

The rapid growth of Chinese foreign aid has become prominent in the past decade. The literature and research on this aid and its impact on the international aid regime is growing, but research on trilateral aid cooperation remains limited. This *In Brief* provides an overview of trilateral aid cooperation, the scope of Chinese cooperation, its benefits and limitations, and possible motivations behind its expansion.

What is Trilateral Cooperation?

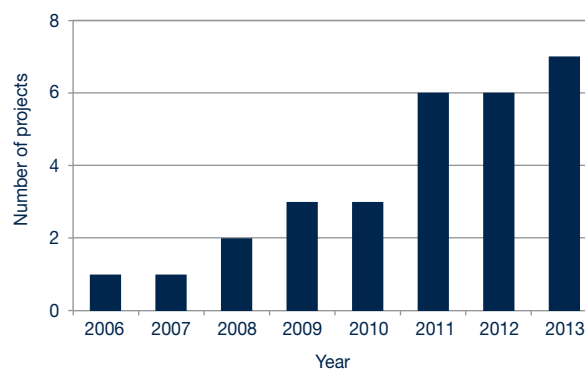
Trilateral cooperation is a relatively new concept and there is no universally agreed definition. In essence, it refers to the implementation of aid projects involving at least one traditional donor, such as the United States, Australia, or an international organisation such as the United Nations Development Programme (UNDP), with one or more emerging donors, such as China or India, and the recipient country (OECD 2013). Sometimes the term 'triangular cooperation' is used instead.

What is the Scope of Chinese Trilateral Cooperation?

Chinese foreign aid seems to differ greatly from that of traditional donors. China boasts that its aid has no political strings attached, and focuses on equality and mutual benefits. China shows more interest in aiding 'hardware' projects, infrastructure in particular. By contrast, traditional donors highlight 'software' areas, including democracy and good governance, attach conditionality to promote accountability, and prefer aiding programs to projects.

Despite the substantial differences between Chinese foreign aid and that of traditional donors, more recently China has signalled a growing interest in conducting trilateral aid cooperation with traditional donors. China has conducted an increasing number of discussions and aid projects in partnership with traditional donors and international organisations (Figure 1), covering diverse areas such as agriculture, public health, environmental protection and technical training. Since 2012, trilateral aid cooperation has been explicitly included in the annual China – United States Strategic and Economic Dialogue. Chinese leaders met with UNDP administrator Helen Clark during her visits to China in 2009 and 2013, and promised to promote aid cooperation in other developing countries, such as

Figure 1: Chinese trilateral projects, 2006–2013



Source: Collated by author based on available archival data.
Errors may exist.

in Africa. In particular, China and the UNDP signed a memorandum of understanding in 2010 and pledged to promote trilateral cooperation.

The Pacific region seems to be an important testing place for Chinese trilateral cooperation. During the Pacific Island Forum meeting in August 2012, New Zealand Prime Minister John Key, Cook Islands Prime Minister Henry Puna, and Chinese Vice Foreign Minister Cui Tiankai announced that China and New Zealand will conduct their first trilateral aid cooperation project to improve water supply in Rarotonga, the capital of the Cook Islands. Based on the initiative, China and New Zealand will contribute NZ\$32 million in concessional loans and NZ\$15 million in grant aid respectively (NZMFAT 2013). The Chinese contractor for this project is China Civil Engineering and Construction Company, which has also built most Chinese-funded infrastructure in the Cook Islands, including the police headquarters and the multifunctional stadium. In April 2013, China and Australia signed a memorandum of understanding on development cooperation which marks a new stage of their aid cooperation. Currently, the two countries are conducting their first trilateral cooperation project on malaria research and prevention in Papua New Guinea. They are in the process of conducting a second project involving irrigation works in Cambodia, which aims to strengthen agricultural productivity and food security. In addition, China and the United States are conducting trilateral agricultural cooperation in Timor-Leste to promote the cultivation of corn, onion, beans and garlic.

What are the Benefits and Limitations of Chinese Trilateral Cooperation?

Trilateral cooperation enriches international development efforts by scaling up aid cooperation and combining the comparative advantages of traditional and emerging donors. It also provides an opportunity to promote mutual understanding and learning of each other's aid policies and practices. This is of great importance at a time when the rapid growth of aid from emerging donors, including China, has aroused concerns from traditional donors.

China has recent experience in developing its national economy and alleviating poverty. It has achieved an average gross domestic product growth rate of around 10 per cent per year over more than the past 30 years and about 660 million people have been lifted out of poverty. China has made remarkable progress in the implementation of the Millennium Development Goals. China's own development experience has the potential to help other developing countries transform their national economies and promote social progress. For instance, in 2009 China and the OECD Development Assistance Committee formed the China–DAC study group, which has organised action-oriented roundtables and policy symposiums on how to introduce China's development experience to Africa.

Trilateral cooperation does have limitations. The difficulties of coordination are increasing as traditional and emerging donors differ considerably in their approaches, which leads to high transaction costs compared with bilateral aid. Moreover, due to the novelty of trilateral cooperation, many stakeholders within donor states and recipient countries hold reservations about this new type of aid cooperation, which creates additional difficulties for its implementation.

Reasons for Chinese Trilateral Cooperation

Research on the motivations behind Chinese trilateral cooperation is undeveloped. However, my initial research findings suggest three main reasons.

First, the growing interaction between China and traditional donors promotes mutual understanding and learning, which could lead to changes in the mindset of Chinese aid officials and scholars. The establishment of the China–DAC study group is a good example.

As China can share its development experience with traditional donors and recipient countries, it can also learn from the others on issues such as social and environmental responsibility, and aid project monitoring and maintenance.

Second, some Chinese aid actors may push for trilateral aid cooperation. China does not have a separate government agency to oversee its foreign aid. The aid portfolio is scattered among a variety of agencies including the Ministry of Commerce, the Ministry of Foreign Affairs, the Ministry of Finance and the China Import-Export Bank as well as many state- and locally owned enterprises. The diversity and divergence of interests among these interest groups should not be ignored in the analysis of Chinese foreign aid. For instance, some Chinese actors may support trilateral cooperation because it provides opportunities for them to learn from traditional donors and improve their practices.

A third factor concerns China's global image building, which has been embraced by the Chinese government as an important driving force behind its aid. Trilateral cooperation seems to have more potential to enhance image building than bilateral aid. It could help China build a global image as a constructive and responsible partner, which creates an incentive for China's engagement in trilateral aid cooperation.

Author Notes

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