

## [ POLICY BRIEF ]

# Engaging with China in Africa – Trilateral Cooperation as an Option?

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Global economic weights are substantially shifting. With the emergence of new economies, the dual world view of developing and developed countries is increasingly questionable. Some developing countries have gained clout within the global economy and in global politics over the last years. Still home to a large number of poor people, these states have mustered up resources for domestic reform programmes and are increasingly powerful internationally. China and other emerging economies also engage in cooperation policy, often referred to as South-South Cooperation.

### China's cooperation with Africa – mix of motivations

Chinese actors usually claim that their engagement in other developing countries is very distinct from development assistance of the North and should rather be regarded as South-South cooperation. There are, however, some strands of engagement that are also following an aid rationale, not too unlike Western development assistance.

Chinese rationales and patterns of development assistance have been inspired by China's own development path and its experience that development assistance indeed contributed to generating economic development. Debates at the political level usually refer to the »five principles of mutual coexistence« introduced to Chinese foreign policies in 1954 by Zhou Enlai, including mutual respect and non-interference. Chinese Africa policy has since been rhetorically consistent. Yet following fundamental changes in Chinese economic policies, several practical shifts occurred analogue to the Chinese internal transformation process. Mao Zedong's socialist planned economy strategy concentrated mainly on high profile and prestigious infrastructure projects and, at the same time, experimented with better basic service delivery. Both aspects were to be found in international cooperation, for instance with the construction of the railway between Zambia and Tanzania (TaZaRa) and with the provision of medical teams to African countries in the 1970s. Numerous medical teams are still operating in African countries.

After Mao's death in 1978, China's economic policy changed towards a »Socialist Market Economy«. This period laid the foundations for bilateralism in Chinese engagement. A range of Chinese cooperation instruments were introduced such as technical and personal assistance, cultural exchange, grant aid, zero interest or concessional

This brief looks into the rationale and practice of Chinese cooperation policy and how it relates to the practice of ›Western‹ development assistance. If DAC countries want to engage with China on Africa, as the EU-China partnership suggests, possibilities will have to be identified to cooperate for the benefit of global development across the ›North-South‹ distinction. Trilateral cooperation is often mentioned in this context – and this brief explores lessons from Rwanda.

or commercial loans, foreign investment, and debt relief. ›Mutual benefit‹ was already highlighted as a principle in cooperation. Despite the changes, Chinese activities remained limited.

A third major shift occurred in the late 1990s with the beginning of the Chinese ›going-out policy‹. Since then, Africa has experienced a massive increase in Chinese assistance. Sino-African commercial activities primarily revolve around the infrastructure and construction sector – funded by Chinese soft loans or grants – and are applied all over Africa including risky markets that Western companies shy away from. The Chinese emphasis is on exploring resources for its domestic development and better positioning Chinese enterprises, including with large state grants tied to Chinese implementation. Foreign aid is an integral part of foreign economic policy, making it difficult to distinguish between development assistance and commercial activities. The aspect of mutually beneficial relations (›win-win‹) leaves the questions about the distribution of gains.

## Why Western engagement with China in Africa?

Cooperation with emerging economies in development policy in third countries is currently mostly discussed in ›Western‹ donor countries, not least so as to learn more about the cooperation of non-DAC partners. Trilateral cooperation is meant to include a ›traditional‹ donor, an emerging country and a recipient developing country (see box 1).

DAC donors discuss this format against two backgrounds: first, the debate on aid effectiveness, and, secondly, the advent of emerging countries such as China, India, South Africa, Brazil and others in the field of development cooperation. Some non-DAC countries, like South Africa, discuss trilateral cooperation also with a view to mobilising additional finance for their international engagement.

In the aid effectiveness debate, Western donors – in various statements – emphasise ownership, donor harmonization, a more systematic approach to sharing experience, knowledge and lessons learned as well as an enhanced, more effective and more targeted delivery of aid. Considering that aid is predominantly given bilaterally, donor coordination should lead to a lower administrative burden for recipient countries, more predictable aid flows and higher flexibility in aid allocation in

### BOX 1: TRILATERAL COOPERATION IN DEVELOPMENT

Rwanda can be regarded as good practice in development policy, despite being a highly aid dependent country. Presently, most existing definitions refer to a DAC donor or multilateral institution which supports a so-called ›emerging donor‹ in its efforts to assist developing countries. The definitions treat trilateral cooperation as a partnership among three *types* of development actors: DAC donors, pivotal countries and beneficiary countries. Trilateral cooperation might thus involve more than three partner countries. Also discussed as trilateral are schemes based on Southern Partners only, e.g. the IBSA initiative between India, Brazil and South Africa.

DAC donors over the last years have shown a rising interest in trilateral cooperation. Yet, examples of high-level trilateral cooperation are still scarce. Thus far, mainly small-scale cooperation programmes emphasising training and capacity building can be observed.

Source: OECD, <http://www.oecd.org/dataoecd/62/54/44652734.pdf>

order to improve development results.

Trilateral cooperation is also seen as an instrument to integrate new partners in political dialogue which is believed to be crucial to face current and future global challenges. Furthermore, lessons might be learnt for an evolving debate about other development funding than ODA (›beyond aid‹). Strategic goals of trilateral cooperation include the idea of phasing out development cooperation in emerging countries, as these increasingly have their own resources for development. Instead, ›Western‹ states aspire to shift cooperation with emerging economies to the international sphere. Already established networks are meant to be used to tackle global issues. Additionally, trilateral cooperation is believed to strengthen relations and build on global responsibilities among Southern partners and therefore to become a motor to extend norms and standards in international politics. In some instances, trilateral cooperation is also regarded as a means to foster intra-regional cooperation and integration.

The academic debate, however, is rather cautious about the potential of trilateral cooperation in practice. Differences in development policy concepts, instruments and modalities are seen as major challenges which will

**BOX 2: AID MANAGEMENT IN A LEAST DEVELOPED COUNTRY – RWANDA AS A CASE**

Rwanda can be regarded as a good practice example in development policy. The small and land-locked country is a highly aid dependent. Rwanda has 29 bilateral external partners in the country – and these are state actors only; 23 are members of the OECD-DAC and 6 non-DAC partners.

In Rwanda, each development partner is currently active on average in six sectors, causing coordination challenges on both sides. Donors tend to concentrate on health and education, whereas sectors like transport, ICT, manufacturing, services and off-farm industry are neglected. A division of labour exercise was thus started by the Rwandan government in 2010, aiming at having all partners focus on three sectors as a maximum.

Rwandan coordination has thus far only targeted DAC partners. It has failed to include Chinese or any other non-DAC cooperation. Trilateral cooperation would thus have to consider areas that the Rwandan government has assigned to partners, limiting areas of potential overlap at country level.

not easily be overcome.

Often least discussed in the debate is the third leg of the triangle: the beneficiary country of trilateral cooperation. Perspectives, however, vary. A broad brush depiction of different perspectives within beneficiary countries could be the following:

- Presidencies and foreign ministries tend to regard Chinese cooperation policy as a welcome alternative to negotiations with Western development partners. Scepticism towards trilateral engagement is often expressed: why combine Chinese and Western aid that is managed differently?
- Ministries for economic planning and finance could be expected to be more favourable to integrate China in existing structures of aid management (see box 1), but are hesitant to alienate Chinese actors. While being slightly more positive about trilateral cooperation, these actors also caution against additional strain on already scarce coordination resources with doubtful gains.
- Civil society organisations (CSOs) in developing countries are often sceptical about Chinese engagement. The agreements are hardly publicly available, thereby

often fanning speculation and rumours. CSOs might thus regard the inclusion of Western donors as opening an additional access to information.

**Is an overlap possible in practice? – Lessons from Rwanda**

However, the key question from a development perspective is the impact on the effectiveness of cooperation, presumably varying according to the sector in which trilateral cooperation is taken on, thus suggesting a flexible and country-based approach.

Chinese development cooperation is usually carried out in the form of project aid but may be implemented by applying various instruments, including financial and technical cooperation. Without a central agency for planning, financing and implementing its development assistance, China's bureaucratic decision-making process is based on a system of compromise, consultation and competition between different Chinese actors. Such a setting has consequences for international cooperation as it blurs the lines to outside actors concerning who the

**BOX 3: EXISTING TRILATERAL COOPERATION IN RWANDA**

There are few trilateral arrangements including some non-DAC partners in Rwanda. The existing trilateral arrangements are only three, all including Rwanda and South Africa as partners. Two projects take on board a Northern partner (Sweden and Canada, respectively) and one is with a third Southern partner (Cuba). These cooperation projects are all small in scale and based on technical support.

They differ in sources of funding and the division of tasks between partners. Two projects are clearly funded by one partner (Canada and South Africa, respectively) with the other partner providing technical assistance, as is the case with Cuba. Only one is a trilateral cooperation at eye level between all three sides (Rwanda, Sweden, and South Africa), in which all partners are evenly involved in funding and the coordination of the programme.

An independent evaluation and interview statements on all three trilateral arrangements indicate a good performance of these trilateral setting, after initial communication hiccups among the three partners.

relevant partners for engagement are. Chinese actors involved in respective projects on the ground appear to lack the necessary political autonomy for initiating international cooperation. This inflexibility sits uneasily with the practice of Western donor agencies at country level (see box 2).

Currently, Chinese actors rarely participate in meaningful trilateral arrangements other than academic exchanges on African projects. In Rwanda, three trilateral arrangements can be found, all of which also involve South Africa. None of the trilateral arrangements include Chinese participants (see box 3), even though there would arguably be common ground with Western donors, as Chinese engagement in Rwanda dates back to the late 1970s. It is thus partly shaped by an aid and solidarity rationale, including engagements in health and education.

### Conclusion: Make trilateral cooperation happen?

Following the rationale of aid effectiveness, cooperation between three or more actors is to be assessed against whether it increases the capacity and the budget of emerging donors, to integrate non-DAC donors into the aid effectiveness agenda, to transfer good practices to a third country, to make use of the specific expertise of emerging donors and also to reduce transaction costs.

Any trilateral arrangement would have to take each actor's self-interest into account if it is meant to be a realistic possibility. Possible trilateral cooperation would have to identify clearly defined common ground for all three sides. Even though trilateral arrangements will require common understanding of the benefits gained for each of the sides involved, these gains do not necessarily have to be identical. China would certainly gain in reputation in the Western countries, whereas 'the West' would gain the opportunity to better understand Chinese actors.

Beneficiary countries would presumably be least inclined to join trilateral settings – unless the additionality of funds is ensured.

Taking into account the different approaches to development cooperation, the initiation of trilateral cooperation of Western donors with China will have to start at a very technical level with small-scale engagements in areas such as e.g. health or agriculture – and will have to be supported at the highest political level in China. It will thus most likely be found at the level of projects, not holistic aid programmes. China is officially strictly against intervening on governance issues at the recipient level, which is supposed to be an integral part of Western approaches.

If trilateral cooperation is sought for greater strategic reasons – improving international understanding – Western donors need to make a fundamental concession: given the basic philosophy of current Chinese cooperation policy, assistance would benefit both China and the third (beneficiary) country. China, for its part, would have to define the scope of gains it expects and the benefit for the partner country in the aspired 'win-win-situation'; only then can effectiveness truly be assessed. Beneficiary countries would need to see either a noticeable reduction in coordination efforts or at least a clear roadmap on when benefits from trilateral cooperation will come into effect.

Most important in all the discussion is a common standard for Western and Chinese engagement: according to both Western and Chinese policies, the country context is key – not least so when looking into the feasibility of trilateral cooperation.

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