



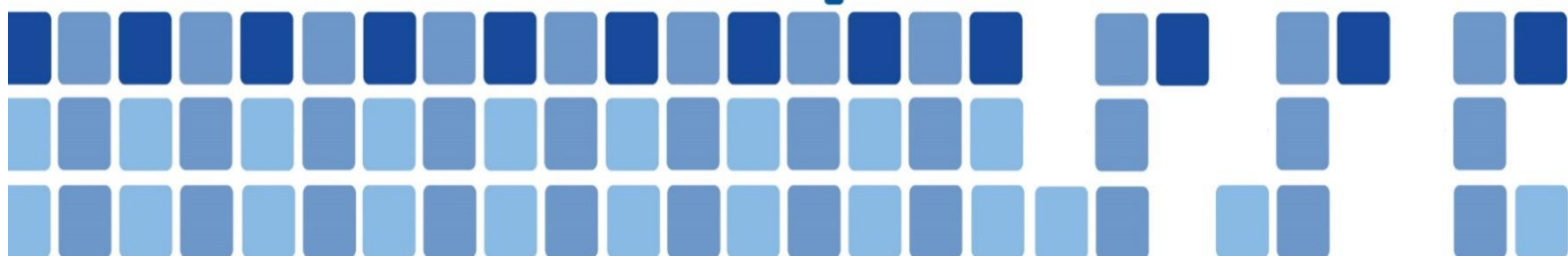
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Resilient nations.*

Trilateral Cooperation with China

Sharing China's Development Experience through Innovative Partnerships

February 2017

Discussion Paper



United Nations Development Programme · South-South Cooperation

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I. Introduction

The international development cooperation landscape is going through significant changes. With growing economic and political strengths, more and more developing countries have shifted from recipients to active providers of development cooperation. Over time, cooperation between developing countries, or “South-South cooperation” (SSC), has emerged as a meaningful complement to the traditional North-South cooperation, promoting new norms, principles and approaches. The increasing resources of SSC providers, both in terms of financial capabilities as well as development experience and expertise, often demonstrate strong linkages with other developing countries’ development context and agenda.

China has emerged as one of the major development partners (Kitano and Harada, 2014; Kitano, 2016). According to China’s foreign aid white paper, China provided a total of US\$14.41 billion to other developing countries between 2012 and 2014. China’s development cooperation budget from the central government has seen an average of over 12% annual increase since 2003 and is expected to continue to increase. At the United Nations (UN) Summit in 2015, China made a series of announcements related to development cooperation, including the establishment of the South-South Cooperation Aid Fund with initial funding of US\$2 billion; the US\$1 billion China-UN Peace and Development Fund, and the “Six 100s” initiative for developing countries.¹ At the Summit of the sixth Forum on China-Africa Cooperation in December 2015, China pledged US\$60 billion support for African countries in the three years to come. More recently, at the UN General Assembly in September 2016, Premier Li Keqiang announced an increase of contribution to UN agencies by US\$100 million by the year 2020. In addition, new initiatives such as the Asian Infrastructure Investment Bank (AIIB), the BRICS² New Development Bank (NDB) and the Belt and Road Initiative (BRI) will see stronger Chinese leadership and participation in providing economic and development cooperation with other developing countries and regions.

Globally, while most SSC is conducted through government-to-government channels, other innovative forms of development cooperation partnerships have emerged, trilateral cooperation being one of them. Trilateral cooperation goes beyond bilateral cooperation and involves three or more development actors including SSC provider countries, traditional bilateral development partners, multilateral development agencies as well as partner countries, drawing from their respective strengths and working towards a common goal. As an innovative form of SSC, trilateral cooperation is expected to enhance mutual learning and experience-sharing, effectively mobilize resources and networks of each party involved and bring greater development benefits to developing countries than each party acting alone. As a strong example of such, China is increasingly piloting trilateral cooperation with a number of traditional development partners and UN agencies in recent years, which offers practical lessons learned and experience for the international development community.

This discussion paper aims to share information and experience with those that are currently engaged in or seeking to engage in trilateral partnerships with China, based on UNDP’s own experience and perspectives, inputs from a number of development partners, and available documentation on trilateral cooperation. It starts with a brief overview of trilateral cooperation, followed by an analysis of China’s approach to trilateral cooperation, including a mapping of China’s trilateral partnerships with a range of bilateral and multilateral partners, in the annex. The following section provides an overview of China-UNDP trilateral partnership, which also includes an example of the China-Cambodia-UNDP trilateral cooperation cassava project, with key results and practical lessons learned. The final section takes stock of UNDP and other development partners’ experience,

¹ The “Six 100s” initiative refers to 100 poverty reduction projects; 100 agricultural cooperation projects; 100 trade promotion projects; 100 environment protection and climate change projects; 100 hospitals and clinics and 100 schools and vocational training centers.

² BRICS countries include Brazil, Russia, India, China and South Africa.

and raises key questions regarding future engagement with China in trilateral cooperation. This discussion paper does not intend to provide a full-fledged research and study on trilateral cooperation. Rather, it shares existing experience for further thinking.

II. Overview of trilateral cooperation globally

What do we mean by “trilateral cooperation”?

Although the term “trilateral” suggests that any three parties could be involved and that it does not necessarily have to focus on development, for the purpose of our discussion here, trilateral cooperation forms part of South-South development cooperation and should also always involve one or more emerging economies as development cooperation providers. In the existing literature, trilateral cooperation is largely defined as development cooperation provided by traditional development partners and emerging countries to beneficiary countries (OECD, 2009; World Bank, 2010; GIZ, 2013). Multilateral institutions are also included as development partners in trilateral partnerships (UN DESA, 2009; UNGA Nairobi Outcome, 2009). Trilateral cooperation with China is therefore defined in this paper as **development cooperation projects that aim to transfer Chinese hardware, share technology and technical expertise and promote mutual learning, closely involving Chinese institution(s), bilateral or multilateral development agencies, and partner country institution(s) throughout the project cycle, from project initiation, design and implementation, to management and monitoring & evaluation (M&E), with each party contributing financial resources and/or technical expertise and/or in-kind support.** In this sense, trilateral cooperation discussed here goes beyond one-off events. It refers to projects of longer duration and more complex structure that aim to deliver longer-term development results.

Forms of trilateral cooperation

Trilateral cooperation can take different forms based on different financial and management arrangements and different actors involved. Globally, there are three main cases where in a trilateral partnership: 1) all sides make complementary technical and financial contributions; 2) a traditional DAC member or multilateral development agency fully funds all project activities, while an emerging country provides development expertise and know-how derived from its own experience; 3) when more than two development cooperation providers are involved, some may provide only financial support while others provide only technical expertise (OECD, 2013).

Global trends

Most of the members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) are now involved in trilateral cooperation in one way or another. Some DAC members have established explicit policies or guidelines regarding trilateral cooperation, such as Germany's Corporation for International Cooperation (GIZ)³ and Japan's International Cooperation Agency (JICA),⁴ while others are exploring such opportunities. Some of the major multilateral development agencies, especially UN agencies, have also established policies for trilateral cooperation, such as UNDP,⁵ the International Labour Organization (ILO),⁶ the

³ Federal Ministry for Economic Cooperation and Development. 2013. “Triangular Cooperation in German Development Cooperation”. Position Paper. Available from: <https://www.giz.de/en/downloads/bmz2013-en-strategy-paper-triangular-cooperations.pdf>.

⁴ Shunichiro Honda. 2014. “Japan's Triangular Cooperation Mechanism – With a Focus on JICA's Activities”. JICA Research Institute. Available from: https://jica-ri.jica.go.jp/publication/assets/Triangular%20Cooperation%20Mechanisms_2_for%20web.pdf.

⁵ UNDP Strategic Plan: 2014-2017. Changing with the World. Available from: http://www.undp.org/content/undp/en/home/librarypage/corporate/Changing_with_the_World_UNDP_Strategic_Plan_2014_17.html.

⁶ South-South and triangular cooperation: The way forward. GB/313/POL/7. Available from: http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_172577.pdf.

World Health Organization (WHO)⁷ and the Food and Agriculture Organization (FAO),⁸ among others (OECD, 2013).

A host of emerging development partners are also increasingly active in engaging in trilateral partnerships with traditional development partners and multilateral agencies, such as Brazil, Chile, Mexico, South Africa, India, Indonesia, and China. In terms of beneficiary countries, an OECD survey found that the majority of trilateral cooperation projects and activities surveyed were located in Latin America and the Caribbean, followed by Africa and Asia-Western Pacific (OECD, 2015).⁹

In terms of partnership arrangement, according to the same OECD survey, almost all trilateral projects surveyed involve emerging development partners (referred to as “middle-income countries” or “MICs” in the chart below). 78% of the cases involve traditional development partners (referred to as “high-income countries” or “HICs” in the chart below) and 30% involve international organizations (referred to as “IOs” in the chart below). In 10% of the cases, traditional development partners and international organizations jointly engage in trilateral projects with emerging development partners and least developed countries (referred to as “LDCs” in the chart below).

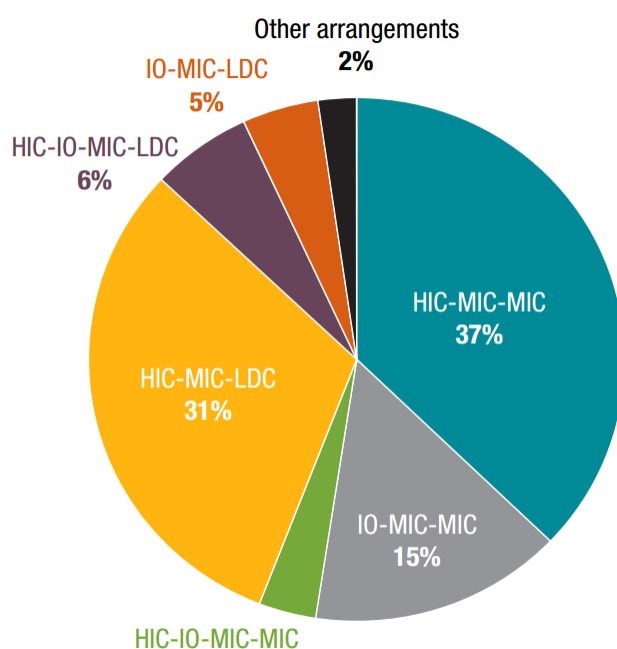


Figure 1. Forms of arrangement of trilateral cooperation partnerships globally (OECD, 2015)

In recent years, partners involved in trilateral cooperation have also diversified, going beyond government agencies and international organizations to include non-governmental actors and the private sector. Trilateral cooperation also covers a wider variety of sectors, including agriculture, construction, education, energy, fisheries, forestry, environmental protection, governance, health, industry, natural resources, transport, water sanitation, infrastructure and service and population policies (OECD, 2013).

⁷ PAHO/WHO technical cooperation among countries. More information is available from: http://www.paho.org/hq/index.php?option=com_content&view=article&id=2128%3A2009-paho-who-technical-cooperation-among-countries&catid=1760%3Atechnical-cooperation-among-countries&Itemid=1850&lang=en.

⁸ More information on the FAO's South-South cooperation is available from: <http://www.fao.org/partnerships/south-south-cooperation/what-we-offer/en/>.

⁹ The survey was conducted by OECD between May and August 2015, based on responses from 57 actors from government and international organizations on over 250 trilateral cooperation programmes, projects and activities.

III. China's approach to trilateral cooperation

Increasing multilateralism and greater policy support for trilateral cooperation

China has become increasingly open to international cooperation and multilateralism. This can best be seen in the establishment of new multilateral development and financial institutions such as the AIIB and NDB initiated by China but using multilateral approaches to tackling global and regional development challenges. China has also shown increasing support for the UN and its agencies over the past years. For example, China committed financial support to UN agencies at the two recent UN Summits in New York, including US\$2 million to the World Health Organization (2015), US\$10 million to UN Women (2015), US\$1 billion to the China-UN Peace and Development Fund (2016) and more recently, an increase of contributions to UN agencies by US\$100 million (2016). Besides, China is showing greater support for trilateral cooperation in its new initiatives. In September 2015, during the UN Summit, Chinese President Xi Jinping announced the establishment of the South-South Cooperation Aid Fund for supporting the implementation of Sustainable Development Goals (SDGs) in developing countries, with initial funding of US\$2 billion. Although available information about the South-South Cooperation Aid Fund is still limited, it was indicated that a number of projects under the fund will be trilateral in nature, implemented together with multilateral development partners. These commitments and initiatives made it explicit that China is increasingly open towards working with multiple partners in development cooperation.

Since 2014, the Chinese government has initiated a reform process for its development cooperation system which is still ongoing. As part of this reform, China is calling for greater innovation of development cooperation approaches and greater cooperation with other partners. As an innovative form of development cooperation, trilateral cooperation has received increasing attention and interest from the Chinese government. This can be seen at the policy level where China has shown greater support to trilateral cooperation. For instance, in China's second White Paper on Foreign Aid, good examples of trilateral cooperation projects were mentioned for the first time, as part of China's increasing international cooperation (IOSC, 2014):

"Piloting trilateral cooperation. China, the UNDP and Cambodia launched the cooperation project of enlarging cassava export on the basis of the successful training course of cassava planting technique. In March 2012, the UNESCO's Funds-in-Trust for China-Africa Multilateral Education Cooperation funded by China was launched to increase investment in basic education in Africa. At the request of the government of the Cook Islands, in August 2012 China, New Zealand and Cook Islands reached an agreement on a water supply project in Cook Islands. Once completed, it will provide safe and clean drinking water to local people".

More recently, in China's official Position Paper on the Implementation of the 2030 Agenda for Sustainable Development, China calls for efforts to increase trilateral cooperation as a way to strengthen development partnership.¹⁰ It is clear from these policy statements and commitments that the Chinese government is seeking to deepen and expand trilateral cooperation in the future.

China's trilateral cooperation with bilateral and multilateral development partners

Although China's policy commitments to trilateral cooperation are relatively recent, it began to pilot trilateral cooperation with other development partners as early as in 2008 (with FAO). Over the past years, China has gradually increased not only the number of trilateral partnerships but also the scale and scope of such engagements. Various development partners, especially the ones that have

¹⁰ China's Position Paper on the Implementation of the 2030 Agenda for Sustainable Development. Available from: http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1357701.shtml

traditionally supported China's domestic development agenda, have shown strong interest in supporting China's global engagement through trilateral cooperation. A preliminary mapping of China's trilateral cooperation projects with bilateral and UN partners is presented in this paper (Annex 1, as of July 2016).¹¹

It can be seen from the mapping that China is currently conducting trilateral cooperation with a number of bilateral and UN agencies, covering a wide variety of sectors: agriculture, infrastructure, food security, health, education, disaster management, and trade and investment, among others. Project value ranges from less than US\$1 million to a few million or even tens of millions of US dollars. China's actual role also differs from case to case. Most of the time, China contributes knowledge, expertise and technology in forms of technical cooperation, capacity building activities and knowledge-sharing; in many of the cases, China provides full or partial financial resources for the projects. In terms of Chinese actors involved, while the Chinese Ministry of Commerce (MOFCOM) is the overarching ministry for administering China's development cooperation projects, in many instances, line ministries and specialized agencies are directly involved such as the National Development and Reform Commission, Ministry of Science and Technology, Ministry of Civil Affairs and the National Health and Family Planning Commission in the implementation of trilateral cooperation projects.

With regard to UN agencies more specifically, a number of them have mainstreamed South-South and trilateral cooperation into their country programming in China and made it a major pillar of their work, which leads to dedicated institutional set-ups for trilateral cooperation projects. This is in line with the Outcome 3 of the UN-wide Development Assistance Framework (UNDAF) for China, aiming to enhance "the effectiveness of China's engagement in international cooperation for the mutual benefit of China and the world".¹² As the UNDAF is a guiding document resulting from extensive consultation with the Chinese government, the prioritization of South-South and trilateral cooperation is to a great extent driven by demand from China, reflecting the growing important role of trilateral cooperation in China's development cooperation policy.

Why does China pursue trilateral cooperation?

While the rationale for China to pursue and expand trilateral cooperation might be complex and multi-faceted, from development partners' understanding, two reasons stand out. In the first place, as one of the major development cooperation partners, China's increasing development cooperation activities have attracted attention worldwide but at the same time raised many concerns as a result of its different approach and practices. As China is playing an increasingly important role in global affairs, it is keen to be seen as a partner open to international cooperation and mutual learning. Trilateral cooperation is thus a way for China to demonstrate its willingness to work with different partners and learn from different approaches to development cooperation. Not only could this openness and mutual learning process help China increase the effectiveness of its development cooperation, but also help enhance China's global image as a responsible and cooperative partner.

Secondly, from a more practical perspective, trilateral cooperation can help increase the volume and expand the scope of China's development cooperation. It can draw from co-financing and in-kind support provided by other development partners, and rely on the global reach of multilateral agencies. As is known, China does not have an independent development cooperation agency. While MOFCOM is the key body for overseeing the Chinese development cooperation portfolio, the execution of development cooperation projects is decentralized to different ministries and agencies.

¹¹ It is understood that China has trilateral cooperation partnerships with not only bilateral development agencies and UN agencies but a wider range of development agencies and institutions. However, due to limited time and resources, this discussion paper would not look at actors beyond bilateral development agencies and UN agencies.

¹² United Nations Development Assistance Framework (UNDAF) for the People's Republic of China 2016-2020. Available from: http://www.un.org.cn/uploads/kindeditor/file/20160107/20160107131719_6582.pdf.

The involvement and support from other development partners make it possible for China to conduct a larger number of development cooperation projects with an expanded scope. However, the motive for China to conduct trilateral projects with multilateral agencies, especially UN agencies, may be different from that with bilateral development partners. UN agencies are seen as neutral partners to China that possess global networks of country offices, with direct links to governments, think tanks, non-governmental actors and the private sector around the world. This can further help broaden the scope of China's development cooperation.

Why do development partners pursue trilateral cooperation with China?

From a development partner's perspective, China has rich development experiences that it could share with other developing countries. It was suggested that China's development experience by no means prescribes a "best model" for other developing countries, and that its ongoing reform and development in the country's political, economic and social spheres create closer and stronger links with other developing countries due to similar context and development challenges. This could potentially lead to more effective development results for other developing countries.

Secondly, trilateral cooperation brings an opportunity for China to draw good practices from other development partners and build up its individual and institutional capacities throughout the process. Through working with China, development partners could bring another dimension to China's approaches which still have a heavy focus on hardware provision. It is recognized that China has sufficient "software" to share with other countries, i.e. experiences, knowledge and technology. And there are opportunities for other development partners to support this process.

IV. Trilateral cooperation with China: UNDP's experience

In 2010, UNDP and China's MOFCOM signed a Memorandum of Understanding (MoU) on Strengthened Partnership, in the presence of the former Chinese Premier Wen Jiabao and UNDP Administrator Helen Clark. This marked the beginning of UNDP's support to China's South-South and trilateral cooperation. UNDP China office has established South-South and trilateral cooperation as a main pillar of its engagement with the country in its current Country Programme Document (2016-2020)¹³ in support of this growing area of cooperation.

Following the signing of the 2010 MoU, China and UNDP jointly developed the first phase of the China-Cambodia-UNDP trilateral project on cassava production in 2011 (see Case below), marking the beginning of a series of trilateral cooperation projects between China and UNDP. Besides the China-Cambodia-UNDP project (both phase I and II) and the DFID-supported China-Nepal-UNDP and China-Bangladesh-UNDP projects on community-based disaster management (phase I) which have been completed, China and UNDP have a growing portfolio of other trilateral cooperation projects. The current projects span over five countries in Asia and Africa, and cover three major sectors:

- Sustainable agriculture: China-Cambodia-UNDP phase I and II
- Community-based disaster management: China-Nepal-UNDP and China-Bangladesh-UNDP (phase I and II) and China-Malawi-UNDP
- Renewable energy technology transfer: China-Ghana-UNDP and China-Zambia-UNDP

¹³ UNDP Country Programme Document for China 2016-2020. Available from: <http://www.cn.undp.org/content/china/en/home/library/annual-reports/country-programme-document-cpd-2016-2020.html>

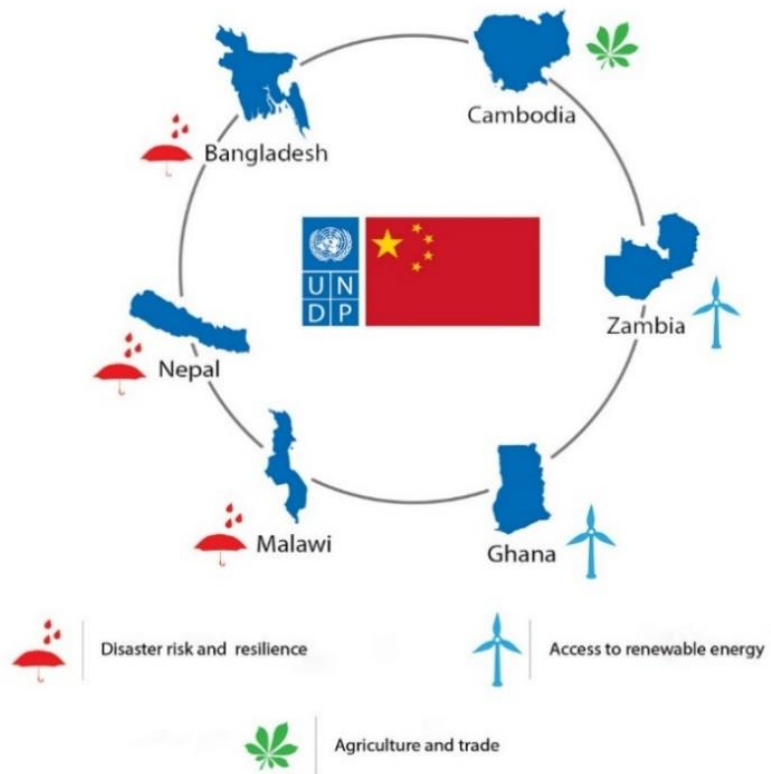


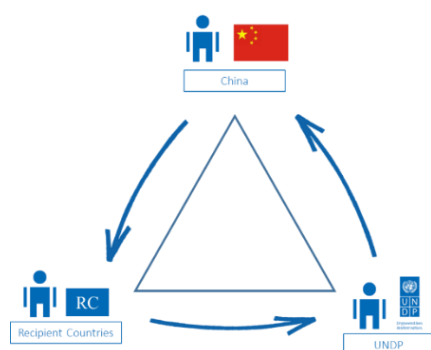
Figure 2. UNDP-China's six trilateral cooperation projects (completed and ongoing)¹⁴

Models of China-UNDP trilateral cooperation

Depending on different funding arrangements, two major models have been identified in China-UNDP trilateral cooperation.

Model I: jointly funded projects

Under Model I, China and UNDP identify a common funding framework and the respective contributions. This model applies to the China-Cambodia-UNDP cassava project and China-Malawi-UNDP disaster management project. China and UNDP both provided funding for these projects and Chinese experts play a key role throughout the project.

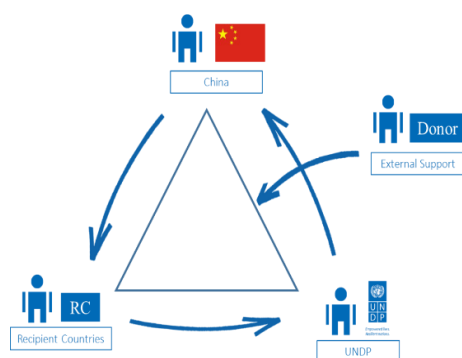


Country	Sector	Financing	Status
Cambodia	Sustainable agriculture	MOFCOM/ DITEA	Completed (2011-2012 phase I; 2013- 2015 phase II)
Malawi	Disaster risk management	MOFCOM/ DITEA	Commenced (2016-2017)

¹⁴ More information on UNDP-China trilateral projects is available from: <http://www.cn.undp.org/content/china/en/home/operations/projects/south-south-cooperation/overview-trilateral-cooperation-projects.html>.

Model II: third party-funded projects

Under this model, trilateral cooperation projects would draw funding from a third donor. For example, the China-Bangladesh-UNDP and China-Nepal-UNDP disaster management projects are fully funded by the Department for International Development (DFID) of the UK, while funding for the two renewable energy projects in Ghana and Zambia is fully provided by the Danish Ministry of Foreign Affairs. In these cases, China provides technical expertise, experience and other in-kind support while UNDP provides technical assistance, project management and quality assurance support.



Country	Sector	Financing	Status
Bangladesh & Nepal Phase I	Disaster risk management	UK	Completed
Bangladesh & Nepal Phase II	Disaster risk management	UK	Commenced (2015-2017)
Ghana & Zambia	Renewable energy technology transfer	Denmark	Commenced (2014-2018)

Case: China-Cambodia-UNDP trilateral cooperation project on cassava production (phase I and II)



Cambodia has identified agriculture as the top priority for socio-economic development. Even though cassava has become the second largest agricultural crop in terms of income, employment, hectares cultivated, and exports, there is limited technical assistance support provided to the sector. Lack of technical support is potentially serious considering cassava cultivation could have serious nutrient depletion and other ecological effects on the soil.

To promote sustainable cassava production, and based on the 2010 China-UNDP MoU on South-South cooperation, Chinese MOFCOM and UNDP took steps in 2011 to establish a trilateral cooperation project with Cambodia, which became the first pilot project under the 2010 China-UNDP MoU.

Phase I of the project involved Cambodia's Ministry of Agriculture, Forestry and Fisheries (MAFF), Chinese MOFCOM and UNDP, together with the Chinese Academy of Tropical and Agricultural Sciences (CATAS) in Hainan, China. The first phase ran from December 27, 2011 to January 16, 2012 and consisted of a training programme for 30 Cambodian agricultural practitioners. Based on the success of the initial phase, the Chinese government agreed to a second phase for which it provided US\$400,000, the first time that the Chinese government ever provided grant support for a trilateral

project with any partner. Phase II of the project was launched in May 2013 and completed in March 2015.

As part of a wider programme to improve cassava productivity in Cambodia, the China-Cambodia-UNDP trilateral cooperation project aimed at promoting direct export of processed cassava to China and improving the income and livelihood of farmers in Cambodia. With regard to the combination of outputs, phase I and phase II of the project targeted three important and interlinked activities:

- **Knowledge and research:** Two important knowledge products have been produced during the project. First, a comprehensive Needs Assessment Study (NAS) aimed at identifying specific needs of the Cambodian cassava sector in terms of production and processing, as well as supply and demand gaps for the Chinese market; Second, Cambodia's first-ever Environmental Impact Assessment (EIA) aimed at mitigating the environmental damage resulting from malpractice in cassava cultivation techniques, which elicited some significant findings.
- **Improving yields:** Initially, specialized training on cassava cultivation was provided to 30 Cambodian officials from MAFF, the Kampong Cham and Pailin Provincial Department of Agriculture, and Cambodian academic institutions. Later in phase II, tailored training materials and targeted training for processors/exporters, farmers and government officials, were delivered. The training of trainers was then used to ensure scalability of knowledge and skills.
- **Increasing trade:** Targeted support to enhance exports from Cambodia to China was provided. UNDP facilitated a visit by a Cambodian delegation of key stakeholders to the city of Nanning in China's Guangxi Province, to meet with potential Chinese cassava buyers, local trade and commerce officials, and other major actors in the cassava industry. The visit and follow-up actions proved critical for Cambodian cassava stakeholders to better understand Chinese market requirements and entry points.

Overall, the China-Cambodia-UNDP trilateral project has contributed to innovative solutions to generating pro-poor growth in Cambodia by providing technology and know-how from China and creating direct linkages with the Chinese market. As a bridge between China and Cambodia, this trilateral cooperation pilot project has been crucial for farmers to draw on China's comprehensive experience in cassava cultivation, and gradually address production, market and ultimately poverty challenges. It was able to leverage comparative values and strengths of China, UNDP and Cambodia, and allow development practitioners from China, Cambodia and UNDP to work closely together towards the same goal, which created synergy and facilitated mutual learning among all parties involved. The project also provides lessons that can be applied to many other trilateral cooperation projects and helps to articulate the case for further trilateral cooperation.

V. Voice from development partners: Benefits, challenges and lessons learned

Trilateral cooperation is generally expected to bring greater development benefits than bilateral cooperation by pooling together resources from different actors. Given the different interests and objectives, trilateral cooperation is perceived to be able to bring different practical benefits to different actors (World Bank, 2010; OECD, 2009 and 2013; BMZ, 2013). While it is still too early to collect concrete results of all of China's trilateral projects, as only a small number of them have been completed, some lessons can be drawn from ongoing cooperation. Largely based on inputs from

China's trilateral development partners, a number of common trends have been identified regarding the benefits, challenges as well as lessons learned for development partners. It is hoped that these will not only shed light on China's existing trilateral cooperation but also provide some guidance to interested partners for their future engagement with China.

Benefits: Strengthening relationship, mutual learning and policy support

In general, development partners emphasize the mutual benefits of trilateral partnership for all parties involved.

Firstly, trilateral cooperation makes it possible for mutual learning between traditional development agencies and implementers and their Chinese counterparts through working-level engagement, including jointly developing and implementing projects and regular communication, and is a good way to learn more about China's development cooperation structure and approach at both policy and project level through interacting with Chinese ministries and implementing partners. For example, according to the United States Agency for International Development (USAID), the US-China-Timor Leste trilateral project¹⁵ on food security provides an opportunity for involving parties to facilitate communication in the field among development partners, and in this way, enhances the USAID's relationship with China's MOFCOM. The enhanced working-level engagement can also contribute to strengthened ties between the two countries at the state level.

Secondly, for development partners, cooperating with China is viewed as being able to combine the comparative advantages of their different approaches to development cooperation and leverage resources. For instance, for the China-New Zealand-Cook Islands trilateral project on upgrading water supply infrastructure in the Cook Islands,¹⁶ the Export-Import Bank of China (Exim Bank) provided a US\$23 million concessional loan, executed by a Chinese contractor (CCECC); the New Zealand government provided NZ\$15 million in grant funding to support the project planning, design and management of the construction of related infrastructure upgrades. The Cook Islands government provided the balance of the funding required.

Moreover, experience and lessons from trilateral cooperation could feed into China's development cooperation policy-making, and help harmonize different approaches to development cooperation based on shared international principles, standards, and practices of development cooperation.

Challenge: Complicated process and high transaction costs

The most common challenge pointed out by development partners is the complicated process in a trilateral cooperation project. It was noted that as there are more stakeholders involved in a trilateral partnership than in a bilateral one, the process of communication, project design, implementation, coordination, reporting and M&E tends to be more time-consuming and complicated (higher transaction cost). For example, identifying the developing countries' needs that are also of mutual interest to both provider countries may not be as easy as in a bilateral relationship, and differences in bureaucratic procedures also add to this complexity. Interpretation and translation among three or more languages also significantly increases transaction costs. Coordination with all parties is indispensable and yet it is a long-term process where disagreements can often arise over issues such as project management.

Lessons learned

Identify common interest areas and priorities is crucial

According to various development partners, it is important to accommodate different interests and priorities of different stakeholders. For example, in the case of Australia, addressing malaria in the

¹⁵ For more details of the US-China-Timor Leste trilateral project, please see Annex I.

¹⁶ For more details of the China-New Zealand-Cook Islands trilateral project, please see Annex I.

Asia-Pacific is a priority for the Australian government, as drug resistance, specifically in tuberculosis and malaria, poses a major health risk to populations of the region. China also prioritizes malaria control in its growing global South-South health programmes, as well as to the Pacific region. As for the partner country, Papua New Guinea's economy is going through a transition and the burden of malaria is heavy. Therefore, malaria has been identified as a common priority for all three parties. In the case of the China-DFID health project, decision on the country selection was a result of discussion among DFID and the Chinese National Health and Family Planning Commission who identified common priority countries, in response to the demand from partner countries.

Effective communication and coordination requires patience

Given the complexity of trilateral partnerships compared to bilateral ones, efficient and effective coordination would be more time-consuming, but is a must. This requires that consensus must be reached among all parties involved at all stages of the project period, including clearly defined contractual and project management roles prior to the start of the project; mutually agreed quality standards; and a communication mechanism that is regular, open and effective. There is need to have ongoing communication on project progress, continuously adjust activity plans so that all parties involved are on the same page. It could be difficult in the beginning, and patience is much needed during the processes.

Facilitator role: matching demand and supply based on knowledge of local context

As widely understood, the essence of trilateral cooperation with China is to transfer Chinese technology and skills to other developing countries. To do so effectively and efficiently, it is important for development partners to understand the national and sectoral context of both China and the partner country, the partner country's demand for Chinese support and what China could provide, and identify and partner up with Chinese specialized entities. This requires development partners to have strong implementation capacities on the ground, including monitoring and quality assurance capacities, and in-depth needs analysis and contextual analysis available. Such an in-depth knowledge of local context and strong partnerships with government agencies, gained from long-term in-country operations, can help reduce transaction costs, and also provide necessary experience and lessons for others to engage in trilateral cooperation.

VI. Moving forward: recommendations and future opportunities

Given the various practical complexities and the higher-than-normal transaction costs involved in trilateral partnerships, some key questions arise: is trilateral cooperation a cost-effective way of development cooperation? Does it bring greater benefits than each party acting alone? How do we know we have achieved greater benefits? Can we identify the added value of the trilateral nature of the partnership?

It will take time to answer these questions, after we get the final results of current trilateral cooperation projects. More importantly, there are two key challenges to assess the results of trilateral cooperation. One is that most trilateral cooperation projects remain small-scale capacity building activities, which makes it hard to see visible results and deliver long-term impact. Another relates to the lack of a common framework to assess whether trilateral cooperation projects have delivered measurable and tangible development results. This is partly due to the complexity of partners involved, which would require M&E of trilateral cooperation projects to go beyond only looking at inputs and outputs, and to demonstrate the substantive value added of each partner involved, and the value of the trilateral modality compared to those of bilateral support. The same challenge goes for the evaluation of other expected results of trilateral cooperation, for example, enhancing mutual learning and support to the government's policy-making. Such results may be

intangible, but they do exist. In addition, SSC providers and traditional development partners tend to have different understandings of development cooperation and divergent approaches, which requires that the M&E framework for trilateral cooperation projects be adjusted to reflect the principles and practices of all providers involved.

Recommendations for future trilateral cooperation with China

Continue and scale up

In order to show visible results, trilateral cooperation projects need to go beyond small-scale capacity building activities and pilot projects. Based on many development partners' experience, current projects can be scaled up to larger and more complex projects. For instance, the first phase of the China-Cambodia-UNDP trilateral project on cassava production was primarily a training session but after being assessed as successful, the second phase involved larger amounts of funding and more complex project design aiming for longer-term impact. For the US-China-Timor-Leste project, it has entered the second phase based on existing results, which could help ensure policy momentum and continued development impact. Scaling up requires further and continued resources from all sides, financial contributions included. In addition, it is important to secure high-level political commitment from leaders of the relevant governments and "think big" from the design phase: rather than piloting small-scale individual projects, cooperation could be initiated in the beginning as a larger and longer-term programme with an overarching objective, which can pave the way for small projects to scale up and show tangible results.

Have clearly defined roles, responsibilities and procedures

It is largely recognized that trilateral cooperation involves more complicated arrangements than bilateral cooperation. To avoid misunderstandings and maximally ensure a smooth project implementation process, it is important for all parties to understand and fulfill their respective responsibilities and follow the implementing procedures of such a modality. Therefore, the roles, responsibilities and procedures of trilateral cooperation need to be clearly defined, which should be reflected not only at the overarching MoU level between China and the development partner, but also in the specific project documents and contracts. Development partners are therefore advised to take stock of their own project implementation experience and consolidate the specific procedures and arrangements into concrete rules and management arrangements to follow, while leaving some degree of flexibility to accommodate contingencies.

Develop an M&E framework for trilateral cooperation

Given the unique nature of trilateral cooperation, there is need to build an M&E framework, specifically for trilateral cooperation. This framework should not only show the inputs and outputs of all parties involved in a project, but quantitatively and qualitatively demonstrate each partner's value added, mutual learning and policy impact. This could be led by development agencies themselves together with China, but can also be done by independent think tanks drawing from development partners' practical experiences. For instance, the Network of Southern Think-tanks (NeST), a think tank network that provides policy inputs into areas related to SSC, represents a platform which allows SSC providers to identify evidence, share knowledge, and develop methodologies and common understanding about SSC. One of the NeST's objectives is to develop common indicators to measure the impact of SSC. Trilateral cooperation as an emerging form of SSC, could well be the future topic of the NeST's conceptual work when existing trilateral projects generate more results.

Opportunities ahead

Development partners' attitude towards trilateral cooperation with China remains positive. It is clear that China sees the value in trilateral cooperation and is willing and able to continue testing and

providing support to this innovative form of development cooperation. In fact, China and a number of its existing trilateral partners have already been planning for future projects based on initial positive results. For instance, in 2015, China provided another US\$50 million in support of the implementation of the second phase of the FAO-China South-South Cooperation Programme; China and the US have also entered the second phase of the trilateral project on food security in Timor-Leste. 2015 also witnessed the signing of MoUs between the United Nations Industrial Development Organization (UNIDO) and the China Development Bank, China-Africa Development Fund as well as China Council for Promotion of International Trade respectively, aiming to jointly promote sustainable industrial development in other developing countries, especially African countries. UNDP is also working closely with MOFCOM on a number of trilateral project proposals under the newly established South-South Cooperation Aid Fund. These are all positive signs that opportunities abound for trilateral cooperation with China. Besides, China continues to establish new trilateral partnerships with various partners. In March 2016, China signed a MoU with the UN Population Fund on population and development, and another MoU in the same month with the World Food Programme on tackling global hunger and poverty through trilateral cooperation. More bilateral partners are also seeking opportunities to engage China in trilateral cooperation, such as the Netherlands, Germany and Canada.

All of these will soon generate more experience and lessons learned. China's expanding multilateral development cooperation, through its new regional and global initiatives such as AIIB, NDB and BRI, as well as increasingly contribution to and cooperation with UN agencies, could translate into increasing interest in trilateral partnerships with international organizations such as UN agencies. This is especially so given the non-political agenda and global mandate of UN agencies which make them unique partners for China, providing a solid venue to China to better understand and respond to partner country priorities and demand. With China's expanding regional and global engagement, there is growing demand from China for such supply-demand facilitation services through multilateral platforms. This presents opportunities for both UN agencies and bilateral development partners to tap into China's growing multilateral development cooperation and seek trilateral partnerships through UN representations across the world. For existing and potential trilateral partners, it is therefore important to take existing experience and lessons learned further, find ways to ensure cost-effective delivery of development benefits, and work closely with Chinese government institutions and international organizations to identify cooperation opportunities.

Annex 1: Mapping of China's trilateral cooperation projects with bilateral and UN partners

(Continue to be updated)

Development partner	Year of MoU signed with China	Sectors	Projects	Project timeframe and value	Modalities	Chinese partner institutions	Chinese contributions
Australian Department of Foreign Affairs and Trade	2013	Health	Australia-China-Papua New Guinea Pilot Cooperation on Malaria Control: contribute to reducing malaria morbidity and mortality in PNG ¹⁷	2015-16 to 2017-18 AUD4 million (PNGK8.19 million)	Technical cooperation Goods and materials Capacity building	National Health and Family Planning Commission (NHFPC); National Institute for Parasitic Diseases (NIPD); and MOFCOM	China provides technical experts, governance and management support
United States (USAID)	Project MoU signed in 2013; Overarching MoU signed in 2015 with MOFCOM ¹⁸	Agricultural technology and food security	US-China-Timor Leste Trilateral Cooperation Project in Agriculture: Provide training to local farmers and strengthen the capacity of Timor-Leste's agricultural sector and food security ¹⁹	2013-2015 (first phase completed, now in the initial stage of the second phase) US\$1.2 million	Capacity building Technology transfer	MOFCOM	China provides part of the training while the US provides another part; China covers training costs related to China's training, rather than any direct financial support
United Kingdom (DFID)	2011 with MOFCOM; ²⁰ 2014 with China Development Bank; 2015 with Development Research Center	Agriculture; Disaster management; Health	"Accelerate Agricultural Technology Transfer to Low Income Countries (AgriTT)" in Malawi and Uganda: improve agricultural productivity and the food security of poor people ²¹	2012-2016 £10 million	Knowledge-sharing Technology transfer	Ministry of Agriculture (MOA) and MOFCOM	China provides technologies and expertise

¹⁷ The Australia-China-Papua New Guinea Pilot Cooperation on Malaria Control, Project Summary available from: http://aplma.org/upload/resource/files/Aus-Papua-China_Cooperation.pdf.

¹⁸ US-China MoU on Development Cooperation available from: <https://www.usaid.gov/china/mou>.

¹⁹ More information about the US-China-Timor-Leste project available from: <https://sustainabledevelopment.un.org/partnership/?p=7822>.

²⁰ UK DFID-Chinese MOFCOM MoU on MDGs available from: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197473/China-UK-MOU-Signed-Version.pdf.

²¹ More information about the AgriTT available from: <https://agritt.landellmillprojects.com/about> and <http://www.enterprise-development.org/wp-content/uploads/AgriTT.pdf>.

			China-UK Global Health Support Programme Pilot Project on Maternal and Child Health in Ethiopia and Myanmar: share knowledge, provide services and improve service quality of pilot areas.	2015-2017 ²² £ 2.4 million	Technical cooperation Goods and materials Capacity building	National Health and Family Planning Commission (NHFPC); Global Health Institute, Fudan University	China dispatches health experts
			China-UK-Tanzania Malaria Control Pilot Project: explore suitable control strategy and working mechanism to reduce malaria disease burden, and therefore accelerate the malaria control and elimination process in Africa ²³	2015-2017 The project is granted for a sum not exceeding GBP 1,700,000 (one million seven hundred thousand pounds sterling)	Technical cooperation	NIPD, NHFPC	China dispatches health experts
			China-Nepal-UNDP disaster management phase I and II China-Bangladesh-UNDP disaster management phase I and II	Phase II: 2015-2017		Ministry of Civil Affairs (MOCA)	China provides expertise
New Zealand Ministry of Foreign Affairs and Trade	No	Irrigation infrastructure	China-New Zealand-Cook Islands Te Mato Vai Water Partnership: Upgrade potable water infrastructure in Cook Islands ²⁴	2014-2016 US\$23 million in a concessional loan from the China Export-Import Bank ²⁵ and up to NZ\$15 million grants from New Zealand.	Concessional loans and grant	China Export-Import Bank (Eximbank); China Civil Engineering Construction Corporation (CCECC)	China provides part of the funding in the form of concessional loans, infrastructure construction and provision of materials

²² More information can be found at: http://cps.nhfpc.gov.cn/ghsp/c/main?fid=open&fun=show_news&from=view&nid=1519&ctype=3.

²³ More information about the China-UK-Tanzania Malaria Control Pilot Project available from: <http://en.ipd.org.cn:8080/en/content/launching-china-uk-tanzania-collaborative-pilot-project-malaria-control>.

²⁴ More information about the China-New Zealand-Cook Islands Te Mato Vai Water Partnership available from: <http://www.victoria.ac.nz/chinaresearchcentre/programmes-and-projects/china-symposiums/china-and-the-pacific-the-view-from-oceania/27-Pete-Zwart-The-Tripartite-China-NZ-Cook-Islands-A-NZ-Perspective.pdf>.

²⁵ More information can be found at: http://bellschool.anu.edu.au/sites/default/files/publications/attachments/2016-07/ssgm_ib_2015_57_zhang.pdf.

UNDP	2010	Agriculture	China-Cambodia-UNDP on cassava phase I: increase the productivity of Cambodian cassava varieties	2011-2012 (completed)	Technical cooperation Capacity building	MOFCOM	China provides technical expert
			China-Cambodia-UNDP on cassava phase II: increase the productivity of Cambodian cassava varieties and promote market links	2013-2015 US\$400,000 (completed)			China provides technical expert and full funding support
		Disaster management	Community-Based Disaster Management (CBDM) China-Nepal-UNDP and China-Bangladesh-UNDP phase I	US\$2.8 million (Completed)	Knowledge sharing	MOCA	China provides expertise
			CBDM China-Nepal-UNDP and China-Bangladesh-UNDP phase II	2015-2017 US\$5.5 million			
			China-Malawi-UNDP on disaster management	2016-2017 US\$900,000	Knowledge sharing	MOFCOM	
		Renewable energy	China-Ghana-UNDP on renewable energy	2014-2018 US\$2,720,000	Technology transfer	The Administrative Center of China's Agenda 21 (ACCA 21) of the Ministry of Science and Technology (MOST)	China provides technical experts
			China-Zambia-UNDP on renewable energy	2014-2018 US\$2,624,400	Technology transfer		
		UNESCO	No	Knowledge sharing	UNESCO-China-Africa trilateral initiative on university cooperation: facilitate university partnerships and benefit the production of knowledge ²⁶	Start from 2011	Knowledge-sharing

²⁶ More information about the UNESCO-China-Africa Tripartite Initiative on University Cooperation available from <http://www.unesco.org/new/en/education/themes/strengthening-education-systems/higher-education/international-university-cooperation/unesco-china-africa-tripartite-initiative-on-university-cooperation/>.

		Teachers' education	UNESCO-China-Funds-in-Trust (CFIT) Project "Enhancing Teacher Education For Bridging the Education Quality Gap in Africa": enhance teacher education and professional development in 8 African countries: Cote d'Ivoire, Ethiopia, Namibia, Liberia, DR Congo, Congo, Tanzania and Uganda ²⁷	2012-2016 US\$8 million	Capacity building Knowledge-sharing Goods and materials	Ministry of Education (MOE)	China provides full funding
FAO	2006	Agriculture Food security	12 trilateral agreements signed with Mongolia, Mali, Malawi, Sierra Leone, Senegal, Liberia, Uganda, Ethiopia and Namibia and DR Congo under the China-FAO Trust Fund	US\$30 million China-FAO Trust Fund	Capacity building Technical cooperation	Foreign Economic Cooperation Center (FECC) of MOA Center of International Cooperation Service (CICOS) of MOA	China provides financial support, in-kind support and capacity development opportunities
ILO	2014 with All-China Federation of Trade Union (ACFTU)	Trade union	Capacity building for trade unions of Asia-Pacific: build capacities for trade union in Asia Pacific	2014-2016	Knowledge-sharing Capacity building	ACFTU	China provides full funding
		Employment	Expanding employment services and enhancing labour market information in Cambodia and Laos: enhance the quality of employment service delivery and improve data collection and analysis ²⁸	2014-2016 US\$2 million	Technical cooperation	Ministry of Human Resources and Social Security (MHRSS)	China provides funding and expertise

²⁷ More information about the UNESCO-China-Funds-in-Trust (CFIT) Project "Enhancing Teacher Education For Bridging the Education Quality Gap in Africa" available from: <http://www.unesco.org/new/en/education/themes/education-building-blocks/teacher-education/quality-teacher-training-in-africa/>.

²⁸ More information about the ILO/China South-South Cooperation Project to expand employment services and enhance labour market information in Cambodia and Laos, available from: http://www.ilo.org/asia/whatwedo/projects/WCMS_235034/lang-en/index.htm.

Annex 2: List of interviewed agencies and interview questions

Interviewed agencies:

- United States Agency for International Development
- Department of Foreign Affairs and Trade of Australia
- Department for International Development of the UK
- New Zealand Ministry of Foreign Affairs and Trade
- Food and Agriculture Organization of the United Nations
- International Labour Organization
- United Nations Population Fund
- United Nations Development Programme

Interview questions:

- Could you provide some basic information about the trilateral projects with China, including which sectors, funding sources, which institutions/companies are involved, role of China and your organization, when is the project scheduled to complete and what's the current status?
- Why did your organization decide to pursue trilateral cooperation with China?
- What are the major challenges of the modality of trilateral cooperation?
- What do you see are the benefits of trilateral cooperation with China and trilateral cooperation in general?
- Will your organization consider continuing trilateral cooperation with China in the future? Why or why not?

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This discussion paper forms part of a series to promote the understanding of Chinese South-South development cooperation and encourage the sharing of development experiences between China and the rest of the development community.