

**Speaking Points for the Deputy Director-General, Professor Sooklal, for his remarks at  
the Mapungubwe Institute for Strategic Reflection (MISTRA) Webinar  
China-Africa Cooperation on Covid-19**

**Topic**

***SDG's 9 and 17 and China's ongoing Developmental Cooperation with developing Nations***

**1. INTRODUCTION**

- **This discussion will traverse the following key areas:** First, I will contextualise Africa's developmental scenarios with Sustainable Development Goals (SDG) 9 and 17. Second, I will discuss China's current white paper on Development Cooperation. Third, I will briefly conclude by citing the COVID context in which we are engaging. Fourth, I will briefly outline some of China's existing, practical support measures for Africa during COVID. All of this will, I believe, respond to the issues raised by Dr Mthembu and present how government sees our interaction with China.
- **SDG 17 provides for the cultivation of international partnerships** that aim to secure a peaceful, prosperous and reformed world order. The goal is to enhance development through multi-stakeholder partnerships, which are critical to enable the efficient sharing and distribution of knowledge, expertise, technology and financial resources. Partnerships are a necessary pillar to support the achievement of the SDG's, especially for nations of the South. As a number of developing nations continue to emerge economically, they become engines of growth and development which in turn drive development. For this, partnerships are required with countries which have contributed to the global community in terms of uplifting economies through investment and other support, and which have demonstrated their commitment to the principles of multilateralism.
- **SDG 9 is crucial to allow for a dynamic and competitive economic environment** to generate employment and livelihoods. Connectivity plays a key role in introducing and promoting new technologies, facilitating international trade and enabling the efficient use of resources.
- **The late 20<sup>th</sup> and 21<sup>st</sup> century has been characterised by the steady rise of Asia.** This has impacted the world in numerous ways: transnational relationships and new flows of finance, trade, technology, information, energy and labour have created multiple geopolitical formations which are reshaping the world as we know it. Interestingly, all of these developments are taking us to a pre-colonial era. (Please revisit the previous sentence.) The decolonising of history, trade and even geopolitical maps that reflect the historic, age-old and natural trade route that range from the Silk Road to the Spice Route, the Trans-Saharan Route in Africa and increasingly the strategic placement of the Indian Ocean as an enabler of trade and commerce for centuries, are again coming to the fore.

- **It is estimated that China's Belt and Road Initiative** is likely to boost world GDP by 2040 by \$7.1 trillion per annum. This raises world GDP by 4.2% of likely GDP in 2040 (or 8.3% of GDP in 2019) (this sentence does not read clear). The benefits of the BRI are wide-ranging. As many as 56 countries are forecast to have their annual GDP in 2040 boosted by more than \$10 billion as a result of the project. China is Africa's largest trade partner, with Sino-African trade topping \$200 billion per year.

## **2. THE ASIA AFRICA CENTURY AND THE AFRICA WE WANT**

- The ***African Union's Agenda 2063, 'the Africa we want'***, is our initial reference point when defining Africa. Agenda 2063's seven aspirations were launched at the African Union's 50th anniversary celebration in Addis Ababa, Ethiopia, in May 2013. In terms of the plan, African leaders made a pledge to accelerate growth, development and prosperity on the continent going forward to 2063.
- **Africa's population of nearly 1.3 billion** and growing, with people distributed through all 55 African Union member states, is indicative of Africa's current position as being poised for growth and development. **Sub-Saharan Africa, in particular, is expected to reach a GDP of \$29 trillion by 2050**, however, the further development of our economies is hampered by a lack of industrial capacity as well as massive infrastructure backlogs. For this reason, Industrialisation; Infrastructure development; (which includes ICT); Development of Special Economic Zones (SEZs) and Industrial Parks; Developing the Energy sector; the Ocean Economy; Development Finance; and Human Resource and Skills Development, have become all the more critical.
- The potential to be unleashed through the African Continental Free Trade Area (AfCFTA) agreement will create the largest free trade area in the world. **The AfCFTA connects 1.3 billion people across 55 countries** with a combined gross domestic product (GDP) valued at US\$3.4 trillion. It is expected to lift 30 million people out of extreme poverty. However, realising its full potential will depend on a number of significant policy measures to ensure trade facilitation. Foremost will be the ability to boost intra-regional trade supported by a resilient and reliable infrastructure network to ensure connectivity.
- Africa's developmental vulnerabilities have been exposed by the economic crisis triggered by the COVID-19 pandemic. The International Monetary Fund (IMF) is projecting -3.2% GDP growth in Sub-Saharan Africa, while the World Bank also projects GDP growth rates between -2.1% and -5.1%.
- According to the African Development Bank (AfDB), Africa is currently facing an infrastructure deficit of approximately USD130 billion a year. The current financing gap, which traverses energy, transportation, water and sanitation infrastructure needs, rests at USD68 - USD108 billion. According to a recent study, road densities in Sub-Saharan Africa (SSA) are approximately a third of that of South Asia, and only a quarter of all roads are paved. This implies more expensive transport costs, longer travel times and therefore increased risk for such corridors. Energy generation capacity in Africa is

approximately half of that in Southeast Asia, and 50% of the population of 24 countries in SSA lack access to grid-based energy.

### **3. ENTER CHINA : THE 21<sup>ST</sup> CENTURY DEVELOPMENT COOPERATION MODEL WHITE PAPER -- “CHINA’S INTERNATIONAL DEVELOPMENT COOPERATION IN THE NEW ERA.” PUBLISHED 2021**

- China’s planning is not based on short-term projections and calculations; it is, as we have seen for decades, based on long-term objectives and its 5-year planning cycles must be seen as components of that planning cycle.

President Xi Jinping made a very profound and important statement during his 2021 New Year Address.

*They pooled their drops of strength into tremendous power and built an iron wall to safeguard lives. Many figures marched ahead without hesitation, many relays were accomplished hand in hand, and many scenes showed touching moments, all these vividly illustrate the great spirit of fighting against the pandemic.*

*Greatness is forged in the ordinary. Heroes come from the people. Every person is remarkable! Our sympathy goes to all the unfortunate ones infected with the coronavirus! We salute all the ordinary heroes!*

- President Xi further announced that **the 13<sup>th</sup> Five-Year Plan is complete**. Since his New Year Speech, the NPC met for a week - from 2 to 9 March 2021 - and aligned its outcomes with the President’s message, by focusing on “**accelerating the pace to set up a new pattern for development, and are deeply implementing high-quality development.**” Thus heralding the 14<sup>th</sup> Five-Year Plan announced on 11 March 2021.

### **4. CHINA’S INTERNATIONAL DEVELOPMENT COOPERATION IN THE NEW ERA**

- In January 2021, China’s State Council, the highest body of the state, published China’s long-awaited update to its White Paper on Development titled “**China’s International Development Cooperation in the New Era.**” The White Paper is fundamental in that it **concludes a process through which China has been developing its approach to aid starting in 2011**. The first two White Papers on foreign aid were announced in 2011 and 2014 and the current White Paper comes after the formalisation of the China International Development Cooperation Agency (CIDCA) in 2018.
- China is **officially the world’s largest creditor** to developing countries. This status has come with a great deal of attention, both negative and positive. Issues such as **transparency or alleged debt-trap diplomacy have dominated global debates**. But the question remains, what is objectively true and what is speculation? The White Paper marks a break with the past. **It refers to development cooperation rather**

than aid. This move is consistent with CIDCA's naming, which drew attention in 2018 for the same reason.

## **5. THREE OUTCOMES OF CHINA'S DEVELOPMENT COOPERATION WHITE PAPER**

### **5.1 China broadens its model of development cooperation**

- For the first time the **Belt and Road Initiative (BRI)**, which combines investment, development, and trade objectives, **is formally included within the development cooperation framework of a White Paper**, cementing the BRI's position at the core of China's development efforts.
- The White Paper sees China continuing to open up to global engagement, with the possibility of new partnerships warranting an entire chapter in the paper. China's **Development Assistance Committee (DAC) donors, and/or multilateral agencies**, will increasingly drive a trilateral agenda.
- While **trilateral pilot projects** were mentioned in earlier editions, this White Paper notably features wider bureau-level discussions held with both **Japan and the EU**.

### **5.2 Encouraging commitments on aid effectiveness and transparency**

- The White Paper addresses the issue of aid effectiveness principles, which addresses some of the criticisms levelled at China regarding the substantive gains from aid or cooperation in doing so. It also tackles head-on some prominent criticisms levelled against Chinese aid.
- Importantly, in terms of the principle of ownership of development priorities by developing countries, the document indicates that projects under the BRI should "*dovetail with the development strategies of participating countries,*" and that developing countries' ownership and control of processes must be the focus in any future trilateral cooperation.
- In response to criticisms of transparency, China has committed to more "clearly defined project management rules and regulations" as well as to "**establish a tendering system focusing on high quality and competitive pricing.**" In order to guard against corruption, China commits to strengthening the "performance appraisal mechanism for entities undertaking projects." The White Paper offers few concessions towards greater transparency.
- In terms of the idea that aid should be directed to the needs of least developed countries (LDCs), the White Paper commits China to "develop a modern statistical information system for foreign assistance" to enhance supervision and evaluation. **A statistical data hub would be a welcome development for**

**the broader international community**, for China's development partners, and for China itself to better track development outcomes.

- The paper reaffirms China's debt sustainability, through participation in the G20 Debt Service Suspension Initiative, as well as debt suspension through bilateral consultations.

### **5.3 Increased volume, more grants, and emphasis on global public goods**

- China's annual aid spend has increased by over **45 percent from the 2010-2012 period to 2013-2018 - from approximately \$4.8 to \$7.0 billion on an annual basis.**
- In 2021, China has almost doubled its **volume of grants from \$1.7 billion to \$3.3 billion annually**, and significantly increased the amount of annual concessional loans extended from \$2.7 to \$3.4 billion a year. **Global public goods are mentioned five** times in the White Paper, the first time they appear in a Chinese White Paper on development.
- **China pledged that the COVID-19 vaccine** should be treated as a **global public good** (after it has been applied in China), with \$2 billion in additional financing to the countries hardest hit by the pandemic over the next two years.
- **Climate is mentioned throughout the document**, along with a section on environment. This is in line with President Xi's commitment to net **zero carbon emissions in China by 2060**. We look forward to greater resources used on this issue.
- Many of the principles around China's aid can still be found, including the core ideas of non-interference and mutual benefit. **China continues to see itself as a donor outside the mainstream OECD's Development Assistance Committee (DAC) consensus.** China couches its activities firmly within the framework of South-South cooperation. China also continues to be a proponent of multilateralism, this time even calling itself "**a defender of international order.**"
- Where China does align with other countries' development approaches, **is in its emphasis on global public goods. This may be a promising area of collaboration.**

## **6. CHINA'S PRACTICAL SUPPORT FOR AFRICA**

- China's leadership at the global level has been further accentuated by its contribution in terms of supporting countries in fighting the Covid-19 pandemic. After the entire world was negatively affected by the Covid-19 pandemic, China immediately attached

significant importance to promoting international cooperation, which included the sharing of information on the pandemic with the international community, providing bilateral and multilateral assistance to affected countries, particularly in Africa, as well as other forms of multilateral assistance.

- South Africa has made several donations to China in the form of medical equipment to assist China during the initial outbreak of COVID-19. When the pandemic spread to Africa, China reciprocated with large support to African countries through the provision of medical supplies, exchange of information and training. This support further illustrates China's success in managing the outbreak, and its capacity to act at a global level.
- **On 17 June 2020, the Extraordinary China-Africa Summit on Solidarity against COVID-19**, was held via video link. President Cyril Ramaphosa participated in the Summit as Chair of the African Union. China's commitment to a shared future is illustrated by its pledge to continue supporting African countries in their fight against COVID-19, as well as by its pledge to provide financial support using mechanisms such as debt suspension.
- China has also indicated that it would support Africa and South Africa on **vaccine cooperation and that it would also set aside a certain number of Sinopharm vaccines** for South Africa. China has also indicated its willingness to cooperate in terms of sharing of research with regard to vaccine production.
- Emanating from the Extraordinary Summit, and within the FOCAC framework, China pledged to cancel the debt of relevant African countries in the form of interest-free government loans. For those African countries that have been severely affected by the pandemic, and are under heavy financial stress, China pledged to work with the global community to give them greater support, as well as to extend the period of debt suspension. The Chinese Government also pledged to encourage Chinese financial institutions to respond to the G20's Debt Service Suspension Initiative (DSSI) and consult with African countries according to market principles to work out arrangements for commercial loans with sovereign guarantees.
- In terms of economic development and increased international cooperation, China's official policy is that it also wants to promote a more equitable rules-based system, through the pursuit of shared interests. This bears relevance for the African Continent since China's vision for a shared future has become increasingly relevant towards economic growth and development of Africa. In this regard, and with the objective of promoting mutual social-economic objectives, China has invested in, and built road, rail, port, and air infrastructure in Africa; invested in industrial parks and agriculture technology development areas, and is increasingly investing in building emerging technological systems such as telecommunications and financial technology across the African continent.

- China's prioritisation of promoting economic growth and development in Africa is not only responsive to Africa's growth and development needs, but its social-economic growth objectives have also become more aligned with those of the Continent.

## 7. CONCLUSION

- **To reverse the effects of this COVID-induced global crises** we need to realise a few practical objectives. These objectives are fundamental and include, among others, ensuring that medicines and healthcare reach rural communities; ensuring that education is minimally disrupted; protecting populations from pandemics such as COVID; facilitating tourism; maintaining trade and investment flows and people return people-to-people interaction when all vital arteries of the international system are normalised.
- In addition to this, at the 73<sup>rd</sup> World Health Assembly (WHA) held in November 2020, President Xi Jinping, in his opening speech, announced a US \$2 billion funding initiative for a Covid-19 response package. He indicated that the new initiative would include green corridors to fast-track customs and ensure vital health supplies destined for Africa. This initiative will also partner with 30 major African hospitals, as well as provide for cooperation on the production of a Covid-19 vaccine. China pledged that when the vaccine would be available, it would ensure that Africa has access to this vaccine. This is important since many African countries that do not have well-established health systems, will be confronted with challenges in accessing viable vaccines, and hence will require external support in order to mitigate further outbreaks of the pandemic.
- Linked to the above, and related to the broader aspects of economic growth and development, we should avoid treating infrastructure development as purely an issue of economic growth. It is also considered a developmental issue and in many respects must be treated as a public good which should be fulfilled. We have learned in this era of COVID, that in order to rebuild humanity we must ensure the realisation of SDG 9, which demands inclusive and sustainable industrialization, together with innovation and infrastructure.