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How Mines Affect China’s Development Finance in Africa

This paper investigates whether mines drive China’s development finance to Africa. I combine geo-referenced data on mining extraction of minerals with information on Chinese development finance to Africa at spatial resolution of 0.5×0.5 for all of African countries between 2000 and 2010. By examining exogenous variations in world prices, I identify a positive effect of mining on Chinese development finance at the local level. When I distinguish Official Development Assistance (ODA) and Other Official Flow (OOF) of China’s development finance, the result indicates that compared to OOF, the impact of mining is less on ODA. When exploring the effect of mining on development finance from different agencies, I find that mining has more significant effect on finance flow from Chinese private companies than that from state owned companies and government institutions.

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