

Chinese Aid and Investment in Zambia

National Consultation Workshop
A Report

Organised by AFRODAD, CSTNZ, JCTR and CSPR

Courtyard Hotel, Lusaka

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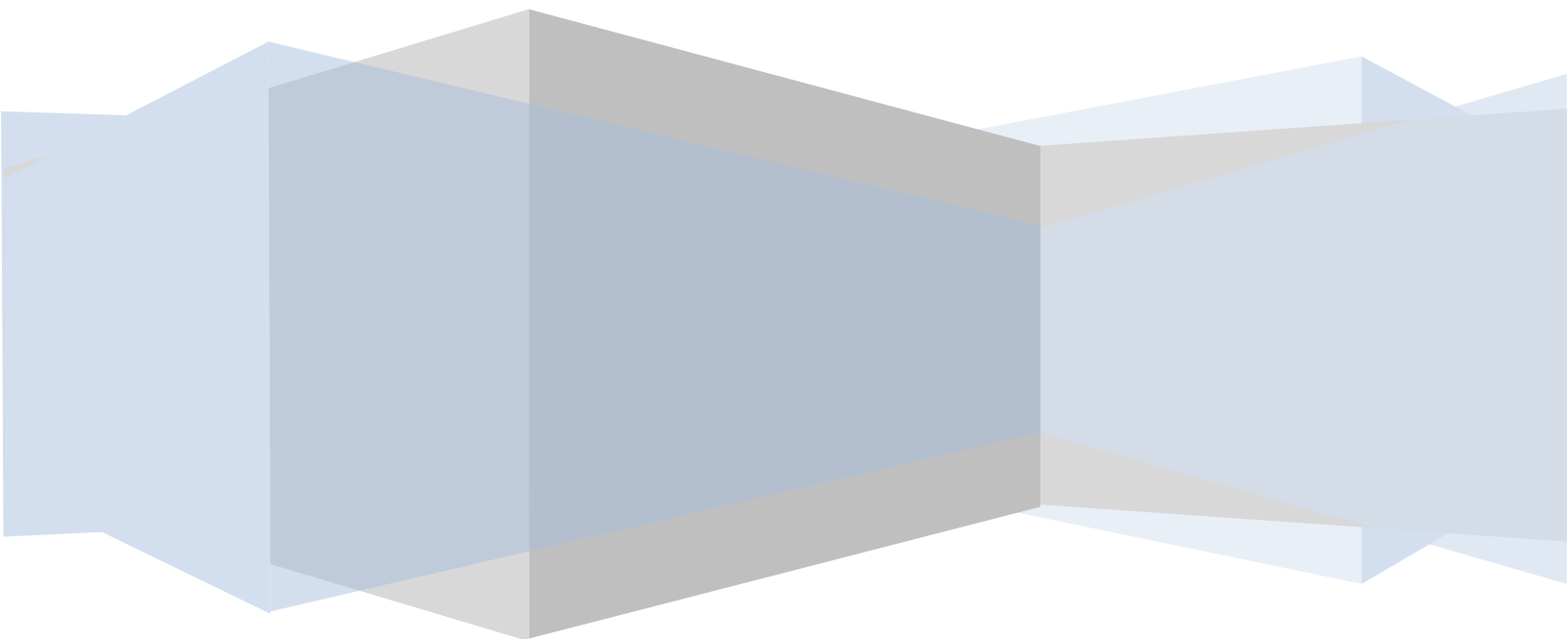


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List of Abbreviations

AFRODAD	African Forum and Networking on Debt and Development
CEEC	Citizens Economic Empowerment Commission
COMESA	Common Market for East and Southern Africa
CSPR	Civil Society for Poverty Reduction
CSO	Civil Society Organisations
CSTNZ	Civil Society Trade Network of Zambia
DBZ	Development Bank of Zambia
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign direct Investment
FNDP	Fifth National Development Plan
JCTR	Jesuit Centre for Theological Reflection
MFEZ	Multi-Facility Economic Zones
MATEP	Market Access, Trade and Enabling Policies
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
PSDA	Private Sector Development Association
SADC	Southern Africa Development Community
SME	Small Scale and Medium Enterprises

TAZARA	Tanzania-Zambia Rail line
USA	United States of America
ZDA	Zambia Development Agency

1. INTRODUCTION TO THE WORKSHOP

1.1 Background to the workshop

China has become increasingly present in modern day development discourse and justifiably so. This is largely due to the fact that it is one of the fastest growing countries in the world today, and that Chinese presence in Africa has grown substantially over the last few years. This presence is by way of investments and provision of financial and other aid i.e. technical assistance, loans and grants. This has raised questions about China's intentions, its impact on African economic and political life and whether it has any place in Africa's development agenda.

In certain countries on the continent political priority in attracting foreign direct investment (FDI) and in raising necessary resources to finance their budgets, seems to be shifting greatly from the traditional donors in the west to the emerging donors in the east, more specifically China. It (China) has pledged to continue helping Africa in this way but also to increase the finances that can be accessed by African countries. There are mixed reactions to this and ample disagreement between civil society organisations (CSOs), private sector, government and the general public on whether this is beneficial or not for Africa

To contribute to the debate, African Forum and Network on Debt and Development (AFRODAD) conducted a research to understand this engagement of China in Africa. In collaboration with local partners a more specific study of the situation in Zambia was also conducted. The two reports titled; *Mapping Chinese Development Assistance in Africa* and *An assessment of Chinese Development Assistance in Zambia* formed the basis on which a one day national consultation forum/workshop was organised, of which this report is written.

1.2 Objectives of the Workshop

The workshop was designed as a national consultation forum that to inform ongoing advocacy on aid and investment from China. The workshop brought together many role players on the Zambian social and economic scene. In attendance were representatives

from CSOs, private sector, the media, civil servants and other interested individuals. Based on the forgoing the objectives were stated as follows:

- a) To bring together a cross section of stakeholders to share information and experiences with Chinese aid and investment.
- b) To deliberate on Chinese aid and investment in Zambia drawing on findings from the two AFRODAD studies on China in Africa and Zambia in particular
- c) To seek to understand the place and impact of Chinese aid on CSOs, government and the general development architecture of Zambia
- d) To come up with a way forward for action involving all stakeholders

1.3 About the organisers

The workshop was organised collaboratively by four civil society organisations that engage in policy research and advocacy. African Forum and Network on Debt and Development (AFRODAD) based in Zimbabwe; Civil Society Trade Network of Zambia (CSTNZ) the coordinating centre for work on trade and investment in Zambia; Jesuit Centre for Theological Reflection (JCTR) a faith based research education, and advocacy centre on issues of social justice; and Civil Society for Poverty Reduction (CSPR) a network organisation of groups working on different aspects of poverty reduction. These organisations have for a number of years now, individually and collectively, done substantial work on the issues of debt, aid and trade.

1.4 Structure of the report

A program to guide the order of discussions in the workshop was prepared as indicated in Appendix I. The structure of this report follows that order. Highlights of each presentation are provided and reference is provided to the appropriate appendix. Prominent issues arising from plenary discussions are detailed in this report under the corresponding presentation. However, in order for this report to have logical flow, some of the pertinent issues raised particularly during the plenary sessions have been grouped together to appear under the theme to which they are relevant.

2. OPENING SESSION

The workshop was kicked off by Ms. Sharon Williams, a board member of CSTNZ who offered the opening remarks (See Appendix II). She welcomed the participants but regretted

government's inability to send a representative who could share their perspectives on the very important subject.

She said that Chinese aid and investment has created significant hype among a cross section of people around the globe. She alluded to the 2006 Presidential elections in Zambia, in which significant political popularity and unpopularity was born out of the China question.

Ms. Williams' described the strength and importance being exhibited by China. For instance, by pledging to not only sustain its aid and investment in Africa but to increase by 200 percent the value of aid in 2009 as compared to 2006, despite the economic crisis that has affected most developed economies . In stressing the importance of such a workshop Ms. Williams said, "Chinese aid and investment deserves all the attention it can get." She concluded by calling on the participants to openly deliberate for the benefit of all.

2.1 PLENARY SESSION

A few points were raised for clarification from Ms. Williams' opening remarks.

- How could China pledge to multiply aid by 200 per cent was this to mean they have not been affected by global economic crisis? It was heard that China has a Policy on Africa and they were being guided by that plan. In addition, China's economic growth has seen it accumulate approximately US\$2 trillion in foreign reserves.
- What is China doing to reverse the global economic crisis? The role that China could play at the G20 summit was cited as one opportunity through which it could influence some global agendas. Reminder was made however, that the discussion was not about the global economic crisis but about aid and investment.
- Concerns were raised about the general use of finances received through aid. For example, aid of US\$10 million was given to the Zambia Immigration Department to improve operations, and yet, this could not have been the priority for Zambians. Could it not have been business investment or improved infrastructure? The meeting was urged to pay attention to how to ensure that aid is spent on priority areas for Zambians as identified in the Fifth National development Plan (FNDP).

- One participant cautioned against coming to the discussion with preconceived ideas and stand points. To have predetermined judgements of the Chinese from the onset would not be beneficial for the discussions. The organisers agreed that this was not to be encouraged, as the intention was to critically look at the existing China – Zambia relationship and to see how this could be improved. Simply the intention was to meet the stated objectives of the workshop.

3. THE GENERAL AID ENVIRONMENT AND OVERVIEW OF CHINESE INVESTMENT **by Yusuf Dodia, Chairperson - Private Sector Development Association**

Mr. Yusuf Dodia a businessman in Lusaka and the Chairperson of the Private Sector Development Association (PSDA). In providing the general aid environment in Zambia(see Appendix III), Mr. Dodia began with reference to the book *Dead Aid* by Dambisa Moyo (A Zambian), whose conclusion among others is that, aid distorts the development process. Mr. Dodia shares this view. In he said that the fact that specific development engagement is referred to as aid, tends to ‘hypnotise’ the recipient into sitting back and receiving whatever is presented without question.

To better understand the aid environment it was necessary to understand what it was designed for. He asked the participants to consider what the role of any embassy or high commission is. It is well known that the role of any such establishment is to protect its citizens from crime, in business etc. Aid is fundamentally based on this premise of seeking to further the donor country’s interest.

In giving his overview of Chinese investment, Mr. Dodia began by invoking the historical picture of China. In the 1980s, the picture of China was of thousands of poor men and women, clad in khaki uniforms and working in factories. Today that picture has drastically changed; presently China manages to put away US\$25 billion in foreign reserves every month. The meeting heard that the country has approximately US\$2 trillion in foreign reserves. In 2006 China committed more than US\$7 trillion for infrastructure investments in Sub-Saharan Africa.

The significance of China in the aid architecture of Africa is growing to the extent that by 2006-2007 its commitment to Africa had increased to be three times more than that of the World Bank, which is one of the traditional lenders to Africa. Chinese loans are normally given at concessional rates; they offer a four year moratorium; 10 – 15 years repayment period and; they usually come with a grant element allowing for cancellation if the country defaults. One attraction of Chinese aid as compared to western donors is that China does not impose policy

conditionalities nor interfere in the political economy of the recipient states. This also makes it easier for governments to access Chinese loans.

China is concentrating on infrastructure development in Africa i.e. telecommunications, rail and road transport, hydropower stations. Infrastructure is very cardinal for development and yet Sub-Saharan Africa lags behind other developing regions on the most basic indicators. Mr. Dodia believes this is an opportunity Africa should seize. Unfortunately, most African countries being former colonies of Europe have historically and still follow western approaches. There is a need to look broader since the western/African way has not worked. The Chinese seem to be the only ones with money to spare, despite the current global economic crisis and they want to invest it as opposed to keeping it in the banks.

China - Africa assistance is a business relationship, as such this presents some problems for African countries whose ability to negotiate is not well developed. Mr. Dodia on the other hand, gave the example of Angola where good negotiating and checks on Chinese investments is said to have paid off. This is now referred to as the “Angola model”. It involves China developing a given sector in Angola e.g. telecoms, transport or railways in exchange for oil.

Mr. Dodia emphasized that because words like, aid or grant hypnotise the recipient into doing nothing about their situation, there is urgent need for Africans to recreate the vocabulary of aid to highlight reciprocal relations and more importantly take advantage of Chinese investment. It must be realised though, that China is not the silver bullet but is just another opportunity.

He concluded by saying the global economy is not only United States of America and the European Union (EU) but the whole world. There is great need to make the right decisions to control China’s intentions if Zambia is to adequately benefit from this relationship. The strength and power to develop the economy of Zambia is in the hands of its citizens and there is need to take advantage of it.

3.1 PLENARY SESSION

The following issues emerged from the plenary discussion:

- In opening this plenary session, it was expressed that the entire paradigm of aid needs to be framed in a different way. Aid if packaged well can be good for development but currently this is not the case.

- The differences in the characteristics of countries providing aid and Foreign Direct Investment (FDI) need to be borne in mind. So that specific strategies are formulated to relate to different donors and investors
- In a revolution there are strategic intentions, short and long term objective. If China in Africa is to bring change, there must be clear long and short term objectives, outlining how and who will benefit from the relationship. If this is not done there is a risk of dealing with a partner who already has an agenda and Zambia only remains an appendage to that agenda.
- Having heard that no one gives aid just because they like to do so, it was generally felt that recipient countries like Zambia must be able to initiate development agendas and not simply sign on to already planned, donor initiatives. Unfortunately, Zambia has so far failed to see what it can get from the interest of investors.
- Government must ensure that Chinese aid which the presenter agrees is an opportunity, be used well and the investors conform to the stipulated goals and practices of the land regarding for instance, labour matters, opportunities for suppliers etc. It was pointed out, that Zambians generally trivialize ownership and participation in the development process. Ultimately, donors benefit at the expense of Zambians instead of the reverse being the case.
- Studies e.g. *Lords of Poverty* have shown that only 25 per cent of aid reaches its intended purpose, the remaining 75 per cent is wasted in implementation processes. Some of these processes are stipulated by the donors. This leaves many sceptical about the possibility of success of such donor driven initiatives. It is therefore pertinent that Zambia be able to do a self analysis and chart its own course.
- It was observed that Government has the tendency to advance policy decisions to suit or to attract targeted investors. But targeted investment policies result in wrong outcomes. For instance, most of the aid for business in Zambia is targeted towards export lead business using projects such as the Market Access, Trade and Enabling Policies (MATEP), yet the majority of Zambian owned businesses do not export because their produce is not advanced enough in quality to meet even the Zambian standards.
- It was expressed that “looking to the East” must be considered because the Chinese have proved their credibility in delivering on commitments. Tanzania- Zambia Rail line

(TAZARA) was built 4 years before schedule, 300 Chinese were brought and taken back with no threat of them taking over Zambia.

- The greatest value that should come out of Zambia's interaction with donors/partners should be the development of infrastructure that can catalyse economic and social development, e.g. telecoms fiber optic, railway instead of trucks, hydro power plants. This is how Zambia must seize the opportunity China is offering to build not only a stadium.
- Participants felt that the presence of the Zambia-China Friendship Association, which unfortunately was not represented, would have been useful to learn their perspectives but also to carry forward the issues discussed in the meeting.

4 CHINA IN AFRICA **by Vitalis Meja, AFRODAD**

This presentation addressed the critical issue of how to make use of Chinese Investment in the sub-Saharan Region (See Appendix IV). Vitalis Meja began his presentation by pointing out that the Chinese are very clear that their aid and investment is very much a business deal.

China's aid in focus

Vitalis Meja shared with the participants some aspects of Chinese loans that may attract Africa to borrow. Chinese loans are concessional, and they are consequently competing highly with the World Bank. This is in effect of being cheap, effective and free of heavy conditionalities. They are linked to commodity production, mostly raw materials, which is important for Africa since the continent is largely a producer of raw materials.

He went on to give the criteria of aid; one of which is that the projects to be financed must be approved by both the Chinese and the recipient governments.

Positive Emerging issues and trends

Unlike other donors, China is not interested in the governance or influencing the politics, but leaves Africa to steer its own political economy.

China's focus appears clearly economic. It is helping many African countries rebuild economic and social infrastructure. Some countries have been helped by China to move away from the debt crisis through debt cancellation, loans and investment agreements. For instance, because of the success of the "Angola model" that country was even able to tell the IMF to stay away.

The much attention that Chinese aid has raised has helped expose, in the AFRODAD study for instance, the weak links between government agencies and departments.

Negative Emerging issues and trends

The lack of interest by China, in the political economy of the countries to which they give aid, ignores necessary reforms to ensure aid effectiveness.

One notable challenge of China's relations with African countries is the way in which China deals directly with heads of state. This eliminates the very necessary role of technocrats to analyse the value of specific Chinese interventions.

It is very difficult to get the full details of agreements that governments enter into with China. There is no full disclosure and access to information regarding the amounts provided as aid from China. This compromises transparency and accountability and makes analysis of expenditure tracking particularly difficult.

In conclusion, the presenter said Africa is very important to China because it presents an enormous market. But China may also be important for Africa as this may be the opportunity needed to boost growth on the continent.

4.1 PLENARY SESSION

- This plenary session opened with some concerns raised about convening a discussion on China in isolation from the rest of the donor community. It is well known for instance, that others donors like USAID, make demands on how their funds must be spent on. It was questioned whether the negative perception of China by most Africans was leading to this unique treatment of Chinese aid and investment of China. What must be discussed is how to change the entire aid paradigm. "It appears different lenses are being used to analyse the donors selectively. Why say nothing about the USA not signing the Kyoto protocol and yet China's acts of non-consciousness for the environment are a big deal. The scenario of aid is almost an economic war, in which, Africa cannot afford to declare some as friends and others as enemies". A number of the participants however, agreed that the debate on China was necessary to have because of the reason that China is a donor most do not understand and of whom little is known. A practical example is; what makes 100 per cent of the African leaders turnout at the Africa – China Partnership Summit, a meeting called by the Chinese President and yet the same is usually not the case at African Union (AU) meetings.

- Clarification was sought on whether the presenter was proposing that the Chinese way of non policy conditions be the alternative that the western donors must emulate? Why must China be involved in the political economy of countries it relates to? The Presenter clarified that he believed Africans must be allowed to look at and develop their own investment capacity. They must not be forced to adopt best practices from other countries that may not make sense on the ground, which has been the unfortunate reality. He added that he does not believe that one country must use the vulnerability of another country to improve its own situations.
- Questions were raised about whether the lack of full information disclosure was unique to China.
It was heard that indeed this was unique to the Chinese who do not publicize what they give (they say it is not acceptable in their culture to disclose gifts and yet when cancelling debt, they announce the figures because it is good public relations to do so). What this does is, make it difficult to hold them accountable. Information is important not merely to know the figures but for analysis and tracking, as well as for tax payers to know how their money is being used. But this kind of accountability and transparency is lacking in the Chinese aid and investment relationship with Africa.
- One participant commented that, given the information about the transaction costs and how long it takes to get Chinese loans as compared to others, could anyone blame Africa for running to China. Mr. Meja reminded the meeting that the vision, values, goals and aspirations as well as poverty consciousness must be used to decide where Africa seeks assistance. What is essential is to improve African systems, policies, procedures and mechanisms.
- Most of Africa is facing the problem of lack of vision and self determination. If aid is about furthering the givers interest, then China is indeed not the silver bullet but an opportunity. This then is the time for Zambia to re-evaluate, position itself on the global scene, and begin to look at China in a different way.
- Some participants shared the sentiments that Africa has somehow lost direction. They suggested that what is necessary is for Africa is to re-track its steps and see where things went wrong. Most Africans are not willing to sacrifice and fight underdevelopment. Instead the tendency is to continually look for donor money. As an example, over 20 per cent of the 2009 national budget in Zambia will be financed by external donors among who

may be China. Consequently, they will call the shots. As such there is great need to be careful about how Chinese investment is going to influence African culture, food, dress etc.

- Others felt Africa lost direction as early as the time of the colonialists who indoctrinated the people into thinking anything western is what must be good. Even the brain drain largely involves people migrating to Europe and USA. It was felt that since not much is known about China, why not have people emigrate there, to enable Africa learn how to negotiate with them.
- There is need to understand the genesis of conditionality, and the entire situation in which Africa finds itself presently. Aid will always have some kind of conditionality. Consequently, the current trend of the Zambian government involving very few people in the process of contracting loans, soliciting aid and investment must be improved in order to have more people on board.
- Observations were made about government's tendency to ignore technical expertise and to involve a "cadre" delegation to sign on behalf of the country. Citizens need to think of new mechanisms to interrogate these issues. It is often a challenge to get government to listen to CSOs because they say they have the mandate of the people to make decisions. This has been seen in EPA negotiations, debt crisis solutions etc. It is therefore, imperative that Zambians be ready to create new institutions or systems that can better respond to the need for aid and investment that works for Zambia.
- Most African countries keep accepting what they are told is good and do not operate based on government forecast of what development should look like. It was also observed that the work culture in Zambia is bad and this requires some serious attention. Zambians need to learn lessons from the "over productive" nature of China. The development assistance to Zambia is not helping, thus even countries like Japan want to break away from the Paris Club and follow the Asian tigers' model.
- The Zambian government has put in place the Fifth National Development Plans (FNDP) going towards vision 2030. There were questions about whether Chinese aid and investment align to these plans. What is known is that China has concentrated on investing in the mines and not development as such. But since China gives aid without any demands on policy/governance processes it can be anticipated that they expect the Zambian government to use the aid as best they see fit. However, what Africa generally needs are

clearly articulated and aligned development plans that can guide FDI and aid interventions.

- One participant held the view that most people in the developed world, unfortunately, have preconceptions about the problems in Africa. It was shared that in a particular OECD meeting in Doha, the chairperson of a session asked a Minister from Mali to say in specific number of years, how long a government procurement process takes. The assumption here was that such processes take years in Africa. The unfortunate truth is that government workers cannot in most instances speak freely in such forums for fear of losing their jobs. It was therefore felt that deliberate efforts to include CSO, private sector and other representatives in delegations to meetings where issues of aid, trade and investments are discussed should be made.
- It was heard that the common phenomenon is for CSOs to be suspicious of China where as private sector has no such fears and accepts China unreservedly because of the business opportunity it provides. Thus more interaction between the two stakeholders must be encouraged so as to arrive at some well analysed positions.
- The session presenter Mr. Vitalis Meja Concluded the plenary session with a challenge to Zambia which has been independent for 44 years and yet still relying on aid. There is definitely something wrong with this picture. The issue is with the internal systems in the African economies “The economic governance of most of Africa is in shambles and we need to fix this”.

5. CHINA IN ZAMBIA

by Vitalis Meja, AFRODAD

Chinese engagement in Zambia dates back to the colonial days when China supported the liberation movement. Chinese investment in Zambia, albeit one sided, began as early as the first republic (See Appendix V).

Mr. Meja discussed the regulatory frameworks that exist in Zambia to deal with the whole range of issues involved in the engagement with China. He questioned with whom the responsibility for regulation laid. Is China to be blamed for poor quality products entering Zambia? Or is it the Zambia Bureau of Standards and the customs department? He noted the weak guidelines and difficulties that these institutions face in enforcing laws. The presenter,

further, wondered if the Ministry of Commerce Trade and Industry not showing up was a sign of a lack of answers to questions being raised.

The institutions responsible for dealing with Chinese aid were outlined as being; Zambia Development Agency (ZDA) as the lead institution; The Ministry of Commerce, Trade and Industry; Ministry of Finance and National Planning; Ministry of Mines and Minerals Development and; Ministry of Works and Supply. The AFRODAD study found very little evidence of coordination between these institutions. What makes the situation even more problematic is that China is dealing with heads of state and this weakens the Ministry of Finance and National Planning which has the responsibility to negotiate on behalf of the people.

Zambia is one of the few African countries that have abandoned the Poverty Reduction Strategy Papers (PRSP) and adopted national planning. At present the guide is the Fifth National Development Plan (FNDP). The challenge is that the development plans are based on support from donors China being one of them. The role of donors such as China and the investment initiatives they are promoting like the Multi-Facility Economic Zones (MFEZ) must be closely interrogated. For instance, harsh labour regimes as an impact of Chinese investment are already being faced and discussed.

In conclusion, it was emphasized that for China, aid and investments are an issue of national and business interest. African thinkers therefore need to sit down and value/ calculate effective ways of promoting Africa's interest in this relationship. Government policy in relating to China is not clear, the structures for doing this are also not well articulated, this requires urgent resolve.

5.1 PLENARY SESSION

- In kicking off this plenary session it was highlighted that there is indeed a lack of coordination among government ministries in the loan contraction process. Ministry of Finance and other line ministries alike borrow without proper consultation and procedures and this is dangerous as it could land the country back into unsustainable debt. It was pointed out that the national budget is seldom aligned to the FNDP, how then can we align donor interventions to the FNDP.

- It was expressed that there was no problem with the President going out to attract investment; it is the process which follows, that is not being done properly. China does not withhold assistance to Zambia even if they feel something is wrong with governance, as is the case with other donors who are financing direct budget support and can withhold money if they are not happy with certain sections of governance.
- It was observed that there is general agreement on the need for Zambia to add value to its products. Therefore should processes such as economic zones that can be accelerate this not be supported as good initiatives? It was pointed out that while economic zones were indeed a good concept, further analysis and careful interrogation was necessary in order to adapt them in such a manner as to avoid political disaster e.g. the risk of over development of some areas as compared to others. Three MFEZs are planned to be established in Lusaka and non for underdeveloped towns like Mansa, Mongu etc, what about the right to development of people in these towns?
- Participants wished to know whether China is willing to support Zambian firms develop (value addition) and export their produce? It was heard that, that is what economic zones are meant to do. However, the joint venture or partnership spirit which is stronger than economic zones does not seem to exist. Economic zones can easily be packed up and the investors leave if they fail.
- For joint ventures or partnerships to work there must be strong ability to negotiate. The example of Zambia-China Mulungushi Textiles Joint Venture (ZCMT-JV) was given of how failure to negotiate well can make countries lose out. Zambia lost out to Lesotho were textile factories where set up and instead of Zambia where the cotton is produced.
- Concerns were raised about the quality of the products being received from China. Is Zambia to be a dumping ground? Do the Chinese sell products in other countries as cheap in quality as those they bring to Zambia? It is important to realise that the notion of supply and demand rules in these situations. Most Zambians are poor and hence it is expected that the products that will be bought most are those that are cheap and of poor quality. There is need to be realistic and accept that Zambians do not have the money in their pockets to affords what Americans or Europeans can afford.

- Most participants strongly expressed their disappointment with the Bureau of Standards failure to control quality and prevent the large number of counterfeit products on the market from being consumed. They felt that government needs to be more aggressive in protecting citizens from such products.
- Reminder was made that the government has adopted liberal policies; consequently the government cannot dictate to individuals what they must buy. Thus cheap Chinese products must be allowed onto the market because this must be the buyer's personal choice and that choice must exist. What the Bureau of Standards should ensure is that these products are not harmful to the consumers.

6. CHINA IN AFRICA: IRRESPONSIBLE LENDER OR PROVIDER OF POLITICAL FREEDOM?

By Stephen Muyakwa, Development Consultant

This presentation was based on a paper that the consultant had prepared for a meeting he attended in Oslo, Norway (See Appendix VI).

He recounted that the historical relations of China with most African countries and indeed Zambia it dates back to the Liberation movement period.

Africa is important to China in many ways. Paramount of these is the opportunity Africa offers to enable China maintain its social order. This is extremely important because the government has to keep the 1.2 billion Chinese people happily employed to prevent threats of riots.

Mr. Muyakwa explained that in reaction to Chinese aid, traditional donors in the west have expressed anxiety because of the nature of Chinese loans. The EU has warned Zambia to be wary of China. The World Bank and IMF say that they fear free riding being caused by China's lending which has now escalated. They feel that this is because Zambia appears more credit worthy following debt cancellation.

On the other hand Chinese embassy in Zambia say the west has had enough time and opportunity to help Africa, dating as far back as the slave trade era, but they have nothing to show for it. They contend that as a currently developing country China better understands Zambia and Africa and Zambians consequently Africa too must find it easier to understand China as compared to other donors.

The presenter noted that caution is necessary in dealing with the Chinese because they think very long term (50 – 100 year periods) where as Zambia tends to think in 5 year plans, needless to mention that Zambia's problems are of a long term nature.

Mrs. Tina Nanyangwe-Moyo, of the Debt, aid and trade Programme of the JCTR concluded this session with the challenge that the meeting consider that, China has an agenda in its relationship with Zambia; does Zambia have an agenda in dealing with China?

She went on to say that there were concerns that the government may be getting money from China in some irresponsible ways. She shared of an occasion when JCTR had consulted with concerning a grant from China, it was learnt that the money had already been received, and yet information about the activities implemented planned to be using the money borrowed was not yet available.

6.1 PLENARY SESSION

- This plenary session opened with a reminder that every Zambian has a right to access information about the agreements that government is signing. There is need to exercise this right and request for information in order for government to provide it. It was however shared that the government is not always keen on sharing information claiming it is classified information.
- One of the areas of Chinese focus in Africa, stated in the presentation was agriculture. Do we know of any agricultural products that are being exported to China? It was clarified that China as indeed not importing any agricultural produce from Africa, however, the Chinese way of doing things is to think long term. The agriculture sector is not for present need but strategic future plans, bearing in mind their population and how much land may remain for agriculture given the rapid growth in industry.
- Questions were raised about whether CSOs in Zambia have any relations with the Chinese government or with CSOs in China? The Chinese government may generally not wish to involve CSOs as they engage with Zambia, because it is not their way of doing things e.g. trade unions and NGOs are not encouraged in China. However, Mr. Muyakwa shared that he has occasionally been received and been able to discuss with the Chinese representatives at the embassy, so they are willing to engage.
- In responding to the question of whether the Chinese providing aid without any regard for the kind of governance in the recipient country could be seen as negative or not; Mr.

Muyakwa felt that the current convictions of prominent people in government for misuse of public resources have clearly proved that use of money in Zambia is improper and so a donor who continues pouring money into such a system without recognising the need to help straighten this out is irresponsible.

- China is not the problem Africa's failure to be proactive is its own problem. In as far as China's money and presence is available, Africa need a policies that outline a strategy to develop itself.
- China has a different way of doing things from the traditional west. Zambia must decide which model to adopt taking into account the differences of the donors we are engaging with.
- What can be done to manage the debt situation in Zambia? Are there minimum governance standards that the Chinese are asked to abide by? The JCTR study on practices and procedures in public resource utilisation done in 2007 showed loopholes in government management of public debt and the loan contraction process, e.g. different government departments and spending agencies borrowed without consultation with the Ministry of Finance and National Planning. It was further established that reconciling outstanding debt figures was difficult. Thus what needs to be done is for government to put in place debt management laws to address this.
- Warm and cold money ("warm money" was described as that which could be accessed with minimal conditions and is beneficial to the receipt where as "cold money" is that which has a fair amount of strings attached making it difficult for recipient countries to take full advantage of it for their development). What is Zambia's advantage that can enable get warm money? CSOs need to carry out these studies and make recommendations to government. Chinese money is considered to be warm and cold in the sense that if for instance, a country fails to pay back China reschedules and if that country is still unable to pay the debt is written off. But there is still a possibility that it may not be written off e.g. Mulungushi textiles joint venture which was as a result of a loan under the first President is still pending repayment by the Zambian government.
- There is a failure to check for problems before they happen as opposed to having them resolved when they have been seen to be harming people e.g. the situation of casualisation of labour and unsafe working conditions as in the case of the Livingstone mine. CSO needs to be more proactive and aggressive in pushing for checks and balances.

- This plenary session concluded with a challenge to CSOs to sharpen their responses as well as be proactive. As one participant observed, “CSOs seem to have adopted the model of government, which is to sit in workshops, but we need to reconnect with the people and mobilise around these issues. For such discussions to bring transformation in terms of development, we need to be more proactive and get back to the activity of mobilisation and civil action in order to have many Zambians speak on these issues”.

7. WAY FORWARD

The challenge with which the last plenary session ended set the tone for discussion on the way forward. Three main questions were asked to guide the process;

1. What steps will this workshop take to make a difference to the current situation on China?
2. Do we see the need for China in Zambia’s development strategies?
3. What can stakeholders do to ensure that aid and investment is beneficial to Zambia.

In responding to these questions participants outlined the different roles of stakeholders as resolutions for action.

7.1 Role of Government

In recognising that China is a thinking country, Zambia should learn to do the same. China has an Africa Policy; hence there is need for policies that will strengthen ZDA to enable the body effectively regulate all investments into the country. More specifically, because of the enormity of the power of China, there is need to have a China engagement strategy.

The existing weak intergovernmental linkages, as exposed by the AFRODAD study need to be sorted out. This is extremely cardinal for the success of ZDA.

Government must facilitate effective linkages with CSOs and private sector.

Disclosure of Information regarding development agreements has to be promoted. This allows for strengthening of oversight and follow-up by stakeholders.

There is need to strengthen the investment policy so that it sets the conditions of what is acceptable and what to be wary of. E.g. ensure that Zambia as a recipient country benefits from aid just as much as the aid givers do; the technical people in the Ministry of Finance and

National Planning and the Ministry of Commerce, Trade and Industry must take charge of negotiations in order to prevent cadres or politicians who may be incompetent, from playing this role. Tax regimes being given to investors must be revised to avoid

The development aspirations of the country must guide at all times to help harmonise interventions in the form of aid and investments. It must be clear how government is proceeding in functionalising the FNDP and how aid and investments, Chinese or any other donor, fit into these plans.

7.2 Role of Private sector

The Private Sector must be Innovative and dynamic and play the role of taking responsibility to identify those elements that are necessary for its development and the development of the nation e.g. infrastructure and what kind of infrastructure is needed.

The Private Sector must seek to engage in joint ventures. However, capacity is needed to do this; as such the Private Sector must advocate for this through for example the creation of Private sector forums in relevant Ministries at which specific information is shared and as much as possible bring on board Small Scale and Medium Enterprises (SMEs) in the joint ventures.

Private sector in Africa must go beyond only engaging in trade as buyers of finished products from the developed countries and sellers of raw materials to the developed world. But must get into an investment mode and embark on value addition, production and innovation.

Private Sector must research on the potential of specific investments and business activities. Identify those areas of business for which Zambians are competent and investors are not needed.

Explore possibilities of Zambian private sector accessing big money and how government guarantees can help the private sector have meaningful capital to engage in large investments. Development Bank of Zambia (DBZ) must be the sole channel for these guarantees for private sector to ensure coordination.

Private sector must continue to advocate within the framework of the FNDP for more opportunities for jobs and entrepreneurship. For instance, study and understand the Citizens Economic Empowerment Commission's (CEEC) mandate and the potential it offers for growth. Carry out an assessment of the sectors that China wants to invest in, so as to keep strengthening the issue of priority areas. As well as, demand accountability of usefulness for development processes such as the MFEZs.

7.3 Role of Civil Society Organisations

CSOs need to be the conscious of the country and provide the counter balance. They must continue to highlight up the human development dimensions

Keep the momentum and debate going; the thinking process must continue and spread to their constituencies through radio, TV, community discussions etc

Use an existing national working group to have a national coalition of CSOs on Chinese aid and investment

CSOs need to engage much more with the private sector to understand each other in order to collectively engage with government

Identify and develop links with CSOs in China to share information which may help create a platform for engagement with China

Sustain advocacy on the JCTR proposed Debt management bill

Proactively research and propose practical ways forward

Continued information sharing and sensitization of the public on issues of aid, debt and FDI

7.4 The role of the media

The media must engage government to get its attention on issues of aid and Investment.

Hold or facilitate strategic debates where a large number of people can participate by listening as well as airing their views.

Journalists need to take particular interest in in-depth analysis and particular interest in specific subjects so as to specialise.

The media must work closely with stakeholders like CSOs and private sector in order to package information on aid and investment in ways that ensure that vital points are not missed.

The media needs to change attitude to be able to own the development process and act as a part of it rather than simply reporters of such processes.

Conclusion

The workshop concluded with a call to all the participants to ensure the resolutions were

carried forward, but also a reminder of the need for more work and attention to the questions of aid and investments in general and China in particular. The organisers thanked the participants for their invaluable contributions.

8. List of Participants

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