

# GOVERNANCE OF CHINA

## THE THEORY AND PRACTICE OF STATE GOVERNANCE



Chinese President Xi Jinping addresses the general debate of the 76th session of the United Nations General Assembly via video on 21 September 2021. He proposed the Global Development Initiative in his speech (XINHUA)

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## From Development Assistance to Capability Development

**After five successful years of delivering projects, the GDI should now focus on building lasting capacity for self-sustaining growth in Africa**

**F**ive years after President Xi Jinping proposed the Global Development Initiative (GDI), the most useful way of marking its anniversary is not simply to catalogue what has been achieved, but to ask what has been

learnt from its first five years and what should define the next five.

The GDI was launched at the UN in September 2021 at a particularly difficult moment for global development. The COVID-19 pandemic had reversed

development gains, exposed deep inequalities and placed further pressure on already struggling efforts to achieve the Sustainable Development Goals. Against that background, the GDI sought to restore development to the centre of the international agenda, focusing on issues ranging from poverty reduction and food security to development financing, industrialisation, green development and the digital economy.

Five years on, substantial financing has been mobilised, projects have been undertaken across the developing world, and extensive training and capacity-building programmes have been implemented. The initiative has also developed partnerships with the

UN and other multilateral institutions.

That is significant. But the bar for measuring success now needs to be raised. The central question should no longer be how many projects have been undertaken, but what those projects have enabled countries to do for themselves. In other words, the GDI needs progressively to move from delivering development to building development capability.

### **Africa as a test case**

Africa provides a useful test of that proposition. The continent unquestionably requires infrastructure, investment, energy, technology, modern agriculture and skills. China has already demonstrated an ability to contribute materially to all these areas. But Africa's central economic problem is not that it lacks development projects. Too many African economies remain insufficiently productive, continuing to export commodities while importing much of what they consume in manufactured form.

South Africa's evolving economic relationship with China illustrates the point. China is already South Africa's largest trading partner, so the challenge is not to trade more. It is to improve the quality and structure of that trade. South Africa wants to export more value-added goods, attract greater investment into productive sectors, develop domestic supply chains and use its mineral resources to support industrialisation and employment, rather than ship increasing quantities of raw materials abroad.

That logic has relevance far beyond South Africa. China has progressively opened its market to African exports. This is welcome, but market access on its own cannot transform African economies. Preferential access means relatively little if countries do not possess

the productive capacity to manufacture competitive goods for those markets.

Market access matters when domestic firms have competitive products to sell.

The same argument applies to Africa's mineral wealth. The transition to electric vehicles, renewable energy, battery storage and advanced technologies is dramatically increasing the importance of critical minerals, many of which are found on the African continent. But there is nothing inherently developmental about another commodity boom. If minerals are extracted in Africa, processed elsewhere and then returned as expensive manufactured products, the commodity may have changed, but the underlying economic relationship has not.

Where economically viable, greater beneficiation and processing should therefore take place closer to the source. Investment should generate domestic suppliers, skills, employment and participation in value chains.

China is particularly well placed to partner with Africa in this transition because of its manufacturing depth, technological capability, capital and extensive supply chains. The real opportunity is consequently much greater than Africa supplying China with the minerals required for the next industrial revolution. It is for Africa and China to cooperate in enabling the continent to participate fully in the industries those minerals make possible.

### **Building local capacity**

Perhaps the most important test of successful development cooperation is whether it makes assistance less necessary. Infrastructure should enable economic production, training should build domestic expertise, investment should establish local capabilities and technology partnerships should reduce

rather than perpetuate technological dependence. The objective should be to strengthen countries' capacity eventually to finance an increasing share of their own development.

That principle is especially important because the international environment has become more fractured since the GDI was launched. Geopolitical rivalry, tariffs, sanctions increasingly threaten the international cooperation on which developing economies depend.

Development cooperation should not be allowed to become another casualty of geopolitical competition. The GDI's value can be enhanced by remaining open, working with the UN and other multilateral institutions and complementing existing development frameworks. Development is one of the areas in which countries with competing strategic interests should be able to find common ground.

For Africa, there is a particularly promising opportunity for greater alignment. The continent has articulated ambitious development objectives through Agenda 2063, the African Continental Free Trade Area and national development strategies. The GDI brings another important set of resources, experience, technology and development partnerships to the table. Bringing these agendas together can strengthen Africa's capacity and ownership in the process.

Five years on, the GDI has demonstrated that it can move from proposition to implementation. That deserves acknowledgement. But its next phase should be judged against a more ambitious standard: whether developing countries manufacture more, add greater value to their resources, build technological capability, create productive employment and become progressively better equipped to drive their own development. **CA**