

China-Africa Forest Governance Project

Improving Chinese investment in African forest land use



Project
Materials

Project Update

October 2017



China in Africa – exploring investment in the forests

Chinese investment and trade is having a huge impact on African forests. In some cases, this has provided steady jobs and incomes for local communities and contributed towards decent forest management. But at other times forests have suffered and people's lives have changed for the worse.

Foreign investment from other countries is having these effects too, but the vast and increasing scale of activity by Chinese companies in Africa warrants special attention. China buys more than 75 per cent of Africa's timber exports and is now the top importer of timber from several African nations. Chinese investments in agribusiness, mining and infrastructure in Africa's forest and woodland areas are growing too.

The current growth in Chinese investments in African land use can bring great opportunities for policymakers to ensure that benefits reach local communities and boost the sustainability of African forestry.

Yet there is immense misunderstanding about the nature of these investments. By producing better evidence on the nature of these engagements, linking actors from both sides, and identifying policy and research gaps, IIED and its partners are trying to improve decision-making on these issues (see box).



Project profile - China-Africa Forest Governance Project

The geographical focus in the project is on **Cameroon, the Democratic Republic of Congo (DRC), Mozambique, Uganda and China**. IIED leads the project working with in-country practitioner teams with a strong track record of governance engagement who engage with Chinese enterprises in land use and the policies that affect them. The teams are led by:

- Research Institute of Forestry Policy and Information at the Chinese Academy of Forestry, and Global Environmental Institute, China
- Centre for Environment and Development, Cameroon
- Reseaux Ressources Naturelles, DRC
- Terra Firma, Mozambique
- Advocates Coalition for Development and Environment, Uganda
- World Wide Fund for Nature (WWF) International, Switzerland

The intended **outcome** of the project is: Increased preparedness of stakeholders and improved policy and investment practice in China and Africa that foster good stewardship of forest resources and benefit poor men and women. Intended project **outputs** are:

- **Evidence** on constraints and opportunities for forest resources in productive and resilient land use and trade generated and verified by relevant stakeholders in China and Africa.
- **Capacity and dialogue** improved amongst relevant stakeholders for Chinese investment in productive and resilient African land use and sustainable forest product trade between China and Africa.
- **Policy and investment practice** improvement opportunities developed, in China and Africa, and in key international processes, for Chinese support of productive and resilient African land use and sustainable forest product trade between China and Africa.

The project started in June 2014 with support from the UK Department for International Development, which ends in March 2018.

Progress to date and ways forward

This project develops evidence and capacity to create opportunities for improving policy and Chinese company practices in favour of sustainable land use and local benefits in Cameroon, DRC, Mozambique and Uganda. Project partnerships in these countries and China focus on progress with the China-Africa Forest Governance Learning Platform (see box), Voluntary Partnership Agreements (VPAs) for progress in improving governance of the timber trade, company due diligence and legality, and improving in-country investments.

- **Research and plans for ways to improve Chinese land use investments in Africa, verified in Platform process and published.** Key research products, some of them listed below under 'Further reading' have been shared with key audiences in-country and internationally, and verified through Platform processes and published. The Platform has also enabled African and Chinese stakeholders together to generate specific plans for policy and business improvements.
- **Mechanisms established for engagement with Chinese companies and artisanal loggers collectively.** Four concession companies exporting to China from Cameroon continue to work with project partners to improve their sustainability practices. With support from the project, a Chinese timber traders' association has also been launched with 20+ members from Cameroon and the surrounding Congo Basin countries. There is an emphasis on legal compliance in its intentions and,

most importantly, the association allows project partners to engage directly with a group of companies together. Meanwhile presidents of artisanal loggers associations in Kinshasa and Mai Ndombe province in DRC have taken steps towards improving legality and sustainability of members and to organise larger groups to qualify as concession holders (some of the timber produced by artisanal loggers is exported to China). Capacity building and collaboration activities are underway with these groups. Beyond the forestry sector, IIED and GEI have also engaged with large Chinese infrastructure companies to collaborate and improve their community impacts

- **Co-learning on sustainable forest product processing.** Shared understanding was developed about the potential for sustainable forest product processing in project countries with Chinese investment, through study visits and in-country engagement by key players with Chinese timber processing technology, processing centres, and policy frameworks. Meanwhile IIED and WWF China worked with the company Mr Forests in Mozambique on piloting sustainable operating practices and the Chinese government guidelines; and WWF-China supported associated community engagement to market non-timber forest products
- **High-level Ugandan-Chinese land use investment dialogue and commitments in Uganda.** Analyses by the project team of sustainability issues in the current practice of Chinese companies in the forestry, agribusiness and roads sectors fuelled a series of multi-stakeholder dialogue events on impacts of Chinese investments in land-use sectors and solutions for moving forward to sustainability. Key government actions - to prevent investments on inappropriate lands, and to clarify key policies favouring more socially and environmentally investments - were announced. Sustained interaction has resulted in expressions of willingness to adopt specific proposals by the project by two large Chinese companies – in agribusiness and road-building – on social and environmental responsibility measures.
- **Contributions to forest law reform process in Mozambique.** Project members continue to actively participate in forest law reform processes with potential for phasing out the currently unsustainable simple license regime, potentially introducing a new concession format for communities, transferring law enforcement responsibilities to a new agency, and developing a new national fund for sustainable development which would receive forest revenues and reinvest them in line with a 'Standing Forest' programme.
- **Chinese development cooperation in forestry for Africa – real prospects.** CAF's study of Chinese forestry development cooperation on human resources development in Africa, carried out for the project, was incorporated into the 13th Five-Year Plan on Forestry Human Resources Development, which is funded and issued by the SFA. This offers genuine prospects of Chinese development cooperation with Africa for forest governance initiatives.

“Chinese investments have reached a scale where we can no longer ignore China in Africa”

Ms Julian Barungi, Advocates for Coalition for Development and Environment, Uganda

“I realise that our African friends are watching our research closely. We have so far completed and published the guidelines for Mozambique; they would like to have guidelines like these for other countries too – when they are approved by China and African governments they can demand Chinese companies comply with the guidelines”

Ms Li Ming, Chinese Academy of Forestry, China

China-Africa Forest Governance Learning Platform

The China-Africa Forest Governance Learning Platform was launched in 2013 and has thus far brought together forest governance players, including heads of government forest departments, from nine African countries, representatives from the Chinese Academy of Forestry, the Global Environmental Institute, IIED, WWF and some other international organisations. By October 2017 the Platform has held four major international learning events – two in China, one in Cameroon and one in Mozambique. Participants have recognised its success to date in creating an open dialogue and planning space.

Dialogue in Platform events has thus far identified: plans for new collaborations and direct work with Chinese companies; impetus for Chinese development cooperation for African forest sector institutions; and increased Chinese stakeholders' willingness to push for more company due diligence. The Platform also enables interrogation and verification of the findings produced from research. This process increases joint ownership of findings, whilst the partners and invited participants in the activities of the Platform provide an efficient and effective dissemination network. Whilst the China-Africa Forest Governance Project has been the main supporter of the Platform to date – other organisations continue to increase their involvement which bodes well for its sustainability.

Looking ahead, the project will help further develop the Platform and gain further engagement and support of others in this key mechanism for taking China-Africa forest partnerships forward. In the focal countries we continue to: work with the Chinese company association in Africa in particular to enable small and medium scale enterprises to improve their practices and link to procurement initiatives in China; continue to engage larger companies supplying the timber trade to China in legality and sustainability improvements; develop practical arrangements for increased social and environmental responsibility agreements amongst Chinese companies in agribusiness, mining and infrastructure; further the work with African government agencies on policy reforms; and support Chinese government action for improved guidance and due diligence of Chinese companies, the timber legality verification system, green procurement, and forest sector support in China's development cooperation.

We welcome comment, ideas and interaction with other initiatives.

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Further reading

Mist clears on China in African forests. Long Read on impact of work of the China-Africa Forest Governance Learning Platform (IIED, 2017) www.iied.org/mist-clears-china-african-forests

Chinese investment in Africa's forests: scale, trends and future policies. Infographics (IIED, 2016) pubs.iied.org/G04095/. Also available in Chinese pubs.iied.org/G04097/ and French pubs.iied.org/G04099/

Why Africa's forests are important for its people, the world and China. Infographics (IIED, 2016). pubs.iied.org/G04092/. Also available in Chinese pubs.iied.org/G04096/ and French pubs.iied.org/G04098/

The impact of Chinese investments in the DRC – Backgrounder (2016). pubs.iied.org/17382IIED/

China country diagnostics: China-Africa forest trade and investment: an overview with analysis for Cameroon, Democratic Republic of Congo, Mozambique and Uganda (2016) pubs.iied.org/17585IIED/

Governing Mozambique's forests. Options for more sustainable forestry among Chinese timber traders and Mozambican partners (Duncan Macqueen and Mario Falcão, 2017) pubs.iied.org/17601IIED/

Socio-Economic Effects of Chinese Agricultural Investments on the Environment and Local Livelihoods in Uganda (Ramathan Ggoobi and Julian Barungi, 2016) www.acode-u.org/Files/Publications/PRS_78.pdf

Chinese aid for African forestry: progress, problems and prospects (Xu Bin, Chen Jie, Chen Shaozhi, Su Haiying, He Youjun) pubs.iied.org/17432IIED/

The dragon and the giraffe: China in African forests (James Mayers, 2015) pubs.iied.org/17302IIED/. Also available in French pubs.iied.org/17302FIIED/ and Chinese pubs.iied.org/17302CIIED/

Chinese views of African forests: Evidence and perception of China-Africa links that impact the governance of forests and livelihoods (Sun Xiufang, Ren Peng and Marisa Van Epp, 2014) pubs.iied.org/17569IIED

China-Africa Forest Governance project page <http://www.iied.org/china-africa-forest-governance-project>

Country briefings for Cameroon, China, Democratic Republic of Congo, Mozambique and Uganda (in English, Chinese and French) summarizing country diagnostic reports on China-Africa forest governance issues are available on the above link.

Published by IIED, October 2017

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