

China and conflict sensitivity: An introduction

China's engagement in conflict-affected states:

What is the situation?

Internationally, increasing proportions of aid budgets are being channelled towards fragile and conflict-affected states. Indeed, conflict prevention is becoming a key area of aid spending, even in countries not currently experiencing the effects of widespread violence.¹ Like many other countries, China is becoming a provider of aid, loans, and other forms of assistance for countries in South Asia, Africa, and beyond. The Chinese Government states that it delivered a total of \$39.3 billion in aid before 2009 and that its aid budget has grown by 30% every year since 2004.²

This increase in aid may be especially useful in conflict-affected countries. Conflict and insecurity undermine development because of both direct costs, such as military expenditure or destruction of infrastructure, and indirect costs, such as rapidly declining investment, capital flight, inflation, the destruction of markets, unemployment, debt, and lack of public services. For example, between 1990 and 2005 conflict cost African countries almost \$300 billion – roughly the same amount as these countries received in aid during the same period.³

The Chinese Government has made commitments to assist economically African countries affected by conflict. In the 2012 Forum on China-Africa Cooperation (FOCAC) Action Plan, post-conflict reconstruction was identified as one key area for cooperation.⁴

Across other regions, Chinese companies and investors are also playing a visible role in countries

affected by or recently emerging from violent conflict. In Sri Lanka, Chinese firms are building roads, ports, power generation plants, and other critical infrastructure projects. In Nepal, Chinese-financed roads have opened up areas of the country that were previously inaccessible. Such projects can have substantial benefits in countries where infrastructure has been destroyed or unrepaired during periods of conflict and new projects put on hold.

At the same time, China's rapid economic growth over the past three decades has created a high demand for energy and mineral resources – in 2011 alone, the increase in China's oil demand represented nearly half of the world's total increase.⁵ Given that nearly one-third of the world's civil wars take place in oil-producing countries, any state that needs to import oil is likely to find its companies operating in conflict-ridden states. There is also a correlation between countries that are reliant on natural resources for export and an increased risk of conflict.⁶

What are the challenges?

As its global trade, investment, and development assistance increases, China's government, businesses, and citizens are increasingly operating in states experiencing high levels of violence or emerging from long periods of armed conflict and that are often at increased risk of future violence. Initial research by Saferworld has identified several potential challenges to Chinese economic and development cooperation with such countries.

- **There are threats to Chinese citizens.** 30,000 Chinese civilians working in Libya had to be evacuated by land and sea when violence broke out in 2011, a vast logistical operation for the Chinese Government. Elsewhere in Africa, Chinese citizens have been caught up in violence, being kidnapped by pirates off the coast of Somalia or targeted by rebels in Ethiopia. In January 2012, 29 workers from a Chinese

¹ Institute of Development Studies (2003) [A New Deal? Developing and Security in a Changing World](#) p.3

² Information Office of the State Council of the People's Republic of China (2011) 'White Paper: China's Foreign Aid', April

³ IANSA, Oxfam, Saferworld (2007) [Africa's missing billions](#) (Oxford, London: IANSA, Oxfam, Saferworld) p 9.

⁴ [The Fifth Forum on China-Africa Cooperation Action Plan \(2012-15\)](#)

⁵ US Energy Information Administration (2012) '[Country Report: China](#)', p 1.

⁶ Collier P (2003), *Natural Resources, Development and Conflict: Channels of Causation and Policy Interventions* (Washington DC: World Bank)

construction company were kidnapped in Sudan.⁷ That same year, two Chinese workers were killed by gunmen in Nigeria.⁸

- **Large investments are at risk.** When the conflict broke out in Libya, 75 Chinese companies were involved in contracts worth \$18.8 billion, representing in 2009 some 4.6% of China's total global project turnover.⁹ In Myanmar, investments in large dam projects and extractive industries have been held up due to instability. In Sudan and South Sudan, conflict has led to serious challenges for Chinese companies involved in the oil sector. For example, the decision by the South Sudanese Government to halt oil production in 2012 had a significant impact on China National Petroleum Corporation's operations in South Sudan, affecting the company's profits and the security of its operations.
- **There are reputational risks.** Conflict-affected countries are often extremely politicised and polarised contexts. Chinese actors may be perceived to be supporting one side over the other in a conflict, for example, when closely working on economic projects with the host government. A negative image in the eyes of local communities, civil society, and politicians may have long-term damage for China, especially if political dynamics change. In certain contexts, conflicts over resources have drawn Chinese companies into difficult political situations because, in the eyes of some local people, they are part of the conflict itself. The reputation of Chinese companies may also be harmed by any environmental damage they cause or by community objections against unequal divisions of resource wealth.
- **Support for economic development is less effective.** The Chinese Government has committed itself to assisting developing countries through aid, loans, and economic cooperation. In many countries this cooperation with China has fuelled economic growth. However, in conflict-affected countries insecurity can prevent the delivery of important development projects and deter commercial investment.
- **Instability may be exacerbated.** Economic and development engagement in a conflict-prone region will inevitably have an impact on the relative state of peace or conflict. Ideally the effect will be positive: aid and investment will

contribute to building peace and development. However, in some cases, engagement may actually increase the risk of violent conflict, for instance, by reinforcing the patterns of economic or political exclusion that gave rise to grievances, tensions, and violence in the first place. This is illustrated by the case of water supply issues in Ethiopia (see box). One common problem for companies arises when they only consult with one group of stakeholders when designing and delivering projects while ignoring the voices of others, which can foster grievances and anger.

Case Study: Water in Ethiopia – supplying water but fuelling conflict¹⁰

In the Awash river basin of Ethiopia, Afar and Issa communities have often clashed over access to grazing land and water during seasonal migrations. In the 1980s, multilateral donors provided financial assistance for the Amibara Irrigation Project, which was designed to irrigate land for cotton production and promote economic development. However, the Afar people were almost entirely excluded from the planning for the project and, once displaced from the land, received inadequate resettlement packages. By the late 1980s, the reduction in available grazing land due to the irrigation project meant that violent clashes between the Afar and Issa increased considerably – as did the conflict between those communities and the Ethiopian Government who controlled the cotton fields.

What are the opportunities?

These challenges are not unique to China. All international actors – including governments, multilateral organisations, companies, and civil society – are affected by conflict. There are many different short-term and long-term responses to the aforementioned risks. The Chinese Government, for example, has requested higher levels of risk assessment and management by Chinese companies, while companies have responded by hiring private security firms or introducing other protective measures.¹¹

Meanwhile, large multilateral organisations that provide development assistance and some donor countries have responded by beginning to apply the principles of conflict sensitivity to their engagement in countries experiencing current or potential instability. The World Bank uses a Conflict Analysis Framework while the Asian Development Bank has also started to adopt its own tools to be more conflict sensitive. The practice of conflict sensitivity presents a useful model

⁷ Reuters (2012) 'Kidnapped Chinese workers freed in Sudan oil state' 7 February (<http://www.reuters.com/article/2012/02/07/us-china-sudan-workers-idUSTRE8160UU20120207>)

⁸ BBC News (2012) 'Nigeria: Chinese workers killed by gunmen in Benisheikh' 8 November (<http://www.bbc.co.uk/news/world-africa-20255072>)

⁹ Bloomberg (2011) 'China faces losses on \$18.8 billion in Libyan Contracts', Economic Weekly Says' 25 May

¹⁰ Saferworld (2008) *Briefing: Conflict Sensitive Development* p 2.

¹¹ Saferworld interviews with officials and company representatives, Beijing 2012, Juba 2013.

to guide international actors who want to manage risk and support long-term stability.

Conflict sensitivity may also be useful for various Chinese state agencies involved in overseas development assistance, including for example the Ministry of Commerce, China Export-Import Bank, China Development Bank, and the Ministry of Foreign Affairs, as well as Chinese businesses and investors. Through approaching unstable contexts using the model of conflict sensitivity, Chinese actors can ensure that potential risks are managed, that relations with host governments and local communities are positive, and that China's and Chinese companies' reputations are protected.

International actors cannot control the fate of a country's stability. Responsibility for peace and security lies in the hands of the host government, leaders, and civil society. However, international actors can take actions and make decisions that support stability. For example, at the last Forum on China-Africa Cooperation, former President Hu Jintao announced that cooperation in the area of peace and security would be one of five priorities in China–Africa relations.¹²

What is conflict sensitivity?

Conflicts generally revolve around competition for power and resources. By introducing new resources into this sort of environment, external aid inevitably has an impact on the local political economy. This may challenge and change existing power relations, and affect dynamics of peace and conflict. Over the past ten years an increasing number of international agencies have recognised this risk, and have tried to adopt a more 'conflict-sensitive' approach. This entails:

- understanding the context you operate in, especially the conflict dynamics
- understanding the nature of your engagement and how this affects the conflict context, and vice-versa
- acting on this understanding to avoid reinforcing conflict dynamics and to capitalise on opportunities to support peace.

Practical ways of putting conflict sensitivity into practice include:

- consulting with local stakeholders and ensuring their security concerns are taken into account
- ensuring reconstruction and development projects benefit different regions and groups equally
- operating in a way that supports the local economy and provides employment opportunities to local people

- engaging responsibly with political leaders and government institutions to avoid fuelling corruption and patronage politics.

Conflict sensitivity is relevant for all external actors operating in conflict-affected contexts, including development NGOs, multilateral agencies, national governments and international companies. One of the key challenges is to understand the scope for different sorts of actors to alter their approach. This means understanding the entry-points and opportunities to institutionalise conflict-sensitive approaches within the agency concerned.

Key questions for conflict analysis

Profile?

- What is the political, economic, and socio-cultural context?
- What are emergent political, economic, and social issues?
- What conflict-prone/affected areas can be situated within the context?
- Is there a history of conflict?

Causes?

- What are the structural causes of conflict?
- What issues can be considered as proximate causes of conflict?
- What triggers could contribute to the outbreak/further escalation of conflict?
- What new factors contribute to prolonging conflict dynamics?
- What factors can contribute to peace?

Actors?

- Who are the main actors?
- What are their interests, goals, positions, capacities, and relationships?
- What capacities for peace can be identified?
- Which actors can be identified as spoilers? Why? Are they inadvertent or intentional spoilers?

Dynamics?

- What are current conflict trends?
- What are windows of opportunity?
- What scenarios can be developed from the analysis of the conflict profile, causes, and actors?

¹² Saferworld (2012) [Changing perceptions: reflections on the fifth Forum on China-Africa Co-operation](#)

About Saferworld

Saferworld is an independent international organisation working to prevent violent conflict and build safer lives. We work with local people affected by conflict to improve their safety and sense of security, and conduct wider research and analysis. We use this evidence and learning to improve local, national and international policies and practices that can help build lasting peace. Our priority is people – we believe that everyone should be able to lead peaceful, fulfilling lives, free from insecurity and violent conflict.

We are a not-for-profit organisation with programmes in nearly 20 countries and territories across Africa, Asia and Europe.

Saferworld – 28 Charles Square, London N1 6HT, UK
Registered Charity no 1043843
Company limited by guarantee no 3015948
Tel: +44 (0)20 7324 4646 | *Fax:* +44 (0)20 7324 4647
Email: general@saferworld.org.uk
Web: www.saferworld.org.uk