will need to assess China's potential role and design measures to monitor and regulate it. Given the work the EU has done over the last few years, Sweden and the EU are well positioned to support Kyiv throughout this process. The following are a few actions that Sweden could consider:

- Engage with official Chinese actors on the reconstruction of Ukraine to help anticipate plans and priorities.
- Work with Ukraine to identify the sectors in which China's contributions could be mutually beneficial. This requires acceptance of the fact that the reconstruction of Ukraine will be based on geopolitical interests and that China will play some role in the effort.
- Work with Ukraine to identify the territories in which China's presence would be welcome to prevent Russia from being able to leverage China as a proxy for its propaganda.
- Acknowledge that the values agenda is mostly not of interest for China and that tensions will emerge.
- Disabilities, elderly care, and gender equality are issues where some common interests between Europe and China exist, and in which geopolitical interests might be more limited. While co-financing or formal cooperation should not be recommended due to a lack of transparency and common frameworks, parallel financing and other forms of coordination could be envisioned.

- Work with Ukraine to develop autonomous instruments that would promote economic security and ensure the resilience of its economy and critical infrastructure.
- Reduce cybersecurity and technology risks by limiting China's involvements in key transportation and telecommunications nodes.

China's role in the reconstruction of Ukraine, and thus its future role as a development actor in Ukraine, is ultimately dependent on a number of factors that are outside of China's control—and beyond the scope of this paper. Beijing, however, has made clear that it will seek to play a role in the process, and it is likely to do so by following much of its traditional approach to development cooperation and post-conflict reconstruction

Despite Ukraine's (and Europe's) skepticism, and United States pressure, Chinese actors are likely to play a part in rebuilding Ukraine, if only because the costs of reconstruction are so high that contributions will need to come from as many countries as possible. It is therefore essential to start considering how Beijing might wish to contribute to this process and how its actions might impact Sweden's and Europe's interests, whether positively or negatively.

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## 14 Navigating the gray zone: China and Iran

Andrew Small

*China's relationship with Iran provides a case study in Beijing's growing efforts to build an alternative set of financing mechanisms that allow it to deliver developmental investments and maintain other forms of economic partnership in the face of international sanctions. While this might formerly have been limited in relevance to only a small number of "pariah" states in the developing world, it is now a model with potentially wider consequence, especially insofar as China is able to demonstrate that these sanctions do not shut down access to large-scale finance.*

*Sweden and other development donors will need to take into account the rendering invisible of crucial development financing data, and the greater viability of exit for states from western-centric development aid structures.*

## Introduction

During a phase where China's overall development lending levels had been declining, the Middle East has been a striking exception. 2024 saw a surge in new projects, with the region becoming the largest recipient region for Chinese Belt and Road Initiative (BRI) lending that year, the USD 39 billion in investments and construction contracts representing a leap of over 100% from 2023 (Nedopil, 2025).

This occurred despite a complex overall picture for Chinese interests in the region, as Beijing has been navigating the catastrophe in Gaza, the Iran-Israel conflict and subsequent US strikes, the fall of Assad, and the Houthi threats to its shipping—each of which presented the Chinese government with a difficult set of political choices.

At the nub of many of these issues is the Iran-China relationship. In 2021, the two sides agreed a USD 400 billion 25-year strategic partnership agreement that promised to be the biggest developmental set of investments Beijing had ever undertaken. In the official figures, very little of this has translated into effect. The 2024 Chinese financing spike in the region was topped out by Saudi Arabia, with Iraq and the UAE the other major recipients, and similar patterns characterized the preceding years, while Iranian investments continued to lag. But this underplays the salience of the Sino-Iranian relationship, and it has become increasingly clear that it also fails to capture the real numbers. Tehran has been the critical interlocutor for much of China's development agenda in the region, from the investment surge in Iraq—facilitated through political forces close to Iran—to plans for China's involvement in Syria's reconstruction (under the previous government). Most importantly, China has provided an economic lifeline to Iran, with Beijing acting as the primary importer of Iranian oil, albeit without full traceability in the data of how this was put into operation.

This is for good reason. In each of these different areas, Beijing has had to navigate a financial and political gray zone: the sanctions on

Iran and Iran-connected non-state actors in the region have acted as a significant constraint on Chinese firms and on normal funding channels. In extremis, these have even threatened the viability of some of China's most important firms, with ZTE and Huawei embroiled in criminal cases and exclusions of access to critical technologies from the United States. Chinese banks and oil majors have had to tread exceptionally carefully. Yet the importance of these relationships for China means that it sought to find a way to retain a major economic role in Iran regardless.

This chapter examines how one of China's most complex development relationships has evolved, situating it not only in Beijing's wider global agenda but its efforts to establish mechanisms that are resilient against US and Western pressure. Since the Russian invasion of Ukraine, this goal has only become more important to China, and Iran is one of the most important case studies. As such, it has implications for the future of many of China's other aid and development relationships that face similar challenges and points the path to a future where Beijing is able to circumvent these constraints altogether. The relevance of the case study is hence less as an illustrative example of China's approach to the region and more as an exemplification of Chinese efforts at building a viable alternative architecture for these "hard cases." This is of importance not only for the countries subjected to sanctions but to a wide range of other countries in the developing world that are assessing whether or not they can bet on Chinese financial support—and the mechanisms to provide it—even in circumstances where there is a breakdown in normal relations with other partners, which will have important implications for how they approach Western, European and Swedish donors, and how they think about their other economic and strategic choices.

## **China-Iran relations**

While many elements of the China-Iran relationship can be seen through the prism of China's broader approach to the Middle East and its energy needs, it is impossible to separate the two sides' ties

from what the leading scholar of the relationship, John Garver, characterizes as the mutual “national humiliation narrative”: that both nations were great civilizations humiliated by western powers; that western powers still want to keep them weak and are unhappy about their cooperation; and that “a world free from Western hegemonism will include a strong and rich cooperative relationship between China and Iran” (Garver, 2006).

The reality has often been more prosaic. “Strategic” cooperation between the two sides in the 1980s and 1990s saw substantial Chinese support for Iran’s missile programs, and a wide range of arms sales during its war with Iraq. But the scale of the two sides’ ties during China’s economic take-off in the 2000s and 2010s has been constrained a) by the need to balance other important relationships in the region—especially Saudi Arabia, the UAE, and Israel; b) by the restrictions put in place by (primarily) the United States; and c) by the mutual suspicions that saw China itself supporting UN sanctions on Iran’s nuclear program, and Iran seeking to diversify away from its economic dependence on China when the Joint Comprehensive Plan of Action (JCPOA) was agreed in July 2015. Tehran has been acutely conscious that Chinese firms have been able to exploit Iran’s vulnerabilities, taking advantage of its limited options for investment and financing to secure advantageous terms.

Hence, although there was a considerable increase in Sino-Iranian trade from the early 2000s to 2014 (expanding from USD 5.6 billion in trade in 2003 to USD 51.8 billion in 2014), which largely replaced Iran’s European trading partners, those volumes declined after the conclusion of the JCPOA. When the USD 400 billion strategic partnership was being negotiated between the two sides, in the years following Xi Jinping’s 2016 visit to Iran, inbound Chinese investment topped out at barely USD 3 billion in total stock (2020) (Lons & Nouwens, 2021). The bulk of the investments after US sanctions were reimposed were in the construction sector, rather than the crucial energy sector that occupies the central role for the Iranian economy. Indeed, the Chinese State-Owned Enterprises (SOEs) that had

made the largest commitments, such as China National Petroleum Corporation's planned USD 600 million investment in the South Pars gas field, canceled their projects. At the same time, China-Iran trade and economic ties were increasingly dwarfed by Beijing's relations with the other booming economies of the region: trade levels that in 2015 had been comparable to that with the UAE and not far behind levels with Saudi Arabia dipped by 2020 below the levels of even Oman, with Sino-Saudi trade volumes by then running at nearly five times the Iranian level.

Ostensibly then, this was a relationship that had stagnated economically and politically, wrapped up in civilizational and anti-hegemonic rhetoric that did not correspond to ground realities. This even applied in areas where an alignment of political and security interests would have seemed to be a determining factor for the commercial relationship. For instance, Chinese companies provided Iran with facial recognition systems and advanced tools for video surveillance, crowd monitoring, and mobile tracking, some of which were utilized in the crackdown on the large-scale women's protests that swept the country in 2022 (Singleton, 2022). In the telecoms sector, Iran nonetheless sought a wider balance of suppliers—such as Ericsson and Nokia—after the nuclear deal, rather than being dependent solely on Huawei and ZTE. When reports emerged of the vastly ambitious “strategic partnership” plans, there was understandable skepticism from many analysts: not only did the figure itself look fantastical, it seemed wholly out of synch with the nature of the relationship that was evolving.

Yet in the period since the agreement was signed, the relationship has seen a higher degree of political convergence and a level of economic cooperation that—while not necessarily matching the scale of the deal—is at a qualitatively different level to the preceding decade. The Saudi-Iranian restoration of relations in March 2023, which Beijing helped to broker, has had some contributory effect. China has been careful to maintain balance in its regional relationships, and when Saudi-Iranian antagonism was at its peak, Beijing trod a partic-

ularly careful line in trying to assuage Riyadh's concerns about any moves it was making with Tehran, given the burgeoning scale of its Saudi equities. This political balancing act has been less strained since the deal was agreed, and even more so since Iran's strategic position in the region has weakened.

But two other developments are arguably of greater importance. First is that China has seen heightened strategic value in tightening and improving its ties with states that share its "anti-hegemonic" approach to global order, providing the political and economic enabling conditions for them more overtly than in preceding decades, when Beijing took greater care in how its actions might affect ties with the United States and Europe. Where China in the 2010s was still wary about steps such as Iran's membership of the Shanghai Cooperation Organization or the BRICS<sup>1</sup>, and was willing to provide support at the UN for denuclearization efforts (both with Iran and North Korea), the 2020s have seen Beijing pursuing a very different approach.

Second, and related, is that China has worked harder to come up with mechanisms to circumvent western sanctions, which were arguably the main limiting factor for the two sides' cooperation in the 2010s. Some of these opaque barter-style processes only fully came to light in 2025. While their importance has grown considerably following the sanctions imposed on Russia after its invasion of Ukraine, the energy-based model that China developed with Iran appears to have been established even before the "de-dollarization" push accelerated.

## Great changes unseen in a century

By the 2020s, China was entering into a new phase of its approach to global partnerships. This has drawn heightened attention since 2022, when the nexus of relationships between China, Russia, North

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<sup>1</sup> BRICS is an intergovernmental organization comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates in 2026.

Korea and Iran elicited labels such as the CRINKs or the “axis of upheaval.” Joint naval exercises between China, Russia and Iran, and the flow of weapons and dual-use technologies to Russia from Iran, North Korea, and China have bolstered the visibility of this bloc-like behaviour. Perhaps the symbolic apogee of this was the September 2025 Shanghai Cooperation Organization summit in Tianjin and subsequent military parade in Beijing. While Kim Jong Un and Vladimir Putin drew the greater attention, Iranian President Masoud Peseshkian was in attendance at both.

But the factors in play on the Chinese side were already in motion well ahead of the Russian invasion. Beijing’s assessment has been that it is heading into an intensified period of confrontation with the United States, and the West more broadly. This analysis took shape during the first Trump administration, while during the Biden administration China increasingly understood it as hardening into a broader US consensus. Xi Jinping has since stated that China faces a US-led campaign of “encirclement and suppression” by the West (Bradsher, 2023). The “struggle” language used by Xi in describing the situation is at times reminiscent of terminology used in earlier phases of the Cold War, when Beijing saw itself engaged in a battle with hegemonic powers and hostile ideologies. Like those earlier phases of the Cold War, this struggle has required an approach to alliances and partnerships that looks different from a period in which it expects to be able to sustain a more benign set of relations with the other major powers.

In the 1950s and early 1960s this meant explicit alliances—which Mao described as “leaning to one side”—most importantly with the Soviet Union, though also including the one treaty alliance that continues to the present day, with North Korea. But through much of the early and middle phase of the Cold War, China also developed a model described by some Chinese analysts as a “quasi-alliance,” which saw close military and security ties that did not require any treaty commitments. This included Pakistan, more time-limited agreements with Vietnam, Cambodia and Laos, and was even used

as a description of Sino-US collaboration against the Soviet Union in the 1970s and 1980s.

It is this “quasi alliance” model that has been revised and updated by China to fit its present circumstances, albeit bolstered by vastly greater economic weight and a position that is no longer solely defensive: Beijing sees the prospect of breaking US – and Western – hegemony if it can get through this current period of adversity. The period is characterized as one with exceptional challenges for China that will require it to “struggle well” but Xi’s analysis that sees “the East rising, the West declining” still holds.

At the Central Foreign Affairs Work Conference in 2014, Xi laid out the case for China to “develop a distinctive diplomatic approach befitting its role as a great power,” and to “make more friends while abiding by the principle of non-alignment and build a global network of partnerships.” As Xi’s statement indicates, the emerging consensus was not to abandon non-alignment in favour of a nascent global alliance network, but rather to find a middle ground. This is well characterized in Liu Ruonan and Liu Feng’s article, “Contending Ideas on China’s Non-Alliance Strategy,” which sets out three schools of thought: the orthodox line that alliances limit flexibility, and that they may exacerbate Chinese security dilemmas; the revisionists who argue that no great power has risen or expanded without allies, that non-alignment is at best a temporary choice—only suitable for weak states—and that alliance strategies are well-rooted in Chinese diplomatic history; and the “moderate” view that China should eschew conventional alliance thinking altogether, and establish models, particularly for security relationships, that fall short of formal treaty commitments (Ruonan & Feng, 2017).

For China, Iran has several assets in this context. It retains its status as an important energy supplier, and one that is willing to continue to export to China despite US sanctions. Its reach in the Middle East—including through the “axis of resistance”—has seen it act as one of the main political players in Lebanon (through Hezbollah), Gaza (through Hamas), Syria (through Assad), Yemen (through the

Houthis), and Iraq (through an assortment of Shia political and militia groups). As such, it has the wherewithal to shut down shipping in the Persian Gulf, launch strikes against other states in the region directly or through proxies, or take other military actions that can draw the United States away from its focus on East Asia. Iran's security relationship with Russia is also—from China's perspective—an asset in this context. Where China has imposed certain constraints to the level of direct military support it provides to Russia, instead focusing primarily on dual-use support and backing for Russia's military-industrial capacities, Iran has been able to fill targeted gaps—such as its supply of “suicide drones” (the Shahed-136 loitering munitions)—that help Moscow sustain a war effort that China has stated it does not want to see fail.

A strong, capable, resilient Iran, well-networked with other states who share a view of the benefits of “a world free from western hegemonism,” is hence advantageous to Beijing, even if the two sides do not have full alignment of views on or active coordination of tactics. China can provide the economic and diplomatic conditions to bolster Iran's position without becoming embroiled in, for instance, the murkier side of Iran Revolutionary Guard Corps activities. Under this enabler model, Beijing is also off the hook if Iran and its proxies find themselves in adverse conditions:

China is not obliged to provide any direct support and can distance itself when politically expedient. Hence, although developments in the last two years—which have seen Israel obliterate Hezbollah, weaken Hamas, decimate Iran's air defences and launch strikes on its nuclear facilities—have been disadvantageous for China, and Beijing has been concerned about the domestic political dynamics in Iran in 2026 and potential US military interventions, they do not change the basic calculations about its approach.

Beyond the high-level strategic calculus, however, the most important domain in which these partnerships play out is in the economic domain. The states in question can receive financing, investment, and a purchaser that is willing to find ways to navigate

constraints on their exports. In return, China can receive economically beneficial terms—privileged investment access with advantageous payback rates, and discounted purchase prices on commodities such as oil.

## The take-off

This recalibration of Iran-China ties for the shifting strategic landscape that Beijing faces has required establishing a different developmental basis for the relationship. This was initially explored by Xi Jinping during his 2016 visit to Iran, which came at the peak of China's Belt and Road Initiative financing surge. It was also, however, precisely the moment when Iran was looking to take advantage of the JCPOA to diversify away from its dependence on Chinese firms. As a result, it would be several more years before the terms were finalized, after the US withdrawal from the nuclear deal during the Trump administration and the imposition of sanctions had once again tightened the options available to Tehran. Details of the Iran-China strategic partnership were first reported in 2019, which already laid out the basic parameters—several hundred billion dollars (USD 280 billion initially) to develop Iran's energy infrastructure and a further USD 120 billion to develop Iran's transportation infrastructure, in return for discounted oil supplies (Watkins, 2019). This “comprehensive cooperation plan” was signed in March 2021 by the two countries' foreign ministers, with the implementation announced in January 2022. While the final version was not made public, the draft on which it was based included investments in “banking, telecommunications, ports, railways, health care and information technology” over a 25-year period, as well as closer military cooperation, research and weapons development, and intelligence sharing.

One of the main problems facing these plans, however, was the restrictions put in place by US sanctions. China's oil majors and China's banks have been careful to stay in compliance with any measures that might see them fall afoul of the powerful ripple effects that follow any designations from the US Treasury. This caution for

Chinese firms was reinforced by the potent tools developed by the US Commerce Department. This reached an exceptionally high level of political salience under the first Trump administration, when ZTE plead guilty to violating US sanctions by shipping US products to Iran; and was then found to have violated the terms of its settlement, which led to a set of restrictions on technology exports to the company. Xi Jinping had to personally request that Donald Trump lift the sanctions on ZTE or risk it collapsing (Bolton, 2020). The case also implicated Huawei for bank and wire fraud for violating Iran sanctions and led to an even more politically combustible case following the arrest in Canada of Meng Wanzhou, the Huawei CFO, for extradition to the United States. When the Trump administration reimposed sanctions in 2018 on Iranian banking, financial and energy sectors, and chose not to renew temporary waivers to energy imports in 2019, the risk appetite among Chinese firms was drastically diminished. It required a more creative approach.

## The teapots

Despite the sanctions, Iran's oil sales to China have exploded, and the relative weight of China for Iran's exports has shifted drastically. In 2017, only a quarter of Iran's oil went to China. By 2023, it had passed 80% of total Iranian oil exports and reached 90% in 2024, over USD 40 billion in value, and hit five-year highs in the first half of 2025 (Downs, 2026). Yet this has not appeared in official Chinese customs data since 2022 and is not handled through the oil majors who were responsible for the purchases in the pre-2018 sanctions period. The purchasers are instead the independent, low-margin "teapot" refiners, mostly based in Shandong province, who are responsible for between a fifth and a quarter of China's overall refinery capacity. The oil is delivered through shell companies and a "shadow fleet" which transfers it from sanctioned to non-sanctioned vessels through a series of ship-to-ship transfers. Yet while the methods through which China can import Iranian oil have become clearer in recent years, the financing model that has started to see China working on large-scale infrastructure projects in Iran, including the power

and railway projects envisaged under the 25-year partnership agreement, was less so until recently.

For many years, the reference point in financing China-Iran trade was the Bank of Kunlun, which acted as the main conduit for transactions. Kunlun was established in 2006 in one of China's oil-producing hubs in Xinjiang. China National Petroleum Corporation (CNPC) became its major shareholder, and the bank was used to process oil and other payments with Iran—protecting other larger banks that are more deeply integrated with the Chinese and global financial system. It continued to play this role despite 2012 US Treasury sanctions but came under considerably greater pressure after the threat of further secondary sanctions in 2018 (that would have targeted CNPC itself) and pared most of its operations back to non-sanctionable and humanitarian trade. While there was some interest on China's part in the INSTEX mechanism established by the EU, it soon became clear that China would have to come up with its own alternative if it wanted trade to continue.

Recent reports suggest that the model they established has significant elements in common with the 2018 export credit insurance cooperation framework agreed between Sinosure, China's state-owned export insurance creditor, and the Iraqi Ministry of Finance, an agreement that formed part of an "oil for projects" deal activated in 2019. Under that 20-year agreement, Iraq supplied 100,000 barrels of oil per day to China in exchange for infrastructure development in Iraq, with Sinosure's underpinning. While the Sino-Iranian contracts have not been published (the Sino-Iraqi contract is among AidData's collection of BRI contracts), press reports cite officials who describe the barter system in similar terms (Norman & Areddy, 2025). Iran's oil is shipped to China, Chinese SOEs build infrastructure in Iran; an Iranian company registers the oil sale to a Chinese buyer, which deposits money with an intermediary named Chuxin (an entity which does not exist in any public registries), which then provides the funds to Chinese contractors doing work in Iran, which is insured by Sinosure. USD 8.4 billion in funds are understood to have used this

mechanism in 2024, though many of the details and entities are still being disentangled by officials and experts. This falls well short of the volume envisaged under the partnership agreement but considerably exceeds assessments based on official numbers.

It would not be a surprise to see the “Iraq model” replicated by China and Iran, given the close relationship between the Iraqi and Iranian governments. But it is not yet clear whether this arrangement was put into effect at a similar time, was tied to the 25-year strategic partnership deal, or is of more recent vintage—coming at a time when Chinese officials have also been trying to come up with work-arounds for financial sanctions directed at Russia, and developing similarly “invisible” schemes that have reduced the traceability of the financial flows. 2025 saw the US Treasury Department pursuing the teapot refineries with sanctions, which seemingly threatens one link in the chain, but the Chinese system has shown increasing levels of nimbleness and flexibility now that key interactions with sanctioned states have moved away from the more financially exposed SOEs towards smaller, more fluid entities.

## **Policy implications**

A decade ago, the conclusion of the JCPOA gave more than just the hope that Iran’s path to nuclearization might be contained. It also appeared to reflect a strategic decision on the part of Iran’s leadership that an opening to the West gave them more opportunities and room for manoeuvre than a hard locking in to ties with China, Russia, and other like-minded states. When paired with Myanmar’s 2011 political opening and the US-Cuba normalization from 2015–2017, it seemed that the number of outright pariah states was becoming a diminishing club—which in turn made building political, economic and development relations with these states beyond humanitarian aid far more straightforward.

A decade later, those trends are headed in another direction. Iran’s own influence in the Middle East is at a low ebb after Israel’s rollback

of the “Axis of Resistance,” but its political and economic dependence on China has drastically deepened, and there are even debates in Iran about whether it should replace the Russian military kit that proved ineffective against Israel and the United States with Chinese platforms (which held up relatively well in the 2025 Indo-Pakistani conflict). The pattern from North Korea to Russia, Laos to Myanmar, is similar: while it is not the first preference of the political leadership of these states to be stuck in this greater level of dependence on China, they have other higher-order preferences that mean they have decided it is better to live with it. And “living with it” does not look the same as it did a decade earlier, given the more sophisticated methods that now exist to ensure that China can maintain its economic ties with them, that economic relations between this entire nexus of states is better facilitated, and that any UN sanctions have now largely been either eliminated or undercut.

The range of cases to which this applies is now relatively expansive. A wide range of developing economies have been subjected to some level of US sanctions over the last two decades. In addition to the often-cited trio (Russia, North Korea, Iran), this has included Cuba, Venezuela, Belarus, Afghanistan, Myanmar, Nicaragua, Libya, Sudan, South Sudan, Yemen and Zimbabwe, to list only a few additional cases. In this context, Iran is not a *sui generis* case.

The “de-dollarization” terminology that is often used as a shorthand to describe this can create the misleading impression that Beijing’s goal in this process is a major reduction in the use of the dollar in the international financial system, with the RMB replacing it. In practice, however, the lack of an open capital account, and the highly politicized decisions in Beijing about whether it is even possible to retrieve assets from China, make real “de-dollarization” improbable in the near-to-medium term. In addition, many corporate and financial actors in China remain extremely careful not to be subjected to US financial sanctions—conservative or even over-compliant in their approaches; a situation that is often cited to suggest that the

Chinese government is not serious about helping these states navigate their predicament.

The Iran case, however, illustrates the more important trend—China working to create resilient financing mechanisms that allow it to continue trading and investing with its partners and reduce the number of touch points with the western financial system that might be used to choke off the transactions. While much attention has been focused on developments such as Russia’s “yuanization” (which sees it using the RMB not only for bilateral trade but also with third countries), CBDC, CIPS and other financial moves, it is a more traditional “hawala” style arrangement that appears to be even more efficacious at insulating these financial flows, a model that is likely to prove particularly efficacious where there are significant and predictable energy and commodity exports that can form one side of the ledger. The effect is the development of a growing parallel economic architecture, which China is developing at a far faster pace than figures on dollar usage or speculation about BRICS currencies would seem to imply—or that seemed likely when the USD 400 billion strategic partnership looked like speculative fiction rather than just a substantial exaggeration.

The case alone does not yet demonstrate that China has succeeded. Financing volumes are still modest, and Iran is certainly not seen in the developing world as a proof of concept that they should model. There are also distinct features to the Iranian case: as has been seen with Venezuela, Iraq, Russia and several other examples, it is easier to establish these arrangements when they are tied to natural resource exports. But this is part of a process of experimentation and the assembly of building blocks that merits close attention for Sweden and other donors in Europe and the West. There are several policy implications to this development.

First—it means that key data is rendered invisible. As with other hidden liabilities associated with Chinese development lending, it is an increasing challenge to establish accurate assessments of these coun-

tries' debt profiles and financing needs given the opacity and scale of the Chinese financing involved.

Addressing this will require a different analytical effort—combining development and finance ministries' work with economic intelligence gathering, and close liaison with Sweden's partners and allies who have complementary capabilities, to build up an accurate picture of the new—or potential—financing and development landscape. While some of this was already undertaken by IFIs as a result of the huge surge in Chinese debt finance in the 2010s, the Iran case illustrates that the true scale of the liabilities and financing flows may be even higher.

Second—even though still at a tentative stage, it gives greater plausibility to the argument that China can provide countries with a resilient form of financial backing even in the face of full-scale sanctions. For countries that are evaluating whether they can “afford” to take certain political, economic and strategic decisions that might affect their relationships with western donors, it further tilts the calculation in favour of a view that they may be able to absorb the costs.

For Sweden and its partners, if the intention is to limit the economic attractiveness of deciding to opt out of the traditional international system, this will likely necessitate addressing various ways through which the choices facing these countries can be sharpened. That would mean on the one hand targeting, slowing down, and complicating the viability of the “alternative” mechanisms, and on the other hand, establishing more attractive packages of rewards (aid, trade, technology access, and investment) for the states that choose the alternative path.

There have already been attempts by the United States to address this in a punitive fashion, with the Trump administration sanctioning Chinese energy firms, storage terminals and port operators for refining, purchasing, or facilitating purchases of Iranian oil. There had been more US hesitation about going after these firms during the Biden administration, given the continued efforts to keep the Iran

negotiations alive and—more importantly—the US attempt to ensure that Russia and Iran sanctions did not have too damaging an effect on global energy supplies (and prices). The situation for China looks even more challenging in the context of the US squeeze on Venezuela, still in flux at the time of writing, which had represented one of the largest oil-for-loans deals still on Beijing's books. The EU set its own measures in motion in October 2025 with the 19th sanctions package on Russia, which included Chinese refineries and oil traders for the first time on the sanctions list.

Yet while the focus of these US and EU measures has again been on the hard cases—including Russia, Iran, Venezuela, and Cuba—the actors watching these developments and making their calculations include many other developing states in Latin America, Africa, the Middle East and Asia. Many of them are trying to assess their options in circumstances that have seen cut-offs of US aid, trade restrictions, and now growing US moves to exert financial and military pressure. For Sweden and the EU, the critical question is whether it is possible to construct offers to this wider pool of countries that will be wary about going “all-in” on China but facing increasingly hard-edged moves from the US. It is a strategic context where the right kind of European offers—pragmatic trade deals, sectoral cooperation, mobility agreements, and greater nimbleness with aid—can play a crucial role in stabilizing the functional parts of the multilateral system, providing these countries with options, and ensuring that they do not see a China-centric economic and development framework as the only viable long-term choice. The Iran-China relationship itself may either prefigure the emerging landscape across the Global South—or act as a cautionary tale.

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China's significance as a development actor and finance provider in many low- and middle-income countries has increased substantially in recent years. China's role has also become increasingly prominent as traditional Western donors reduce and adjust their engagement across many regions and sectors. This anthology, with 14 chapters written by different experts, describes China's positioning within the current rapidly changing aid landscape and analyzes potential implications for Sweden and the EU. Increased knowledge of China's global ambitions and influence is crucial for a better understanding of its role as both a bilateral and multilateral actor.

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Kinas betydelse som utvecklingsaktör och finansiär i många låg- och medelinkomstländer har ökat väsentligt under senare år. Kinas roll har även blivit alltmer framträdande i takt med att västerländska givare minskat och förändrat sitt engagemang i flera regioner och sektorer. Denna antologi, med 14 kapitel skrivna av olika experter, beskriver Kinas positionering inom dagens snabbt föränderliga biståndslandskap, och analyserar betydelsen detta kan få för Sverige och EU. Ökad kunskap om Kinas globala ambitioner och inflytande är avgörande för att förstå landets roll som både bilateral och multilateral aktör bättre.