

China in the World

Around the world, China is seen as a formidable economic and political power, experienced across the Global South through finance and investment and, more broadly, in its ambitions to shape global governance systems. This assertion of power is one of the factors causing a fundamental change in the once-stable US-China relationship. We work to underscore the benefits and mitigate the harms inherent in China's rise, particularly as they relate to inequality.

Portfolio Snapshot

Budget
\$13 million

Grantees
80

BUILD Budget
\$11 million

BUILD Grantees
5

The Challenge

China is the world's largest provider of development finance—one quarter of all global bank lending to emerging markets comes from Chinese financial institutions, easily surpassing the International Monetary Fund or the World Bank. Its Belt and Road Initiative is a hugely ambitious infrastructure project to support the economic growth and development of more than 150 countries along the historic Silk Road. China's considerable presence in the Global South has significant implications for equitable development in the countries it finances.

The United States and China are in the midst of negotiating a new bilateral relationship around systems of global governance, which are in a period of transformation accelerated by the Covid-19 pandemic. As the two biggest actors in shaping a new world order, the United States and China will have outsized influence on the process and its outcomes, so their relationship and how they navigate these next steps is critical. With a long history in China, we have an opportunity to work with both countries to shape a set of institutions and systems that address the global drivers of inequality.

The Opportunity

For years, China's overseas investment guidelines have not aligned consistently with international best practices in terms of social and environmental impact. In this moment of growth, we see an opportunity to build capacity in Chinese institutions for more responsible investing and, as a result, ensure fairer and more just outcomes for people in recipient countries. At the same time, we also see an opportunity to support the growth of the Global South's knowledge of China to ensure a fair investment that will benefit the people for generations and deepen China's understanding of the people and culture in the countries in which it works.

With nearly 50 years of supporting work to strengthen US-China relations, Ford can play a catalytic role in seeding innovative approaches to reimagine this bilateral relationship to become more mutually supportive and in pushing for greater equity and fairness in international debates about global governance systems.

Our Aim and Approach

We aim to make China's economic, political, and social impact in the world equitable and sustainable. We focus on four integrated approaches:

- **Build China's capacity for more equitable outcomes.** We build the capacity of Chinese development finance institutions, companies, and policy makers to implement higher standards of investment through data and research, policy advocacy, and institutional strengthening.
- **Build the Global South's understanding of China.** We support institutions and networks in countries in the Global South to engage with China from positions of greater knowledge, leading to positive, more just outcomes for their people. With this knowledge, these organizations, supported by our BUILD initiative, can bring a unique Global South perspective to China's rise.
- **Advocate for impact investing.** We promote the benefits of impact investing to Chinese actors in development finance to demonstrate innovative approaches that lead to more equitable social and financial returns in the Global South.
- **Advance US-China relations.** We support catalytic individuals, ideas, and institutions to reimagine the rationale for a constructive US-China relationship focused on creating a global governance system that addresses inequality and promotes human dignity.

Our Impact

Our aim is for Chinese development finance projects to deliver better environmental, social, and governance outcomes for recipient countries, the Global South to have more knowledge and agency when it comes to China, and a new framework for US-China relations to include space to negotiate global governance issues related to inequality.

We work toward four important outcomes:

- **China will adopt international best practices.** Chinese policy makers, companies, and development finance institutions will adopt policies aligned with internationally accepted standards and work with a higher level of transparency, leading to practices that are more socially and environmentally sustainable, and beneficial to local communities. There will also be better data about the nature and scope of Chinese development finance in the Global South to inform international discourse.
- **A more informed Global South.** A network of Global South organizations will increase their capacity to generate and disseminate knowledge about China and will work together to share knowledge for mutual benefit, leading to improved capacity among recipient countries to exercise negotiating power in pursuit of more equitable investment outcomes.
- **Impact investing will gain traction in China**
Development. finance institutions will consider impact investing an effective tool for driving both social and financial returns.
- **A reframing of US-China relations.** A new framework for constructive dialogue with China will emerge among US policy makers that addresses global governance issues related to development.

📍 Grantee Snapshot

Investing in key journalists

The China Office and the Office of Southern Africa jointly made a grant to the Africa-China Reporting Project at the University of Witwatersrand, which trained more than 40 African and Chinese journalists to conduct investigative journalism projects highlighting the complexity and nuance of China's evolving role in the region. Our aim was to cultivate a cohort of journalists who write objectively and counter overly simplified narratives about China's impact on Africa, including critical issues such as the Belt and Road Initiative, industrialization, and digital technology. These investigations, many written by female and community-based journalists, have been published in Arabic, Chinese, English, and French. As a result, the complexity of China's role in the region is understood more clearly. *Photo courtesy of: Africa-China Reporting Project/*

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