

China's Role in a Just and Sustainable Global Energy Transition

Event Summary Report

October 2023

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Executive Summary



The C.S. Mott Foundation supported a three-day convening in October 2024, titled, *China's Role in a Just and Sustainable Energy Transition*. The event took stock of almost 10 years of support provided to academic institutions and civil society to address the growing global influence of Chinese development finance, specifically in the area of energy and infrastructure.

The convening was organized in partnership with the BRICS Policy Center at the Pontifical Catholic University in Rio de Janeiro. This report provides an overview of the key outcomes of a public event, and a two-day closed convening. Summary information of presentations shared in the public event is included, as well as meeting discussions, lessons learned, gaps and challenges, and an annex of database, policy, and educational tools prepared and disseminated by Mott partners.

A total of 27 Mott representatives, grantees, and consultants from around the world brought a diverse set of experiences and disciplines to the convenings and contributed their respective expertise. Specifically, the participants were university-based researchers, global and regional policy experts, and local advocates with decades of field experience.

The convening used a hexagon, story-telling exercise to explore individual organizations' experiences and draw conclusions related to effective strategies, opportunities, challenges, and gaps, as well as lessons learned. In addition, participants brainstormed a vision for policy and systems change coupled with movement evolution to guide China's role in a global energy transition that is just and sustainable.



The Vision: What We Want

Policy Change



1. Finance institutions reduce harm and provide remedy for project environmental and social impacts.
2. Community-centered, with their needs taken as seriously as other factors.
3. Security for policy advocates and community leaders is prioritized.
4. Chinese leadership on finance for a just transition includes solar energy advancement, free, prior, and informed consent of stakeholders, and support for no-go zones to protect biodiversity and vulnerable natural systems.

Systems Change



1. Global energy finance is democratized to allow for a meaningful energy transition.
2. Production and consumption policies and practices, principally in the Global North countries, shift to support a just transition.

Movement Evolution



1. Finance reform movements are grounded in communities impacted by energy and infrastructure development.
2. Civil society is strong and coordinated across geographies and issue silos. Just transition policies are integrated in green and labor agendas.
3. Diversity in just transition movements, including Chinese actors, is promoted, and achieved.
4. Alliances increase to enhance security for advocates.

Background

In 2014, the C.S. Mott Foundation Board of Trustees approved a new Environment Program Plan, Strategies for Sustainability 2015-2025. This program included a recognition of the emerging multi-polar world of international development finance and national overseas development finance by Chinese and Brazilian led policy banks. The program plan preserved the historical focus on environmental and social sustainability of development finance in its Transforming Development Finance global and regional portfolio, and also provided for the development of grantmaking strategies to address the social and environmental sustainability of new development finance actors at that time—China and Brazil. Over the past eight years, the multipolar world of international development finance foreseen by the Mott Foundation has taken shape,

with the emergence of the Asian Infrastructure Investment Bank, the New Development Bank of Brazil, Russia, India, South Africa, and China, known as the BRICS, and overseas finance by the China Development Bank, the Export Import Bank of China, and the Brazilian Development Bank (BNDES). These banks roughly mirror the Bretton Woods institutions led by the World Bank Group (WBG) and International Monetary Fund (IMF) and including the regional banks in Africa, Asia, Europe and the Americas. Established for reconstruction after World War II, the Bretton Woods institutions follow an unspoken rule giving leadership and decision-making power to the United States at the WBG and to Europe at the IMF.

The Convenings

In 2023, The Charles Stewart Mott Foundation supported the organization and execution of a three-day seminar titled China's Role in a Just and Sustainable Energy Transition with Mott partners from civil society and academia. The event was held from October 3-5 in Rio de Janeiro and co-hosted by the Foundation and the BRICS Policy Center at the Pontifical Catholic University.

The objectives of the convenings were to:

01

Share lessons from diverse strategies that aim to hold Chinese overseas investments in energy and infrastructure accountable to environment and climate, social protection and transparency principles and practices.

02

Strengthen emerging community of practice around Chinese infrastructure investments in Latin America and connect it to networks.

The seminar began with a public event on October 3 at the Pontifical Catholic University. Three panels were convened:

The first panel featured welcome talks by representatives of the C.S. Mott Foundation, the Pontifical Catholic University rector, The BRICS Policy Center directorate, and the Chinese Consulate in Rio de Janeiro. The second panel set the stage on the importance of Chinese finance in the energy transition with presentations by Rebecca Ray, Ph.D, an economist at the Global Development Policy Center at Boston University, and Maria Elena Rodriguez, Ph.D, a researcher and coordinator of



03

Deepen understanding of China's role in key institutions and in the energy transition.

04

Explore current challenges and opportunities for impact in the next 5-10 years.

the BRICS Policy Center at the Pontifical Catholic University in Rio. Civil society leaders from Latin America and Asia were featured on a third panel and focused on civil society perspectives on influencing Chinese overseas project finance.

The convenings on October 4 and 5 were closed to the public and observed Chatham House Rules to encourage frank and open dialogue. A total of 27 representatives of Mott-partner organizations based in Latin America, Asia, Europe and the United States brought a diverse set of experiences and disciplines to the convening.



The Public-Facing Event, October 3, 2023

More than 100 university students, professors, leaders and advocates from civil society and the Chinese Consul General's office attended the event held in the Anchieta Theater at the Pontifical Catholic University.

Welcome Panel participants

Professor Rogerio Werneck, University Rector's Office, Isabel Siqueira, Director of the BRICS Policy Center, Xu Yuansheng, Chinese Commercial Consul, Neal Hegarty, C.S. Mott Foundation Vice President. Dr. Maria Elena Rodriguez moderated.

Drs Rogerio Werneck and Isabel Siqueira

The university representatives welcomed participants and spoke about the mission of the institution. Known as PUC-Rio, the institution was founded in 1940 as the first private higher education institution in Brazil. PUC-Rio places importance on assisting the community, based on Christian ethical values, solidarity, and human respect. It represents a space for achievement, overcoming challenges and development of its students. It welcomes students, staff members, teachers, researchers and administrators of all religions, nationalities, ethnic groups, and social classes. It

focuses on philosophical and theological development, as well as academic and scientific knowledge.

Dr. Xu Yuansheng, Chinese Commercial Consul

Dr. Yuansheng highlighted the growth and depth of the China-Brazil economic relationship, with implications for different parts of the value chain. He highlighted that since 2009, the country has consolidated itself as Brazil's main trading partner.

The commercial relationship between Brazil and China is marked by interdependence. Economic interconnection is a crucial element on the global stage, and the future of this partnership depends on a collaborative approach committed to dialogue. He recalled the numerous memoranda of understanding and cooperation agreements signed between the two countries, increasingly strengthening the strategic partnership.

On the financial side, he highlighted the partnerships of the New Development Bank (NDB) and its offices in Brasília and São Paulo, but also the strong presence of the China Development Bank for financing sectors such as infrastructure, energy, manufacturing, oil and gas, agriculture, and mining. He highlighted the importance of the BRICS system (originally Brazil, Russia, India, China and South Africa) as a growing bloc of countries interested in financing the next generation of economic growth. Cooperation in the context of the BRICS offers a promising platform for joint development and resolving global issues. He noted the growth of the BRICS in 2023 – with several additional countries joining the group.

Neal Hegarty, Vice President of Programs, C.S. Mott Foundation

Mr. Hegarty discussed the Foundation's long-standing interest in sustainable development and finance, dating back to the 1980s. He noted that the Foundation, "recognized then as we do now that international financial institutions are important drivers of international development policy and practice. Back in the 1980s, civil society organizations were engaged with institutions such as the World Bank Group. Over the decades, this architecture has expanded to include newer institutions such as the BRICS New Development Bank and the Asian Infrastructure Investment Bank, both led by China. These development policy banks have emerged as important leaders within the international financial architecture."

Mr. Hegarty acknowledged that persistent poverty, climate change and loss of biological diversity are all challenging problems that will take cooperation and multilateral approaches to solve. He called on participants to focus resources, expertise, and political clout on being part of the solution to those systemic problems, rather than part of the problem.

Mr. Hegarty concluded by recognizing the decades of combined advocacy and legal experience present in the room. He commended participants for being leaders in the field and for helping to bring about strengthened social and environment safeguards, improved transparency, public participation, and accountability. He urged the group to continue their efforts to shape responsible and sustainable development finance.

Academic Panel Participants

Rebecca Ray, Ph.D economist at Global Development Policy Center, Boston University, and Maria Elena Rodriguez, Ph.D coordinator of the BRICS Policy Center, Catholic Pontifical University, Rio.

Moderator: Traci Romine, Mott Foundation consultant.

The New Development Bank was founded in 2014 during a summit of the BRICS political bloc Brazil, Russia, India, China, and South Africa. Its strategy document states that "NDB is a 21st-century multilateral development bank that builds on the experiences of existing institutions to design policies and practices capable of living up to the challenges posed by global trends. The creation of the Bank is an expression of the growing role of BRICS and other emerging market and developing countries (EMDCs) in the world economy, and their greater willingness to act independently in matters of international economic governance and development."

The NDB is part of a system of policy and development banks that emerged in the early 2000s and includes the Asian Infrastructure Investment Bank, and principally to national development banks, the China Development Bank and the Export-Import Bank of China. This system of national and financial institutions roughly mirrors the Bretton Woods financial architecture led by the World Bank Group and International Monetary Fund, and regional development banks.

The governance structures of the NDB and Asian Infrastructure Investment Bank (AIIB) have some differences as compared to the World Bank Group and International Monetary Fund. International financial institutions in the Bretton Woods system are controlled by a weighted voting system in which the largest shareholders, such as the United States, have outsized voice and power. Traditionally, the World Bank president is from the United States and the IMF president is from Europe. The AIIB's governance aligns more closely with this system. The NDB system is more egalitarian, with shares and votes distributed almost equally among member states. This governance is controlled by finance ministries of member states. Civil society organizations and affected communities do not benefit with more representation in this structure because they often have less access to finance ministries than to government bodies that work on environment, labor, culture, etc.

Since it was launched in 2015, the NDB has expanded membership and seats on its board of directors to Egypt, Bangladesh, and United Arab Emirates. Prospective members, according to the NDB website, include Uruguay, which has been approved and will become a member once the country deposits its instrument of accession. Former Brazilian President Dilma Rousseff is the current NDB President. Her term ends in 2025.

Rebecca Ray, Ph.D economist at Global Development Policy Center

Dr Ray framed her presentation around five “provocations” or assertions she proposed to engage China in a just energy transition in Latin America. Subsequent to the meeting, she published a more detailed set of proposals in a report titled “How to Stop a Boom from Busting: A Policy-Oriented Research Agenda for Capitalizing on China’s Demand for Transition Materials in Latin America.”

Provocation 1

There is no global energy transition without the Global South.

Developing countries are home to some of the world’s most potent areas for renewable energy generation and also the raw materials necessary for the technology to harness that energy. This presents a challenge for Latin America and the Caribbean (LAC) countries that have been slow to engage in this challenge and take urgently needed steps toward energy transition.

China accounts for at least three-quarters of every stage of the photovoltaic supply chain and has been investing heavily in wind energy. Over the past decade, China has moved away from investing in fossil fuel companies. Internal investments in energy transition inside China are far ahead of many other countries.

Provocation 2

There is no global energy transition without China.

Provocation 3

The China-South relationship is fundamental.

Especially considering Chinese Foreign Direct Investment (FDI) in LAC, China has LAC as its focal point for energy investment, particularly in solar, wind and hydropower.

Developing countries’ longstanding policy goals of cultivating diversified, just, and sustainable economies are more important than ever as guideposts for global policy makers. Researchers, policy makers, and funders must be pressed to avoid silos. A just transition requires serious commitment to economic, political, social, and environmental considerations.

Provocation 4

There is no JUST energy transition without leadership from the South.

Provocation 5

Collaboration is key to a just energy transition.

We (meaning universities, NGOs and concerned individuals) need to work together. A just energy transition that respects norms of accountability and transparency will require collaboration and coordinated pressure from around the world, North and South. New policies, such as the Escazú agreement give us tools for that collaboration.

Maria Elena Rodriguez, BRICS Policy Center

Dr. Rodriguez presented results of her research:

- LAC is the region with the largest sources of renewable energy, even recognizing the limitations and potential harm of hydro-electric projects. Emissions are relatively small compared to the rest of the world.
- At the same, Latin America is a region of contradictions: despite great advances in the implementation of renewable energy sources, Latin American countries still use gas and coal, in addition to subsidizing hydrocarbons. The majority of countries in the region continue to seek new sources of oil and gas, independent of where their governments fall on the political spectrum.
- Although China does and will play an important role in financing energy transition, nation states play a central role. This means that there are critical unexploited opportunities to engage Latin American countries in democratizing energy access.
- Chinese companies and Chinese foreign direct investment currently dominate the renewable energy market in Latin America, dwarfing participation from European and North American companies. Investments by Chinese private companies in renewable energy are immense and growing. US and European companies have essentially ceded this space.
- Latin America is a critical source for fundamental materials for the energy transition, including basics like copper and lithium, as well as many other rare earth metals. This could give LAC countries negotiation space, but if that space is not claimed, it will relegate the region to extractives economic activity. China could be an ally in this for LAC.



Panel 2: View from Civil Society

Participants:

Roberto Kishinami, Energy Program Officer, Brazilian Institute for Climate and Society; Mark Grimsditch Bo, China Expert at Inclusive Development International; Maia Seeger, Executive Director at Sustentarse, in Chile.

Moderator: Paulina Garzon, Founder of Latinoamérica Sustentable.

Mr. Kishinami provided context and history to the China-Latin America, and particularly the China-Brazil relationship. He emphasized the challenges of moving forward with an energy transition in countries with high levels of poverty and inequities. He also encouraged a structural analysis of the China-LAC relationship over the long term, rather than looking at individual projects. Compared to the long legacy of United States and European colonial approaches to investment in Latin America, Chinese investments offer opportunities if countries are able to capture them and negotiate beyond the scope of a particular government.

Issues raised:

- Recognize the structural importance of Chinese engagement in Latin America, soft power exercised over long-term horizons.
- Recognize the intersection of energy transition goals with development failures, poverty, and inequities.
- A green transition that is embedded in the industrial economy requires a strong social and political consensus. It is not viable to make decisions and retreat the following year. The relationship with Beijing requires a longer-term frame.
- Recognize that the investment relationship with the United States and Europe has been deeply embedded in colonial attitudes, including using LAC to transfer out-of-date technology and industries. China has a better track record on this, for example, the electric car factory where the Ford factory in Bahia was located.
- Recognize initiatives that already exist, for example growth of renewable energy in the Northeast, green hydrogen in the industrial area.

Mr. Bo framed his presentation around positive signs and opportunities related to Chinese Foreign Direct Investment and the energy transition, tempered by cautions about serious challenges that remain.

Positive signs include:

- China has committed to no longer building coal-fired industrial power abroad – although it appears in some cases not to apply to coal-fired power in industrial complexes.
- There is an apparent shift in Chinese banks to create and apply more detailed internal environmental policies to their financing, and state guidelines that companies and banks are encouraged to follow. This shift is an ongoing process and will require monitoring to make sure it is not merely an additional process with no impact on the ground.

- Echoing discussion in the academic first panel - Chinese companies generally emphasize abidance by national laws, so strengthening host country laws is a priority.

Challenges remain, including:

- Difficulty communicating with the Chinese government and companies: differences from country to country, project to project. There are no standard communication channels with Chinese companies. There is a need to formalize communication channels between the affected population and companies.
- Energy transition projects bring both opportunities and risk—to mitigate risks, the Chinese government could invest in capacity building, public consultations, etc.
- Safeguard and transparency policies that groups have used successfully in advocacy toward multilateral financial institutions (including Chinese-involved banks like the New Development Bank) do not apply to Chinese state banks such as the China Development Bank. New channels for engagement are needed.

Ms. Seeger focused on a case study of the role of China in the Chilean energy transition. She began by acknowledging the long trajectory of China's engagement with Chile, dating to the establishment of diplomatic relations in 1970, the China-Chile Free Trade Agreement in 2006, and the importance of the China-Chile commercial relationship—with Chile providing mostly raw materials: ores (copper, lithium, etc.); fruits and berries; and cellulose, all with low-levels of processing and China providing high tech goods such as computers and transport equipment. Chile is China's financial hub in LAC, with authorized branches of 3 Chinese banks.

Ms. Seeger noted Chile's forward-looking approach to renewable energy, making it a leader in Latin America. Clean energy, including large-scale hydroelectric projects and development of green hydrogen figure prominently in the 2019-2022 China-Chile bilateral agreement. As part of this work, China has also invested in transmission lines, technology transfer, and public transport using electric vehicles. Despite many positive steps, there are notable instances of social-environmental conflicts that have emerged from Chinese Investments in Chile.

In the discussion segment, several other issues emerged:

- Stakeholders need to clearly define what is meant by a “just energy transition” and by “renewables.” For example: Biomass is a controversial but important part of the energy transition discussion. It is not currently part of formal negotiations among countries, but it could be (where properly managed, supported, and regulated) a piece of the puzzle. Also, hydropower, while very important to electricity generation in many countries in Latin America, its potential may have maxed out its cost-benefit curve and has shown significant negative impacts on quality of life of indigenous and impacted communities. Similar questions arise around green hydrogen.

- Several speakers noted that Chinese companies will adhere to local norms, emphasizing the importance of national advocacy to strengthen those norms and the implementation of existing laws.

- China is rapidly negotiating direct commercial agreements with many LAC countries. This could cement in place a low bar for transparency and accountability.

- Developing countries need to link the energy transition to a clear development agenda to avoid the risk of increasing inequities.

- Currently the regional entities that might allow Latin America to negotiate as a bloc, either to shape the path of the energy transition or to guarantee human rights and environmental protections, are weak and not given priority by national governments.

- The Escazú Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean is a step in the right direction but requires more political will for implementation.





Closed Convening, October 4-5

China's Role in a Just and Sustainable Energy Transition.

The convening was held all day October 4 and 5, 2023. Twenty-seven Mott leaders and partners from academia and civil society from China, Asia, Europe, and North and South America participated. The convening observed Chatham House rules in which “participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”

Plenary and small group sessions were organized for hexagon mapping and storytelling to analyze Mott grantee strategies, opportunities, partners, challenges, outcomes, and targets. These exercises in storytelling and group discussions were distilled, and lessons learned, gaps and challenges, conclusions and recommendations were drawn.

Hexagon Mapping-Storytelling

In groups of five, participants shared stories about their work using a hexagon story-telling exercise that ordered the stories into a shared format for further analysis. Roughly half of the stories focused on policy changes, targeting Chinese institutions and/or other multilateral spaces. The other half focused on projects—mostly efforts to stop, shape, or remediate problem projects that included Chinese finance. In keeping with the geographic focus regions of most of the participants, the stories highlighted 6 projects in Latin America, two in Asia, and one in Africa.



Story Elements

Strategies/Change levers

What did you do? Why?

Opportunities

Doors this opened for future work.

Partners and allies

Who were the critical actors?

Challenges

Roadblocks- what didn't work?

Outcomes and impacts

What happened as a result of this work?

Targets

What policy, practice or institutions was the target of the action?

Strategies

The stories revealed a diverse set of strategies and targets, ranging from engagement with grassroots organizations and social movements to actions carried out directly with Chinese institutions as well as intergovernmental organizations and host governments. Strategies included:

- An insider collaborative approach toward the Chinese government and institutions (used most often by researchers

and universities). This is a long-term approach, which requires building relationships, cultural sensitivity, and trust.

- Information gathering and documentation of China-financed projects, building databases and web platforms for policy trends analysis.
- Use of international processes, such as United Nations processes, bank summits and meetings, biodiversity, and climate meetings of committees of the parties (COPs) to push for finance guidelines, stronger safeguards, and improved transparency and governance practices.
- Advocacy through letter writing and communication with consulates and Beijing ministries.
- Work with affected communities to document and bring evidence of social and environmental impacts that have stopped or shaped emblematic projects.
- Engagement with national authorities to strengthen national laws and regulations on environmental and social requirements on investments.
- Media and communications with relevant information and alternative narratives.
- Legal strategies in countries that host Chinese investment, including successful attempts to stop or slow projects to leverage strong policies.

Target Institutions

Consistent with the strategies, many groups targeted stronger safeguards, funding guidelines, and limitations on fossil fuel funding at Chinese or Chinese-led multilateral institutions, with some emerging work engaging chambers of commerce and professional associations in China that set standards for their members.

Groups working in Latin America focused mainly on their own governments—pressing national and sub-national governments in places where investments are taking place—with the goal of making local laws protecting the environment and ensuring transparency and accountability are both stronger and better implemented. Groups working at the project level also identified communities as a target—for becoming better informed about infrastructure and energy investments, as well as their own rights with respect to these projects.

Some participants took a more oblique approach—engaging with Chinese investments in the context of multilateral spaces, such as the United Nations and global treaties that could shape or limit energy and infrastructure investments.

Key Takeaways: Strategies and Targets

- The group noted that Beijing wants to be recognized as a good global actor. In general, Chinese investments attempt to avoid negative exposure. This suggests that the use of reputational risk campaigns could be effective.
- Beijing's foreign policy approach is focused on multilateral cooperation and respecting sovereignty. Because Chinese overseas investments are subject to the local laws and regulations of countries hosting the investments, several participants suggested that advocacy toward national governments, possibly including strategic litigation, should be a more prominent strategic approach.
- In some countries, there is a pervasive false narrative that there is no possible dialogue with Beijing, that there are no channels of communication, but through the stories we see that dialogue is taking place, albeit with gaps. Technical dialogue with Chinese actors increased, but political dialogue with Beijing is relatively weak.
- Participants stressed the need to constantly exchange information about what is and isn't working, even though it is very expensive to hold in-person events.
- Several stories pointed out the interrelationship between experiences and the importance of understanding the growing body of work overtime, noting that failures can be necessary steps to achieve success in many advocacy initiatives.

Dialogue with China Development Bank in Brazil – Failure or Work in Process

Researchers described a thwarted effort to engage the China Development Bank (CDB) in a dialogue about green lending standards for the Belt and Road Initiative. After initial frustration at the lack of response, the researchers opted for “quiet background work” to build mutual trust and establish partnerships and connections at the Bank. In an effort to build political support for future action, a report recommending that the CDB develop and implement safeguards for its investment policies was sent to all the Chinese embassies in Latin America. While there was still no official response from the bank, several embassies reported that they had sent the report to the Bank. Researchers hope that this initial failed effort at dialogue may yet result in policy changes over time.

Partners and Allies

The stories evidenced the relationships that many of the participant organizations have with each other, and the coalitions that have started to emerge bringing together researchers, advocates, and affected communities. However, the group also reflected on the relative scarcity of resources for this work, which can negatively impact local groups' ability to do follow up. There was a vigorous discussion of how to strengthen and support the groups already working in the field who are confronting massive power disparities.

Who needs to be a part of this work (but isn't here)?

1. Participants pointed out that the people affected by investments are not a part of this meeting, nor adequately represented in the overall movement for a Just and Sustainable Energy Transition.
2. Participants shared concerns that funders are hyper-focused on climate and energy transition but may be leaving socio-environmental issues behind. Several participants urged funders and NGOs to be aware of empowering diverse voices and experiences.

Hyper-focus on Climate and Energy Can Leave Communities Behind

NGOs and funders must accept the importance of equity and the need to ensure community participation in decision-making processes. Specifically, the impacts of green energy projects on communities are often overlooked. Greater connections between climate and energy-focused groups in the Global North and community groups in the Global South are needed to break down silos and increase working together on a sustainable transition.

Important actors

- Media professionals need to remedy the dearth of information that the public receives on both Chinese finance and energy transition broadly.
- Chinese researchers and nongovernmental organizations - some collaborations have been productive with groups at the meeting, but direct engagement between NGOs inside and outside China can quickly become politically charged and even dangerous.
- Indigenous organizations and their movements are particularly important in countries where they are actively protecting land that is critical for climate stability.
- Economists, to calculate and communicate the costs of the energy transition; without these costs being used as a scapegoat so that that transition does not happen.
- Environmental groups and funders often are hyper-focused on climate but have not fully embraced the importance of equity and a just Transition.
- Labor and workers' rights groups.

Opportunities

- Relationships between universities inside and outside of China are stronger. Mott grantees including Boston University and BRICS Policy Center have developed long-term relationships with Chinese universities and researchers. There are universities that are more aligned with the government and others that are more critical.

Labor-Human Rights Challenges

Groups monitoring projects in Africa described how Chinese projects abroad, especially infrastructure, may hire Chinese workers and exclude local labor. In addition to lost opportunities for jobs in developing countries, NGOs have documented instances of sexual abuse and exploitation.

In other countries (such as Chile) national legislation favors hiring local workers for low-skilled jobs, but the government generally fast-tracks visas for highly skilled foreigners working on projects or leading projects. For example, Chile is considering removal of the work visa requirement for Chinese workers as part of an effort to increase Chinese investment in the country.

- Relationships with Chinese regulatory agencies and professional standards groups are important because they set the "rules of the game" for investments.
- Opportunities remain to leverage the growth in Latin America to engage communities and advocates in African and Asian countries that receive Chinese investments. It is important to create and/or nurture coalitions between organizations based in places impacted by Chinese business.
- Opportunities also remain to go deeper into national advocacy in order to strengthen standards and sustainable economic growth opportunities in countries that receive Chinese development finance.

Challenges and Gaps

There was a strong consensus that the work on China finance, and on Just Energy Transition more broadly, faces a myriad of political and technical challenges, along with the power asymmetries that come with challenging the status quo on energy and infrastructure investments.

Those challenges fall broadly into four categories:

Category 1



Political context and lack of political will:

- a.** Common definition of just and sustainable energy transition to pull groups together.
- b.** Suspicion and lack of trust on both sides: geopolitical issue.
- c.** Mainstream media coverage in the US, Europe and elsewhere that is uniformly critical of China, complicates more nuanced relations with civil society organizations. Little information and lack of transparency and communication with Chinese actors.
- d.** Internal divisions between communities receiving Chinese projects and advocates seeking stronger safeguards, as Chinese companies offer work.
- e.** Lack of understanding, outside China, of Chinese culture, norms.
- f.** Latin American governments have used Chinese finance for projects that would not meet the criteria of multilateral development banks, such as the World Bank, thus supporting a race to the bottom for social and environmental standards.

Category 2



Power and information asymmetries

- a.** Asymmetry between actors: communities, academics, government. Privileged groups can more easily access and monitor China investment information.
- b.** The silos of the well-funded Global North organizations create myopia and single focus. Can very easily create sacrificial environmental and community zones.
- c.** Effective project advocacy can require very specific technical information and evidence.
- d.** Imbalance of capacity in different regions. Civil society networks in Africa to work on these issues are much weaker than in Latin America and Asia.

Category 3



More information is needed, ranging from the most basic knowledge of Chinese institutions, actors, and cultural norms on the part of local communities and advocates to more specialized information needs such as:

- a.** Technical information on investments.
- b.** Understanding/ability to dig into investment contracts and complicated services agreements.
- c.** Culturally informed pathways to reach Chinese institutions and decision-makers.

Category 4



Limits to civic space

- a.** Academics dedicated to studies on China and Energy Transition cannot always voice criticism or question the Chinese government and companies precisely because they are academics.
- b.** Decreased space for NGOs around the world and since 2016 in China. This limits the research, advocacy and pressure carried out by foreign organizations to assist Chinese NGOs in their demands before the government.
- c.** Risk of closing civic space in Latin America with the growth in power of the extreme right in several countries.
- d.** Restrictions of civic space in many countries can privilege northern groups by giving them more ability to influence policy spaces, which highlights again the need for northern environmental groups to embrace the needs of local communities.
- e.** There are few Chinese NGOs working on investment abroad and this work requires them to be close to the government and have dialogue.
- f.** It is not realistic to think that communities will directly confront Chinese investments. Creation of support structures are required that lead to increased transparency and better outcomes for Chinese-funded development.

Reflections for Future Discussion

- What are the merits of pursuing a reform or incremental approach when we know that the ultimate goal is a more radical transformation of the production/energy model? How can reform lead to transformation?
- Participants noted that the shorthand of “communities” should be nuanced to understand that the vision is for a more genuinely participatory development model, while acknowledging that a community is not a monolith and may well have many diverging viewpoints about how to do development or even how to respond to a project or harm.
- Participants acknowledged that development finance institutions (DFIs) generally have considerable inertia to sustain the status quo.
- How can the work of advocates and researchers link the positive steps that China has taken on energy transition inside China (solar, etc) with accountability for actions outside China?
- How can we bridge the gap between green organizations that are only focused on the issue of climate & energy and the social equity issues that must be considered for a just energy transition?



Lessons Learned

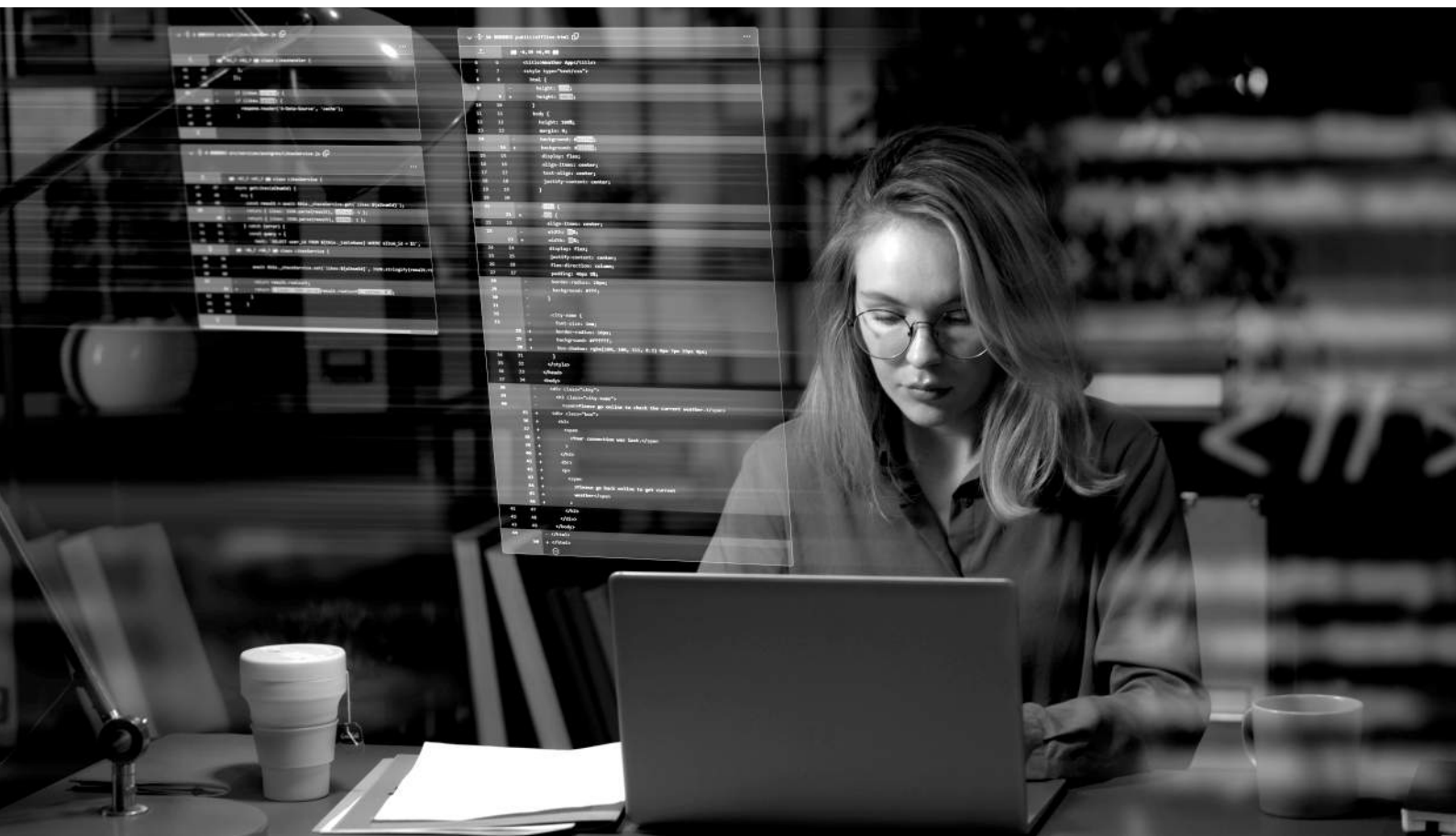
These lessons were distilled from discussions over the course of the convening. The lessons are specific to advocacy around development finance in general, and Chinese Overseas Finance specifically.

- China is crucial to a just transition and openings exist for advocacy and influence in certain sectors in China.
- Host country policies are important as China will do what is required not necessarily what is desirable.
- Win some and learn some. Initial failures can inform future successes.
- Long-term relationship building and solid networks for sharing strategies are important.
- A diversity of actors is able to engage in different ways.
- Evidence-based advocacy of policy and project impacts can be more effective than confrontation and public protests.
- Networks are important for linking the impacts of projects to changes in public policy.

Recommendations

Participants provided recommendations for building strategy, strengthening the field, and to inform foundations on directions for effective grantmaking.

- Engaging China's heterogeneous (country-by-country) approach to overseas investments in energy and infrastructure, campaigns at the project-affected and national levels will be vital to support.
- Additionally, a focus on upcoming summits and international political theaters will be an important experiment and learning experience for using international policy and political arenas to influence China overseas investment policies.
- Strengthening networks with organizations from other regions will be important, particularly to influence multilateral spaces.
- Training and enhancing knowledge on China among civil society is needed.
- Trust and relationship building and networks that can link Chinese NGOs with their counterparts around the world is critical.
- A more holistic conversation about energy consumption, development models, equity of power in decision-making, internalization of externalities of Chinese projects in other sectors such as agriculture and infrastructure would be useful.



ANNEX I: Database Tools and Bibliography

Mott partners have developed and cultivated web platforms and database tools over the past decade to promote transparency and accountability, and to monitor finance flows and trends by international financial institutions, including Bretton Woods and Chinese-led banks. Key geographic databases of project finance are included below.

The data and information contribute substance to policy papers and educational resources. A bibliography of these resources is organized around issue areas. This is a short selection of recent reports and educational resources produced by the participants and invitees to the three-day seminar titled China's Role in a Just and Sustainable Energy Transition that took place from October 3-5, 2023. It serves as a companion piece to the formal report and the data tools, providing depth and references for some of the issues discussed in the meeting.

Web Platforms and Database Tools

Objective:

Promote transparency and accountability and monitor finance flows and trends by international financial institutions.

[Accountability Counsel's Accountability Console](#)

This database tracks cases using accountability mechanisms across many international financial institutions. It currently includes only a few cases for Chinese investments due to the newness of the AIIB accountability mechanism but could increase over time.

Asociacion Ambiente e Sociedad's Chinese Investments in Latin America

This tool provides information about projects financed by China in energy, infrastructure, water and sanitation, agro-industry, mining, and hydrocarbon extraction in Latin America and the Caribbean. Each project is identified by name, sector, names of the company executing the project and the Chinese project participant, financing entities, and community and environmental impacts.

BRICS Policy Center, Pontifical Catholic University, Rio de Janeiro, China Panel:

The China Panel gathers, organizes, and systematizes data on Chinese investments in Brazil and in the Pan-Amazon region, as well as economic flows between China and South America. The platform aims to promote transparency and access to information to deepen knowledge and understanding to advance the debate on development. The panel is organized into four sections:

1. Investments in Brazil that have been or are in execution, excluding proposed investment.
2. Investments in the greater Amazon region spanning nine countries.
3. Economic flows in South America, covering financial flows from investment, cooperation and bilateral commerce between China and the South American countries.
4. Map of Chinese influence in South America according to financial flows.

Data from government and corporate websites, as well as international financial institutions such as the World Bank were primary sources of information, backed by secondary sources national and international news reports and institutional databases.

Fundacion Ambiente e Recursos Naturales (FARN)

Large energy and infrastructure projects in Argentina are monitored on a geographic database, <https://farn.org.ar/energia-e-infraestructura/> using economic-financial tools. FARN promotes the transition to a low-emission energy matrix, environmentally responsible, accessible to all citizens and respecting the rights of communities. FARN also maintains a database of freedom of information requests here: [pedidos de informacion 20023](#)

Global Development Policy Center at Boston University

Global Development Policy Center at Boston University:

The GDP Center is committed to creating accessible and comprehensive open knowledge tools for policymakers, reporters, researchers, civil society, students and others to explore and draw insights. The GDP Center releases both stand-alone databases that are updated on an annual or bi-annual basis, as well as data interactives that accompany published academic papers.

[The Data Analysis for Transparency and Accountability \(DATA\)](#) is home to a suite of interactive public databases:

1. [China's Overseas Development Finance](#), a geolocated dataset of projects supported by sovereign finance from Chinese development finance institutions and their proximity to Indigenous territory, national protected areas, and critical habitats for biodiversity.
2. [Chinese Loans to Africa](#), a dataset of sovereign finance from Chinese state-owned development and commercial financial institutions.
3. [Chinese Loans to Latin America and the Caribbean](#) (in collaboration with the Inter-American Dialogue).
4. [China's Global Energy Finance](#), a dataset of China's global sovereign finance from development finance institutions in the energy sector.
5. [China's Global Power](#), a dataset of global power plants with Chinese development finance or equity investment, including power capacity, fuel types and carbon emissions.
6. [China Overseas Finance Inventory](#) (in collaboration with the World Resources Institute).

International Accountability Project's Early Warning System

The Early Warning System organizes, standardizes, and summarizes project finance by development finance institutions, using a civil society-led software, called Nyali. The database is updated daily and holds more than 25,000 investments valued at USD2.8 trillion proposed since January 2016 and the roles of more than 10,000 private actors.

The Early Warning System Team shares verified information from the database with the people nearest to the proposed project and also facilitates the exchange of information, advice, tools and resources between communities and the organizations supporting them.

The Early Warning system also tracks global energy investments, including by the Chinese-led multilateral banks. This Energy Finance Tracker database identifies the roles of more than 600 companies and 14 development banks in more than 160 countries. The AIIB and New Development Bank are included in this effort.

Latinoamérica Sustentable (LAS)

This NGO was originally hosted by the Bank Information Center and is now an established nongovernmental organization in Ecuador. It was the first nongovernmental organization to compile, translate and publish Chinese environmental and social guidelines for overseas investments that date back to 2007. The guidelines for banks, businesses and sectors have evolved over the years and are available at the LAS website. A list of databases monitoring Chinese overseas development finance worldwide can also be found at <https://latsustentable.org/en/base-de-datos-i/>. Note that most of these databases are included in this review.

Oil Change International's Public Finance for Energy

OCI tracks annual energy finance by multilateral development banks, G20 export credit agencies and G20 development finance institutions (DFIs). Oil Change International tracks energy finance from public finance institutions at the transaction level. The database, as of 2021, includes 15,000 transactions beginning in 2008 and totaling USD\$2 trillion by multilateral development banks. This data is sourced primarily from government and institution reporting in annual reports, press releases, freedom-of information requests, and project databases of OCI partners including Boston University's Global Development Policy Center databases, and investigations by Solutions for our Climate (Korea), Jubilee Australia, and Urgewald (Germany).



Reports and Other Resources

Mott partners produce important analysis, policy papers and educational resources used in policy advocacy. A selection of these resources and links to access them are included below according to issue area.

China Policy Bank Financing

[Urgewald, China Desk](#)

This German nongovernmental organization has produced a body of work holding development finance institutions accountable for the social and environmental impacts of their investments.

In its China work, Urgewald makes fossil fuel financing by Chinese actors visible. Urgewald's China Desk analyzes the China-led Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank (ADB) standards; publishes articles about fossil investments along the Silk Road, cooperates in analyzing investments by the AIIB in Bangladesh, explains China's role in the coal/oil and gas business and explains who is financing Chinese coal.

The China Desk at Urgewald also publishes and updates the useful Who is Who in the Chinese lending institutional landscape <https://www.urgewald.org/en/shop/who-who-chinese-lending-institutional-landscape>.

The explainer guides to Chinese financial institutions, including public and commercial banks. These three offer an overview in plain language for advocates and policymakers.

Who is Who No 1:

Who is Who in the Chinese Lending Institutional Landscape. (2020) (Also in Russian and Arabic)

Who is Who No 2:

Basic characteristics of Chinese lending

Who is Who No 3:

Chinese Commercial Banks: An NGO Guide (2022)

Just Energy Transition

Global Development Policy Center at Boston University

This October 2023 report [How to Stop a Boom from Busting: A Policy-Oriented Research Agenda for Capitalizing on China's Demand for Transition Materials in Latin America](#) provides additional data and analysis that informed Rebecca Ray's presentation at the meeting. It explores knowledge gaps within current research trends on the form that these new supply chains are likely to take, and the applicability of policy lessons learned during previous commodity booms. The report is the outcome of an August 2023 workshop for the Working Group on Development and Environment in the Americas, hosted by the Boston University Global Development Policy Center, the Universidad del Pacífico's Centro de Estudios sobre China y Asia-Pacífico and Peking University's Institute for New Structural Economics.

The report is also available in [Spanish](#).

Latinoamérica Sustentable (LAS)

LAS produces regular reports on Chinese energy and infrastructure investments in Latin America. [A July 2023 newsletter](#) focused specifically on China's role in energy transition via funding for Lithium mining in Argentina, Bolivia, and Chile.

Accountability and Transparency Mechanisms

Derecho Ambiente y Recursos Naturales (DAR)

Derecho Ambiente y Recursos Naturales (DAR) and the Pontificia Universidad Católica del Perú, Instituto de la Naturaleza, Tierra, y Energía explore the use the [The Regional Agreement](#) on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean, better known as the Escazú Agreement (named after the city in Costa Rica where it was adopted) to put limits on harmful finance. [El derecho Ambiental peruano y su adecuación al acuerdo de Escazú y los principios del buen gobierno](#). (2023)

Friends of the Earth (in coalition with partners BanksandBiodiversity.org) Produced an eight-part series: [Protecting Biodiversity](#) from Harmful Financing - No go Areas for the International Banking sector. This critique and set of requests is aimed at all banks, including Chinese banks. Papers in the series focus on:

Papers in the series focus on:

1. Why banks should respect the following as No Go areas.

2. Internationally and nationally recognized areas.

3. Key biodiversity areas and habitats with endangered and endemic species.

4. Primary and vulnerable secondary forests.

5. Free flowing rivers.

6. Protected or at-risk marine and coastland ecosystems.

7. Areas where Free, Prior and Informed Consent has not been obtained by Indigenous Peoples and local communities;

8. Iconic, transboundary ecosystems.

Inclusive Development International and Accountability Counsel (along with other partners)

Produced two recent reports related to Chinese finance and accountability mechanisms. [A Guide to a New Grievance Mechanism for the Mining Industry with Emphasis on Chinese Corporations](#) highlights a new industry-specific grievance mechanism for Chinese corporations in the mining industry. . Also available in Spanish, French, Indonesian.

This report, [Roadblocks to Accountability](#): Addressing the accessibility crisis in the Asian Infrastructure Investment Bank's review of its Project-affected People's Mechanism by Recourse along with AC and IDI explores accountability gaps and challenges at the AIIB in both project finance and financial intermediaries.

Projects and Project Finance (Energy and Infrastructure Sectors)

This section includes both overviews of Chinese-financed projects in Asia and Latin America that were referenced during the meeting, as well as deeper dives into some of the specific projects discussed during the gathering in Rio.

BRICS Policy Center, Pontifical Catholic University, Rio de Janeiro

[Chinese Projects in the Pan-Amazon Countries](#): Comparisons and Trends. This report in Portuguese summarizes a series of fact sheets that sought to understand Chinese trends and presence in five Pan-Amazon countries: Bolivia, Brazil, Colombia, Ecuador and Peru.

A survey of investments from Chinese companies and financing from Chinese banks was carried out in each of the countries, emphasizing the projects located in the Pan-Amazon region, in the period from 2010 to September 2022. In all, 231 projects that had Chinese financing or investment in the five countries were mapped. Radar on the Transition is a line of research that will monitor advances in the energy transition in Brazil and other nations with borders in the Amazon, as well as the participation of different finance actors in this process.

Connectas and International Accountability Project

Wind Energy in Brazil – [The Case of Chapada do Araripe](#). This largescale wind farm project has received \$67 million in financing from the New Development Bank via the BNDES, but has raised concerns about social and environmental impacts and risks and [the rights of local quilombolo communities](#). The report explores the policies that guide wind power in Brazil, and the importance of environmental guidelines and community consultation.

Derecho, Ambiente y Recursos Naturales (DAR)

A leader in two important coalitions, The Regional Coalition for Transparency and Participation and the Regional Group on Financing Infrastructure, DAR used data from civil society monitoring efforts to produce and disseminate [this report on economic, environmental and human rights concerns in Chinese investments in Latin America](#)

Global Development Policy Center at Boston University

In addition to its extensive data bases, the GDPC publishes periodic summaries of Chinese development investments around the world. This report, [The BRI at Ten: Maximizing the Benefits and Minimizing the Risks of China's Belt and Road Initiative](#) is available in English and Chinese and touches on both the benefits and risks of the Chinese strategy for building infrastructure around the world. Specific analysis of Chinese investments in Latin America (derived from the database) can be found in [At a Crossroads: Chinese Development Finance to Latin America and the Caribbean, 2022](#).

The NGO Forum on the ADB

[ADB and AIIB Fossil Fuel Legacy in Asia](#) This report delves into the ADB and AIIB investments across pivotal Asian nations, including Thailand, the Philippines, Pakistan, and Bangladesh. Developed through a collaborative effort with CLEAN (Coastal Livelihood and Environmental Action Network), the Center for Energy, Ecology & Development (CEED), and Indus Consortium. The report includes easy-to-interpret infographics describing the impacts of specific oil and gas projects. NGO Forum also produces a quarterly magazine-style publication called [BANKWATCH](#) that provides analysis and reporting from NGO partners, experts and members on specific projects, along with broad set of social and environmental policy issues related to AIIB and ADB funding.

Education and Media Resources

China Dialogue

[China Digest](#) addresses a gap in the relative dearth of English-language journalistic coverage related to Chinese economy, investments, and development policies. Recent articles explore [Chinese energy transition finance](#), climate [challenges to the Belt and Road](#) and domestic efforts to curb emissions. Its Latin America-focused site, [Diálogo Chino](#) is more explicitly focused on environmental issues in the relationship between China and Latin America such as this recent article on the [Kirchner and Cepernic Dams in Argentina](#).

Borrowing Country Policy and Bilateral Agreements

BRICS Policy Center, Pontifical Catholic University, Rio de Janeiro

The most recent [BRICS Policy Brief](#) focused on national and subnational policies that have facilitated Chinese Investments in Brazil, using the [Manaus Industrial Pole as a Case Study](#). Previous briefing papers analyzed [Chinese investments in South Africa](#) and compared the economic role of [China in Brazil and South Africa](#). This Blog entry takes a closer look at the [expansion of the BRICS group](#) and the roles of China and Brazil.





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