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China's Role in Development Cooperation

A Critical Look at Chinese Development Efforts and What Germany Can Learn from Them

Magdalena Jetschgo-Morcillo

- › China's development cooperation (DC), which it sees as "South-South Cooperation", extends beyond traditional "DC instruments" and specifically combines development policy and commercial measures. The Belt and Road Initiative (BRI) is a well-known example here.
- › A different understanding of human rights is inherent in China's development approach: China primarily defines development and progress in a materialistic way; with human and civil rights often being relativised and subordinated to economic rights. China is also attempting to integrate this view into multilateral organisations, thus undermining existing international human rights standards.
- › China's decision not to interfere with the domestic affairs of its partner countries has led to environmental and sustainability standards or even labour law provisions hardly playing any role at all. This stance has a correspondingly negative impact on the environment and climate protection, for instance.
- › What Germany can learn from China: Germany should devote more attention to the needs and priorities of its partner countries in the spirit of true partnership. This often includes the promotion of economic development, which is not currently a priority of German development cooperation. At the same time, Germany should align its development policy actions more strategically and guided by both values and interests.

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Germany and China in the Development Cooperation Donor Debate¹

For development cooperation (DC), 2024 was not an easy year: heated discussions about cycle paths in Peru were symptomatic of a polarised debate that had little to do with constructive criticism but would generally be good for the policy field. At least the issue was discussed in the wider public at all.

Following the early federal elections in February 2025, the formation of a new federal government is now in full swing, and many people are thinking about how development cooperation could be reorganised. New in the sense of: more efficient and effective – and thus easier to communicate to the electorate. In this context, taking a look at other donors' strategies can be instructive: what are players such as China, which has developed from a recipient country to one of the most important global donor states within a short time, doing differently (or better) than Germany and other European countries? Can Germany learn anything from a country like the People's Republic of China in development policy, or is the very idea objectionable – in light of the autocratic constitution of the country and a completely different economic and political system?

Development Strategies That Markedly Differ

China's development strategies and those of Western countries are fundamentally difficult to compare, as China's development policy extends far beyond the instruments of "traditional development cooperation" by combining development policy and commercial measures in a targeted way. China is not a member of the OECD's Development Assistance Committee (DAC), where traditional donor countries and multilateral organisations are represented and is therefore not bound by its standards (e.g. in the area of transparency). The OECD still lists the second-largest economy as a developing country, which also corresponds to the self-image of China: China sees its development cooperation as "South-South cooperation", even though it now probably constitutes one of the largest donor countries for developing and emerging countries.

In contrast to German development cooperation, in which its own interests have scarcely played any role for a long time, China's development cooperation has long served its far-reaching economic and geopolitical strategies. China's development efforts in other countries date back to the 1950s, when China began to support the newly emerging states in Africa and Asia. This enabled the People's Republic to secure the diplomatic backing of many newly established states in the wake of decolonisation and was recognised as China's only legitimate representative at the UN General Assembly in 1971.

The most well-known example for the Chinese approach of merging foreign-trade, development, connectivity and trade policy, is the Belt and Road Initiative (BRI). As part of this mega-project by head of state Xi Jinping, China is expanding trade routes with strategically relevant regions, and thus diversifying its sales markets and securing important raw materials. The People's Republic provides favourable loans to its partner countries. In return, major contracts are often awarded to Chinese state-owned companies. And it is paying off: China's trade volume with the BRI countries doubled between 2013 and 2022², and China was the most important trading partner for around 25 BRI countries at the end of 2023.³

Overall, there is not much data on the volumes of Chinese development cooperation. In its latest White Paper on development cooperation from 2021, China itself estimates that the country made the equivalent of approx. 35.6 billion euros available between 2013 and 2018.⁴ However, precisely due to the inadequate separation of development cooperation and purely economic activities, it can be assumed that China's expenditure in the development sector is far higher. Even though the comparison is not entirely appropriate, this sum roughly corresponds to what Germany spent on its official development cooperation (ODA) in 2023 alone.⁵

China is extremely active in multilateral development policy, too. The new multinational development banks (MDBs), in whose establishment China was heavily involved, play an important role in the area of lending: firstly, this is the Asian Infrastructure Investment Bank (AIIB) – founded in 2016 with headquarters in Beijing, which has quickly risen to become the second-largest development bank worldwide with more than 100 members – as well as the BRICS Group's New Development Bank (NDB), founded in 2015 and based in Shanghai. They claim to be less bureaucratic than traditional MDBs, but with a share capital of 100 billion USD each, they are rather medium-sized development banks.⁶ In September 2021, head of state Xi Jinping announced the "Global Development Initiative" (GDI) in the United Nations with the aim of accelerating the implementation of the UN Sustainable Development Goals (Agenda 2030), and drew up several financing funds. China has also played a key role in the UN Sustainable Development Goals.

Where Do the Problems with Chinese Development Cooperation Lie?

China has gained an international reputation for being an unbureaucratic and therefore "fast donor" that does not interfere with a country's domestic political affairs – which suits many recipient countries. This restraint – often defined by China as "on an equal footing" – also leads to no great importance being placed on environmental and sustainability standards or even labour law provisions. Accordingly, the BRI is known to have a negative impact on the environment and climate protection.⁷ Since 2021, China has been encouraging its companies abroad to at least comply with Chinese or international environmental standards for investments if those of the partner country are lower; albeit only on a voluntary basis.⁸

Another well-known problem with Chinese development cooperation is that there is often little added value created in the partner country and Chinese state-owned companies primarily benefit from the contracts. Even more problematic is that the cooperation results in linking them to Chinese working methods and technologies – especially when state-owned companies with close ties to the Chinese Communist Party are involved, which collect user data and it is unclear how this data will be handled.

Owing to the sometimes oversized projects of the BRI and the low-threshold lending criteria, there is a risk that the BRI partners will be unable to service their loans and thus become heavily indebted – as with the Montenegro case, for example, which was only able to continue paying back its loan to China with the help of the US and France.⁹

However, for the sake of completeness, it must also be said that payment defaults not only burden the recipient states, but also China as a lender.

A relevant distinguishing criterion is also China's understanding of human rights, which is inherent in its development approaches: China primarily defines development and progress in a materialistic way; with human and civil rights often being relativised and subordinated to economic rights. In international organisations, the People's Republic of China expresses the opinion that human rights should be promoted by voluntary exchange between states, as opposed to denouncing human rights violations. This is tantamount to attempts to undermine existing standards in this area.¹⁰

Less known, but no less significant, is that China also has its own concept of the rule of law. The Central Committee of the Communist Party of China (CCP) has adopted a five-year plan on the establishment of rule of law (2020 to 2025) – with the clear goal of internationally promoting its “Chinese-style socialist rule of law”. This refers to “governance based on the law” (*Rule by Law* instead of *Rule of Law*), in which the judiciary is subordinate to the state party. The law is therefore the instrument for enforcing the interests of the state party. A separation of powers and independence of the judiciary – labelled as “erroneous Western ideas” – are not provided for.¹¹

Can Germany Learn Anything from China's Development Cooperation Practices?

Also, in light of the problems briefly outlined above, it would be fatal if representatives of Western development cooperation were to disdainfully turn their backs on Chinese development cooperation. The fact is that China is one of the most popular partner countries in many countries. And there are some very understandable reasons for this: China delivers what the countries actually demand, does it quickly and unbureaucratically as well as refraining from making any announcements that are perceived to be patronising. The more expedient question should be: what can we – despite all justified criticism – perhaps even learn from China's foreign policy actions?

On the one hand, German development cooperation would benefit from focusing more on what our counterparts themselves identify as needs and demand. And as deplorable as we may find it: a new road to the nearest hospital, the expansion of a harbour or the creation of jobs are often higher on the list of priorities than the third training session on political participation. Or as a project partner from Kenya once put it: “*You can't enjoy civil rights on an empty stomach!*”. That is not a plea to follow the Chinese interpretation that economic development comes first and then (if at all) the human and civil rights. It is just no longer appropriate in the spirit of genuine partnership to think that we know our partner's needs and to pre-empt them when it comes to setting priorities. And the needs of partner countries are often strongly orientated towards economic development (the creation of jobs, the expansion of infrastructure, investments); which is not currently a focus of German development cooperation. To change this, it would be desirable for Germany to align itself more with the European Union's *Global Gateway Initiative* – especially for major projects – but also for this EU initiative itself to be made more strategic. With *Global Gateway*, the EU together with the private sector wants to mobilise around 300 billion euros to promote infrastructure development worldwide.

On the other hand, German development cooperation needs to become far better at designing its actions more strategically – and that means more in line with German interests. Whether it comes to facilitating access to certain raw materials, advancing climate protection or pursuing security interests – aligning development policy action towards what benefits one's own country is nothing to be ashamed of.

Quite the opposite: the partner countries are grateful for it, the donor country appears more credible and development cooperation can thus gain support from its own population.

This also means that German companies should have greater involvement in the implementation of German or European development cooperation projects in future: only 14 percent of German Finance Cooperation is currently implemented by actors from their own country. When compared to other Western countries, Germany is at the bottom of the ranking here (France: approx. 50 percent, the UK approx. 85 percent, US under Trump even over 90%).

Having said that, central to German interests is also the respect for and compliance with certain values and standards – whether it be human rights, a functioning constitutional state or free press, environmental policy or labour law standards. Making it clear what Germany stands for in these areas is crucial for its own credibility. That does not, however, mean patronising our partners and imposing our standards on them, some of which were negotiated in long social processes, in return for aid money. Some of our current socio-political debates are often difficult to connect with in the partner countries, have little resonance and, in the worst case, are perceived to be paternalistic or neo-colonial. That is to say, Germany must be willing to compromise here and should not try to enforce the highest standards, i.e. not propagating an “all or nothing” approach.

Germany must succeed in making more attractive offers more quickly on the one hand, but also in highlighting the benefits associated with a sustainable development approach to its partners, on the other. Rule-of-law structures promote economic investment, transparency in contracts and loan conditions benefit the partners, as do projects that do not financially overburden the partner country. Yet, this would be better achieved through persuasion (*soft power!*) than through coercion (requirements).

¹ This article was published in early March 2025 in a slightly abridged form and with a partially differing title in the newsletter of the Hamburger Initiative für Menschenrechte (HIM) (Hamburg Initiative for Human Rights): [HIM Newsletter No. 56 | The Better Development Cooperation?](#)

² China Daily (02 March 2023): China pledges to expand trade with BRI-related economies: <https://global.chinadaily.com.cn/a/202303/02/WS64006abaa31057c47ebb1ccd.html> (last accessed on 10 January 2025).

³ China Daily (31 October 2023): Country largest trade partner of 25 BRI economies: <https://global.chinadaily.com.cn/a/202310/31/WS6540562ba31090682a5eb94a.html> (last accessed on 10 January 2025).

⁴ The State Council Information Office (2021): Full text: China's International Development Cooperation in the New Era: http://english.scio.gov.cn/whitepapers/2021-01/10/content_77099782_4.htm (last accessed on 3 February 2025).

⁵ Federal Ministry for Economic Cooperation and Development (6 January 2025): German ODA: [German ODA | BMZ \(Federal Ministry for Economic Cooperation and Development\)](#) (last accessed on 3 February 2025).

- ⁶ Fuhrmann, Johann (2022): New Kids on the Block: AIIB und NDB – Neue multilaterale Entwicklungsbanken als Eckpfeiler chinesischer Großmachtpolitik? (AIIB and NDB – New Multilateral Development Banks as Cornerstones of Chinese Great Power Policy?) Konrad-Adenauer-Stiftung (ed.), Development Policy Monitor (10), p. 3. [New Kids on the Block: AIIB und NDB. Neue multilaterale Entwicklungsbanken als Eckpfeiler chinesischer Großmachtpolitik?](#) (Last accessed on 3 February 2025).
- ⁷ cf. e.g. [How Green is China's Belt and Road Initiative? | IAI Istituto Affari Internazionali](#) dated 12 April 2021 on the attempt to make the BRI more sustainable.
- ⁸ Podcast “Asien Aktuell” (Asia Now), Konrad-Adenauer-Stiftung, Episode 11 (17 June 2022): [Episode 11 – Asien Aktuell – Apple Podcasts](#) (last accessed on 24 January 2025).
- ⁹ Tearline.mil (24 July 2023): China's Interests in Montenegro: Alternative Analysis Case Study – Debt Traps Revisited: https://www.tearline.mil/public_page/montenegro-case-study-debt-traps (last accessed on 13 January 2025).
- ¹⁰ Konrad-Adenauer-Stiftung Geneva (18 May 2023): Kleiner Atlas des internationalen Genf 2021/2022, pp. 72/73: [860b8bfb-4e7e-2b47-febe-1fdcb295c774](#) (last accessed on 20 December 2024).
- ¹¹ Stiftung Wissenschaft und Politik (1 April 2021): [Xi Jinpings »Rechtsstaatskonzept« \(Xi Jinping's Rule of Law Concept\) - Stiftung Wissenschaft und Politik](#) (last accessed on 3 February 2025).

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