CHINA AND INTERNATIONAL DEVELOPMENT: KNOWLEDGE, GOVERNANCE, AND PRACTICE

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China and International Development: Knowledge, Governance, and Practice

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Whose Knowledge? Whose Influence? Changing Dynamics of China's Development Cooperation Policy and Practice*

Jing Gu,[1] Xiaoyun Li[2] and Chuanhong Zhang[3]

Abstract This article aims to investigate the recent evolution of China's development policy and practice. More precisely, how do China's policymakers and practitioners understand and debate China's role in international development, specifically in the context of the global Covid-19 pandemic? China's growing development activities overseas, particularly in the African continent, have spurred intense debate over its role as a rising power in international development. China is viewed in the West both as a threat and as a valuable potential partner in development cooperation. However, differences between Western and Chinese conceptions of development have complicated cooperation and understanding of China's development policy. Further understanding of these differences is needed, in order to evaluate their implications for low-income countries, and for potential trilateral cooperation.

Keywords development cooperation, knowledge, governance, practice, development policy, China.

1 Introduction

China's growing role as a provider of development assistance, and the broader impact of its economic engagement overseas, has been the subject of considerable interest both within and outside China in recent years. There has been intense debate about the nature of Chinese foreign aid, especially in Africa and Asia. In particular, the question of what role China plays in global development has fascinated the world. There is a rich body of literature, ranging from studies on China's aid modalities to research specifically focusing on aid data, and case studies on different projects or sectors. Conclusions and opinions appear divided: there are positive analyses that echo

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the 'win–win' perspective of stakeholders from both China and partner countries through to scepticism from those who argue that China's primary interest is in accessing raw materials and exporting its labour and goods.

However, communication and collaboration between Chinese and international policy researchers and practitioners have been limited, creating a knowledge gap and understandable deficit between different stakeholders. Similar to 'traditional' Western donors trying to re-establish global development aid architecture, China is also pursuing a bigger international role for itself through new multilateral platforms, including the Belt and Road Initiative (BRI), the BRICS New Development Bank (NDB), and the Asian Infrastructure Investment Bank (AIIB).

In this context, this *IDS Bulletin* brings together studies of the primary institutions and policies that guide China's activities in development cooperation. It also explores a range of cross-cutting topics including: the new Asian development finance and the potential impact of China on development thinking and policies; and China's development practice and the effectiveness of South–South cooperation (SSC) and triangular cooperation. In an era where the 'traditional' aid discourses and the practices of new 'emerging powers' in development cooperation are simultaneously reacting and evolving – and given China's growing prominence as a source of development finance and as an institutional player, and the potential that it offers for poverty reduction and growth in low-income countries – there is a real need for greater mutual understanding to promote effective cooperation and healthy competition in development cooperation.

2 Evolution of China's development cooperation

Aid, or development assistance in the traditional sense, forms a small element of China's development cooperation, which entails a much broader model of economic engagement that includes significant trade, loans, and capital investments. Official definitions and statistics around China's foreign aid remain vague and are often classified, and the practical and experimental nature of Chinese development assistance means there is little articulation of a model for China's development cooperation. The 2021 White Paper (SCIO 2021) lists technical cooperation, debt relief, and projects as major forms of aid. Of these foreign assistance projects, a majority is spent on economic infrastructure, followed by industry, energy and resource development, and agriculture. Grants, concessionary loans, and assistance for joint ventures are the primary forms of financing, which are used in concert with its investment and trade policies in order to leverage greater investment from the commercial sector.

China is often categorised as an emerging economy, but China is not an emerging donor. China started to provide development assistance to other developing countries in the 1950s. Over the past 70 years, the concepts and policies of China's development cooperation have been constantly adjusted, showing multi-level, multi-stakeholder, and multifaceted characteristics. China's development cooperation policy has evolved in three main stages, resonating with China's domestic policy transformation. Each stage features its own priorities and shows different characteristics.

The first stage of China's foreign aid is more ideologically focused. In the early days of the founding of the People's Republic of China, revolution was the main theme of the world at that time. The Korean War, the Vietnam War, and the breakdown of Sino-Soviet relations put China in an isolated situation. As a newly established regime, gaining the recognition of its national sovereignty by the international community was the top priority. Also, as a large country, to restore its status as a permanent member of the United Nations was the most urgent task. To win support from developing countries was a feasible approach to achieving these objectives. Therefore, during this period, political objectives dominated China's international development cooperation policies. Most resources from China went to supporting the proletarian revolution and anti-imperialism of developing countries. Foreign aid became the main source for China to fulfil its international responsibilities and to build its national prestige.

China's international cooperation during this period was mainly in the form of assistance in material, cash, and complete projects (similar to Build-Operate-Transfer (BOT) projects) and was designed within the centrally planned economic system. From 1953 to 1963, China's foreign aid accounted for 1 per cent of its fiscal expenses. It has been increasing continuously since 1963, and by the fourth Five-Year Plan period (1968–73), China's foreign assistance had reached 6.3 per cent of its fiscal expense and 2.06 per cent of its gross domestic product (GDP), while at the same time, the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) members only contributed 0.3 per cent of their gross national income (GNI). During this period, three quarters of China's foreign aid went to North Korea, Vietnam, Albania, Laos, and Cambodia. During 1959–75, China provided more than US$838m to just one country, Albania, which is 8.9 times more than the West provided to this country (Backer 1982).

The 'Eight Principles' put forward by Premier Zhou Enlai during his talks with the Ghanaian president, Kwame Nkrumah, in 1964[4] became the guiding principles of China's international cooperation, and the concept of equality, cooperation, and mutual benefit (Li 2007) was strongly resonated by developing countries. Although mutual benefit was mentioned as one of the key principles, political solidarity carried more weight in China's development cooperation in practice during this period, which also brought benefit to the partner countries. The Tanzania–Zambia Railway built by China in the 1970s not only played a significant role for Southern African countries gaining independence, but was also a first try for China to promote its own development experiences (Hall and Peyman 1976). It certainly won the hearts and minds of African people, which made the huge economic sacrifice of China worthwhile. China successfully resumed its status as one of the five permanent members of the UN Security Council in 1971 with the support of African countries. But cooperation forged with aid from China for other countries did not turn out to be so fruitful. For example, China's relationship with Vietnam broke down in the late 1970s, even though China had provided it with huge support.

The second stage starts from the reform and opening policy in 1978. China's then top leader Deng Xiaoping made the 'scientific judgement' that 'peace and development' would be the main theme of this new era. In a series of speeches on international cooperation, Deng Xiaoping stressed that China's international cooperation cause needed to 'act according to its capacity', and added the principle of 'seeking truth from facts' to the principles of international cooperation. In December 1982, the then Premier Zhao Ziyang proposed new four principles of China's foreign aid when he visited Africa, i.e. 'equality and mutual benefit, emphasis on practical results, diverse forms, and common development' (Jinghuashibao 2014). China still adhered to the spirit of proletarian internationalism, but at the operational level, foreign aid should also serve China's reform and opening policy.

The principles of equality and mutual benefit became guiding principles of China's foreign aid. It has also become the guiding principle for promoting economic and trade relations with other countries. The definition of development cooperation has gone beyond foreign aid as trade and investment have become indispensable components for development. Under the guidance of the core principles, China's foreign aid policy has undergone several reforms, gradually shifting from the ideologically focused to promoting mutually beneficial cooperation between China and partner countries. This new concept of equal partnership has been widely accepted by foreign countries as it is seen as being able to diminish the inherent inequality in the 'donor–recipient paradigm' (Moyo 2009).

There are two salient features of China's development cooperation during this period. First, the volume of China's foreign aid has increased significantly since the mid-1990s after decreasing in the 1980s. According to the first White Paper on China's foreign aid (SCIO 2011), during 2004–09, the annual growth rate of China's foreign aid reached 29.4 per cent, surpassing that of most developed countries during the same period. Second, economic development for both China and partner countries was prioritised over other factors. The complete projects (BOT) supported by concessional loans have become the most important form of China's development cooperation. According to the 2014 White Paper on China's foreign aid, in just three years (2010–12), China built 580 complete projects in 80 countries, concentrating on infrastructure and agriculture sectors (SCIO 2014).

In terms of the administrative system, in the context of the institutional reform of the 'separation of government functions from enterprise management' in 1995, China began to expand the scale of aid funds in the form of government concessional and preferential loans (Li 2007). The introduction of the market mechanism changed direct state control over the economy, and enterprises became the subjects of market. Different government departments participating in China's development cooperation could mobilise professional resources to implement foreign aid projects.

The administration of development cooperation became quite fragmented as the original administrative system gradually disintegrated, and the functions of the government began to change. With the addition of market factors, some aid projects gained economic benefit for the Chinese companies. The combination of aid with investment and trade contributed to the transnational flow of capital and human resources between China and other developing countries. Marketisation reforms such as 'equity participation' and 'debt-to-equity swap', revived some old projects that had not run well. Chinese and local enterprises were encouraged to implement China's international cooperation projects in the form of joint ventures. Through the injection of market funds, more resources were mobilised.

The third stage began in 2013, when China's development cooperation entered into a new era. The phenomenal growth of China's economy not only changed China's status in the world, but also increased the global expectation that China should shoulder more international responsibility. In 2013, when President Xi Jinping visited Africa, he proposed the new development cooperation principle between China and African countries, the ideology on 'righteousness over benefit' ('弘义让利 *honghongyirangli*' in Chinese). Specifically, it means that China will conduct development cooperation with Africa based more on 'righteousness rather than mere benefit'. China needs to prioritise 'righteousness' over 'benefit', to 'give more and take less', or 'give first, take later'. In some cases, only giving, no taking (Xi 2013).

To refute the accusation of 'neo-colonialism' and 'debt trap' on China–Africa cooperation, President Xi reiterated the 'five no' policies at the Beijing Forum on China–Africa Cooperation summit in 2018: do not interfere with African countries in exploring development paths that suit their national conditions, do not interfere in the internal affairs of Africa, do not impose China's will on partner countries, do not attach any political conditions to aid to Africa, and do not seek private political gains in investment and financing in Africa. These policies adhere to the five principles of peaceful coexistence in China's foreign policies formulated in 1954, which fundamentally convinced African countries that China's main objective was to help develop their economy and eradicate poverty.

During this period, more development aid went to the least developed countries (LDCs). President Xi promised to provide US$12bn to LDCs by 2030 at the UN Sustainable Development Summit in 2015. Rather than emphasising the political or economic gains, China's development cooperation has expanded into broader areas such as environmental sustainability, peace and security, and people-to-people exchange (Gu and Kitano 2018). The volume and geographical coverage of China's foreign aid has increased steadily. From 2013 to 2018, China provided more than RMB27bn to other developing countries. Since the global outbreak of the Covid-19 pandemic, China has provided different types of health aid to 53 African countries and the African Union, including personal protective equipment, respirators, vaccines, and medical teams (SCIO 2021).

At the same time, China has become an active supporter of multilateralism (Carty and Gu 2021). China responded actively to the call of the G20 on the Debt Service Suspension Initiative (DSSI). China has reached consensus or signed contracts on DSSI with 19 African countries and cancelled the interest-free loans of 15 African countries that needed to be paid by the end of 2020. The BRI has become the most important platform for China's development cooperation and new multilateral banks such as the AIIB and the NDB have also become important facilitators of new development cooperation (Gu and Carey 2019). All these indicate that while adhering to the principle of mutual benefit, altruistic elements are becoming more important in China's development cooperation, showing China's willingness to shoulder more global responsibility to promote sustainable development.

From the above analysis, we can see clearly that China's development policy reform has been closely related to its domestic development strategy. 'Mutual benefit' is a core principle in China's aid and foreign policy, through which it helps build up the partner country's capacity for independent 'self-development'. From the practice perspective, China's development cooperation has transformed from concentration on a few countries with clear political goals to the demand-driven nature of partner countries. In most recent years, focusing on sustainable as well as inclusive development has become the new direction for China's development cooperation. By doing this, China's development cooperation has been moving to 'building a global community for a shared future' (Xi 2015).

3 China's new approaches to international development

Since the 18th National Congress of the Communist Party of China (CPC) in November 2012, the central committee of the CPC identified the overall goal of deepening comprehensive reform of China and to promote the modernisation of the national governance system and governance capacity. In March 2018, China established the China International Development Cooperation Agency (CIDCA), an independent ministerial-level agency, to be responsible for policymaking relating to China's foreign aid while the Ministry of Commerce of the People's Republic of China (MOFCOM) would still be responsible for the implementation of development cooperation projects. The fragmentation of the institutional setting has changed to some extent. The 2021 White Paper officially extended the concept of foreign aid to development cooperation, incorporating cooperation under the BRI with China's foreign aid, and re-emphasising that China will conduct development cooperation under the framework of SSC.

While current Western development aid focuses strongly on notions of poverty reduction, social welfare, and political and institutional reform, Chinese development cooperation forms a much broader remit that emphasises economic relationships. China's approach to international development has been shaped by two important policy frameworks on development, the first formulated through the Chinese state, the second through the CPC. Firstly, the 14th Five-Year Plan, adopted by the Fourth Session of the 13th National People's Congress in March 2021,[5] defined a concept of high-quality growth with innovative, coordinated, and green development. These central principles underpinning China's approach to implementation coalesce with those of the 2030 Agenda for Sustainable Development (2030 Agenda).

In dominant Chinese perspectives, sustainable development emphasises the need for a holistic, integrated approach to policy and practice (Gu *et al*. 2016; Gu, Corbett and Leach 2019). Broadly, it embraces the idea of ecological civilisation as the final goal of change within a given society, involving a synthesis of economic, educational, political, agricultural, and other societal reforms towards sustainability (Zhu 2016). Peaceful development, win–win cooperation, integration and coordination, inclusiveness and openness, sovereignty and voluntary action, as well as 'common but differentiated responsibilities', should be followed in building a new type of international relations featuring win–win cooperation, establishing all-round partnership, and achieving economic, social, and environmental development in a balanced manner (UN 2016: 2).

In 2021, the Chinese government published China's second Position Paper on the *Implementation of the 2030 Agenda for Sustainable Development* (MFA 2021). This sets out the principles, priorities, and policies and sought to explain the progress made in the implementation of the 2030 Agenda. The paper set out a number of specific elements to be pursued as priority aims:

- Promote high-quality development. As China enters a new development stage, the goal is to achieve sustained and healthy economic development through improved quality and efficiency, guided by the new development philosophy.
- Accelerate innovation and digitalisation. Promote the deep integration of digital technology with the real economy, use digital technology to promote innovation in public services, and improve the efficiency of government.
- Improve people's wellbeing and all-round development. China will develop a high-quality education system, advance the Healthy China Programme across the board, and implement the national strategy for population ageing.
- Boost green development. China will accelerate the green transformation, and increase the efficiency of energy, water, land, and mineral resources. As an active response to climate change, China will strive to peak carbon emissions before 2030 and realise carbon neutrality before 2060.

China further emphasises the need for global partnership and collective action in implementing the 2030 Agenda, stating that China will work with the global community to provide sound support in five principal ways:

- Upholding multilateralism for equity and justice;
- Fostering an open world economy for a sound international development environment;
- Deepening South–South cooperation and global partnerships;
- Supporting international post-Covid-19 recovery;
- Advancing global green and low-carbon transformation and enhancing the global climate response.

The second key policy framework is China's 'new development philosophy' initiated and explained by Xi Jinping in his Secretary-General's Report to the CPC Congress in October 2017. China's development of 'socialism with Chinese characteristics for a new era' under President Xi has at its core a 'people-centered philosophy of development' (Xi 2017: 1, 16); a philosophy reflecting and reinforcing the Sustainable Development Goals (SDGs) and 2030 Agenda commitment to 'leave no one behind'.

China's business sector has become increasingly involved in development projects, fuelled in part by its 'going global' strategy initiated in 2000. This policy used state incentives, including preferential trade regulations, low-interest loans, and Export–Import Bank of China (China Exim Bank) support, in order to promote the outward investment and global expansion of China's leading firms and state-owned enterprises (SOEs). China's SOEs have been involved in both labour-intensive manufacturing and infrastructure construction in developing countries, often through joint ventures with local private enterprises and SOEs, and have become highly influential in developing countries. However, beyond multinational SOEs, a growing wave of Chinese private firms and small and medium-sized enterprises (SMEs) are moving abroad. These SMEs are driven by growing domestic competition to seek new market opportunities overseas, but they do so with little coordination and direction from the state, and are often underprepared when operating in foreign and new environments.

The increasing role of market-driven businesses and SOEs in Chinese aid project implementation indicates an important transition away from state-dominated foreign aid. The growing diversity and multitude of Chinese firms now operating in Africa presents a challenge for state coordination, and in mediating China's sometimes controversial public image abroad. Though incentivised by the state, business actors also act autonomously from state directives, and this must be recognised when liaising with Chinese business or state actors. Conflicts between state aims and business goals may be an emerging tension as China's development activities evolve, leading to a potential gap between policy and practice.

China's approach to aid significantly differs from that of Western donors and is still evolving, and awareness of differences in ideologies behind aid and development remains key to future successful aid cooperation. China does not wish to be regarded as a donor; its conceptions of its development cooperation and rejection of a donor identity must be respected when building engagement and cooperation bilaterally or in global forums. Though non-interference is a central principle of China's foreign aid policies, its growing involvement and investments in high-risk parts of the world mean that this may be increasingly difficult to sustain. Increased political engagement and investment in security may be a necessary spillover in China's engagement in fragile states.

The institutional context of China's development cooperation is complex, and Western donors and external partners must take these differentiated political roles into consideration in order to effectively pursue trilateral development cooperation. The Chinese state and CIDCA in particular still has very limited capacity in coordinating between the multitude of actors operating in this environment. As China's development assistance commitments grow, the institutional capacity and responsibility of this nascent agency will also need to be developed. Prospects for trilateral cooperation remain viable, particularly in forums like the G20, which has adopted shared growth and development as a part of its core agenda. As discussed in Section 2, China has also taken steps towards avenues for cooperation, and the creation of CIDCA shows it is willing to learn from, and be amenable to cooperation with, traditional donors. However, recipient countries must be central in leading and participating in discussions around trilateral cooperation with Western countries and China.

4 Contributions to this issue

The articles in this *IDS Bulletin* provide a rich diversity of further contributions to this important and ongoing debate. They supply much needed detail of what is happening in practice on the ground, adding to existing evidence and further illuminating the issues being debated internationally about China's role in international development. Though wide-ranging in their coverage, these articles are aligned around the central theme of this *IDS Bulletin*; namely, China's development policy and practices. Taking this central theme, the respective articles focus on the question of what China contributes to international development and the implications for global development cooperation.

The articles focus, thematically, on just what this overarching ambition means in practice. In the first, Jiantuo Yu and Evan Due (this *IDS Bulletin*) look at some of the characteristics of China's foreign aid system and its development over the years. The article discusses China's foreign aid based on China's own development experiences and its view of SSC. As China's international aid continues to grow and become more prominent, particularly in the context of the BRI, the article calls for a deeper understanding of China's aid institutions and the need for greater cooperation and capacity building.

In the second article, by Karin Costa Vazquez and Yu Zheng (this *IDS Bulletin*), the analysis centres on the recent challenges posed for multilateralism, and the emergence of a sustainable development regime which has pushed countries to engage in more flexible, fluid, and issue-based development finance initiatives and institutions. These changes have had a profound impact on how China conceives and delivers its development finance. The authors argue that it is critical to understand that China's development finance has been increasingly market oriented, concerned with financial and environmental sustainability, and delivered through hybrid bilateral-multilateral channels, particularly since the launch of the BRI.

Shaped by the changes that China experienced at both international and domestic levels, particularly the consolidation of its aid governance structure, these new features signal the rise of a 'new Asian development finance'. This is refocusing the global debate to the importance of combining aid, trade, and investment under financially and environmentally sustainable frameworks, and channelling development finance through multilateral channels to catalyse structural transformation.

Against the background and context provided by the present introduction and the two initial articles, the following six articles provide theme-focused studies. Jiajun Xu and Richard Carey (this *IDS Bulletin*) examine the impacts, actual and potential, of China's development experiences upon development thinking and policies elsewhere. They argue that the New Structural Economics provides a framework in which three agendas stand out – structural transformation as a policy priority; the return of industrial policy; and the use of Special Economic Zones. They integrate related drivers of growth in China – rapid urbanisation pulling in massive rural migration in an economic transformation process; the financing of provincial and city governments by improvised local government financing vehicles based on rising urban land values; and competition and accountability processes in China's subnational governance system. While China's experiences cannot be directly replicated elsewhere, they argue that lessons on why and how to achieve structural transformation are relevant for other developing countries, especially in fast urbanising and integrating Africa.

In their article on China's non-governmental organisation (NGO) partnerships in a new era of development cooperation, Anthea Mulakala, Robin Bush, and Hongbo Ji (this *IDS Bulletin*), argue that NGO engagement in international development activities would improve their effectiveness. However, challenges exist that constrain optimal engagement, especially access to funding and a weak enabling environment and policy framework. This article addresses these challenges, drawing from the literature on 'going out' among Chinese NGOs and social organisations, along with interviews with key players in the Chinese NGO ecosystem. The authors recommend, among other things, that the government clarify and improve its policy framework for NGOs/social organisations in support of China's international development collaboration, especially regarding funding flows, personnel regulations, and material and capital outflows.

In their article, Chuanhong Zhang, Xiaoyun Li, and Dawit Alemu (this *IDS Bulletin*) examine the effectiveness of SSC through a study of China's agricultural aid projects in Africa. They argue that 'ownership' matters for the effectiveness of SSC. Their analysis centres on the representation of ownership in SSC and how it affects the process and impact of SSC projects using case studies of three uniformly designed Chinese agricultural aid projects in Mozambique, Tanzania, and Ethiopia. Based on long-term participatory observation and in-depth interviews, they argue that ownership in SSC is represented differently from project design to implementation. Divergence and ambiguity exist among different stakeholders in the operation of ownership.

Co-ownership of the two partners at the local level contributes to the effectiveness of SSC projects, while de-ownership and forced ownership have a negative impact on the survival and sustainable development of an SSC project. It is concomitant upon partners to make strong efforts, including in consultation and community engagement, to ensure that the challenges are overcome and opportunities are realised in practice.

The next article, by Xiuli Xu, Lídia Cabral, and Yingdan Cao (this *IDS Bulletin*), explores the formation of China's modern agricultural science capability and its approach towards learning. The authors argue that while China was previously regarded and treated as a recipient of international scientific expertise, it is now a more equal partner and contributor, with capacity to provide funds, support exchange programmes for scientists, and collaborate in building laboratories and joint research programmes. Some of these are now extending beyond the CGIAR (formerly the Consultative Group on International Agricultural Research) system and creating new Southern platforms for scientific collaboration and knowledge production. By offering an illustration of China's 'selective learning' approach, emphasising self-reliance and pragmatism in its engagement with the CGIAR, this article feeds into broader debates on how China contributes to global development knowledge and learning.

The article on Chinese foundations in international cooperation by Lindan Tan and Huib Huyse (this *IDS Bulletin*) argues that China's international cooperation strategies are gradually changing due to evolving views about the limits of its internationalisation approach, which has traditionally mainly focused on building governmental and business relationships. Intensified interactions with developing countries in the context of the BRI are perceived to benefit from an increased role for its domestic NGOs. This article explores China's initial steps in enabling its quickly evolving domestic NGO landscape to internationalise by looking at this development from an organisational capacity perspective. By assessing five key organisational characteristics of 36 Chinese foundations that engage in international cooperation over the period 2014–19, the authors find that the average organisational capacity for international cooperation is still limited but is showing gradual improvement. While they all comply with government regulations in governance and several foundations have large budgets and capacity for their domestic operations, the authors suggest that only a few currently mobilise substantial human and financial resources for their international activities.

The final article, by Sebastian Prantz and Xiaomin Zhang (this *IDS Bulletin*), broadens the perspective once again to consider the triangular aid cooperation conducted by China and Germany in Laos, Ethiopia, and Zambia. The article critically reviews the rise of the triangular cooperation modality to promote development effectiveness in recent years. The authors argue that the aim of triangular cooperation is to utilise the comparative advantages of development cooperation approaches by a pivotal partner (usually an emerging donor) and a facilitating partner (usually a traditional donor) to effectively generate development impacts together with a beneficiary in its country, while at the same time strengthening the partnership of all actors involved. Recent years have seen an uptake in Chinese institutions actively engaging with international development partners in triangular cooperation. China and Germany have jointly founded the Sino-German Center for Sustainable Development to conduct triangular cooperation projects. This article explores the fields, frameworks, mechanism, and effects of triangular cooperation projects launched by China and Germany by examining case studies of projects initiated in Laos, Ethiopia, and Zambia.

5 Development cooperation in the pandemic era – China and the West

Global development is at a turning point. The common global challenges of climate change and the Covid-19 pandemic threaten all countries and demand unprecedented global cooperation. We need to recognise the differences and competition between regions and countries while still promoting development cooperation. Global challenges require global responses and local solutions. In an international environment of increasing tension and rivalry in the struggle for natural resources, in an ideological conflict over models of governance – and over increasing security anxieties generated by possibilities of technological surveillance – the need for policy-oriented research networking across borders could not be more essential.

The past two years have highlighted the ways in which prospects for global development cooperation have continued to be shaped by geopolitics, global health, and the global economy. The years 2020 and 2021 saw the unexpected global health crisis caused by Covid-19 and the global economic downturn. Further, China's position in global trade and climate change negotiations emphasised the changing balance of economic and political power in the global economy.

China's impressive economic growth and increasing development activities overseas, particularly in the African continent, have spurred intense debate over its role as a rising power in international development (Gu and Carey 2019; Renwick and Gu 2020). China's global engagement with the developing world is changing rapidly and fundamentally. These fast-growing activities present both internal and external challenges for China and the world. How these challenges and knowledge gaps are addressed will not only determine China's internal governance on development issues, but also its external activities and behaviours that are now having a profound global impact.

China is viewed in some Western perspectives as both a threat and as a valuable potential partner in development cooperation. However, differences between Western and Chinese conceptions of governance and development have complicated cooperation and understanding of China's development policy and practices. The Covid-19 global health crisis became an invisible contesting ground beyond the immediate challenges being played out in response to the unfolding pandemic. On the one hand, China hoped to present the best possible image of its country to the world as it rolled out its most intensive and largest-scale emergency humanitarian assistance mission in recent years (Kurtzer and Gonzales 2020). On the other hand, the West hoped the pressure from the international development community could help to change China, recasting its image to align more closely to Western norms of governance and democracy. Further and deeper knowledge of these differences is needed, in order to evaluate their implications for low-income countries, and for potential trilateral cooperation.

6 How can the West cooperate while competing with China?

It has become customary, on the Western side, to categorise West–China relations as based on three types of relationship: **partnership** – where specific interests can be balanced and win–win is possible; **competition** – where market forces are accepted as valid determiners of outcomes; and **strategic rivalry** – where each side tries to outdo the other, displacing the other in the international sphere with its own model of governance, and bringing with that triumph a zero-sum relationship in a broad range of areas. Where does a global striving for sustainable development find its place in the face of these three types of relationship?

The answer is to leave behind all of these conventional ways of thinking and to recognise that development concerns overcome group/national egotism – through a common dedication to the ideal of furthering the welfare of those nations and regions which are in danger of being left behind in global development. Even partnership to balance interests is not enough. It is not a matter of individual aid providers gaining equal benefits for their interests by helping needy countries to progress. Instead, it is by focusing themselves jointly on the third parties they wish to assist, in dialogue with the latter, that there is a real hope of fruitful outcomes, where all grow and are enhanced from enjoying progress together, in a triangular relationship: the West, China, and the global South.

The history of China shows that real change comes from within, not without. China's developmental success has been driven by the country's own changing system, not from without, though the country has drawn on external knowledge and development assistance. China's remarkable development trajectory has been acknowledged by the international community. As the largest

SSC provider and the second largest economy in the world, China's new initiatives and practices in development cooperation, with distinct features from that provided by traditional donors, will reshape the landscape of global development, leading to the generation of new development knowledge and global development cooperation governance architecture.

With the AIIB and NDB being the first major multilateral development banks created once climate change had finally been acknowledged as a major issue to be addressed internationally, China has an opportunity to pioneer the design and funding of positive strategies that support sustainable and inclusive development; for example, around renewable energy or labour-intensive technologies/sectors. China's role grew from one that was just focused on development financing to becoming a knowledge power that produced theory and policy applications for global development (Gu 2015). Increasingly, scholars are focused on the implications of what its 'peaceful rise' means for the international competitiveness of other countries' manufactures; for financial and exchange rate stability; for military security; for global public goods; and for international development knowledge mobilisation and cooperation.

There is a pressing need for countries to build up the capacity to better understand and better participate in global and national development. Initiatives that help to foster mutual learning and long-term relationships are vital. In a changed, and still rapidly changing, global landscape there is much debate on the future of development cooperation. Further dialogue is needed to explore new approaches to international development cooperation and healthy competition over the coming decades. How to build an essential foundation and rule-based international order to share responsibilities and build mutual trust and understanding will be the critical challenge in a post-pandemic era.

Notes

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5 **Agenda of 4th session of 13th National People's Congress**.

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Mutual Learning in Development Cooperation: China and the West*†

Jiantuo Yu[1] and Evan Due[2]

Abstract This article looks at some of the characteristics of China's foreign aid system and its development over the years. It discusses China's foreign aid based on its own development experiences and its view of South–South development cooperation. Both the modalities and narratives of China's international development cooperation need to be considered in order to better understand the complexities, strengths, and weaknesses of its aid system. As China's international aid continues to grow and become more prominent, particularly in the context of the Belt and Road Initiative, the article calls for a deeper understanding of China's aid institutions and the need for greater cooperation and capacity building.

Keywords South–South cooperation, China's foreign aid; Belt and Road Initiative, international development cooperation.

1 Introduction

China's foreign aid practices have attracted much global attention over the past decade. But China's foreign aid is not a recent phenomenon, as implied by the term 'emerging donor'. As widely cited, China has been extending international assistance as far back as the 1950s. However, only recently have the magnitude and character (both institutional and policy make-up) of China's foreign aid and international development cooperation dramatically changed.

The presence of foreign aid from China alongside the Western aid system led by the international financial institutions and the club of bilateral donors represented in the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) has become a topic of much discussion outside of China (Woods 2008; Brautigam 2011; Gu *et al*. 2014; Dreher and Fuchs 2016; Nowak 2015; Brazys and Vadlamannati 2018; Regilme and Hartmann 2018). Indeed, surprisingly few

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studies have actually come from within China, suggesting that this has not been a subject of much internal debate. As China is now an influential player in international development cooperation, inadequate dialogue, misunderstanding, and a prevailing lack of trust between China and the Western donor communities make cooperation between the two sides difficult and exacerbate uncertainties of the current global order.

This article tries to address the recognition gaps between China and Western societies by reviewing China's involvement in international development assistance. It seeks to highlight aspects of China's evolving foreign aid system, alongside its efforts to engage as a global partner in promoting global development and working towards the Sustainable Development Goals (SDGs). Section 2 provides a short overview of China's foreign aid, and Section 3 describes the evolution of China's aid practices with some observations on current trends. Section 4 discusses what China, as a developing country and a donor-recipient, can contribute to global development based on the conceptual framework of modernisation for the majority. This is followed by a critical analysis in Section 5 on the weakness of China's current aid architecture and discusses what China can learn from previous lessons and experiences of Western counterparts. Section 6 concludes the article.

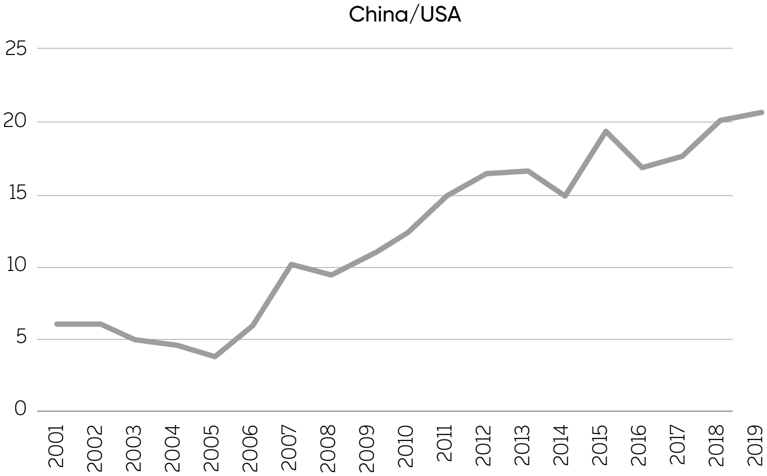
2 China's foreign aid: an overview

China became an aid donor, in the modern sense,[3] in 1950, soon after the founding of the People's Republic of China. However, unlike other donors responding to the reconstruction needs of the post-Second World War era at the time, China was a poor developing country coming out of revolutionary conflict, and aid cooperation was seen as a political imperative for relations with its neighbours. Fast forward to today, and China is now a significant bilateral donor and a major contributor of development financing to the multilateral aid system (Kitano and Harada 2014). It is a major provider of humanitarian aid (alongside its growing commitments to United Nations (UN) human security), and a significant contributor to global public goods – notably in combating climate change and in addressing health needs as a result of the Covid-19 pandemic. It also is a core partner and financier of multilateral institutions.

2.1 A cursory glance

According to the official White Papers published by the State Council of the People's Republic of China (SCIO 2011, 2014, 2021; Zhang 2021), China has allocated cumulatively CNY 615.83bn (around US$130.8bn) for foreign aid projects estimated from the 1950s to the present, of which CNY 270.2bn (around US$42bn) was disbursed during 2013–18. The components of Chinese aid are classified into three broad areas: grants, interest-free loans, and concessional loans.[4]

Figure 1 Ratio of China's net official development assistance to that of the United States



Source Authors' own, based on Kitano and Miyabayashi (2020) and OECD data set (OECD n.d.).

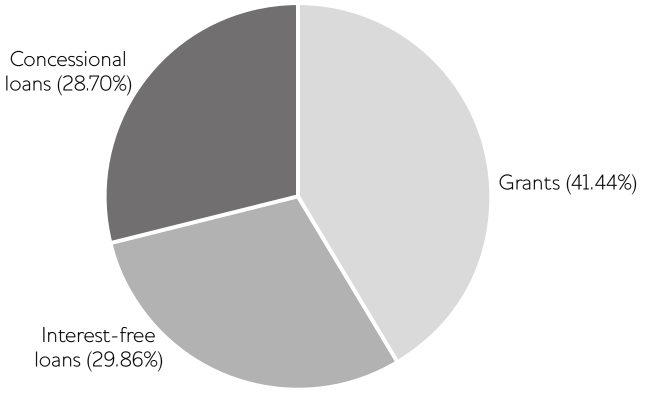
Although the aggregate amount of foreign aid has been relatively large over the past decade, China's annual appropriation for development assistance is actually quite modest compared to Western counterparts (Li 2019). According to estimations conducted by Kitano and Miyabayashi (2020), China's net official development assistance (ODA) increased by more than eight times, from US$0.7bn to US$6.8bn during 2001–19. However, even with this significant increase, the ratio of China's net ODA to that of the United States was only one fifth (Figure 1).[5]

The composition of China's foreign aid experienced a fundamental shift after 2010. Figure 2 shows the proportions of the three categories of foreign assistance: grants accounted for the largest proportion of China's foreign assistance during 1950–2009, and interest-free loans and concessional loans almost had equal shares. However, concessional lending overtook grants as the largest part of foreign assistance during 2010–18, though the latter's share was up slightly, and the share of interest-free loans decreased significantly during the same period (see Figure 3). This also marked the period when overseas Chinese foreign direct investment into developing countries expanded greatly, encouraging concessional lending to be linked with investment projects.

2.2 Categories and allocation of aid

Focusing only on expenditure underestimates China's overall foreign assistance contributions. According to China's official classification, China offers aid in terms of eight categories or forms, some of which are not recorded in expenditure terms. These include what are defined in China's system as:

Figure 2 China's foreign aid structure, 1950–2009

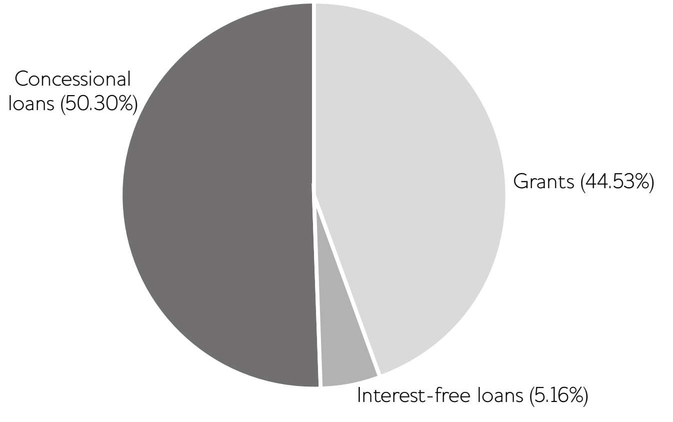


Source Authors' own, based on SCIO (2011, 2014, 2021).

complete projects; goods and materials; technical cooperation; human resource development cooperation; medical teams sent abroad; emergency humanitarian aid; volunteer programmes in foreign countries; and debt relief. A wide variety of types of aid fit in the above categories. Although imprecise in terms of development accounting or reporting as done by Western donors, these categories do indicate the types of assistance and policies that China pursues in its development cooperation. This has implications for how aid is accounted for and managed, and presents some challenges for statistical recording and comparisons.

Table 1 shows the change in **complete projects**. Providing **complete projects** is a very popular aid type adopted by China. China completed a total of 3,028 projects during 1950–2018,

Figure 3 China's foreign aid structure, 2010–18



Source Authors' own, based on SCIO (2011, 2014, 2021).

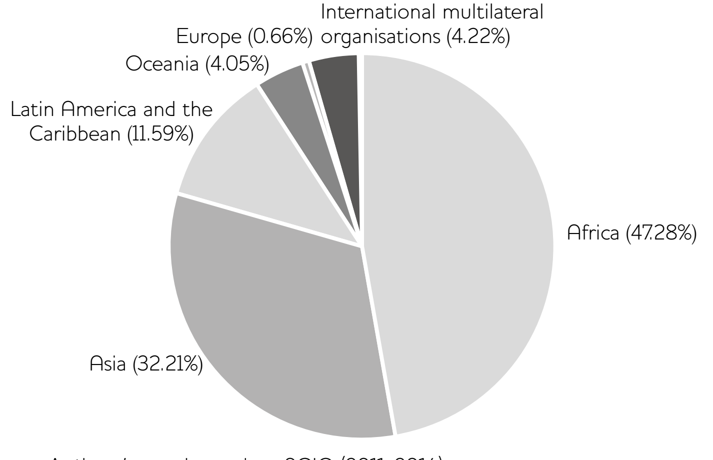
Table 1 **Change in complete projects in 1950–2018**

	1950–2018		1950–2009		2010–12		2013–18	
Type of complete projects	**Quantity**	**Share in total (%)**	**Quantity**	**Share in total (%)**	**Quantity**	**Share in total (%)**	**Quantity**	**Share in total (%)**
Public facilities	1,336	44.12	670	33.09	360	62.07	306	72.34
Economic infrastructure	626	20.67	390	19.26	156	26.90	80	18.91
Agriculture	283	9.35	215	10.62	49	8.45	19	4.49
Industry	655	21.63	635	31.36	15	2.59	5	1.18
Others	128	4.23	115	5.68		0.00	13	3.07
Total	**3,028**	**100.0**	**2,025**	**100.0**	**580**	**100.00**	**423**	**100.00**

Source: Authors' own, based on data from SCIO (2011, 2014, 2021).

with public facilities accounting for the largest part in terms of the quantity of completed projects (44.12 per cent), followed by industry projects and economic infrastructure projects. However, the share of industry projects has declined dramatically since the mid-1980s as many recipient countries have accelerated their pace of privatisation in the industrial sector (Li 2019). The share of public facility projects increased significantly, accounting for around three quarters of the total during 2013–18, with education and health projects comprising the majority type of aid. It is not clear as to the distribution of financial resource inputs in these projects. Yet according to SCIO (2014), economic infrastructure projects – mainly including roads, electricity, telecommunications,

Figure 4 **Chinese aid allocation by region, 1950–2012**



Source Authors' own, based on SCIO (2011, 2014).

and broadcasting – comprised the largest share in 2010–12, accounting for 44.8 per cent of the total financial resources input.

According to data released by SCIO (2011, 2014), Africa has been given more priority in Chinese aid. In terms of magnitude of financial resources allocated by region, Africa accounted for 47.28 per cent of the total, followed by Asia (32.21 per cent) and Latin America and the Caribbean (11.59 per cent) respectively (Figure 4).

3 Evolution of China's foreign aid practices since 1978

China's foreign aid practices have evolved over the years in accordance with international and domestic circumstances. During the formative years (1950–78), China's foreign assistance was largely motivated to strengthen the solidarity of the socialist camp and to support its global campaign of anti-imperialism and anti-colonialism. In this stage, China had developed core thinking about development assistance in terms of technical cooperation and 'South–South cooperation', a concept borne out of the Bandung Asian-African Conference in 1955 and which remains a defining feature of China's conceptualisation of aid.

Embodied in the 'Eight Principles for Economic Aid and Technical Assistance to Other Countries' (Yu 1992: 610), this forms the ideological basis for China's engagement with other developing countries, and the primacy of recipient-led development which today colours much of aid discourse. There have been dramatic changes to China's aid system in terms of motives, methods, and policy considerations since the adoption of the reform and opening up policy in 1978, though China's commitment to developing countries and some key principles have been followed.

3.1 Transformation

In late 1978, China adopted its reform and opening up policy. As argued by Deng Xiaoping, 'peace and development are the main themes of our era' (Deng 1994: 105); such a prediction on the status quo and trends of the global environment laid a solid foundation for China's domestic market-led economic reforms. These far-reaching economic reforms, which continue with modification, unlocked unprecedented growth averaging over 9 per cent and set in motion an extended period of economic development, poverty reduction, and institutional and social change. On the international front, Deng Xiaoping suggested that China 'keep a low profile' and should 'never be the leader of any (ideological) camp' (*ibid*.: 363), though the former has often been translated, perhaps wrongly, as to 'conceal one's abilities and bide one's time'. Although the reform period was entirely domestic in nature, the expansion of industrial capacity and trade set the stage for a fundamental shift in foreign policy from passive to active engagement (Deng 1994).

As China's economic policies mobilised resources for rapid economic expansion at home – complemented by aid from Japan and Western nations – China also expanded its international investment and foreign aid. Deng Xiaoping underscored the concept of 'mutual development' and 'mutual benefit', situating foreign aid as a tool in its foreign policy (Johnston and Rudyak 2017). In accordance with the shift from a centralised planned economy to a socialist market economy, economic rationality, fiscal affordability, and long-term impacts on recipient countries began to guide the provision of development assistance.

China attached considerable importance to capacity building in recipient countries and focused on technical training in its aid regime. By the mid-1990s, however, China began to diversify into development projects in the form of economic infrastructure financing. The Export-Import Bank of China and the China Development Bank were established during this period and started to play an important role in development financing. Foreign aid became more compartmentalised in terms of technical cooperation on the one hand, and the provision of loans for investment projects on the other, where lending from the policy banks fell to the authority of various state-owned enterprises (SOEs) according to their areas of competence of mutual interest.

3.2 Going global

China's accession to the World Trade Organization in 2001 brought about further changes to China's domestic economic development and the landscape of global economic power. By the end of the 1990s, China's stock of accumulated foreign direct investment accounted for around a third of all foreign direct investment to developing countries, enabling Chinese firms to become major investors abroad. Accession induced more domestic reforms and economic liberalisation, laying the framework for deeper integration into the global economy. Throughout this period, the 'going out' strategy to promote Chinese investment abroad incentivised more and more Chinese enterprises supported with concessional financing, similar to the tied aid that benefited Japanese firms.

The strategy was made clear in the 11th Five-Year Plan (2006-10) which both encouraged Chinese enterprises to actively participate in international and regional cooperation mechanisms and overseas investment projects, and to increase Chinese aid to other developing countries and further strengthen economic and technical cooperation (SCIO 2006). Foreign aid was seen as integral to China's 'going out' policy and of opening up to the outside world through participation in international economic and technical cooperation. This explicitly embedded international development assistance within the narrative to:

> actively participate in the international regional economic cooperation mechanism, strengthen dialogue and consultation and develop bilateral and multilateral economic and trade cooperation with all countries. Actively participate in the

> formulation of multilateral trade and investment rules and push the establishment of the new international economic order… and to increase Chinese aid to other developing countries.[6]

Throughout this period, China had begun to utilise both grant aid and concessional financing, along with technical assistance, in a much more integrative fashion with SOEs and private firms. This was driven less by external demand than by a supply-side push, due to the high accumulation of foreign reserves and savings, and the less than favourable returns from external holdings, such as US treasury bills. By the time of the 2008 financial crisis, domestic concerns over large foreign exchange reserve holdings, and excessive supply capacity in manufacturing and industry, drove more aggressive spending abroad, including utilising foreign aid as a means to crowd in pent-up commercial investments.

In tandem with its proactive international trade and investment strategy, China initiated aid consultations with developing countries through multilateral forums and regional groupings. These included increasing aid commitments in forums such as the UN High-Level Meeting on Financing for Development, and the UN High-Level Meeting on the Millennium Development Goals, as well as regional arrangements including the Forum on China–Africa Cooperation, the Shanghai Cooperation Organization, the China–Caribbean Economic and Trade Cooperation Forum, the China–Pacific Island Countries Economic Development and Cooperation Forum, the Forum on Economic and Trade Cooperation between China and Portuguese-Speaking Countries, and the China–ASEAN (Association of South East Asian Nations) forum. These served as venues to deepen development cooperation in a range of fields (agriculture, infrastructure, education, health care, human resources, and clean energy). South–South cooperation became the basic modality for the implementation of foreign aid (Zhang 2012).

It was also realised and made clear in policy formulations that China's own national development and modernisation depended on a peaceful international environment and collaborative relations with other countries (Xia and Jiang 2004). Thus, from the perspective of idealism, peace and development should be pursued because they are common human values and China as a responsible developing country should get involved in this process (SCIO 2011, 2014, 2021). From the perspective of realism, however, based on China's own experience, development itself was seen as the most effective means to cope with crime, inequality, and social and economic instability. Thus, providing aid to developing countries would help China benefit from a peaceful and cooperative international environment (Zhou 2008; Zhang 2008; Yang and Chen 2010).

China's segmented, uncoordinated, and less organised foreign aid system was nevertheless also not clearly aligned with its investment policies, and this led to both a haphazard approach to the provision of aid alongside economic investments, as well as a misunderstanding more broadly as to the use of aid as a foreign policy instrument (Zhou 2010, 2012; Xue 2014; Li *et al*. 2014; Li 2019).

3.3 Strategic upgrade and the Belt and Road Initiative

China's economic and social development began to trend towards rebalancing and deepening reform with the 12th and 13th Five-Year Plans, and correspondingly, moves towards increasing China's presence on the international stage. This also served to accelerate the provision of foreign aid. Following the 18th Plenary Meeting of the Chinese Communist Party (CCP), many new initiatives were launched expanding the use of foreign aid alongside economic investment agreements with developing countries around the world. In late 2012, China proposed the establishment of 'the community with shared future', so as to cope with the common challenges faced by the world in the twenty-first century. The policy direction was not only a response to global challenges such as climate change, global security, and health pandemics, but also a signal to the US and Western powers of China's increasing involvement in global affairs and governance with respect to global public goods.

In 2013, President Xi Jinping's announcement of the Silk Road Economic Belt and the Maritime Silk Road, known later as the Belt and Road Initiative (BRI), set an important milestone for China's international development cooperation and foreign aid. In addition to having established new development agencies and financial entities – such as the Asian Infrastructure Investment Bank, the New Development Bank, and the Silk Road Fund – the BRI was articulated as an inclusive framework for international development cooperation with regional parameters, promoting commercial cooperation and Chinese foreign assistance for infrastructure development, connectivity, and poverty reduction. By the end of 2020, China had signed 203 cooperation documents with 138 countries and 31 international organisations to jointly promote the Belt and Road Cooperation, exceeding the framework of the previous South–South cooperation modality and opening up a new international paradigm for development cooperation.

The 13th Five-Year Plan (2016–20) is perhaps the most explicit strategic document setting out the policy framework for international investment and development cooperation. This included moving forward with improving bilateral and multilateral mechanisms of the BRI, strengthening multilateralism, and helping to reform international economic governance. Foreign aid played an important role in this context, not only through increased finances for expanding cooperation, but also in improving China's aid implementation system so as to be an active partner in the 2030 Agenda for Sustainable Development.

The establishment of the China International Development Cooperation Agency (CIDCA) in 2018 is a significant step in this direction. It is part of an overall effort in constructing a more modern architecture of foreign aid and development cooperation, seeking to formulate strategic guidelines, plans, and policies for foreign aid, and to coordinate and offer advice on major foreign aid issues. CIDCA is mandated to advance China's reforms in matters involving foreign aid, and to identify major programmes and supervise and evaluate their implementation. As it currently stands, the institution is at an early stage of building its own capacity, and this requires assistance and cooperation from other agencies and departments within China, as well as engagement internationally with other bilateral and multilateral agencies responsible for administering and managing development assistance. Although there is much that needs to be improved, the contour of the modernised architecture of the development cooperation system has started to take shape.

4 Modernisation for the majority: China's possible contribution to global development cooperation

4.1 Rethinking foreign aid from the perspective of modernisation for the majority

'Modernisation for the majority' (多数人的现代化) (Deng 1987, 2012) is a conceptual framework first introduced by the late Chinese economist Deng Yingtao. As reflected in his books and articles, Deng argued that, for about two centuries, only a minor group of people, mainly concentrated in developed societies, could lead a modern life under the Western model, which he called **modernisation for the minority** (少数人的现代化). However, if the majority of the world's population want to lead modern lives, or **modernisation for the majority**, the ways of industrialisation, urbanisation, and resource use should be fundamentally changed (*ibid*.).

Chinese policy analyst and advocator Lu Mai further developed this framework by arguing that, when China, together with other emerging economies such as India, Brazil, and Russia, achieve modernisation, the majority of the world's population will then be able to lead modern lives, and it will be easier for these newly modernised countries to work with the developed world to help other developing countries. Lu Mai argues that China's aid to developing countries will help to promote the process of modernisation for the majority (Lu Mai 2014, 2017).

This conceptual framework could be used to understand the increasing role of China in foreign aid and international development cooperation. From China's perspective, its foreign aid is embedded within a South–South cooperation framework, where the norms, standards, and accounting procedures that govern aid practices among the DAC group of donors do not apply. Nonetheless, China now sees itself as a major actor in the foreign aid arena with increased obligations in the governance of international development finance. China's role as a donor should therefore be considered not solely from the platform of the DAC club of donors, but also from the perspective of Southern partners and within a South–South cooperation narrative, in concert with wider multilateral forums such as the G20. Reform of the international aid architecture that emphasises inclusivity could be part of the unfolding agenda of what is termed in China as 'modernisation for the majority'.

However, modernisation for the majority will not be achieved automatically and without challenges. There are various obstacles hindering the modernisation of developing countries, and two kinds of gaps that are particularly challenging among them. One is the **financing gap**. To date, there is a huge gap between the official aid provided by OECD countries and the demand of developing countries. As reported in OECD (2020), on average, DAC members provide about 0.3 per cent of gross national income (GNI) to official aid, while the suggested level by the UN is 0.7 per cent. It is estimated that the financing gap is US$2.5tn per year to achieve the SDGs (United Nations 2019).

The other is the **knowledge gap**. Development knowledge, to a large extent and for a long time, had been centralised in Western-style thinking and narratives. More importantly, as argued by the Korean development economist Ha-Joon Chang, the West has always tried to teach developing countries things they have never done (Chang 2011). On the other hand, voices and experiences from the developing world have not been given enough attention (Li 2019).

4.2 What can China contribute?

Since the founding of the People's Republic of China, and particularly since the launch of its reform and opening up policy, China has made significant progress in modernisation, economic growth, and poverty alleviation. Today, China sees that its fiscal capacity and experience drawn from its own development can be used to help the international community mitigate the two gaps mentioned in Section 4.1.

4.2.1 Mobilising financial resources and providing alternate innovative forms of development financing

The influence of China's foreign aid remains modest in terms of its share in global aid. However, financial resources mobilised by China have been steadily increasing over the years and is set to expand further, whereas aid from the DAC donors has been declining in both real and nominal terms. Moreover, China has been introducing new innovative mechanisms of development financing through the BRI and its financial institutions. These mechanisms are providing developing countries with alternate sources of financing, including addressing associated issues of debt management through new modalities of repayment, coupled with stress measures and 'lines of forgiveness'. China's development financing approach to projects, while following market principles, allows for alternative forms of scheduling, payments, and project management which are carefully worked out with recipients in accordance with their practices, capacity, and sets of interests. This flexibility allows for negotiations that have proven to be attractive for recipient countries, including accelerated project appraisals and approval mechanisms.

4.2.2 Mobilising resources for economic infrastructure investment

The global shortage in investment funds for infrastructure development is huge. However, China's own development experience through infrastructure investment has provided it the capacity and technical know-how to fill some of the gaps in infrastructure financing and project implementation (Yu 2018). Whereas multilateral and bilateral aid agencies have over the years reduced their commitments to hard infrastructure financing, China has excelled in this direction by providing developing countries new alternatives and modalities. China has been looked to by other developing countries as offering a development partnership model for infrastructure development that is both efficient and integrated. What is needed at this stage is greater cooperation, particularly from countries that have long experience in this sector such as Japan, as well as multilateral institutions such as the World Bank and regional development banks.

4.2.3 Promoting development knowledge sharing

Sharing knowledge and promoting capacity building is a key pillar of China's foreign assistance, based on its experiences as a developing country and recipient of aid. China has developed over the recent past a significant number of training and capacity-building programmes that have benefited a large number of officials, professionals, and students from developing countries. It has also established specialised institutes, such as the Institute of South–South Cooperation and Development, for the purpose of promoting knowledge sharing between China and other developing countries (SCIO 2021). Efforts are underway to greatly expand these initiatives to support skill development and strengthening capabilities in a range of fields catered to the needs of developing countries, but China is also looking for increased institutional collaboration with other Southern donor partners, such as India, Brazil, and South Africa.

4.2.4 Promoting the governance of international development cooperation

It is imperative that the international community enhances its coordination efforts in international development cooperation, so as to respond to global challenges such as climate change and the health pandemic, and to achieve the SDGs and modernisation for the majority in the longer term. As China is now taking a leading role in South–South cooperation, it could further promote the cooperation and coordination of development assistance practices between traditional and emerging donors. China has always emphasised the importance of respecting recipient countries' right to independently select their own path and model of development and believes that every country should explore a development path suitable to its actual conditions.

China's aid approach is to shift the accountability framework to the aid recipient, with consideration of their socioeconomic circumstances and historical background, and to promote a South–South model absent of political conditions. China's approach emphasises inclusivity, but from the position of a recipient. What this offers is a different model whereby cooperation can provide space for multiple actors, including non-governmental and private sector interests and where accountability is not to the donor but to the recipient.

5 What can China learn from Western donors?

5.1 Integrating the international development cooperation system

Foreign aid and international development cooperation covers numerous areas and requires the engagement and coordination of various governmental departments, civil society organisations, and the private sector. China is currently at a critical juncture in its development of foreign aid as a policy tool. For a long time, there have been approximately 30 governmental departments involved in aid affairs but no systematic and efficient coordination among these departments and other entities. Hence, the system has become highly fragmented. While there is a clear policy direction as articulated by the Chinese Communist Party and through the State Council, the implementation and provision of assistance through various agencies and institutional arrangements has made coordination and alignment with the international development cooperation system cumbersome and difficult.

The founding of the CIDCA is an important step to integrate the current development cooperation system. However, the role of CIDCA is mainly in back-stage management and coordination, focusing more on providing guidance, planning, offering advice, and supervising. CIDCA itself lacks the capacity to manage or implement aid projects and to effectively allocate specific assignments to different departments. Institutional strengthening of CIDCA, and greater alignment under the supervision of the State Council, is a process that will require both internal cooperation and adjustments, as well as learning, cooperation, and partnership with the international aid community and recipient countries.

5.2 Building capacity in international development cooperation

China seriously lacks expertise and personnel in international development cooperation. Very few universities in China have majors related to international development, and there are even fewer research establishments devoted to the study of international development, global governance, and public policy. In addition, training programmes in international development are in short supply. This situation is particularly dire for CIDCA where there are few staff and even fewer with the kinds of experience needed for the broad and important mandate of the institution. Having institutional linkages with other bilateral and multilateral donors would be an important step in building institutional capacity as well as human capabilities. This could be in terms of training and experiential learning offered by other aid agencies, but also include efforts to build understanding through staff exchanges, joint activities, and institutional linkages.

5.3 Developing necessary infrastructure

Project information on aid and other international development affairs has been scattered among different government departments, policy banks, and SOEs. Regular statistical systems, standards, and frameworks on international development have not yet been established. This makes planning, supervision, evaluation, and research of international development cooperation very difficult, and leads to unnecessary misunderstanding and misinterpretation of Chinese aid and development cooperation programmes. Working with the OECD-DAC and other bilateral donors to develop and modernise China's statistical framework, databanks, and other development infrastructure is necessary.

5.4 Improving communication with the existing community of international development cooperation

It is important and necessary for each country to develop its own language and narratives on international development based on its practices. However, it is also necessary to be able to communicate effectively such narratives to a variety of audiences, locally and internationally, in order to build understanding and acceptance by stakeholders and the general public. Efforts to improve elements of strategic communication, media platforms, international engagement, and other aspects are necessary to not only improve transparency, but also to generate public support and acceptance.

5.5 Involving the private sector and civil society organisations in international development cooperation

China's SOEs have been playing a very important role in implementing aid projects throughout China's history because many of them, particularly those in areas of engineering procurement construction, are pioneers in doing business abroad, even much earlier than the adoption of the reform and opening up policy. However, with more and more private Chinese enterprises engaged in international business, it is necessary for China to get them involved in international development cooperation projects. Encouraging more non-governmental organisations (NGOs) to participate in international development is also a common practice. It is also promising to share knowledge and work together with foreign partners, including multinationals, global NGOs, and multilateral organisations, to provide foreign assistance.

6 Concluding remarks

The increasing involvement of emerging donors such as China is not an isolated phenomenon. In this article, we have argued that the modalities of China's efforts in foreign assistance are necessary and inevitable from the perspective of modernisation for the majority. With the rise of Southern countries, there will be more opportunities to mitigate financing and knowledge gaps and accelerate the pace of modernisation for those countries left behind for centuries.

Specifically, there are critical areas where China can contribute to global development cooperation, including mobilising more development finance resources, investing in economic infrastructure, sharing development knowledge, and promoting governance of the global development cooperation system. However, there is still much room for China to further improve its development cooperation system and to learn from its Western counterparts, including strengthening integration of the system, modernising its statistical framework, and improving communication with the international development community.

Notes

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2 Evan Due, Senior Advisor, China Development Research Foundation (CDRF), China.

3 The Tributary System adopted by China could be seen as a traditional pattern of foreign aid.

4 Grants and interest-free loans are extended from China's state finances, whereas concessional lending is provided through the policy banks.

5 Here we use the estimated net disbursement of foreign aid as Chinese Net ODA.

6 Chapter 37 (English translation).

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The New Asian Development Finance*

Karin Costa Vazquez[1] and Yu Zheng[2]

Abstract The recent challenges posed for multilateralism and the emergence of a sustainable development regime have pushed countries to engage in more flexible, issue-based development finance initiatives and institutions. These changes have profoundly impacted how China conceives and delivers its development finance. How is China's development finance being shaped by other countries' experiences? How has China been shaping development finance globally? This article argues that China's development finance has been increasingly market-oriented, concerned about financial and environmental sustainability, and delivered through hybrid bilateral–multilateral channels, particularly since the launch of the Belt and Road Initiative. Shaped by the changes that China experienced at both international and domestic levels, these new features signal the rise of a 'new Asian development finance' that is refocusing the global debate on the importance of combining aid, trade, and investment under financially and environmentally sustainable frameworks, and channelling development finance through multilateral channels to catalyse structural transformation.

Keywords development finance, the Asian model, multilateralism, sustainable development.

1 Introduction

Over the past two decades, the global economic landscape has been shifting with the rise of emerging economies and developing countries, on the one side, and the relative decline of developed countries' share in world output, on the other. These changing dynamics in the global economy have also had a profound effect on international development as emerging economies become even more important sources of development finance on both bilateral and multilateral fronts. More recently, the challenges posed for multilateralism have pushed countries worldwide to prefer more flexible, fluid, and issue-based development finance initiatives and institutions over models of global economic governance that prioritise negotiations within standing, formal,

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treaty-based bodies with universal membership (Patrick 2015, 2019; Ikenberry 2018; Vazquez 2021).

The emergence of international commitments to sustainable development, signalled by the 2030 Agenda for Sustainable Development (the 2030 Agenda), the Paris Agreement on climate change, and the Addis Ababa Action Agenda for financing sustainable development, has further pushed countries to align their own development goals more closely with notions of sustainability. The creation of the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) in 2015 reflects these changes, with both institutions born out of two innovative platforms for multilateralism: South–South cooperation and a mandate anchored on sustainability (Vazquez, Roychoudhury and Borges 2017; Vazquez and Chin 2019; Vazquez 2021).

With four decades of remarkable economic performance, China has also become more confident in sharing its development experiences with other emerging and developing countries. This can be seen in the expansion of the transformation of development finance. Three new features have emerged as China's development finance has transformed itself over the last decade under the Belt and Road Initiative (BRI) umbrella. First, it has adopted a more market-oriented strategy through an explicit combination of aid, trade, and investments. Second, it is more concerned about financial and environmental sustainability in response to the rising concern of debt distress and environmental impact. Third, it has become hybrid in nature as it is increasingly being delivered through earmarked United Nations (UN) programmes and the new multilateral development banks. These new features, we argue, have been prompted by institutional changes in China's aid coordination system and slowly shaped by China's economic rebalancing and the changing global landscape, particularly after the 2008 global financial crisis.

Other Asian economies also share similar features in conceiving and delivering their development finance, signalling the rise of a new development finance model that has China and, more broadly, Asia at its epicentre. This new Asian development finance has been refocusing the global debate on the importance of state-led (blended) finance to support infrastructure and sustainable development, both as a driver to endogenous structural transformation and economic growth as well as a tool to advance countries' economic, policy, and strategic goals. More than a convergence between traditional donors and emerging economies, the new Asian development finance could signal the emergence of alternative narratives in international cooperation for development.

2 The new features of China's development finance

Over the last decade, China has extensively increased its development finance, becoming one of the leading capital

Table 1 **The new features of China's development finance**

Development finance	Features	Evidence
Types	Increasing market orientation	Declining share of aid in development finance
Criteria	Emphasis on financial and environmental sustainability	Debt sustainability framework, green investment and financing regulations, new multilateral development banks' commitment to sustainability, more renewable energy projects
Channels	Hybrid multilateral–bilateral channels	More earmarked multilateral funds, and new multilateral development banks, credit programmes, and special funds

Source Authors' own.

providers in developing countries. Three new features of China's development finance have emerged during the time, as summarised in Table 1.

2.1 Increasing market orientation

The first feature of China's new development finance is its increasing market orientation, as evidenced by the more explicit combination of official development assistance (ODA)-like aid and commercial forms of economic engagement. Today, China's development finance is less about the narrow construct of 'aid' or ODA, as defined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) in terms of grants, interest-free loans, and concessional loans, and more about export buyers' credits, non-concessional loans, strategic lines of credit, and other resource flows such as remittances (Lakatos *et al*. 2016; Mawdsley 2021; Mulakala 2021; SCIO 2021).

Even though Chinese development finance has long had a commercial nature, the percentage of aid has been declining over the past decade while the commercial part of the finance continues to increase, especially after the launch of the BRI. From 2003 to 2019, Chinese development finance to Africa increased from US$20bn to US$340bn, but China's global foreign aid only increased from US$0.6bn to US$3.1bn.[3] Foreign aid expenditure even dropped sharply after 2015 before it rebounded to a new high in 2019. This trend can also be observed in the 2015 and 2018 editions of the Forum on China–Africa Cooperation (FOCAC) when the country pledged a total of US$120bn in financing for Africa, of which only a small proportion came in the form of grants, interest-free loans, or concessional loans.[4] Indeed, after the creation of two policy banks – the Export–Import Bank of China (China Exim Bank) and the China Development Bank (CDB) – the proportion of concessional loans (issued by the Exim Bank) and non-concessional loans (mainly issued by the CDB) rose, while the proportion of interest-free loans dropped sharply (Morgan and Zheng 2019; Chen 2020).

Since the beginning of the twenty-first century, commercial financial institutions have also become important sources of development finance. The number of Chinese creditors in the overseas market expanded from two public lenders (Exim Bank and the CDB) in 2000 to over 30 lenders, including commercial banks and other private creditors in 2019 (Acker and Brautigam 2021). The increase in the number of private creditors in China's development finance signals a new trend whereby public–private partnerships are being used to supplement state-led aid programmes as they help alleviate political and financial risks associated with China's aid programmes on the one side, and expand sources of development finance, on the other.

2.2 Emphasis on financial and environmental sustainability

China's new development finance has also emphasised financial and environmental sustainability. Over the last decade, China has become the leading official creditor to low-income developing countries, many of which are former highly indebted poor countries and where Chinese capital is particularly important for the financing of large-scale energy and mining projects (Horn, Reinhart and Trebesch 2019). Given the growing concern regarding high debt burdens, China has begun to look more closely into the financial sustainability of its overseas development finance. In 2018, the Ministry of Finance (MOF) released a debt sustainability framework for the BRI low-income countries similar to that of the World Bank and the International Monetary Fund (MOF 2019). Under this framework, Chinese lenders are encouraged to direct development finance to countries that have not previously asked for debt relief while countries with weak records of debt management are likely to receive less capital (Gallagher and Ray 2020; Acker and Brautigam 2021).

Regarding environmental sustainability, since 2012, China's financial regulators have issued a number of regulations in pursuit of green investment and financing. In 2021 alone, China launched the world's largest carbon market, released guidelines to align Chinese international cooperation and foreign investment with green development principles, and published a roadmap towards the decarbonisation of its economy by 2060. China has become the second largest green bond issuer in the world, accounting for a quarter of newly issued global green bonds in 2018 (CDB and UNDP 2019). The major development finance platforms and institutions like the two new multilateral development banks have included notions of environmental sustainability in their mandate (Vazquez and Chin 2019; Vazquez 2021). This growing concern with environmental sustainability can also be seen in the high profile of renewable energy in China's development finance, which has reached 57 per cent of total overseas investments in 2020 (Nedopil 2021).

2.3 Delivery through hybrid bilateral–multilateral channels

China's new development finance is also characterised by the use of both bilateral and multilateral channels, also labelled as 'new multilateralism'. This new multilateralism has two dimensions. The first is the growing use of earmarked contributions to the UN Development System (UNDS). In the past, China was reluctant to move to multilateral lending due to a lack of understanding of how it works and how traditional multilateral channels implied lesser control of how resources are spent, and how outcomes are defined and achieved.

While China's foreign aid remains largely bilateral, the country has also been promoting efforts to support and participate in aid programmes initiated by international organisations such as the UN. Over the last decade, China's overall contribution to the UNDS has quadrupled, with Chinese funding growing at an annual average rate of 33.8 per cent between 2013 and 2017 alone. China's shares of core funding and assessed contribution in its total UNDS funding grew more than that of traditional donors, while the share of non-core funding in China's total contribution jumped from 23 per cent in 2008 to 50 per cent in 2017 (Mao 2020).

In the second dimension of the new multilateralism, China has also made use of its foreign reserves to create new development finance institutions, credit programmes, and special funds with both a portfolio diversification and development finance objectives. This is the case of the China-LAC Cooperation Fund (CLAC), the China-LAC Industrial Cooperation Investment Fund (CLAI), the Fund for Cooperation and Development between China and Portuguese-Speaking Countries, and the Silk Road Fund. One could also add the China Investment Corporation (CIC) and many regional-oriented initiatives as vehicles for investment based on Chinese sovereign reserves. These initiatives culminated in the creation of the AIIB and the NDB, headquartered in China but with a global reach and membership.

3 Causes of the transformation of China's development finance

China's development finance was shaped by the changes that the country experienced at both international and domestic levels, particularly the consolidation of its aid governance structure.

3.1 Consolidation of aid governance structure

Traditionally, China's aid governance structure involved more than 20 central line ministries, commissions, and agencies as well as their provincial counterparts (Zhou and Xiong 2017). The decision-making power of China's aid lies with the central government, under the leadership of the Chinese Communist Party (CCP). Three central government agencies – the Ministry of Commerce (MOFCOM), the Ministry of Foreign Affairs (MFA), and MOF – are authorised by the State Council to implement aid projects; ensure that the aid agenda is aligned with broader foreign policy goals; and oversee China's financial contributions to multilateral development organisations (Vazquez, Mao and Yao 2016).

In addition to the three major players, the National Development and Reform Commission (NDRC), the Ministry of Science and Technology (MOST), the Ministry of Agriculture (MOA), the Ministry of Education (MOE), the National Health and Family Planning Commission (NHFPC), and other line ministries also take part in China's foreign aid according to their sectorial expertise and by the request of MOFCOM or their counterpart agencies in the partner country. MOFCOM also works closely with the China Exim Bank on concessional loan policies and their implementation. The Chinese embassies abroad coordinate and manage foreign aid projects in the field.

It has long been debated how to make better use of China's growing foreign aid budget and justify its benefits to the domestic public. Over the past decade, mid- and long-term foreign aid plans, country strategies, and evaluations have been developed though they remain unpublicised (*ibid*.). While Western perceptions often assume deliberate secrecy (Brautigam 2009), Chinese scholars have attributed this to system complexity and fragmentation (Hu and Huang 2012; Huang and Hu 2020). Within a highly decentralised aid architecture, the diverging interests of the bureaucratic and corporate actors can be seen. These actors either regard foreign aid as an instrument for exercising diplomatic influence on the international stage and deepening cooperation with selected countries or as a way of assisting domestic businesses to expand exports and investments (Morgan 2019).

This has called for enhanced efforts to speak with a unified voice and facilitate concerted action in formulating policies and identifying projects (Zheng 2016; Vazquez, Mao and Yao 2016). To strengthen coordination, MOFCOM, MFA, and MOF led 24 central ministries, commissions, and units to establish China's foreign aid interagency liaison mechanism in 2008. In 2011, this liaison mechanism was upgraded into an interagency coordination mechanism (Zhou and Xiong 2017) and in 2018, the China International Development Cooperation Agency (CIDCA) was created to provide central coordination and to better integrate China's foreign aid governance. Since 2013, the BRI has served as the primary platform for institutionalising China's development finance. The establishment of CIDCA has placed the BRI at the core of Chinese aid, helping to articulate China's foreign and economic policy priorities down to the projects supported by the country.

Despite the lingering coordination challenges, this transformation has favoured the development of a strategy that articulates the three new features of China's development finance down to project level. CIDCA has unveiled the new directions of China's development finance in the 2021 White Paper

China's International Development Cooperation in a New Era (SCIO 2021). This White Paper distinguishes from the 2011 and 2014 versions in three ways. First, the scope and objective of China's foreign aid are no longer limited to traditional bilateral 'aid' or ODA, but a broader discussion about China's South–South development, trade, and investment with both bilateral and multilateral actors. Second, China's foreign aid is, for the first time, partially framed in a non-Chinese framework with the 2030 Agenda presenting an important vision guiding China's contribution to partner countries. Third, the categorisation of what constitutes foreign aid has evolved by including the South–South Cooperation Assistance Fund (SSCAF) as an emerging financing modality in addition to grants, interest-free loans, and concessional loans.

3.2 An evolving international setting

At the international level, the transforming global political and economic landscape, especially after the 2008 financial crisis and the decline in aid supplied by traditional donors, laid the conditions for China and other emerging economies to play an even more substantial role in development finance (Manning 2006; Walz and Ramachandran 2011; Hernandez 2017; Gu and Carey 2019; Acker and Brautigam 2021). In the case of China, this includes the use of foreign aid, trade, and investment not only to respond to the growing demand from other emerging and developing economies, but also to create a more favourable international environment for China's own development (Fuchs and Rudyak 2019).

China's rapidly expanding development finance has led to concerns on its supposedly adverse economic and environmental impact in the developing world (Acker and Brautigam 2021). For some authors, China's foreign aid sets agendas (Jakóbowski 2018) and imposes conditionalities (Hirst 2008), making it difficult for countries to pay their debts. For other authors, China's foreign aid fails to comply with local and international environmental standards, keeps local business out of the market, and relies excessively on Chinese workers, thus not creating enough local jobs (Dussel and Armony 2015; Gallagher 2016).

The adoption of the 2030 Agenda, the Paris Agreement, and the Addis Ababa Action Agenda has created additional pressure on China, not only to avoid, mitigate, and compensate any adverse impacts of its foreign aid, but also to align its development finance and institutions with the Sustainable Development Goals (SDGs) and other internationally agreed commitments on climate and development. At the domestic level, China's economic rebalancing and commitment to carbon neutrality by 2060 has started a transition towards a new growth pattern in which domestic consumption, services and high technology, and sustainability are to rise relative to investments and exports, manufacturing, and resource-intensive production.

The greater public scrutiny and the international commitments on climate and development, coupled with China's economic rebalancing and growing awareness of the risks associated with its foreign aid, have motivated the country to emphasise the financial and environmental sustainability of its development finance. This can be seen in the reduction of CDB and Exim Bank loans from US$75bn in 2016 to US$4bn in 2019, signalling a possible rebalancing of China's overseas development finance over concerns around borrowing countries' indebtedness and loan sustainability (Gallagher and Ray 2020; Acker and Brautigam 2021).

The increasing hybrid bilateral–multilateral nature of China's development finance is intended to minimise these credibility, reputational, and operational risks on the one side, while increasing cost efficiency, directing the country's capacity to changing domestic priorities, and seeking greater influence globally, on the other. The growing use of earmarked multilateral funds, for instance, reduces concerns over how resources are spent, and how outcomes are defined and achieved. This thinking is similar in the case of the new multilateral development banks as China figures among their top shareholders – an evolution from the role China and other emerging and developing countries have historically played as borrowers from traditional multilateral development banks (MDBs).

4 Beyond China: Asian development finance

China's new development finance has developed alongside the rise of Asia and other emerging countries, as one of the many shifts and disruptors that shape twenty-first-century multilateralism (Kharas and Rogerson 2017; Ikenberry 2018). Over the last two decades, Asia has become the pivot of a structural shift in the centre of the world's economic gravity (Ikenberry 2018; Mulakala 2021). China and India are at the heart of this transformation, accounting for at least one quarter of global output and a significant proportion of the world's middle class. The two countries have also had sustained growth rates and are projected to be the first and second largest economies in the world by 2050.

The rise of China, Asia, and other emerging countries, as part of the so-called 'global South', has created new and diversified forms of development finance, including the very understanding of foreign aid beyond the OECD-DAC traditional definition of ODA, and the establishment of new international institutions such as the NDB and the AIIB (Bhattacharya and Llanos 2017; Fejerskov, Lundsgaarde and Cold-Ravnkilde 2017; Gray and Gills 2018). While these shifts have contributed to an increasingly fragmented landscape of institutions, norms, and standards (Chaturvedi *et al*. 2021), they have also allowed development models and experiences, other than those of traditional donors, to shape these very institutions, norms, and standards. For example, NDB and AIIB focus on infrastructure lending as a leverage to economic growth, in contrast to that of traditional MDBs, which have marginalised infrastructure investment to prioritise institutional reforms in borrowing countries (Vazquez, Roychoudhury and Borges 2017).

4.1 Asian versus Western approaches

These emerging approaches to development finance are based on domestic development experiences that are substantially different from those in the West. Similarly to China, other Asian countries have emphasised infrastructure, industrialisation, and foreign direct investment as essential drivers of growth with the potential to trickle down into poverty reduction (Stallings and Kim 2017; Gabor and Brooks 2017; Mawdsley 2021). These countries would also have contributed to the emphasis on state–private capital hybrid formations and state-supported development financing (Mawdsley 2015, 2018). This is noticeably different from the Western model, which emphasises immediate poverty alleviation and conditionality to promote democracy, human rights, and 'good' governance in the poorest countries, especially in sub-Saharan Africa.

Asian development finance also tends to come as a package, with a mixture of aid, loans, export credit, and investment (Zheng 2020; Mulakala 2021) to secure natural resources or expand the overseas market for their domestic firms. This occurs alongside the promotion of the economic development of their poorer neighbours through exports and integration into regional production networks (Stallings and Kim 2017). China's official financing, for example, is less concessional than World Bank financing in comparable settings, in addition to systematically offering higher interest rates, shorter maturity lengths, and less generous grace periods (Morris, Parks and Gardner 2020). This would demonstrate the novelty of the commercial nature of Chinese development finance as part of a package of aid and commercial loans *vis-à-vis* Western models.

The combination of aid, trade, and investment has, in fact, historical precedents in many parts of the world, but lost momentum as newly independent countries realised its costs (Kaplinsky and Morris 2009). More recently, traditional donors have been attempting to reform the ODA system thus: 'increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities' (OECD 2008: 3), and to use aid to leverage private investment to help promote economic growth (UN 2002). The Paris Declaration on Aid Effectiveness and the Monterrey Consensus on Financing for Development set two different, if not opposing goals for foreign aid: aid effectiveness is important for development, but aid is only part of the solution to development. Ideally, donors can delink aid and commercially oriented capital or trade flows and connect aid with investment. In reality, this dual goal creates a dilemma for the donor community as untying aid requires donors to focus on the public interests of the recipient countries whereas leveraging private investment requires attention to the business prospects of aid programmes.

In the post-Covid-19 era, the sizeable financial and political risk underpinning China's global infrastructure boom, particularly in the BRI economies, leaves China's development finance open to the possibilities of huge default losses. It is therefore in China's interest to eventually pay more attention to the domestic issues of partner countries, which may lead to a more flexible application of the 'no-strings-attached' principle. This could be done, for instance, through the joint design of projects to better understand the local reality and to manage any political and economic risks that could harm project viability and long-term sustainability. In the meantime, traditional donors have revised their definition of ODA to add a new international standard – Total Official Support for Sustainable Development (TOSSD) – to monitor a broader range of funding, including private resources mobilised through official means, that help countries reach the SDGs. This convergence between the traditional donors and emerging economies on aid conditionality may lead them towards an alternative model that is more inclusive and development oriented.

There is also a global trend towards hybrid forms of bilateral–multilateral development finance. While multilateral development organisations remain the major source of development finance, there is a growing tendency of donors to earmark funds and use *ad hoc* initiatives to exert greater bilateral influence on international organisations, raising a debate that the system is evolving towards 'à la carte' multilateralism (Vazquez 2021; OECD 2020). This is evident in the substantial increase in non-core funding in the UN system, designated by donors for specific purposes in accordance with their bilateral interests.

Though this hybrid is mainly shaped by traditional donors, such as the US and the UK, who remain the major shareholders and funders of the multilateral development system, it is convenient to China and other Asian and emerging economies as they step up contribution to the multilateral system. According to the OECD (2020), growing contributions from the BRICS (Brazil, Russia, India, China, and South Africa) to the UN system, coupled with their establishment of new multilateral organisations of which they are main shareholders, attest to their rise in influence. Their share of total multilateral contributions to the UN system, while still relatively low at around 4 per cent in 2018, has increased steadily over the past decade.

4.2 New versus past Asian approaches

While Asian countries share features of development finance that are noticeably different from Western donors, there are also marked differences between how Asian development finance is conceived and practised today and its earlier versions. China and India have, for instance, added 'twenty-first century pivots' (Mulakala 2021: 522) to the East Asian post-war development finance. This has been done by:

- Emphasising investment in big-ticket connectivity schemes such as the BRI and the Asia–Africa Growth Corridor (AAGC) to stimulate growth and reduce poverty. This is an evolution of the East Asian post-war model as it integrates individual infrastructure projects under a broader development framework that combines Asian growth-led models with Western notions of poverty alleviation.
- Increasing multilateral cooperation through the new development banks – in which China and India figure among the top shareholders. This could mean a new economic and political geography of international development cooperation substantially different from that of previous Asian approaches and even the Bretton Woods system (Carey and Li 2016). This new geography could also point to new narratives based on Asian development experiences and the global transformations that will have Asia at its epicentre.

There is also diversity among the current Asian approaches and between Asian and non-Western, non-Asian countries. For example, despite sharing the commercial and multilateral features of East Asian development finance, India has not yet placed the same emphasis on environmental sustainability. Likewise, the commercial and multilateral features of the Asian development finance are generally not shared by non-Western countries outside Asia, especially in Latin America and the Caribbean. The new development banks have been combining aid, trade, and investment under the same institutional mandate while emphasising environmental sustainability, and could become the locus for convergence among these different approaches in the future.

5 Conclusion

In the past decade, a new development finance model has been on the rise. This new model was shaped by the transforming global political and economic landscape as well as China's evolving aid governance structure and long-term development goals. Drawing from development experiences in China and other Asian countries, this new development finance model is refocusing the global debate on the importance of combining aid, trade, and investment under financially and environmentally sustainable frameworks, and channelling development finance through multilateral arrangements to catalyse structural transformation.

This new Asian development finance adds 'twenty-first century pivots' (Mulakala 2021: 522) to the East Asian post-war development finance by refocusing infrastructure investment from individual projects towards big-ticket connectivity schemes that stimulate growth and reduce poverty. It also elevates China and India to top shareholders in new multilateral development finance institutions and relies on partnerships with the private sector to complement state capacity. Despite being markedly different from Western experiences by emphasising principles such as equality, horizontality, non-conditionality, and mutual benefit, this new Asian development finance increasingly converges with traditional donors on the use of earmarked multilateral funding, the conditionality of development cooperation to ensure economic and environmental sustainability, and the lack of coherent strategies for integrating aid, trade, and investment.

The Covid-19 pandemic has triggered a surge in demand for development financing in all developing countries, particularly low-income countries. It has also pointed to the need to think towards new models for post-pandemic recovery, beyond emergency relief. In this new context, the new Asian development finance could signal new narratives to address countries' short-, medium-, and long-term development needs. Future research could look at how Western notions of development sustainability have emphasised countries' financial ability to repay debts and the use of safeguards to avoid, mitigate, or compensate any negative impacts of investments. These notions seem to oppose the more development-oriented notion of sustainability, as understood by China and other Asian and emerging economies: that privileges the catalytic role investments can play in generating additional positive impact.

Notes

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3 Estimated based on the data from the China–Africa Research Initiative and Boston University Global Development Policy Center (2021). Chinese development finance flows include aid, loans, foreign direct investment, and trade to Africa. See **www.sais-cari.org**.

4 In 2015, China pledged US$5bn in grants and interest-free loans; in 2018, the total pledged foreign aid, when concessional loans were included, increased to US$15bn. See MOFCOM (2015, 2018).

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Exploring China's Impacts on Development Thinking and Policies*†

Jiajun Xu[1] and Richard Carey[2]

Abstract In this article, we explore the impacts, actual and potential, of China's development experiences upon development thinking and policies elsewhere. New Structural Economics, a theoretical innovation by Professor Justin Yifu Lin drawing on a longer tradition of pragmatic 'learning by doing' development strategies, provides a framework in which three agendas stand out: structural transformation as a policy priority; the return of industrial policy; and the use of Special Economic Zones. We integrate related drivers of growth in China: rapid urbanisation pulling in massive rural migration in an economic transformation process; the financing of provincial and city governments by improvised local government financing vehicles based on rising urban land values; and competition and accountability processes in China's subnational governance system. While China's experiences cannot be directly replicated elsewhere, we argue that lessons on why and how to achieve structural transformation are relevant for other developing countries, especially in fast urbanising and integrating Africa.

Keywords New Structural Economics, development thinking, international development, industrial policy, Special Economic Zones, structural transformation, effective markets, facilitating government.

1 Introduction

Over the past four decades, China has achieved unprecedented economic development and poverty alleviation. Its example has made a deep impression, raising the question of what the lessons are for development thinking and practice. Once the richest country in the world (Maddison 2001), China had become entrapped in poverty for several centuries. Its gross domestic product (GDP) per capita was US$156 in 1978, less than one third of the average of US$490 in sub-Saharan African countries. But since the transition from planned to market economy in the late

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1970s, China has eradicated extreme poverty and overtaken the United States as the world's largest economy measured in purchasing power parity (PPP) in 2014.[3]

'Economic miracles' such as those in China and other Asian countries have been explained by Robert Lucas as the combination of rapid urbanisation with fast human capital development, including notably learning by doing via trade (Lucas 1988, 1993; Glaeser and Lu 2018). China's reform programme did not involve disruptive 'shock therapy'. Chinese economists debated but then avoided the mainstream neoliberal programme of privatising its state-owned enterprises, liberalising its trade and capital accounts, and deregulating its economy in a sweeping manner.

Instead, China adopted a pragmatic dual-track approach to the liberalisation of markets. Starting with the rural economy, the government first improved incentives and productivity by replicating across the country the household responsibility contracting system. This allowed workers in collective farms and state-owned firms to be residual claimants, setting their own selling prices at the market after delivering quota obligations to the state at fixed prices. At the same time, the government continued to provide support to non-viable firms in priority sectors to avoid the collapse of social cohesion and human capital (Lin 1992).

From this beginning, China progressively moved to a market system using the dual-track price system approach which quickly generated a flourishing rural economy with town and village enterprises while retaining priority sectors in state hands (Weber 2021). At the same time, there was major decentralisation to provinces and cities, counties and townships, where meritocratically selected governors and mayors became responsible for economic performance and social stability, and were accountable to the central authorities on both fronts, in a form of 'franchise' from central to subnational levels.

This system helped to spread talent and initiative around the entire large and varied territory of China, even if coastal regions grew faster than inland areas and the west of China (Xu 2011). The dynamics of this 'matrix' governance system remain driving factors in China's performance today. This explains how, with its many levels of initiative, development could proceed so rapidly, and villages become large modern cities (Xiao *et al*. 2015). According to Ang (2016), the development of governance and markets is not sequential but 'co-evolutionary'. The process operates as follows: weak institutions are used to generate markets, emerging markets stimulate strong institutions, and then strong institutions preserve markets. Such co-evolutionary processes can be observed elsewhere, historically and geographically, and are thus an inherently generic pathway from low development capacities to strong development capacities.

The generic elements of China's experience can thus offer an alternative to mainstream prescriptions for institutional and market development. We look at three such generic lessons from Chinese development history of the last four decades. First, structural transformation matters for large-scale poverty alleviation. Second, a facilitating government can aid market development. Last, but not least, to kick start structural transformation, Special Economic Zones (SEZs) can be used to overcome the challenge of poor institutional capacities nationwide by improving the business environment in demarcated areas to achieve quick wins.

In this article, we aim to explore the extent to which China offers alternative development thinking and policies in the field of international development. Specifically, we examine the central research question of what China's impacts, potential and actual, upon development thinking and policies are. The reason why we focus on **potential** impacts as well is that it often takes time for development thinking and policies to change. Hence, we aim to capture initial signs of changes, if any. Such changes may be attributed to either conscious influence by China, or responsive changes by other actors owing to China's behaviours. As China's impact upon development thinking and policies is an unfolding process, our inquiry is preliminary. And our study is empirical in nature, capturing and analysing why and how China's development experiences and practices may deviate from mainstream approaches.

To tackle the above research question, we need an analytical angle that helps explain how China has achieved economic structural transformation. We will also consider what alternative thinking it may bring to the debates on fundamental questions of how best to achieve development, both as a growth phenomenon and a human development phenomenon. As formulated by Professor Justin Yifu Lin, drawing on China's development experiences, New Structural Economics (NSE) provides such a framework for rethinking development policy. Compared with mainstream development thinking, NSE is new in at least two aspects. First, for developing countries to overcome poverty and low- or middle-income traps, it is important to move labour and other productive resources from low-productivity to high-productivity economic activities in line with latent comparative advantage. Second, NSE promotes the market system and private entrepreneurship, but proposes that the government needs to play a facilitating role in mitigating the constraints on the path to economic structural transformation (Lin 2012).

The rest of this article proceeds as follows. Section 2 explores China's impacts in three dimensions: the development thinking that sets policy agendas; the role of the state in economic development; and the strategic use of SEZs to foster economic transformation. Section 3 concludes with key findings.

2 Detecting China's impacts upon development thinking and policy agendas

2.1 Agenda-setting: structural transformation matters

Economic transformation is the key driving force behind sustainable large-scale poverty reduction. China is home to nearly one fifth of the world's population and has lifted 800 million people out of poverty in the past four decades. It achieved the complete eradication of extreme poverty – the first target of the United Nations 2030 Agenda for Sustainable Development – in 2021, ten years ahead of schedule.[4] China's development experience shows that economic structural transformation was the underlying driving force for large-scale poverty reduction. As China's White Paper on poverty alleviation states, 'As the largest developing country, China has achieved rapid development in step with large-scale poverty alleviation, and economic transformation in step with the elimination of extreme poverty' (SCIO 2021b).

The prevailing Millennium Development Goals (MDGs)-based poverty reduction approach was a reaction to economic structural adjustments in the 1980s where economic reforms were undertaken to the detriment of investment in human capital and the wellbeing of ordinary people. They were thus also an issue of sustainable development. But the pendulum had swung back too far, shying away from the fundamental challenges of improving productivity, diversifying industrial structures, and moving up the global value chain. While economic growth alone did not automatically lead to welfare improvement for all, economic transformation was a necessary, albeit insufficient, condition for large-scale and self-sustaining poverty reduction (Commission on Growth and Development 2008; Stewart, Ranis and Samman 2018).

Given its domestic development experiences and the capabilities thus created, China then aimed to foster economic structural transformation in the Belt and Road Initiative (BRI) countries to ensure that China's rise would not be a threat but rather a window of opportunity for moving up the global value chain together (NDRC, MFA and MOFCOM 2015; SCIO 2021a; Xu and Carey 2015b; Gu and Kitano 2018). The BRI addresses the infrastructure and connectivity shortfalls underlying premature deindustrialisation (Rodrik 2016) or resource curse (van der Ploeg 2011) in developing countries and opens up new perspectives for inclusive growth in developed countries that have joined the initiative.

One salient binding constraint faced by many developing countries is the lack of long-term finance for basic infrastructure associated with risk appetite, and operational modalities adjusted to local systems and delivery schedules (Gil, Stafford and Musonda 2020; OECD and ACET 2020). The assumption that financial markets would be able to channel capital where and when it was needed with volumes and time frames that would impact on dynamic structural transformation turned out to be a false hope, and this problem has yet to be fully recognised. Aid agencies largely failed to play a role in providing the intellectual and financial capital to support structural transformation, hence the daunting infrastructure gap that severely constrained the potential of developing countries for economic transformation.

China had tackled its domestic infrastructure financing problem via an entrepreneurial development bank. Created in 1994, the China Development Bank (CDB), after initial setbacks, undertook credit reforms to build firewalls against undue political intervention. In response to a policy gap created by a tax reform in 1994 that centralised revenues, and a simultaneous law against borrowing by local governments, the CDB innovated the Wuhu model to fill the financing gap and incubate the market for urban infrastructure financing (Xu 2017). This Wuhu model used local government financing vehicles (LGFVs) to enable local governments to borrow from the CDB, which became a model that it would replicate across China.

The collateral for these loans was land, the value of which would be multiplied by the infrastructure investment enabled by the LGFV, thus establishing a new local government revenue base. In this way, the CDB became indispensable to urban development, and scaled up its balance sheet with assets reaching well over US$2tn (Sanderson and Forsythe 2013; Xu 2017). Anticipated increasing land values was the basis for much of this lending expansion. China's large-scale urbanisation and its associated job creation, combined with the investments made in secondary and tertiary education, and trade-oriented SEZs, created an economic miracle just as Robert Lucas had predicted (Lucas 1993). In short, the general lesson from this experience is that entrepreneurial development banking combined with entrepreneurial decentralised government with performance accountability is a very powerful vector.

China is inspiring the renaissance of development banking worldwide (Xu, Ren and Wu 2019). A pilot database on development financing institutions (DFIs) estimated that the total assets of over 500 DFIs are as large as US$18tn and their annual contribution to the financing of global investment was US$2.2tn in 2019, accounting for about 10 per cent of the world's investment (Xu, Marodon and Ru 2021). On the multilateral front, China has initiated the Asian Infrastructure Investment Bank and New Development Bank that act as public entrepreneurs (Xu and Carey 2015a). National development banking has been rethought and rehabilitated, first at the Addis Ababa Financing for Development Conference in 2015, and then at national level including in some Organisation for Economic Co-operation and Development (OECD) countries. For instance, the UK Treasury has rewritten its Green Book on public investment criteria, including a special section on transformation (HM Treasury 2020). China's policy banks are being emulated by the US in the form of the new US International Development Finance Corporation and a revived US Ex-Im Bank to compete with China.

Partly due to China's impacts, economic transformation is now taking equal place alongside human development in the field of international development. Indeed, they are seen as interactive parts of a holistic development process. Economic structural transformation is at the heart of the Sustainable Development Goals (SDGs), which succeeded the human development-based MDGs at the United Nations. SDG 8 is to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all' (UN 2015). SDG 9 goes a step further, proposing to 'build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation' (*ibid.*).

Manifestly, the Chinese experience and the BRI have influenced international thinking (Gu, Corbett and Leach 2019; Carty and Gu 2021). In many OECD countries, including in the UK and the US, infrastructure maintenance and renewal and the challenges of the energy transition are frontline issues, with previously unimagined scaled-up financing. The communiqué of the UK-hosted G7 meeting reflects this influence and ends with mandating a Task Force to produce proposals for a G7 programme to match the BRI (G7 Research Group 2021).

China has proactively shaped policy priority towards structural transformation in international organisations and fora (IDA 2017). In the World Bank Group's International Development Association (IDA), on a proposal from China, it was agreed in 2016, to prioritise jobs and economic transformation in its operations at the eighteenth replenishment of the IDA. Recognition at the World Bank of the importance of economic transformation was largely driven by China's proactive efforts. In the context of the triennial Forum on China–Africa Cooperation (FOCAC), the extensive roadmaps outlined in the action plans are explicitly set in a comprehensive pan-African transformation framework, covering investments in social, production, and infrastructure sectors and linked to China's ongoing transformation (MFA 2018).

In summary, China's development experiences indicate that economic transformation is a key engine for large-scale poverty alleviation in a sustainable manner. Inspired by its own domestic experiences, China has proactively promoted economic transformation in the BRI countries and shaped the development agenda at the World Bank and more widely towards job creation and economic transformation.

2.2 The return of industrial policy

If it is important to achieve structural transformation, then what kind of roles, if any, can governments play in achieving this objective? During the past four decades, China has successfully lifted itself from low-income country status and is likely to march into high-income country status during its 14th Five-Year Plan (2021–25). Industrial policy has been actively deployed by both local and central Chinese governments to improve productivity and climb up the global value chain. Industrial policies are those policies that help shape the sectoral composition of an economy. Yet not all industrial policies work well in China. Drawing on development experiences and lessons from China, NSE holds that the effective implementation of industrial policy entails the following three essential elements (Lin 2014; Lin and Xu 2018).

First, an effective industrial policy starts with targeting industries with latent comparative advantages. Latent comparative advantage is defined as sectors in which factor costs of production are low by international standards, but where higher transaction costs due to inappropriate soft and hard infrastructure prevent firms from gaining a competitive edge. In learning lessons from past failures, it is important to avoid setting too ambitious a goal of supporting industries that defy the country's latent comparative advantages which are primarily determined by its factor endowments. Otherwise, subsidies and protection may win a competitive edge temporarily but will not be sustainable in the long run, and may even result in entrenched rent-seeking. This new effective policy contrasts with 'old' industrial policies, which failed because they supported industries that defied comparative advantages, so that the high costs of production undermined their competitiveness (Lin and Xu 2019).

Second, an effective industrial policy entails a dynamic analysis of sector-specific binding constraints. Instead of falling into the trap of 'prescription before diagnosis' or 'one-size-fits-all' policy recommendations, NSE emphasises that binding constraints (i.e. those most critical and important constraints) vary on a sectoral basis and change over time. That is why 'horizontal' industry policy (without targeting any specific sector) is not sufficient in releasing the bottlenecks on the path to structural transformation. In short, identifying sector-specific binding constraints in a dynamic way is crucial to the diagnosis of what prevents the country from moving up the value chain, which can lay the foundation for targeted government interventions.

Third, governments need to play a facilitating role in mitigating the binding constraints. Placing emphasis on governmental facilitation is by no means advocating regressing to a command economy. Rather, cautious and well-designed government intervention aims to reduce the transaction costs of sectors with latent comparative advantages by redressing market failures and incubating market institutions. This pragmatic approach can help to go beyond the unproductive confrontation between free market and state intervention and foster synergies between an effective market and a facilitating state.

The success of China's economic miracles with industrial policy stands in sharp contrast to the mainstream development thinking whereby industrial policy has been regarded as an ineffective toolkit. China has proactively used industrial policies and foreign investment to facilitate technology transfer from advanced economies. In fact, history reveals that countries have successfully deployed industrial policy to promote industrial upgrading and structural change both in the past and at present (Amsden 1992; Mazzucato 2014; Wade 1990). Robert Walpole, the *de facto* first British prime minister, is credited to have been the first person to launch a comprehensive infant industry programme in 1721. Walpole strongly influenced Alexander Hamilton, the first US Treasury secretary, who first developed the theory of infant industry protection. Even today, the US government is actively deploying industrial policy to commanding heights in the high-tech industries and fostering innovation (Di Tommaso and Schweitzer 2013). Therefore, when rich industrialised countries advise developing countries to forgo industrial policy, they are kicking away the ladder as they climb up to the top (Chang 2002).

Industrial policy is now back on the agenda of development policymaking. An emerging global consensus is that industrial policy is an important part of the toolkit by which governments can shape the economy for the better. Hence, the key question is not about whether we need industrial policy or not, but rather how to make industrial policy work better (Rodrik 2009). International Monetary Fund (IMF) staff recently published a Working Paper titled *The Return of the Policy that Shall Not Be Named: Principles of Industrial Policy*, which argues that more can learned from miracles than failures and suggests three key principles behind the success of industrial policy: (1) the support of domestic producers in sophisticated industries, beyond the initial comparative advantage; (2) export orientation; and (3) the pursuit of fierce competition with strict accountability (Cherif and Hasanov 2019).

The Inter-American Development Bank launched an influential report titled *Rethinking Productive Development: Sound Policies and Institutions for Economic Transformation*, which urges that Latin American country governments should not shun active industrial policies even though misguided industrial policy has often done more harm than good in the past (Crespi, Fernández-Arias and Stein 2014). The report argues that 'flatly rejecting all policies that resemble industrial policies because of past failures in the region would amount to throwing the baby out with the bath water' (*ibid.*: 5).

A current criticism is that subsidised Chinese firms with access to cheap finance have created unfair advantages in market shares. This issue is not new to China. The Boeing-Airbus conflict over subsidies has lasted nearly 20 years. In fact, a growing trend of mutual interdependence between states and firms throughout the world shows that a critical determinant of the success of firms in international markets is that states need to formulate national and sectoral policy to resolve the dilemma inherent in their dealings with foreign firms (Stopforth, Strange and Henley 1991). Yet some subsidies are justified when social returns exceed private returns, a basic rule in economics. Thus, the case for an entrepreneurial 'mission-driven' state is becoming more recognised (Mazzucato 2014). For example, China's support for the photovoltaic solar panel industry has produced a spectacular improvement in efficiency and reduction in price – a huge global return on a Chinese public investment. Similarly, support for Chinese investment in African information technology infrastructure has had an inestimable impact on Africa's economic performance and prospects as well as people's lives (Gagliardone 2019).

In summary, China's economic miracles would not be possible without a facilitating government, though industrial policy sometimes may go awry in practice. This has helped to shift the debate from 'why we need industrial policy' to 'how to make industrial policy work better'. NSE's approach to industrial policy is complementary to the recent discussion on enabling conditions for effective industrial policy (Andreoni and Chang 2019; Chang and Andreoni 2020).

2.3 Special Economic Zones

SEZs became a viable development strategy for China to initiate the reform and opening-up policy in a pragmatic manner in the late 1970s when the overall business environment was poor, market institutions barely existed, and infrastructure deficits were mounting. China introduced SEZs as part of its experimentation towards economic liberalisation. Rather than following the mainstream prescription of improving the 'doing business environment' nationwide, the Chinese government decided to devote its limited resources to improving the soft and hard infrastructure within demarcated areas in order to attract foreign investment to make the export-oriented development strategy feasible (Zeng 2010, 2011).

SEZs are potential instruments for promoting economic structural transformation, and their success requires enabling conditions. Otherwise, despite the best of intentions, SEZs may be ill managed and result in counterproductive consequences. While China's experience cannot be directly replicated elsewhere, it does provide insights into enabling success factors for other developing countries (Lin, Xu and Xia 2020).

First, strong commitment by high-level leadership is the key to unleashing the potential of SEZs. The Shekou Industrial Park and the Shenzhen SEZ would have been non-starters if the high-level leadership had not provided steadfast support for pioneers such as China Merchants. As every policy initiated in SEZs ran counter to the prevailing policy nationwide, SEZ governance committees needed authority from the highest level to overcome resistance from individual ministries. Otherwise, special policies would not have been fully implemented and SEZs would have lost credibility in the eyes of investors.

Second, it is essential to target the right sectors in line with latent comparative advantages in the given region and adjust the sectoral focus dynamically. Empirical studies show that SEZs can help promote industrial upgrading if the targeted sectors align with the comparative advantages of the local economy (Li and Shen 2015; Chen and Xiong 2015). Yet some local governments blindly set sectoral targets using the industrial structure of well-developed regions as the benchmark. Consequently, those comparative advantage-defying industries have either resulted in overcapacity subsidised by governments (Bao, Tang and Liu 2017) or unsustainable imitation (Deng and Zhao 2018). This suggests that governments need to prioritise sectors with care when designing preferential SEZ policies.

Third, capable and devoted leadership and administration is key to leading investment promotion and building the confidence of potential investors. Developing countries often have limited resources; hence, it is not feasible to improve the soft and hard infrastructure of the whole country within a very short time frame. What is feasible is to enhance the business environment and hard infrastructure within demarcated SEZ areas. A capable and dedicated public administration can help to overcome the first-mover challenge, as foreign investors are often hesitant to enter a zone at the very beginning, even with improved hard infrastructure and business environment.

Crucial to this endeavour is taking an experimentation approach, learning from mistakes, and generating feedback loops. SEZs are by definition an experiment, so trials and errors are inevitable. What matters is that both central government and local governments can effectively build a feedback loop and adjust policies based on successes and failures in practice. The Chinese SEZs may be seen as a way-in-advance application of the Problem-Driven Iterative Adaptation (PDIA) approach now advanced as an optimal strategy for developing state capabilities – an influence, at least, from Chinese experience on development thinking (Andrews, Pritchett and Woolcock 2017).

Inspired by China's economic miracles, the authors find that using SEZs for advancing economic transformation has been increasingly adopted in other developing countries (Lin, Xu and Hager 2018; Knoerich, Mouan and Goodburn 2021). Moreover, the Chinese government has proactively taken efforts to establish overseas SEZs since 2006 to encourage Chinese firms to go global. The Chinese government had no blueprint for these SEZs and relied on market principles combined with government guidance and incentives to ensure that zones could be sustainable (Brautigam and Xiaoyang 2012).

Although African SEZ performance is often hampered by weak SEZ governance, inefficient bureaucracies, poorly designed legal frameworks (Farole and Moberg 2017), and lack of local autonomy in their own administration (Tang 2019), SEZs have provided a promising new approach to sustainable industrialisation (Brautigam and Xiaoyang 2011). Such an approach stands in sharp contrast to the mainstream approach of applying a uniform benchmark to rank the business environment of all economies worldwide and urging governments to improve the 'doing business' environment against the one-size-fits-all blueprint. Empirical studies have shown that using the World Bank's Doing Business Indicators as proxies for the business environment is problematic (Holden and Pekmezovic 2020).

In summary, inspired by China's example, SEZs are being actively used by developing countries to attract foreign direct investment and foster export-led industrialisation. This approach demands local engagement and vision. The mainstream approach of improving and measuring the 'doing business' environment nationwide failed to capture China's extraordinary success in export-oriented industrialisation. China scored well down the list on the Doing Business Indicators, revealing the limitations of these metrics.

3 Conclusion

From the NSE perspective, China can provide at least three potential lessons for development thinking and policies in the field of international development. First, in terms of agenda-setting (what development is), Chinese policies and experience argue that human development and poverty reduction, which have been an important part of China's own development strategies, are not sufficient alone, and indicate very clearly that economic structural transformation is a prerequisite for sustainable and large-scale poverty reduction and human and social capabilities.

Second, with respect to the role of the state in economic development, Chinese policies and experience show that the market system is essential but needs a facilitating state, with an indispensable role for industrial policy in fostering economic transformation. This does not mean that China's industrial policy is free from flaws. Rather, China's economic miracle with industrial policy helps to shift the debate from 'why we need an industrial policy' to 'how to create synergies between a facilitating government and an effective market to make industrial policy work better' (Ang 2020).

Third, regarding the means of development (how best to achieve development), Chinese policy and experience argues for using limited state capabilities strategically to improve both hard and soft infrastructure within demarcated SEZs. This will generate export-led industrialisation and facilitate a move up global value chains in the context of a poor business environment and weak institutions nationwide at the early stage of development.

Our analysis above was set in the context of three basic elements of the Chinese scene: massive urbanisation in economic structural transformation; entrepreneurial financing of local government; and the competitive but accountable decentralisation of the economic governance system, producing a Lucas 'economic miracle' (1993) via the high combinatorial value of these three vectors. We note that the Chinese transformation process is now widely acknowledged, though industrial policies are contested internationally even while producing emulation in developed countries. China's development banking system is also producing emulation. Finally, we propose that relevant and adapted elements of the Chinese experience could be powerful vectors in an urbanising African continent of 2.5 billion people by 2050.

Notes

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3 The World Bank World Development Indicators.

4 Despite the eradication of extreme poverty, the poverty headcount ratio at US$5.50 a day (2011 PPP) (per cent of population) was still as high as 24 per cent in 2016 according to the World Bank's World Development Indicators. This implies that there is still a long way to go for China to achieve shared prosperity.

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China's NGO Partnerships in a New Era of Development Cooperation*

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Abstract China's 2021 White Paper, *China's International Development Cooperation in the New Era,* offers a new vision for a more people-centred approach to its development cooperation. While the White Paper extensively discusses partnerships, it only briefly mentions encouraging cooperation with non-governmental organisations (NGOs). This article argues that NGO engagement in international development activities would improve their effectiveness, a view shared by many Chinese scholars and practitioners. However, challenges exist that constrain optimal engagement, especially access to funding, and a weak enabling environment and policy framework. This article addresses these challenges, drawing from the literature on 'going out' among Chinese NGOs and social organisations, along with interviews with key players in the Chinese NGO ecosystem. The article recommends, among other things, that the government clarify and improve its policy framework for NGOs/social organisations in support of China's international development collaboration, especially regarding funding flows, personnel regulations, and material and capital outflows.

Keywords NGOs, social organisations, China, White Paper, internationalisation, development cooperation, Belt and Road Initiative, partnerships, 'going out', South–South cooperation.

1 Introduction

China has emerged as one of the most influential, debated, and discussed development cooperation actors in the twenty-first century. Chinese international development cooperation[4] has been extensively researched, scrutinised, mapped, and quantified (Huang 2019; Lynch, Andersen and Zhu 2020; Mulakala 2021). Less research and attention have gone to Chinese NGOs and social organisations[5] and how they fit into the broader schema of Chinese development and South–South cooperation (SSC). This article posits that for China to achieve the people-centred

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aspirations outlined in its January 2021 White Paper, *China's International Development Cooperation in the New Era* (SCIO 2021), Chinese NGOs and social organisations should become part of the equation.

China's two previous White Papers on development assistance (2011 and 2014) largely responded to international calls for transparency (SCIO 2011, 2014). Neither discussed the contribution of Chinese NGOs and social organisations, although both described activities, such as humanitarian aid and improving health care, that may have involved these actors. The current White Paper offers a different vision: it explicitly affirms China's commitment to the Sustainable Development Goals (SDGs) and people-to-people connectivity, especially through the Belt and Road Initiative (BRI). Partnerships will prove critical to this forward vision. This article takes up this positive outlook on the role of Chinese NGOs and provides a more detailed look at both the potential opportunities and constraints they face.

Section 2 lays out the methodology for our study. Section 3 provides a limited review of the literature on the growing internationalisation of NGOs in China. Section 4 is a brief discussion of how NGOs feature in the White Paper. Section 5 discusses the strategic role for NGOs in the BRI. Section 6 discusses the importance of diversifying development partnerships. Section 7 outlines some of the challenges to internationalisation faced by Chinese NGOs. Section 8 puts forward some recommendations for strengthening the international role of China's NGOs. Section 9 offers some final conclusions.

2 Research methodology

This article draws on a combination of secondary and targeted primary research. It first relies on a desktop review of the literature to provide a brief overview of Chinese NGO internationalisation, i.e. 'going out' efforts. Second, it identifies areas of China's current development cooperation agenda, as articulated in the White Paper, where NGOs can play a pivotal role. Third, it draws again on a desktop review and interviews with seven Chinese NGO leaders and experts,[6] to discuss challenges in fulfilling that role. Our conversations, semi-structured interviews, and email exchanges with these NGO leaders aimed for nuance and detail that could fill in some of the gaps in the literature and were analysed qualitatively.

The NGOs represented here span the various categories mentioned in Section 2. The Center for International NGOs and Foundations/Beijing Normal University (CINF-BNU) has both a practitioner and policy perspective, while the China Foundation for Poverty Alleviation (CFPA) is one of the largest and first Chinese NGOs to internationalise. The Global Environment Institute (GEI) conducts both development and advocacy, and the Beijing Rongzhi Institute of Corporate Social Responsibility

(Rongzhi) brings in some private sector perspectives. The leaders of these organisations spoke with us because they share an interest in advancing Chinese policy and want to take part in the international conversation about China's global engagement. Their views, as described below, have also influenced our recommendations.

3 The internationalisation of China's NGOs

Chinese NGOs comprise a relatively small feature of Chinese development cooperation. However, this role has expanded as the Chinese government, companies, and NGOs recognise the strategic potential this partnership affords.

Difficulties arise in pinpointing definitive data on the scale of international Chinese NGO involvement and how it may have changed over time. According to the Chinese Ministry of Civil Affairs (MCA) statistics, by the end of 2014, out of the 606,000 social organisations in China, 215 social groups, nine foundations, and four private non-enterprise units had engaged in international work (MCA 2015). After 2015, the MCA no longer provided this type of data. A search on the United Nations Department of Economic and Social Affairs (UNDESA) Database reveals that 20 China-based NGOs have carried out activities outside of China, and 71 Chinese NGOs have 'consultative status' with the United Nations (UNDESA 2021). Li and Dong (2018: 2) note that as of 2017, the China Foundation Center (CFC) had recorded 49 Chinese foundations as active overseas, and that the China NGO Network for International Exchanges (CNIE) listed 63 of their NGO members as having a focus on international affairs.

Li and Dong (2018) place the internationalisation of Chinese NGOs within the broader context of China's 'going out' as China opened up to the world in waves beginning in the 1970s. The third wave of 'going out' from the 2000s onward involved the export of Chinese culture (through Confucius Institutes) and its experience of development, with NGOs beginning to take part in international development. Li and Dong (2018: 2) also posit several factors driving this internationalisation of NGOs – both political incentives, with the Chinese government encouraging its NGOs to support national geopolitical goals, and economic incentives, due to increasing competition for funding domestically as well as increasing opportunity overseas through mechanisms such as the BRI.

Our review of the literature and our experience as practitioners indicate that Chinese NGOs engage in three distinguishable categories of internationalisation activities. First, some NGOs 'go out' and provide a quick response to international humanitarian and natural disasters. China is a disaster-prone country. Chinese NGOs, most prominently search-and-rescue teams, developed strong professional capacity following the 2008 Wenchuan earthquake and started providing disaster-response assistance to other countries. International humanitarian or disaster response has thus become a primary sector for international Chinese NGO action (Huang 2019; Li and Dong 2018). This has been particularly visible during the Covid-19 pandemic, when Chinese NGOs and social organisations have played a critical role in China's response, providing support to over 109 countries on six continents by March 2020 (Zhang 2020).

Second, some Chinese NGOs implement on-the-ground environmental, health, education, or other development projects overseas. Some of these organisations operate from a Chinese base; others set up project offices overseas, and some operate through collaborations with local organisations. Examples include CFPA, which has set up field offices in partner countries such as Nepal, Myanmar, and Ethiopia, where it operates water and sanitation, children's education, and women's livelihood support programmes (CFPA n.d.), and the Global Environment Institute (GEI), an environmental and human-development NGO based in Beijing; it partnered with the Ministry of Livestock Development in Sri Lanka to adapt a renewable energy model developed in China to the local context (China Development Brief 2021).

Third, some social organisations conduct research and advocacy on a range of social and environmental issues relevant to development. They may also represent industry, and often work in partnership with international organisations or Chinese companies. Such organisations include GEI, which has created environmental exchange platforms such as the East and Southeast Asia Community Conservation Network[7] and Beijing Rongzhi Corporate Social Responsibility Research Institute (Rongzhi); it supports Chinese governmental bodies, industry associations, and enterprises in research, development, and application of social responsibility standards and guidelines. It also provides technical assistance to Chinese enterprises.[8]

4 China's 2021 White Paper and the role for Chinese NGOs

The 2021 White Paper reaffirms China's previous commitments to development cooperation partnership with NGOs. It refers to social organisations three times, indicating different levels of commitment. First, the paper underscores a high-level commitment, citing President Xi's statement at the Second Belt and Road Forum (2019) that China would support social organisation participation in public wellbeing projects along the BRI (SCIO 2021: 11). Second, the paper announces a funding mechanism: China's US$3bn South–South Cooperation Assistance Fund (SSCAF) will focus on micro and small projects across diverse sectors, as well as trade promotion and investment facilitation, in cooperation with Chinese social organisations (*ibid.*: 19). Third, the paper proposes an institutional architecture: under 'future prospects for international cooperation', China's inter-ministerial coordination mechanism for foreign aid becomes responsible for aligning the efforts of various government levels and social organisations, the better to enhance efficiency and cohesion (*ibid.*: 49).

While versions of these commitments may have preceded the 2021 White Paper, their mention affirms the space for NGO and social organisation engagement, however vague the details. Using the parameters of the White Paper, Chinese NGOs and social organisations can add impact in two broad areas, as described below.

5 Ensuring sustainability along the Belt and Road

China's investments along the Belt and Road have declined significantly since 2016 (Mingey and Kratz 2021). This reflects a slowdown in the Chinese economy, concerns about rising debt and debt management, and more restraint by partner countries amidst challenging economic times. Accordingly, the White Paper's discernible shift in focus from hardware to 'humanware', that is, human development, creates an opportunity to improve the execution and sustainability of existing projects.

Through guidelines and regulations, the Chinese government encourages Chinese BRI-building companies to take care of the communities and environments impacted by their projects, and these companies increasingly recognise the importance of stakeholder engagement and social and environmental considerations in business sustainability (Gu, Li and Zhang, this *IDS Bulletin*); however, they often do not have the experience or knowledge to address these issues (Guo and Duan 2017). NGOs and social organisations can bridge this gap. Simeng, a professional service institute for corporate social responsibility (CSR) managers and its consulting arm SynTao, have offered leadership in this area, producing community engagement guidelines and manuals and providing training for Chinese companies investing overseas. However, such collaborations remain rare. NGOs may have a role in working with frontline BRI companies to engage outside their comfort zone of traditional BRI project implementation and interact with communities and local stakeholders.

The White Paper devotes an entire section to the SDG agenda and presents the BRI as a platform through which China can channel its SDG efforts. China's experience of poverty alleviation, in which Chinese NGOs have played critical roles, offers perhaps its most valuable lessons for partner countries. Sound development cooperation policies and practices also dictate an essential role for NGOs in delivering aid, since they are widely believed to be more efficient than government agencies (McCoskey 2009). People-to-people connectivity and sustainable development are two of CFPA's core principles. Since 2019, CFPA has offered its domestic poverty alleviation experience to BRI countries through the Panda Pack Project, in partnership with Alibaba philanthropy, delivering school supplies to 732,314 children in ten countries (CFPA 2020). This project complements CFPA's other SDG-related programmes in maternal and child health, higher education, and non-profit hospitals in 20 countries and regions (Dong and Li 2020: 240). Similarly, GEI complements its work with Chinese companies through projects on forest protection in Myanmar, low-carbon development in Sri Lanka, and community biogas development in Laos (*ibid.*: 245–6).

The SDGs, however, are not a simple add-on. While the official Chinese narratives about the 'Green BRI' and 'Health Silk Road' are compelling, delivering SDG results will require more than dotting the BRI with education and health projects, despite their benefits. It requires designing and implementing the core big-ticket BRI infrastructure projects differently and inclusively, with the SDGs and partner country national development goals considered at every stage. Experienced Chinese NGOs, such as those we discuss, working in tandem with local NGOs and communities can contribute to this realisation.

6 Diversifying development partnerships

The White Paper emphasises the centrality of partnerships, noting that China will work through different forms and modalities and with diverse partners. While government-to-government partnerships have historically underpinned Chinese SSC, the stated desire to engage more directly with people (SCIO 2021: 24) may require collaboration with more nimble actors. Chinese NGOs, such as CFPA, that have on-the-ground presence in some of China's partner countries, can deploy local language skills through locally engaged staff, which helps them to implement community projects and respond during emergencies and humanitarian disasters. They can also act as a link between Chinese companies and communities. For example, in Sudan, CFPA collaborated with the Chinese Embassy, China National Petroleum Corporation, and the Al-Birr and Al-Tawasul Organisation, a Sudanese civil society organisation, to revitalise the Abu Ushar Hospital and deliver vital health services to Sudan's poor (Peng, Ji and Wang 2017: 36). Increasingly, Chinese NGOs, such as CFPA in Nepal and Myanmar, are participating in country-based international NGO (INGO) forums.[9]

Many Chinese NGOs and social organisations, such as the China Association for NGO Cooperation (CANGO) and GEI, collaborate and share lessons with international peers and partners through extensive international networks. This helps bring the voice and experience of Chinese civil society to international consultations such as the UN climate change conferences (Dong and Li 2020: 236–7).

Collaboration between international and Chinese organisations has numerous advantages for all partners. Chinese NGOs benefit from exposure to INGO norms, standard operating procedures (SOPs), protocols, networks, and knowledge of local contexts;

INGOs benefit from Chinese NGO quantitative and qualitative information and from their privileged insights into China's development cooperation and overseas investments. Both benefit from mutual learning and sharing. These partnerships can also serve as a form of Track Two Diplomacy[10] in conditions where formal relations between China and other countries may have become strained.

7 Challenges faced by Chinese NGOs 'going out'

In the limited but growing literature on Chinese NGO international activities, three main challenges consistently recur: a weak policy and regulatory environment, lack of access to funding, and weak human-resource capacity for international work. The NGO representatives and scholars we interviewed evoked the persistent incongruence between the aspirations and official directives for an expanded international NGO role and the practical mechanisms (clear policy, access to funding, and capacity) needed to make it happen.

7.1 Absence of an enabling policy framework

The lack of a robust regulatory or policy framework to support NGO internationalisation (Shuai 2017; Huang 2019; Li and Dong 2018) appears as a prominent challenge in the literature. Official directives have not so far translated into practical measures. Our interviewees clearly indicated that globalisation and the global development agenda (the SDGs) drive the increasing internationalisation of Chinese NGOs. As China goes out, so do Chinese NGOs, but without much government support. The irony of the BRI is that while investors and companies traverse continents in the fast lane, NGOs are still waiting for their passports. The 'spontaneous' expansion of Chinese NGOs overseas is taking place in advance of any government support – a reality that puts pressure on the government to both accommodate and manage this phenomenon. A representative of GEI, Ren Peng[11] observed that China does not favour Chinese NGO participation in development cooperation, and most such activities suffer from the absence of a national strategy.

Furthermore, there remains no unified administration for NGO international activities.[12] While the Ministry of Commerce (MOFCOM) has qualification methods for enterprise participation in foreign aid projects, no such regulation exists for NGOs (Dong and Li 2020: 251–2). The China International Development Cooperation Agency (CIDCA), set up in 2018, does not have an NGO partnership mechanism like those that play important roles in the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) country aid systems (e.g. Australia's).

Amidst current global geopolitical tensions, Chinese NGOs have served as, and may increasingly become, a lever of China's soft-power diplomacy. Li and Dong (2018: 2) assert that the

Chinese government had encouraged its NGOs to support China's geopolitical goals. Director Yang Li of CINF-BNU[13] emphasised that the overseas practices of Chinese NGOs will help reconstruct China's global image and promote international exchanges. According to CFPA Vice President Wang Xingzui,[14] some Chinese NGOs have positioned themselves to participate in global governance and 'share Chinese ways with the Western world'. Yang provided the example of the Amity Foundation, which established a Geneva office in 2015 in part to provide a bridge for Chinese social organisation engagement along the BRI (Amity Foundation 2021).[15] For CFPA, the extent of public display of its Chinese background depends on the local context. In Myanmar, CFPA faces scepticism about its in-country activities from some local stakeholders. To operate effectively, the NGO status needs to be emphasised and distance from the government is necessary.[16] In Nepal, on the other hand, CFPA identification with the Chinese government reassures Nepali government counterparts and facilitates its work in-country.[17]

Given this reality, as Chinese NGOs expand internationally, they will require the flexibility and autonomy to position themselves according to local political context and bilateral relationships with China. Strategic positioning aside, our respondents all shared a view of a deeply intertwined relationship between Chinese NGOs overseas and the Chinese government – one in which the NGOs could play a significant role in furthering the government's soft-power and foreign policy agenda, but also one in which the effectiveness of the NGOs themselves depends on supportive measures from the government.

Meanwhile, as Chinese NGOs seek more international engagement, they face the challenge of being perceived as a front for China's state machinery, despite the absence of government funding support. This perception is enhanced by the government's framing of the BRI as an all-inclusive platform for China's globalisation. This challenge does not affect Chinese NGOs alone. Chinese private companies invested overseas are often lumped together with state-owned enterprises in critiques of the BRI, although many operate outside the oversight of the Chinese state. While many other international NGOs funded by their countries of origin are also seen as advancing their foreign policy agendas (Silver 2006; Ishkanian 2007), current geopolitical dynamics may subject Chinese NGOs to more scrutiny.

7.2 Funding constraints

Access to funding has proved a long-standing challenge for Chinese NGOs 'going out' (Li and Dong 2018; Huang 2019; Fan 2019; Shuai 2017; Lu 2017). They rarely receive funding directly from government international development funds. While President Xi announced the establishment of the SSCAF in 2015, very little of its funding has gone to Chinese NGOs. Once established in 2018, CIDCA took over SSCAF management from MOFCOM.

This transition contributed to the slow progress on NGO involvement in SSCAF.

In 2017, the China NGO Network for International Exchanges (CNIE) established the Silk Road NGO Cooperation Network to complement the BRI with coordinated Chinese NGO efforts to build people-to-people connectivity, implement beneficial projects, and build public support for the BRI. The network has attracted 352 members across 72 countries (CNIE 2020). CNIE has a mandate to coordinate Chinese NGO applications to the SSCAF by reviewing NGO project proposals and making funding recommendations to CIDCA. CNIE made its first call for proposals in July 2020 and so far, no Chinese NGOs have received funding awards through this process (*ibid.*). According to You Fei,[18] the Executive Director of CINF-BNU, CNIE should play a larger role both in supporting Chinese NGOs' work overseas and in facilitating dialogue with the Chinese government, including on topics such as access to government funding through the SSCAF.

As a result of the lack of government funding, most Chinese NGOs operating overseas have often relied on online and offline fundraising from the domestic population or Chinese companies. CFPA Vice President Wang[19] says his organisation receives only 4.2 per cent of its funding for international work from the government. The remainder comes primarily from the public, donated through online portals such as Alibaba and Tencent (59.55 per cent), with smaller amounts coming from foundations (10.76 per cent), state-owned and private enterprises (9.7 per cent), and private individuals (9 per cent). He expects to see a gradual increase in government allocation of financial support to NGOs for international work. He noted a sign of progress in CFPA's selection as one of the few pilot applicants for SSCAF funding.

7.3 Limited capacity

Weak capacity and limited international experience create further challenges for Chinese NGOs. Lu (2017) notes that Chinese foreign aid is often criticised for its lack of sensitivity to local contexts and local communities. This reflects the common practice of implementing infrastructure projects such as bridges, roads, and stadiums through Chinese companies and contractors, who lack awareness of why or how to engage communities in the process. While Chinese NGOs could in theory fill this void, their role remains limited by inadequate personnel capacity or lack of overseas experience. In our interviews, all respondents cited internal capacity as a constraint and challenge to effective 'going out'. Chinese NGOs struggle to recruit personnel experienced in both the political and social contexts of their partner countries, as well as the technical procedures of managing international projects overseas. Interviewees often note that their NGOs receive little to no training in international or multicultural engagement, diversity awareness, or in the cultures and socioeconomic contexts of the countries in which they work.

Many of the capacity constraints relate to the challenge of aligning policy frameworks not initially designed to be in sync. For example, Nepal's government requires INGOs to cooperate with local NGO partners in programme implementation, and to maintain an annual contribution of US$200,000. Due to Chinese policies on foreign exchange control, there are also difficulties in fund transfer.[20] Many Chinese NGOs with recent 'going out' experience need more experienced personnel to navigate these administrative challenges.

Other capacity constraints relate to the challenges of managing multiple language and donor requirements. Language barriers make it challenging for Rongzhi to conduct surveys or other activities in targeted countries. CFPA Myanmar often need to produce project reports in Burmese, English, and Mandarin customised according to the interests and priorities of different donors. For example, their Hong Kong-based foundation donors prefer visual records detailing implementation and have less interest in fund utilisation, while their mainland China-based donors attach great importance to local relationships, often promoted through local profiles of projects and events and local media coverage.[21] These challenges will be familiar to all NGOs working in the international space, but Chinese NGOs have a smaller pool of personnel experienced in international development to draw upon and are relatively new to the game.

In this context, our respondents stressed the usefulness of sharing experiences with other NGOs operating in the same environment. CFPA has established effective partnerships with western INGOs that have significantly assisted their new offices. For example, the CFPA Myanmar Country Director conducted an eight-month internship with Mercy Corps in Myanmar, focused on country office set-up and developing working relationships with local staff).[22] Similarly, the CFPA Nepal Country Director attended a useful country-office training at Mercy Corps Nepal.[23] Both country directors cited the helpfulness of The Asia Foundation's operational manual, produced for Chinese NGOs preparing to go out (see Lu 2017).

8 Recommendations for key actors

We argue the need for greater action as China's international development cooperation prioritises a more human-centred vision and as opportunities for people-to-people connectivity become more critical in an increasingly polarised world. We suggest some practical steps that can include all players in the ecosystem – the Chinese government, private sector, partner countries, foreign and Chinese NGOs – to improve delivery of the SDGs. Here we consolidate recommendations from the literature, our interview respondents, and our own practitioner-based experience.

8.1 Recommendations for the Chinese government

Given the lack of a robust policy framework and funding support, we recommend that the government clarify and develop an improved policy framework for Chinese NGOs and social organisations, especially regarding funding flows, personnel regulations, and material and capital outflows. A public–private partnership (PPP) model and policy framework would enable NGOs to leverage SSCAF funds for collaboration with Chinese businesses, thereby increasing their impact in international partnerships. To strengthen understanding between NGOs and various government agencies, the government, or government-mandated organisations, could establish a systematic and regular coordination framework, including semi-annual dialogues between the government and internationally active NGOs and social organisations.

Smaller task forces, co-led by an NGO and a government counterpart, could conduct in-depth engagement on topics such as setting up country offices, managing funding outflows, applying for funding from SSCAF, and other priority policy measures. To facilitate coordination and promote knowledge-sharing and mutual learning, we recommend that CIDCA or CNIE, working in partnership with academic or thinktank partners, establish a comprehensive database of Chinese NGOs and social organisations that have 'gone out' in various ways. Finally, the government needs an evaluation mechanism to assess Chinese NGO contributions to international cooperation, including their global practices, social impact, achievements, and challenges. This could result in recommendations or actions for improved planning and optimised resource allocations.

8.2 Recommendations for Chinese NGOs regarding 'going out'

NGOs can and should access the wealth of best-practice knowledge in international development, both prior to and after establishing an international presence (whether on a project basis, or through a country office). Prior to 'going out', NGOs should develop sound and transparent accountability mechanisms for overseas projects, including details of project development, sources and use of funds, and project evaluation upon completion. They should also invest in developing in-house expertise in the language, culture, history, and customs of key countries of operation.

Once they have developed a concrete plan for overseas activity, NGOs should analyse the country or location as an ecosystem, identifying all potential resources, including the Chinese Embassy, Chinese enterprises active in the location, other INGOs, local NGOs active in their sector, and the Chinese diaspora community in-country. Where NGO associations or coordination forums in partner countries exist, Chinese NGOs should seek to join these, to learn and share knowledge about local regulations, cultural norms, and development practices. Emergency response NGOs should establish relationships with counterparts in key partner countries, setting up networks and collaboration systems prior to any disaster that might require rapid response. They may wish to set up internships with other INGOs before establishing country offices, to observe international best practices, protocols, and implementation standards.

8.3 Recommendations for Chinese enterprises and businesses

NGO and private sector partnerships offer beyond-aid answers to sustainability and scale, combining complementary resources and capabilities to address development challenges. The BRI offers an opportunity for closer cooperation between Chinese NGOs and enterprises. Chinese companies lack the skills and experience to engage with communities, yet investment sustainability depends significantly on strengthened community impact. The Asia Foundation's programmes and research with companies and communities engaged in BRI projects reveals opportunity and willingness on both sides to improve project implementation and community impact (Guo and Duan 2017; The Asia Foundation, forthcoming). Partnerships with NGOs should help in such cases.

Perhaps with support from the SSCAF, a new Chinese model of what we might call 'South–South collaboration' will emerge – one where Chinese business, government, and NGO interests coalesce with those of partner countries (Mulakala 2021). We recommend the development of a PPP model for partnering with NGOs using SSCAF funds: Chinese businesses could then allocate matching funds for said partnerships in key countries. Companies should also develop SOPs for partnerships with Chinese NGOs to assist with community engagement, socio-environmental impact assessments, and poverty alleviation activities in the communities where industrial and infrastructure projects take place.

8.4 Recommendations for other INGOs, development partners, and donors

Foreign INGOs and Western donors often do not actively engage with Chinese organisations in coordination and knowledge-sharing. This results in a lost opportunity for improving development effectiveness, given the increasing importance of Chinese assistance. We recommend that INGOs and international development partners should, as a matter of course, reach out to Chinese social organisations when researching Chinese development projects in partner countries, to forge ties with Chinese companies and to gain insights into Chinese perspectives. Furthermore, they should invite Chinese NGOs and social organisations to join donor coordination meetings in-country, arrange to meet with them bilaterally, and encourage the establishment of internships or exchange programmes with other INGOs.

8.5 Recommendations for partner countries

As Chinese development cooperation assumes a larger proportion of their available international resources, many developing countries will need to integrate such resources into national development planning and policy frameworks. While some have established systems and government agencies to receive and partner with OECD-DAC donors, they often have not yet done so for Chinese ones. Investment in understanding, integrating, and maximising this source of international development funding will prove critical. Partner countries should include and invite Chinese NGOs to national development roundtables and establish procedures for adapting or applying existing SOPs and protocols to Chinese development projects. In addition, partner-country NGOs and thinktanks should receive encouragement to collaborate with Chinese NGOs as local implementers of Chinese development projects.

9 Conclusions and further research

The scale and breadth of China's international development cooperation have a critical place in the global effort towards sustainable development. While China's 2021 White Paper creates space for enhanced NGO engagement, our review here reveals that these NGOs face persistent deficits in policy enablement, funding opportunities, and organisational capacity. Interviewees commented that it might take over a decade before we see a boom in the global expansion of Chinese NGOs. Our findings reveal points of opacity in China's development cooperation strategy, as Chinese NGOs have an official and vital status, but with unclear articulation of their precise role or the means of enabling it. Our recommendations indicate a possible way forward for Chinese NGOs to receive the attention needed for them to play a strategic role in China's international development cooperation.

This article presents primary qualitative perspectives of a few key Chinese NGOs on the current scope and environment for Chinese NGO participation in Chinese development cooperation. Due to time constraints and limitations resulting from the pandemic, we were unable to undertake a broad quantitative assessment of Chinese NGOs' experience or conduct primary research with relevant Chinese government stakeholders. We hope our research may inform further discussion with government actors and with a broader range of Chinese NGOs, particularly as more enter the development cooperation arena. Further research can also track implementation of the White Paper to investigate whether and how NGO partnerships increase.

Notes

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2 Robin Bush, Country Representative, The Asia Foundation, Malaysia.

3 Hongbo Ji, Country Representative, The Asia Foundation, China.

4 'International development cooperation' refers to China's bilateral and multilateral efforts, within the framework of South–South cooperation, to promote economic and social development through foreign aid, humanitarian assistance, and other means (SCIO 2021).

5 The **2016 Charity Law of the People's Republic of China** lists three categories for charitable organisations, including foundations, social groups, and social service organisations. We use NGOs and social organisations interchangeably in this article to refer to all three categories.

6 Lin Yuan, Myanmar Country Director, China Foundation for Poverty Alleviation (CFPA) – interviewed via phone call. Liu Neng, programme manager, Beijing Rongzhi Institute of Corporate Social Responsibility (Rongzhi) – interviewed by email. Ren Peng, programme manager, Global Environment Institute (GEI) – interviewed by email. Wang Xingzui, Vice President, CFPA – interviewed via phone call. Yang Li, Director, Center for International NGOs and Foundations/Beijing Normal University (CINF-BNU) – interviewed in person. You Fei, Executive Director, CINF-BNU – interviewed in person. Zou Zhiqiang, Nepal Country Director, CFPA – interviewed by phone call.

7 Ren Peng interview, 23 April 2021.

8 Liu Neng interview, 23 April 2021.

9 Lin Yuan and Zou Zhiqiang interviews, 9 April 2021.

10 Informal or backchannel diplomacy carried out by non-state actors.

11 Interview, 23 April 2021.

12 Yang Li interview, 8 April 2021.

13 Interview, 8 April 2021.

14 Interview, 8 April 2021.

15 Interview, 8 April 2021.

16 Lin Yuan interview, 9 April 2021.

17 Zou Zhiqiang interview, 9 April 2021.

18 Interview, 8 April 2021.

19 Interview, 8 April 2021.

20 Zou Zhiqiang interview, 9 April 2021.

21 Lin Yuan interview, 9 April 2021.

22 Interview, 9 April 2021.

23 Zou Zhiqiang interview, 9 April 2021.

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Ownership and Effectiveness of China's Aid Projects in Africa*†

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Abstract The notion of 'ownership' has occupied a central place in measuring the effectiveness of North–South cooperation. How is it represented in South–South cooperation (SSC) and how does it affect the effectiveness of SSC? There is no clear answer in the existing literature. In this article, we describe the representation of 'ownership' in SSC and explain how it has affected the process and impact of SSC projects using case studies of three uniformly designed Chinese agricultural aid projects in Mozambique, Tanzania, and Ethiopia. Based on long-term participatory observation and in-depth interviews, we find that 'ownership' in SSC is represented differently from project design to implementation. Divergence and ambiguity exist among different stakeholders on the operation of 'ownership'. 'Co-ownership' of two partners at the local level contributes to the effectiveness of SSC projects while 'de-ownership' and 'forced ownership' have a negative impact on the survival and sustainable development of SSC projects.

Keywords South–South cooperation, ownership, effectiveness, China–Africa agricultural cooperation.

1 Introduction

The notion of 'ownership' has occupied a central place in measuring the aid effectiveness of traditional donors. The consensus is that without recipient-country ownership, i.e. recipient countries (implicitly government) as the primary agents in choosing policies and designing programmes financed by foreign aid (Savedoff 2019), it is impossible to form effective partnerships between donor and recipient. Since the mid-1990s, North–South cooperation (NSC) has strongly advocated having recipients 'in the driver's seat' (OECD-DAC 1996).

Many scholars question theoretically the concept of ownership in terms of its ambiguity. For example, Raffinot (2010) argues

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that market forces, and international norms and rules leave very limited autonomous space in which governments may formulate policy, while donor-driven agendas might be more effective than national ones if donors are more poverty averse and would actually be able to impose poverty reduction on an unwilling government. Saliba-Couture (2011) also highlights the ambiguity of the term, noting how its meaning varies when juxtaposed with qualifiers; for instance, 'government ownership', 'country ownership', 'national ownership', 'democratic ownership', and 'local ownership'. He also emphasises the low levels of effective ownership potentially associated with recipient governments' lack of administrative capacity, financial resources, expertise, and information.

Willem Buiter (2007: 651) considers the term 'country ownership' as 'at best unhelpful and at worst misleading and obfuscating'. Buiter advocates abandoning the concept of ownership altogether. Booth (2012) argues that, rather than explaining lack of ownership, ownership itself should be considered an objective, not a precondition for effective aid.

The global landscape of development cooperation has changed drastically in the last two decades as more and more Southern countries are engaging in aid programmes. By advocating the principles of equality, mutual respect, mutual benefit, and non-interference of partner countries' internal affairs, South–South cooperation (SSC) is considered as a new and alternative paradigm of international development cooperation through creating 'horizontal partnerships', challenging the 'vertical relationship' of NSC. The horizontal approach featuring a demand-driven focus and ownership of partner countries can avoid the inherent inequality between donor and recipient in NSC.

It can also effectively decrease Southern countries' dependence on external assistance through promoting their self-reliance. As Sha Zukang (2010), Under-Secretary-General for Economic and Social Affairs of the United Nations puts it, 'SSC carries little macroeconomic or governance conditionalities, which enhances countries' ownership'. However, questions such as 'Who is supposed to "own"?' and 'What is to be owned?' in SSC are still fundamentally ambiguous (Hasselskog and Schierenbeck 2017). Moreover, the relationship between ownership and effectiveness is becoming more obscure and the actors involved are becoming confused about whether it is a precondition or an indicator of effectiveness.

Being the leading SSC provider, as well as the second largest economy in the world, China's insistence on conducting development cooperation in the framework of SSC has aroused worldwide interest and has also met both censure and praise (Buckley 2013; Gu and Kitano 2018). The changing economic status of China makes the study on China's practice in international development cooperation more interesting to international scholars and China's domestic policymakers (Gu, Li and Zhang, this *IDS Bulletin*). How ownership, the key principle in relation to measuring the effectiveness of NSC, is represented in China's SSC could be a good starting point to understand the challenges and struggles of China's approach. Current discussions on the trends of the 'Southernisation' of NSC and the 'Northernisation' of SSC during and after the Covid-19 pandemic in different roundtables and fora has made the topic even more relevant.

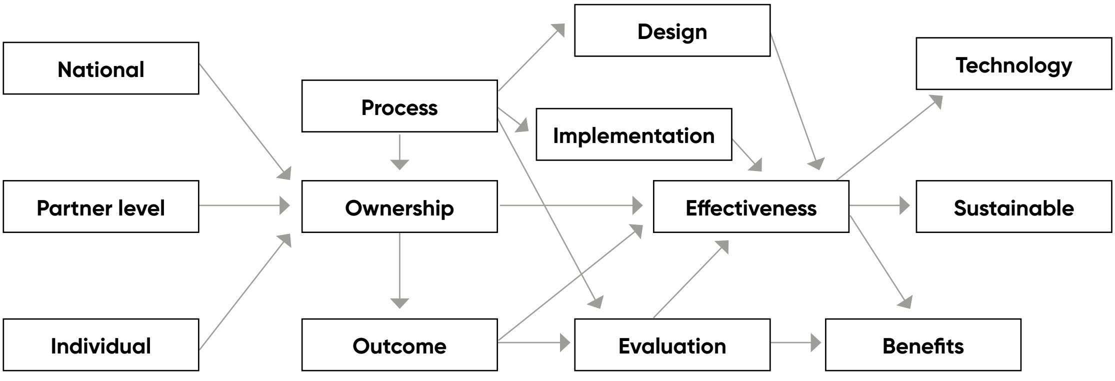
Against this backdrop, this article analyses the representation of ownership (who is supposed to own and what is owned) at the project level in Chinese SSC to see how it is different from that described/practised by traditional donors, and how SSC ownership affects the processes and outcomes of China's aid to Africa. It uses three case studies of Agricultural Technology Demonstration Centres (ATDCs) in three African countries with relatively similar political systems (Geddes, Wright and Frantz 2014): Mozambique, Tanzania, and Ethiopia.[4] A qualitative/process-traced approach to evaluating project-level effectiveness of SSC was utilised. By answering the above-mentioned questions, the research explains the process through which SSC is shaped by traditional development knowledge, while simultaneously reshaping new international development knowledge. The results of this research could inform Chinese and African policymakers of potentially better approaches to collaboration to raise the effectiveness of SSC.

2 Theoretical framework and methodology

Since the 1950s, agricultural assistance has been a priority area for China–Africa strategic partnerships and cooperation. As the flagship Chinese aid project to Africa, ATDCs have aroused the interest of many scholars since their initiation. The existing research on ATDCs falls into two categories: (1) social anthropological research focusing on the process and intention of ATDCs, with the aim of revealing the central features of the projects from the Chinese perspective (Li, Tang and Lu 2017; Xu *et al*. 2016); and (2) more nuanced investigations of the interaction between Chinese stakeholders and local counterparts, revealing the multiple realities and relationships during the process of project implementation (Zhang *et al*. 2019; Gu *et al*. 2016; Scoones, Cabral and Tugendhat 2013). However, there is minimal explanation about the variance of the performance of ATDCs in different African countries from both partner countries' perspectives. Very few studies focus on the cross-country analysis of how host-country systems influence the performance and impact of ATDCs in different contexts. There is a dearth of empirical, comparative research on the analysis of these uniformly designed (and, therefore, theoretically comparable) projects.

Rather than focusing on the outcome or impact of the projects, the research follows the whole process of the projects to see how

Figure 1 **Operationalising the concepts of 'ownership' and 'effectiveness'**



Source Authors' own.

'ownership' was perceived and implemented at the project level. To achieve this, a 'structured focused case comparison' (George 2019) was applied to analyse the variety of different causal patterns and the conditions under which each distinctive type of causal pattern occurs. In addition to the case comparisons, process tracing is used to conduct within-case analysis (Bennett 2010). The comparison is straightforward as all three ATDCs have the same objectives, are uniformly designed, and have received identical support from the Chinese government.

Each case encompasses configurations of similar variables that involve interactions at different stages of project implementation. In order to explore the process of interaction between different stakeholders at different stages of the project, we operationalised the concepts of ownership and effectiveness through disaggregating them (see Figure 1). The representations of ownership at national, partner (implementing units), and individual (Chinese experts and local staff) levels were described to answer the question 'How does ownership work in practice?', from which we could also trace the variation of ownership during the process of the project: design, implementation, and evaluation. Three indicators were used to measure the effectiveness of the project according to the prescribed tasks of the projects: technology transfer, sustainability, and benefit distribution.

As mentioned in Section 1, there is a lack of clarity in the literature on 'ownership' of aid projects which inevitably influences the discussion in this article. In many ways, ownership is a much-used concept in the practice of development, but it has not been rigorously conceptualised academically. In this article, we follow the logic of Chinese project designers and the principles of SSC and explore how this logic was accepted and responded to by the actors at the local level through describing the representation of project-level ownership in SSC. Here, the meaning of ownership goes beyond host government ownership in NSC; it involves more the ownership of the physical property, and the responsibility and benefit generated from the physical property.

The data were collected mainly from primary sources. The processes of project implementation were traced through participatory observation and in-depth open-structured interviews with key informants at different levels of the interactions, to illustrate the representation of ownership. The first author visited and spent some time in the centres in Mozambique and Tanzania between 2013 and 2021. The data on the Ethiopian case were collected by the local co-author (2014–20). Thirty-nine key informants including government officials (9), project directors (7), technical experts (10), evaluation experts (4), and local beneficiaries (9) engaged with project implementation were interviewed, either in person or online. The secondary data were collected from the centres or the official websites. All the evidence was triangulated to ensure accuracy.

3 Representations of 'ownership' in China–Africa development cooperation

3.1 'Uniformity' at the national level

The launch of the ATDCs follows uniform processes featuring mutual ownership and the demand-driven request of African countries. China expressed its intention to support African agriculture through ATDCs at the Forum on China–Africa Cooperation (FOCAC) Beijing Summit in 2006. After this announcement, African countries interested in ATDCs lodged a request through the Chinese Embassy in their country. The agreements prescribed the responsibilities of the two parties: the African country would provide the land, necessary infrastructure, and security of the centre, while the Chinese government would provide RMB40m for its construction. After the centres were completed, the ownership of the property was transferred to the partner country, but the centres were co-managed and operated by Chinese experts and local partners for three years to provide technology transfer and capacity building for local partners with funding support from the Chinese government. All the money from China went to Chinese companies and no budget support went to the host government. This was to ensure the principles of mutual benefit and equality of SSC, with both partners contributing to the project, either in money or labour.

Mozambique, Tanzania, and Ethiopia were all in the first batch of African countries requesting ATDCs. The request reflected the desire for 'national ownership' by the host countries. The three countries all prioritised agricultural development in their national plans during the period in which the project was initiated. Mozambique formulated the Strategic Plan for Agricultural Development (PEDSA,[5] 2010–19) and the National Investment Plan for the Agricultural Sector (PNISA,[6] 2013–17). The Agricultural Sector Development Programme (2006–14), Long-Term Perspective Plan (2011–25), and the First Five-Year Development Plan (2011–15) promulgated by the Tanzanian government all provided targets to be achieved by the agricultural sector in its contribution to national development plans (Zhang, Benjamin and Wang 2021). Ethiopia also published a national five-year development plan (2010–15), the Growth and Transformation Plan (GTP), which emphasised the importance of rapid agricultural transformation through both large-scale commercial farming and smallholder production capacity enhancement.

Interviews with national-level government officials in all three countries confirmed the alignment of the projects with their national development strategies. The African 'agency' in leading the process at the national level was identified by the scholars (for example, Alemu and Scoones 2013). From the Chinese side, the three centres were uniformly designed with the same amount of funding input from China, a similar project duration period, and similar procedures in choosing the implementing units.

Distinct from traditional donors, China does not set target countries for providing aid. Its provision of foreign aid is totally based on the demand-driven request of the African countries and with no political conditionalities attached, but mutual responsibility is a precondition to ensure equality and mutual benefit. The ATDCs were co-designed by each partner country in the arrangement based on these principles, which is understood and accepted by national-level stakeholders. For complete projects such as ATDCs, one thing is very clear: the hardware in the centres belongs to the host country and China will continue to fund the centre until it becomes self-sustaining.

3.2 'Divergence' at partner level

Divergence occurred after the project entered the technical cooperation stage. China together with each partner country designated implementing units for project implementation. Three state-owned agricultural companies won the bids from the open tendering in China and became the implementers of the three centres. The three companies were responsible for the construction and technology transfer until the centres had become self-sustaining. The host governments also designated local agencies, usually the Ministry of Agriculture or one of its affiliated institutions, to operate the centres with Chinese experts.[7]

According to the agreements, the local partners need to dispatch management staff, liaison personnel, and security guards to work in the centres. A technical assistance group consisting of technicians, a translator, and an accountant was dispatched from China as the project commenced the technical cooperation stage. Implementers from China understood that it was the African partner's responsibility to organise training activities for them. The Chinese experts were only required to prepare the curriculum and teach in class or demonstrate in the field. This is a fair arrangement following the principles of SSC, as one policymaker of China's foreign aid reported:

> *To ensure the independence of the local partner, we do not provide direct budget support to the local partners. If they become the employees of the project, it will be difficult to keep their independence. Also, the contribution of the host government is very important to ensure equal partnership between the two countries*.[8]

Again, this approach distinguishes SSC from NSC with the objective of ensuring 'equal and inclusive ownership' and 'mutual accountability'.

However, it is hard for this arrangement to function after implementation starts. As no salary is paid to the local staff, the local partner can only designate its staff to work part-time for the centre. As the location of centres is usually far from the host partner's urban headquarters (HQ), the full-time involvement of local staff is almost impossible. However, the local partner in Mozambique did a better job as the centre is just 23km from the HQ office of the Ministry of Science and Technology (MST). Local liaison staff visited the centre frequently and facilitated some training and demonstration work.

Without the guidance of the local management staff, the Chinese experts in the Tanzanian centre also managed to reach out to different places in Tanzania with the help of the Chinese Embassy. In Ethiopia, the Ministry of Agriculture (MoA) did not manage to assign any experts/staff to the centre due to budget constraints and distance (the centre was more than 80km from the local partner's HQ). The minimal involvement of the local partner in centre management made the transfer of 'ownership' to the local partner difficult.

Divergence also occurred where an ATDC had a different understanding of the concept of 'ownership'. In the Ethiopian case, the Chinese experts were waiting for the host partner to mobilise the local people for training, but the local partner did not dispatch any Ethiopian staff to the centre. When the first group of Chinese evaluators visited the centre in 2013 (one year after the project had commenced the period of technical cooperation), very few training activities had been carried out despite the centre having comprehensive facilities (maize and vegetable cultivation, agricultural machine demonstration, livestock for cattle and chicken rearing, mushroom production, and biogas demonstration), and the strongest team (12 Chinese experts with either master's or bachelor's degrees and field experience) compared with the centres in Mozambique and Tanzania. As the director of the Ethiopia centre stated, 'We are here to demonstrate the technology, not to go out to the field to teach farmers. It is not in the plan'.[9] However, this burden-sharing arrangement could be an obstacle for the centre to function as the host partners do not have the capacity or budget to facilitate the operation.

In the Mozambican case, both partners were flexible in mobilising extra resources to cover participants' training costs such as transportation and subsidies for being off work. To accomplish the task of technology transfer in the centre and to save costs, the local partner also took the initiative to incorporate the training programmes sponsored by other donors into the centre's activities. The Chinese implementing company also cooperated with other Chinese companies in training local farmers. The implementing company in Tanzania has also been working with Chinese companies and undertaking the technology-transfer programmes supported by the Chinese Embassy. Later, the Chinese experts at the Ethiopian ATDC also started to go to the fields to teach local farmers to fulfil the tasks laid out in the national-level agreement. Therefore, the proper function of the centres depends to a large extent on the 'agency' or flexibility of the Chinese implementing companies.

3.3 'Ambiguity' at the individual level

The ambiguity of the concept of ownership can lead to tensions between the Chinese experts and local staff aggrieved at and confused by an unclear division of responsibility. During the process of the centre being transferred to the host government, the issues relating to who should take charge of it were disputed at the individual level. When the then Mozambican president Armando Gebuza visited the centre, he urged the Chinese experts to grow more local vegetables and use local varieties of maize. But a door that had been broken by the students of a Food and Agriculture Organization (FAO) training class still needed to be repaired by the Chinese. The Chinese experts also refused to provide electricity from their generator to the security guards when power went off in the centre. The resulting chain of events was that when some thieves broke in, the security guards did not detect them. The Chinese director was badly injured by the thieves in the ensuing conflict. Fortunately, he recovered, and no property was stolen. However, the ambiguity of ownership (the question of 'Who is responsible for what?') contributed to the partners on the ground feeling ill at ease with each other.

The issue concerning who could use the facilities in the centre and how also began to be disputed, particularly when the facilities are profitable. The chicken-rearing facilities at the ATDC in Tanzania were considered to be the most advanced in the country. The scale of chicken and egg production was large enough for the centre to make a decent profit which could keep the centre self-sustaining after aid from China was phased out. However, in the local partner's eyes, as an aid project, the ATDC should not have been conducting any for-profit activities. As a result, the centre stopped its chicken-rearing project.

Later, the local partner, the Chollima Research Institute, agreed to cooperate with the Chinese experts to relaunch the business by providing a new legal status to the centre on the condition that it bought chicks from the Institute. However, the price of one chick offered by the Institute was about Tsh 7,000 (about US$3) whereas an adult chicken could be sold at Tsh 15,000–20,000 (about US$6.5–8.5). The price of the chicks was too inflated to be accepted by the centre as it was deemed to be losing business. The Chinese experts were also unsure as to whether it was in fact the head of the Institute rather than the Institute itself that wanted to sell the chicks to them. After this event, the centre offered the Institute the opportunity to use the chicken-rearing facilities itself but by the end of 2019, the Institute had not taken any action.[10] In the Ethiopian case, the ATDC was also subject to rigid regulations from the host government, and was not allowed to participate in commercial activities.

These 'ownership' issues deeply affected the Chinese experts' identity in the host countries. Should they be treated as aid agency employees with free diplomatic visas, or should they have to apply for business visas? The Chinese experts in Mozambique had diplomatic visas but the process to apply for or update visas took a long time. All of the centres relied on the host-country liaison person to facilitate the visa process for them. The Chinese experts in Tanzania had to apply for business visas and pay US$250 every three months after the memorandum of understanding (MoU) for diplomatic visas expired. The Chinese experts had argued with the local partner to extend their diplomatic visas but the local response was: 'Since you are coming to aid us, you need to pay us more rather than get a free service'. Moreover, every time the head of the local partner organisation helped them to obtain a visa, they needed to pay him a transportation fee (Tsh 100,000, approximately US$50), a labour fee (Tsh 300,000, approximately US$150), and provide a 'gift' (such as 10kg rice per visa). As one expert said, 'We are working very hard to help them, but it seems that they are not grateful to us. We don't feel we are welcomed by them'.

4 'Ownership' and 'effectiveness' of SSC

In recent years, efforts have been made to measure and evaluate the impact of SSC. Inquiries have frequently assumed that SSC is unique, requiring a totally different set of principles and indicators to be measured. In the previous sections, we described how ownership was represented and understood by the two partner countries in SSC and how it affected the process of project implementation. This section explores how ownership affects the effectiveness of SSC based on evidence from the three centres.

To explore the relationship between 'ownership' and 'effectiveness', we distinguish between three main forms of ownership which have evolved from our case studies:

1 Mutual ownership – this is relatively close to the ideal type of host–donor relationship that SSC aspires to develop. It involves the co-contribution of physical property development

and maintenance, and the introduction of human resources to maintain the project. It requires the mutual respect and responsibility of both partner countries.

2 De-ownership – this occurs when the understanding of 'ownership' of the two partner countries or stakeholders from different levels diverge. One party wants to weaken/expropriate the other party's ownership for its own benefit or to follow its own principles.

3 Forced ownership – this shares some similarities with de-ownership, but it also involves the abandonment of responsibility by one or both parties to force ownership on the one that is not ready to shoulder the whole responsibility.

The impact of these three types of ownership on project effectiveness (technology transfer, sustainability, and profit distribution) will now be explained through the case studies. Technology transfer was a stipulated task by the Chinese government. With funding of RMB15m (approximately US$2.2m), each ATDC needs to train 500 people/times per year and demonstrate advanced Chinese agricultural technology at the centre during the three-year technical cooperation stage. After that, the centre enters the sustainable development stage, which means no further support from the Chinese government and the centres would need to be self-sustaining, either run by the Chinese implementing units or the host partners, or both.

4.1 'Co-ownership' and effectiveness of SSC – the Mozambican case

The Mozambican ATDC is considered the most successful project in terms of effectiveness among the three. The co-ownership of the centre by both partner countries contributes to its success. A consensus has been built that the Chinese experts will stay as long as the centre needs them, and the ultimate goal is to make the centre self-sustaining before it is completely taken over by the host partner. According to one local government official, 'the centre will always be "China–Mozambique" '.[11] Chinese policymakers also think that the centre is an important platform for China–Mozambique cooperation and exchange. This is in large part due to the flexibility and compromise made by both parties at the local level (Zhang *et al*. 2019).

The centre's performance in terms of technology transfer was more than satisfactory. Since 2011, it has selected more than ten rice varieties, six maize varieties, more than 20 vegetable varieties, and two cotton varieties, and transferred more than 20 technologies to local farmers. The Chinese experts have trained over 3,000 local people/times as well as 800 demonstration households. The yield of one of the rice varieties reached 9 tonnes/ha, three times the local yield in 2011. Two rice varieties, one cowpea variety, and one cucumber variety trialled in the centre have been grown nationwide in Mozambique. The yield of a local maize variety grown by Chinese experts has increased to four times (6,750kg/ha) the local yield. The local director of the centre, Otilia Tamele reported that 'Chinese technical experts have made a great contribution to our country' (Fang 2019). The centre also selected 15 promising Mozambican youngsters for short-term training and degree-level education in China.

In terms of sustainability, the centre has explored a survival approach after funding from the Chinese government stopped. Distinct from the Tanzanian and Ethiopian cases, the Mozambican partner has encouraged the centre to conduct business activities, such as selling the vegetables and rice that it produces. The profits were used to maintain the centre facilities. Also, as an important platform for Chinese–Mozambican agricultural cooperation, the centre introduced and cooperated with other Chinese companies investing in Mozambican agriculture. Two more Chinese agricultural parks in Gaza and Sofala provinces were constructed with the involvement of the implementing company of the centre.

Since August 2016, the local partner has been transferred to the Mozambique Ministry of Agriculture and the Institute of Agricultural Research Mozambique (IIAM), which started to get heavily involved in the daily management of the centre. The division of labour between the two parties was clearly stated, based on the principle of wide-ranging consultation, joint contribution, and mutual benefit. The China side is responsible for daily operations, while the local partner has responsibility for mobilising and coordinating local resources. The Chinese experts were still paid by the Chinese implementing companies while the seven local staff working in the centre were paid from the revenue it generated. Since 2017, the centre has been working with the Bill & Melinda Gates Foundation, the World Bank, and other international partners on training programmes in Mozambique.

The centre is still on the way to exploring how to thrive. So far, a large part of the operating costs is still burdened by the Chinese implementing company, which means that the centre cannot be fully turned over to the host partner. With the long-term involvement of China, the vision of the ATDC is to help strengthen the agricultural value chain through attracting more international investment and support to Mozambique. As the business aspect of the centre is thriving, the sense of ownership from the Mozambican side is getting stronger, which might discourage the Chinese party's continuous investment in the centre. One Chinese manager, Mr Y., shared the following story in an interview with the author Zhang Chuanhong:

> *In October 2018, Mr Y., the deputy CEO of the implementing company of China–Mozambican ATDC (Lianfeng company),*

> *was sent to the police station just because he planned to take several sprayers out of the centre. The Mozambican police came and arrested him before he left the centre. The sprayers were transported to Mozambique with other goods in the same batch from the host company of Lianfeng in China. As the centre's geographic location is convenient, some goods for the Friendship Farm (Saisai City, Gaza Province) were also stored in the centre. But when the Mozambican partners saw Chinese partners taking the materials from the centre, they reported this to the police. It was hard for the Chinese company to explain the complicated situation to the police. Mr Y. stayed in the police office for a few hours before the police officer was persuaded that he was not a thief. But the sprayers were kept in the centre.*[12]

4.2 'De-ownership' and effectiveness of SSC – the Tanzanian case

The ATDC in Tanzania has been maintained solely by continuous support from China. The centre has been performing well in terms of technology transfer. As mentioned above, more than 3,000 farmers had been trained by the Chinese experts by the end of 2019. Since its implementation, the centre has worked very hard on self-financing through trying to create more operational income with the introduction of joint venture partners and business activities.

> By setting up the commercial company in Tanzania and fully making use of the centre's advantages in technical demonstration and extension, the centre will carry out various kinds of business in the field of crop farming, poultry-rearing, and food processing, in order to achieve profit to compensate the expenditure gap from public service in the centre. Meanwhile, the governments should give the centre corresponding policy support in the related aspects. (China-Tanzania ATDC 2013)

Since 2013, the Chinese implementing company has tried to extend its industrial chain by selling its fresh vegetables, quality rice, chickens, and eggs, and maize for feedstuff to the markets. However, the commercial activities run by the centre were questioned by the host partner, which thought that as an aid project it was not qualified for business activities and that if the centre wanted to do business, it should be registered as a business entity paying tax to the local government. But the fact that the ownership of the centre belongs to the Government of Tanzania, not the Chinese company, blurs the legal status of the centre. Under this scenario, the centre has had to shut off all its business activities. At present, the centre only functions as a pure aid platform undertaking different agricultural aid projects on training and technology transfer. The operation of the centre has been barely maintained by the Chinese implementing company. The local partner is not willing to run the centre itself as it lacks capacity to do so.

The host partner's expropriation of Chinese 'ownership' for using the facilities of the centre to do commercial activities without claiming 'ownership' and responsibility for itself makes it impossible for the centre to achieve the goal of sustainable development. To a large extent, the centre has lost its characteristics as an SSC project through the de-ownership of both partners. The focus on technology transfer may exert the long-term effect of 'blood creation'[13] for Tanzania. However, through the de-ownership process the host partner lost the opportunity to prosper with the centre. After the Chinese experts leave, the centre will be hard to sustain.

4.3 'Forced ownership' and effectiveness of SSC – the Ethiopian case

The Ethiopian case failed due to its expectation of mutual contribution from the host government. After ownership of the centre's hardware was transferred to the host government, the Chinese implementing company naively waited for the local partner to take the lead. This passive attitude resulted in the poorest performance of the centre across the three case studies. The major objective of the Chinese implementing unit was to accomplish the task assigned by the Chinese government through ensuring the smooth transfer of ownership to the host government. However, the limited involvement of the local partner and communities along with the context of socio-political unrest made the transfer an impossible mission. After Chinese experts were forced to leave due to political instability in 2018, the centre was looted. It was not until July 2019 that the ATDC was officially handed over to the Ambo Research Centre, which has converted it into one of its research sub-centres. Since, except for the buildings, much of the original technology demonstration fields have been considerably damaged.

From this case, it is clear that the consistent commitment of the Chinese partner is vital to keep the centre surviving and thriving. 'Forced ownership' of a project by the host country or totally giving 'ownership' to the Chinese partner does not work under the principle of SSC and might be detrimental to the effectiveness of SSC.

5 Conclusions

Host-country ownership has been regarded as a central precondition for the aid effectiveness of NSC for a long time, but its ambiguity and paradoxicality have aroused controversy in both academic and policy circles. Very few studies have focused on the issue of ownership in SSC and its impact on programme effectiveness. In this research, we have revealed that project-level ownership is far more complicated than the simple idea of national ownership advocated by traditional donors. Ownership under the SSC framework has also proved difficult and requires the consistent commitment and flexibility of the cooperating providers during implementation. Representation of ownership varies among different levels of stakeholders as well as at different stages of project implementation. The approach to operating ownership by the implementing partners matters more than the uniformed concept of ownership reached at national level for the success of China's SSC projects.

The results show that co-ownership may be the best approach for the effectiveness of SSC while de-ownership and forced ownership make sustainability and the survival of the SSC projects unlikely. These latter two approaches indicate that ownership in SSC is different from NSC as both partner countries need to contribute and shoulder responsibilities. The case studies also reveal that donorship in SSC is unfeasible as it is impossible for the SSC providers to control the whole process. This could be one advantage of SSC over NSC as it can overcome the inherent inequality between donors and recipients in NSC. From a long-term perspective, the whole ownership of the host country could be incubated. However, we concede that the research cannot cover the long-term impact of the project as it is only focused on the process of the project that is still going on. More research on the long-term impacts of a larger number of centres is needed to reveal the bigger picture in the future.

Space and time constraints mean that we are not able to present political economic analyses of the case studies to reveal the hidden causes that lead to the variations in performance of the ATDCs in the three countries. However, our preliminary findings reveal that the project-level stakeholders play a more important role for the effectiveness of SSC than was expected when the national-level design was undertaken. As with so many studies of aid programme implementation, 'the devil is in the detail'. The implementation of SSC is not as easy as most policymakers might expect as host countries take time to accept this type of new cooperation modality. Patience is needed for SSC providers to 'cultivate' an equal partnership with the host partners. These results may help inform Chinese and African policymakers of potentially better approaches to effective development cooperation under the framework of SSC.

Notes

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4 Based on a data set from 2010 (latest data available) that classifies types of autocracies, the three countries are considered 'party-based' autocracies, meaning they have a one-party dominant system.
5 PEDSA = Plano Estratégico para o Desenvolvimento do Sector Agrário.
6 PNISA = Plano de Investimento no Sector.
7 In the three countries respectively, the Ministry of Science and Technology (MST) in Mozambique (later transferred to a Institute of Agricultural Research Mozambique (IIAM) research institute under the Ministry of Agriculture), the Chollima Research Institute in Tanzania, and the Ambo Research Center of the Ethiopian Institute of Agricultural Research (EIAR) were the local partners of the ATDC projects.
8 June 2015, Beijing.
9 October 2014, ATDC in Ethiopia.
10 Author interview, July 2019.
11 July 2014, Maputo.
12 Author interview, 28 July 2021.
13 Translated from the Chinese, this often-used phrase means that the project can survive without getting aid from external sources.

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Selective Learning: China, the CGIAR, and Global Agricultural Science in Flux*†

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Abstract This article analyses the interaction between China and the CGIAR (formerly the Consultative Group on International Agricultural Research) since the 1970s, exploring the formation of China's modern agricultural science capability and its approach towards learning. While China was previously regarded and treated as a recipient of international scientific expertise, it is now a more equal partner and contributor, with capacity to provide funds, support exchange programmes for scientists, and collaborate in building laboratories and joint research programmes. Some of these now extend beyond the CGIAR system and are creating new platforms for scientific collaboration and knowledge production in the South. By offering an illustration of China's 'selective learning' approach, emphasising self-reliance and pragmatism in its engagement with the CGIAR, this article feeds into broader debates on how China contributes to global development knowledge and learning.

Keywords China, CGIAR, international agricultural research, selective learning, South–South.

1 Introduction

There is a long history of interaction between China's agricultural science and technology systems and global development knowledge platforms such as the CGIAR (formerly the Consultative Group on International Agricultural Research). Yet, insufficient attention has been given to the history of these relations and how they have shaped China's own capability and identity in the field of agricultural science. This article traces the history of China–CGIAR relations over a period of 50 years and explores how these have evolved over time. While China was previously regarded and treated as a recipient of international expertise, it is now a partner and contributor to the CGIAR, with capacity to provide funds, support exchange programmes for

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scientists, and collaborate in building joint laboratories and research programmes involving other Southern partners. By documenting the changing relationship between China and the CGIAR, the article offers an illustration of China's 'selective learning', with its emphasis on self-reliance and pragmatic development. This feature of China's development cooperation is relevant to the international community, particularly its partners in the global South.

The article draws on a review of secondary literature and semi-structured interviews with key informants in China, conducted between 2019 and 2021. The team interviewed 28 agricultural scientists, policy researchers, and managers, among whom 15 individuals were working at CGIAR centres and their partners in China. Secondary literature comprised academic papers, reports, and archival material retrieved from the CGIAR webpage.

The article is organised into six sections. Section 2 provides a historical overview of the CGIAR system, after which Section 3 considers China's international engagements and outlines its 'selective learning' approach. Section 4 describes the historical trajectory of China's relations with the CGIAR system. Section 5 explores three modalities of interaction: germplasm exchanges, training of talent, and institutionalised platforms for collaboration. Section 6 concludes by discussing how China's selective learning is now part of development knowledge networks in the global South.

2 A brief historical overview of the CGIAR system

The CGIAR system was established in 1971, building on the experiences with international germplasm exchange, collaborative research, and training programmes involving American scientists and philanthropic organisations, such as the Rockefeller and Ford foundations. Byerlee and Dubin (2009) highlight the significance of the Inter-American Food Crop Improvement Program and the creation of four international agricultural research centres (IARCs) in the 1960s: the International Rice Research Institute (IRRI) in the Philippines, the International Maize and Wheat Improvement Center (CIMMYT) in Mexico, and the international institutes for tropical agriculture in Colombia (CIAT) and Nigeria (IITA).

The perceived success of these centres fuelled interest in scaling up. The World Bank played a leading role in establishing the CGIAR as a 'loose group of initially 17 member countries, international organizations and foundations for funding agricultural research' (Byerlee and Dubin 2009: 456).[4] Additional centres were created over the years and CGIAR membership expanded geographically. China officially joined in 1984, although connections between Chinese scientists and IARCs started earlier. Today, the CGIAR comprises 15 IARCs.

Since its establishment, the CGIAR has focused on supporting developing countries to adopt modern agriculture technology and roll out the Green Revolution (CGIAR 1971). The development of modern technology involved two core competences: international germplasm exchange and training. Germplasm enhancement was regarded as the 'backbone of the Centers [*sic*.] success and impact' and where the IARCs' comparative advantages laid (Anderson 1998: 9). Added together, CGIAR centres hold the largest collection of crop germplasm in the world (Dalrymple 2008). Furthermore, investment in training helped to develop an *esprit de corps* (Anderson 1998; Byerlee and Dubin 2009), a defining mark for a mission-oriented institution.

In the field of agricultural science and technology, the CGIAR established itself as the leading source for global public goods (Dalrymple 2008) through training and 'open source collaboration' in the form of germplasm exchange and knowledge sharing (Byerlee and Dubin 2009). The centralisation of 'fundamental research' and germplasm collections in IARCs was seen as key to ensuring efficiencies through economies of scale and scope in knowledge production (Byerlee and Lynam 2020).

Though global in scope, links to developing countries' research systems provided the ground where technologies could be tested and ultimately applied. Yet, because of their stance as autonomous non-governmental entities, the CGIAR centres presumably avoided national 'political and bureaucratic interference in science' (*ibid*.: 2).

Throughout the 1990s, the creation of additional centres broadened the scope and geographical presence of the CGIAR. New centres for water, fish, forestry, and agroforestry were established and natural resource management became more prominent. But while the system widened and became more complex, funding did not follow suit, reflecting a broader decline of agricultural official development assistance (Eicher 2004).

Nominal funding to the CGIAR declined in real terms during the 1990s, becoming also restricted or earmarked (World Bank 2003). The increase in restricted funding is thought to have transformed 'the CGIAR's authorizing environment from being science-driven to being donor-driven, and a shift in the System from producing global and regional public goods toward providing national and local services' (*ibid*.: 3). The reduced focus on enhancing crop productivity, seen as the system's core competence and comparative advantage, was questioned (*ibid*.).

Concerns over the CGIAR's mission crisis, financial sustainability, and global versus national focus, provide the backdrop in which China's engagement unfolds.

3 China's international engagements and 'selective learning'

Since the turn of the century, China's internationalisation intensified as part of a 'going out' strategy, which encouraged Chinese enterprises to do business abroad (Alden 2007; Wang 2016). Trade and foreign direct investment with other developing nations have seen unprecedented expansion (Tang 2020). This is illustrated by the Belt and Road Initiative (BRI), a transport and communications infrastructure development programme of global scale, launched in 2013 to help developing nations grow while improving China's access to resources and markets within a 'win–win' framework. Although there have been concerns about the BRI's impact on developing countries' debt and environmental sustainability (Teo *et al*. 2019; Were 2018), China's White Paper on international cooperation sees it as a 'major platform for international development cooperation' and the 'significant public goods China offers to the whole world' (SCIO 2021: 7).

Technology trade and scientific and technical cooperation have long been important elements of China's South–South relations (Brautigam 1998). These include placements for Chinese experts in developing countries, through bilateral cooperation or via organisations such as UNDP or the Food and Agriculture Organization of the United Nations (FAO). Furthermore, the 2006 Forum on China–Africa Cooperation (FOCAC) launched Agricultural Technology Demonstration Centres (ATDCs) (Brautigam and Tang 2009), offering a hybrid of aid and business through public–private partnerships combining state provision of public goods with private management for financial sustainability (Tang *et al*. 2015; Xu *et al*. 2016).

So, what defines China's development cooperation? Debates often frame the Chinese model as the 'Beijing Consensus', in opposition to the 'Washington Consensus' associated with neoliberal development policies spearheaded by the Bretton Woods institutions (Ramo 2004).[5] This framing has been challenged as a foreign creation that inaccurately represents differences between models and for 'overstating how far China diverges from standard economic theory' (Kennedy 2010: 475). The Beijing Consensus thesis has also been criticised for misleadingly suggesting the existence of a singular China model. Tang (2020) argues that China's international engagements have shown that there is no generalisable model but that solutions are adjusted to contexts in a pragmatic manner. Tang defines this approach as 'co-evolutionary pragmatism', departing from the market–state binary to emphasise distinct pathways towards the goal of economic development. Taking development as a learning process (Lin and Wang 2008), developing countries need to set their own priorities. During the learning process, improvisation and innovation are needed to explore solutions adapted to local realities in a pragmatic manner, rather than following orthodox recipes. The development process is therefore not linear but a winding pathway.

Our notion of 'selective learning' captures the emphasis on development ownership and pragmatic development. These two ideas originate from China's own trajectory and its own process of learning from the international community and are now embedded in China's development policy and discourse. The emphasis on ownership links to the diplomacy of non-interference and Southern self-reliance that originated at the 1955 Bandung Conference on South–South solidarity (Ndlovu-Gatsheni and Tafira 2018). China is also sensitive to external interference due to its prior experience of dependence from Western powers in the nineteenth century. It thus avoids imposing on other countries what it does not want for itself.[6]

While the extent to which these principles hold in practice has been debated (Aidoo and Hess 2015; Okolo 2015; Po and Sims 2021; Verhoeven 2014), China's White Paper on international cooperation emphasises 'respecting each other as equals' as a guiding principle (SCIO 2021: 7). Also, the principle of 'providing the means for independent development' conveys similar meaning and highlights self-reliance through learning via joint work and capacity-building activities such as the training of talent and technicians 'to empower them to tap their own potential for diversified, independent and sustainable development' (*ibid*.: 8).

China's pragmatic development means working with partners to advance economic development with no pre-established blueprint and 'regardless of whether its [partner] political regime is authoritarian or democratic' (Aidoo and Hess 2015: 110). In this, China is seen as differing from Western development approaches that often seek to reform socio-political systems in partner countries (Gu, Li and Zhang, this *IDS Bulletin*). Tang argues that 'China was able to develop by promoting market economy and international trade while maintaining a sociopolitical system different from the West' and this experience informs its approach when engaging with other Southern nations. Hence, the pathway can be varied provided it leads to the ultimate goal: 'It doesn't matter whether the cat is black or white, as long as it catches mice' (Tang 2020: 7, citing Deng Xiaoping).

The combination of development ownership/self-reliance and pragmatic development, or 'selective learning', is an approach that has defined China's own domestic development process (and how it learned from other countries) and now informs its international engagements with other countries and institutions. Xu and Li talk about a 'closing-gap experience sharing' approach in China–Africa relations, which entails promoting 'heuristic learning under equal relationship between peers and shaping a new image of African development' (2020: 117).[7]

4 Half a century of China's engagement with the CGIAR in two stages

In China, the CGIAR is regarded as an international reference for agricultural science and technology. Chinese officials and scientists often refer to it as the 'World Academy of Agricultural Sciences', the international equivalent of the Chinese Academy of Agricultural Sciences (CAAS), the prestigious science institution that formally hosted CGIAR centres in the country.

The interaction between China and the CGIAR started in the 1970s, although this was only formalised in 1984 when China became a member. China currently holds Memoranda of Understanding (MoUs) with 13 CGIAR centres, and seven of these currently have registered offices in China.

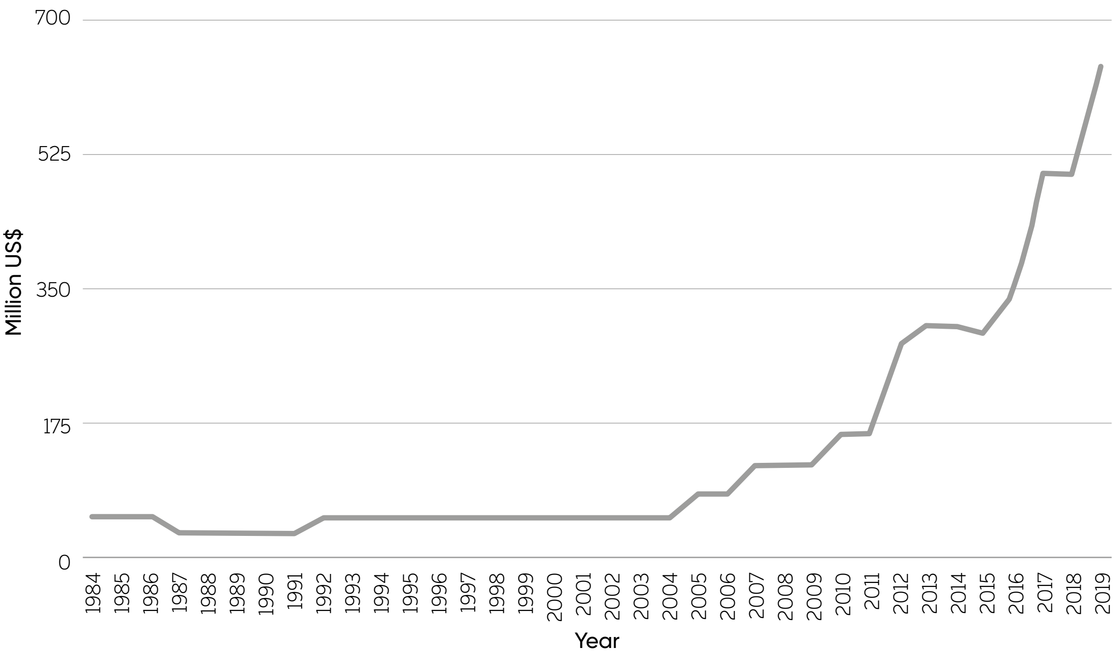
Over this past half century, China's interaction with the CGIAR has undergone two main stages. The first stage corresponds to the period between the 1970s and 1990s, when China was primarily a recipient of international agricultural science resources and expertise. The CGIAR provided significant contributions to China, particularly for non-staple crop research. These contributions intensified during China's market-oriented reforms, from the early 1980s. The second stage started in the new century, particularly after 2007–08, when the CGIAR initiated structural reforms and China increased its financial contributions. In this current stage, China has become more active and assertive by setting up a coordination office, establishing joint laboratories, and initiating joint programmes (Cabral, Pandey and Xu 2021). The following sections outline this trajectory.

4.1 Stage one: China as recipient of expertise and resources

In the early 1970s, a Chinese delegation participated in a FAO-hosted conference in Manila where the President of the Philippines showcased seeds developed by IRRI. Germplasm exchanges between China and the CGIAR began to sprout. With the inspiration of hybrid practices and its benefits, the three-line indica hybrid rice was completed in 1973 by Yuan Longping and his team,[8] and the hybrid rice production system was formally established. Productivity for hybrid rice was 10 per cent higher than for conventional rice, resulting in a qualitative leap for China's rice industry. The introduction of wheat, potato, corn, and other crop varieties greatly increased the average output of food crops and set the foundations for the breeding of China's main crops.

Scientific cooperation started off from personal connections established during those early visits. A delegation from the CAAS visited CIMMYT for the first time in 1974 and an IRRI delegation travelled to China in 1976. In 1977, IRRI and the Chinese Ministry of Agriculture signed an MoU and the CAAS and IRRI jointly convened a biennial meeting for germplasm exchange. Institutional cooperation comprised crop improvement, biotechnology, integrated pest management, natural resource

Figure 1 **China's annual contributions to the CGIAR, 1984–2019**



Source Authors' own, based on information provided by a CGIAR respondent in an interview, Beijing, 2020.

management, rice field environmental monitoring, farming systems, information exchanges, and training. In 1982, IRRI and the CAAS launched a collaborative research and training programme. In 1983, a Chinese delegation participated in the CGIAR annual meeting and China became a member the following year.

During this first period, collaborations between CGIAR centres and China comprised germplasm resource exchange and training Chinese scientists. Through these collaborations, the Chinese government encouraged the modernisation of domestic research systems and gradually transformed sporadic exchanges into institutionalised platforms for cooperation.

4.2 Stage two: China as partner and contributor

In the second stage, China's engagement with the CGIAR changed from being a recipient to becoming a more active partner and contributor. This coincides with a significant increase in China's financial contributions, particularly from 2007 (see Figure 1), in a context of sustained economic growth (Vincelette *et al.* 2010).

China gradually developed closer and broader cooperation with the CGIAR, mainly through: (1) the establishment of a joint laboratory system with the CAAS; and (2) the launch of a joint agricultural science and technology programme with the National Natural Science Foundation of China (NSFC)[9] (Han, Yan and Wang 2018).

Several CGIAR centres set up offices in China (CAAS 2017). Also, the NSFC and CIMMYT signed a cooperation agreement in 1999 and, between 2001 and 2007, NSFC–CGIAR research projects increased from seven to 17 (Han *et al*. 2018).

This stage is also marked by a problem-focused approach, reflecting China's pragmatic and more targeted engagement with international research, which resulted in cooperation between CGIAR centres and local academies of agricultural sciences to address challenges in China. For example, in 2004, CIAT, the International Food Policy Research Institute (IFPRI), and the CAAS jointly developed the 'China Crop Nutrition Fortification Project' to promote the cultivation of high-β-carotene sweet potatoes and high-zinc wheat in Sichuan, Chongqing City, and other regions: varieties such as 'Zhongmai 175' and high-speed rice 'Zhongguangxiang No. 1' sought to address nutritional deficiencies in poor areas. In 2008, following a devastating earthquake in Sichuan province, the International Potato Center (CIP), the CAAS, the Sichuan Academy of Agricultural Sciences, the Heilongjiang Academy of Agricultural Sciences, and other scientific institutions implemented the 'Sichuan Potato Post-Disaster Aid Project'. This introduced and promoted new varieties, such as virus-free seed potatoes,[10] and new technologies, such as mist culture,[11] which enabled the Sichuan potato industry to recover.

With the backdrop of the CGIAR reform, the establishment of the China–CIP Center for Asia and the Pacific (CCCAP) in 2008 illustrates a transition towards a more high-level, coordinated, and outward-looking mode of engagement by Chinese institutions. After the CGIAR reform was completed in 2011, the NSFC co-funded research with five CGIAR centres. In 2012, the NSFC and the CGIAR signed a framework agreement that now covers all 15 CGIAR centres and focuses on cooperation with the CGIAR's core research areas in a coordinated fashion, in line with the One CGIAR initiative.[12]

Over this second period, Chinese scientists became involved in CGIAR governance. Three Chinese senior scientists have served as members of the CGIAR Executive Council, and 15 have taken on the role of director of CGIAR centres.[13]

5 China–CGIAR cooperation and new South–South platforms

To further illustrate the evolving China–CGIAR interaction, we consider three modalities of cooperation: germplasm exchanges, training of talent, and institutionalised platforms for collaboration. We discuss the consolidation of selective learning, where Chinese scientists emerge as partners standing on equal footing with their international peers at CGIAR centres, and where these platforms increasingly serve as mechanisms for transfer of expertise from China to other countries in the global South.

5.1 Germplasm exchange

Germplasm exchange marks the beginning of China–CGIAR relations and constitutes a pillar of China's modern agricultural science system. Following the early visit of the Chinese delegation to the Philippines, IRRI provided rice genetic resources to China, several of which have been actively promoted in China.[14] At present, 90 per cent of hybrid rice in China uses IRRI's restoring genes (International Cooperation Bureau of CAAS 2008). Besides rice, China obtained germplasm resources from various CGIAR centres for crops, which laid the foundations for breeding China's main crops, such as high-lysine corn, hybrid sorghum, peanuts, and high-quality wheat (*ibid*.).

China has also provided germplasm resources to CGIAR centres (*ibid*.). Between 1981 and 2000, China donated 7,778 copies of Chinese rice landraces and 35 copies of wild rice to the IRRI bank. The China National Rice Research Institute (CNRRI) and 12 provincial Academies of Agricultural Sciences have also participated in the International Network for Genetic Evaluation of Rice (INGER) and, over the past 20 years, Chinese scientists have been involved in evaluating more than 18,000 rice germplasms around the world.

5.2 Training of talent

The CGIAR has contributed to the formation of Chinese scientists. Since the 1980s, many Chinese scientists were trained at CGIAR centres, and later became the backbone of agricultural scientific research, teaching, and management. Some scholars have not only made contributions to agricultural science and technology, but have also worked on the development of agricultural policy in China and abroad through international cooperation.

Taking IRRI as an example, this CGIAR centre signed an MoU with the Chinese Ministry of Agriculture in 1977 and began collaborating with the CAAS from 1982 on research and training. Between 1984 and 2008, IRRI supported the participation of 700 Chinese scientists in international conferences, seminars, and training (International Cooperation Bureau of CAAS 2008). It also provided postgraduate training to 105 Chinese students, and non-degree training to 225. In addition, IRRI scientists conducted more than 500 visits to China and engaged in collaborative research and teaching activities in China. Renowned Chinese rice scientists, such as Yuan Longping, Xie Huaan, and He Cheng Jian, spent time working at IRRI at different points in their careers.

China's hybrid rice achievements encapsulate the efforts of generations of Chinese scientists and the significance of international collaborations with the CGIAR. In the mid-1970s, China was the first country to successfully cultivate hybrid rice under temperate conditions (Tang and Ding 2002). Between 1986 and 1996, 'Shanyou 63' was the main rice variety planted in China, which covered a total of 52.7m ha in 1996 (Xie and Zheng 1996). Although the yields success of 'Shanyou 63' is seen as the result of several factors (including the use of agrochemicals), studies highlight the role played by scientific research on crop improvement and germplasm exchanges with IRRI (Cheng and Liao 1998; Xie and Zheng 1996).

These achievements contributed to a more confident engagement of Chinese scientists in international knowledge networks. As a result, Chinese institutions gradually adopted a more active stance in the construction of platforms for collaboration and reciprocal training. For example, the Asian Rice Biotechnology Network (ARBN) comprises IRRI, China, and four other countries. Also, Chinese scientists cooperated with IRRI to establish the International Rice Information System (IRIS), which provides germplasm parent and pedigree information. The extension of these knowledge networks builds on the gradual deepening of cooperation between China and the CGIAR and the growing contribution of Chinese scientists. Wang Ren, the first CGIAR Secretary-General of Chinese nationality, highlighted China's role in scientific cooperation:

> It is difficult for us to have the opportunity and conditions to express Chinese ideas and influence on major issues related to the development of international agriculture. The Chinese people should play a greater role on the world stage. (Duan 2008: 23–5)

But only recently has the capacity development of Chinese scientists become institutionalised. The CGIAR earmarks part of the donations from the Chinese government for training and capacity building. The CAAS and the CGIAR have implemented an exchange programme that places Chinese scientists with CGIAR centres on a regular basis.[15] This not only improves the CAAS's capacity but also promotes collaborative projects. In recognition of the CGIAR's contribution, the Chinese government issued 'Friendship Awards' to 11 CGIAR scientists and two centres between 1998 and 2001 (CIMMYT and IRRI).

The NSFC and the China Scholarship Council have also cooperated with the CGIAR on training. The China Scholarship Council signed an MoU with CIMMYT and IRRI for joint scholarships to sponsor Chinese scholars (about ten scientists annually). The CGIAR and the NSFC also hold an international cooperation agreement for joint research projects.

Training programmes have, therefore, become normalised, institutionalised, and widespread. There is also growing interest in creating opportunities for collaborative research between Chinese scientific institutions and IARCs.

5.3 Institutionalised platforms for international collaboration

China has become a more active contributor and partner of CGIAR centres since the turn of the century, as illustrated by the establishment of joint laboratories with CAAS institutes and collaborative research involving the NSFC. These are now leading to further collaborations with China's Southern partners (see Section 5.4).

Since 1999, the CGIAR and the CAAS have established a joint laboratory system to carry out collaborative research and technology extension. Ten joint laboratories were created with the eight research centres with offices in China (CAAS 2017).

The new mode of engagement entails collaborative research, as illustrated by the NSFC–CGIAR framework agreement. This emerged from the High-Level Forum on China–CGIAR cooperation hosted by the Ministry of Agriculture in Beijing in 1997. In 1999, the NSFC and CIMMYT signed a cooperation agreement for the first time, resulting in collaborative projects.[16] This led to further agreements involving IRRI and, later, the International Center for Biodiversity. After the CGIAR reform was completed in 2011, the NSFC jointly funded seven projects with five CGIAR centres. In 2012, the NSFC and the CGIAR reached a consensus on signing the NSFC–CGIAR framework agreement, which came into effect in 2013. Priority funding areas are jointly determined, and the review, approval, and management of projects is the responsibility of the Chinese side. Chinese scientists and technicians operate as project hosts and the CGIAR collaborates by jointly submitting project applications. The NSFC provides scientific research and personnel exchange funds for approved projects, whereas CGIAR centres provide financial support for the participation of CGIAR personnel and for training and learning (Han *et al*. 2018).

These spaces are part of an effort from China's research organisations to have a more institutionalised and coordinated interaction with the CGIAR. The opening of CGIAR offices in Beijing brought to light high transaction costs and coordination gaps between different centres, as well as their limited practical contributions to contemporary China's agricultural challenges.

> *In the early days, CGIAR centres played a key role in introducing new technologies and training scientists, yet now their comparative advantages have been greatly reduced in China's context. They increasingly focus on meetings, delivering presentations and writing papers. It looks fancy, yet the work effectiveness and outcomes are limited. It has become increasingly bureaucratic and over-burdened.*
> (Interview with staff member at CGIAR centre, Beijing, 2020)

Joint laboratories and framework agreements reflect the efforts to make these interactions more strategic and effective for China, and learning more selective from international organisations.

5.4 New South–South connections and knowledge platforms

International research collaborations have provided fertile ground for Chinese research systems to mature. Chinese experts are now engaging in South–South scientific cooperation, building new knowledge platforms based on their experiences with the CGIAR.

One example of new platforms is the CCCAP, which is expected to push forward joint research and extension on potatoes in China and the Asia-Pacific region (Lu and Xiu 2014). Furthermore, the CGIAR–CAAS joint laboratories provide not only a space for the continuation of training Chinese talent, but are also becoming channels for China to offer training and develop other collaborations and knowledge networks with Southern partners. China is also establishing additional international joint research centres and overseas bases, drawing on other international industry–university research networks. In June 2019, the Chinese Ministry of Science and Technology approved the first batch of 14 Belt and Road joint laboratories, including six in agricultural research.

China has extended the joint research model to China–Africa cooperation, assisting the construction of the Sino–Africa Joint Research Center (SAJOREC) and establishing a '10+10' cooperation mechanism for China–Africa agricultural science.[17] Since its establishment in 2013, SAJOREC has proposed more than 45 joint research projects across a range of themes, including biodiversity, pathogenic microorganism detection, remote sensing, and natural resource management (SAJOREC n.d.). It has also provided scholarships for African students to study in China and training for scientists and senior technicians from across Africa (*ibid*.).

China has also set up a national research plan and special projects dedicated to supporting international scientific and technological cooperation. The aim is to enhance capacity to facilitate global innovation, meeting the global goals while promoting the participation of Chinese businesses in international cooperation.

6 Conclusion

This article has reviewed the interaction between China and the CGIAR over the past 50 years and identified two stages in this relationship. The first stage features China largely as a recipient of resources and expertise, particularly in the context of market-oriented reforms (in China) and greater international exposure. During this formative stage, the interaction comprised germplasm exchanges, cultivation of new crop varieties in China, and training and mentoring of Chinese scientists. The second stage has unfolded in a context of China's economic ascendency and intensified contributions to global development (Alden 2007; Carmody 2013). During this stage, there has been a gradual assertion of Chinese scientists and scientific institutions within the CGIAR (at a time of stagnant CGIAR funding), as well as in other international spaces through new Southern platforms for collaboration. China's more active and strategic engagement with the CGIAR fits a trend towards increasingly earmarked CGIAR funding. This is also happening alongside intensifying South–South cooperation activities (Mawdsley 2012; Scoones *et al.* 2016).

Over this period, we can trace the formation and practice of China's 'selective learning' in agricultural science, followed by its extension to other countries through South–South cooperation. Selective learning is defined by emphases in ownership (or self-reliance) and pragmatic development that have long guided China's own trajectory (Tang 2020). The approach emerged from interacting with international organisations, such as the CGIAR centres. In the first stage, China's selective learning entailed an emphasis on the training of talent (who would later lead research projects and institutions) and focused on germplasm exchanges, on the basis of which China gradually developed its national agricultural research system. In the second stage, when China began to actively 'go out', the principle of selective learning meant being more entrepreneurial and proactive in research collaborations, aligning these with China's own challenges, and building on accumulated competences and knowledge. China's pursuit of development ownership is visible in the push for more problem-driven cooperation, in line with the country's needs. Pragmatic development is reflected, in turn, in the joint laboratories with CGIAR centres and collaborative projects that are geared towards an exploration of multiple pathways to economic development, and which establish new knowledge spaces involving multiple players, including diplomats, bureaucrats, and businesses, for scientific and technological innovation. The White Paper on international cooperation states that science and technology are the 'primary productive forces' and a key element in supporting endogenous growth by developing countries (SCIO 2021: 40). These global science and technology initiatives are being extended to include Southern knowledge networks and spaces, diversifying the existing international development regime and knowledge pool.

While links to prestigious and well-established knowledge networks such as the CGIAR centres continue to be highly prized spaces for the formation of Chinese talent and cutting-edge knowledge production, China is also enabling the construction of new platforms for collaborative scientific research and technological innovation together with other nations. While these build on the learnings of five decades of collaboration with the CGIAR, they bring on board Southern partners and connections, convened by Chinese scientists and research institutions in their own right.

It is too early to say whether these new initiatives will lead to a reconfiguration of global agricultural research systems and knowledge networks. Further research should explore the extent to which China's heightened international engagement and domestic capability is transforming established systems and opening up new pathways for global agricultural science, including creating channels in the South for the circulation of ideas, and the exchange of people and germplasm resources.

Drawing implications for international cooperation relations, our analysis suggests that foreign assistance, if well selected and adapted to specific needs of recipient countries, can contribute to building their domestic capabilities and enable the choice of development trajectories that suit them. China as a South–South cooperation provider emphasises partner ownership and self-sufficiency through capacity development that can enable endogenous development trajectories. How China's 'selective learning' is interpreted by other Southern countries and whether it is taken up as a distinctive approach to development learning that they can apply on their own terms are questions that warrant further investigation.

Notes

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4 The first meeting of the CGIAR, held in May 1971, listed the following countries and organisations as members: Canada, Denmark, France, the Federal Republic of Germany, the Netherlands, Norway, Sweden, the United Kingdom, the United States, the African Development Bank, FAO, the Inter-American Development Bank, the International Bank for Reconstruction

and Development (the World Bank), the United Nations Development Programme (UNDP), Ford Foundation, the International Development Research Centre (IDRC), the Kellogg Foundation, and the Rockefeller Foundation (CGIAR 1971).

5 Ramo's notion of the Beijing Consensus centres on three presumably distinctive and central features of China's economic model: (1) innovation-based development; (2) economic success measured not by growth alone but by equitable distribution of wealth and environmental sustainability; and (3) self-determination *vis-à-vis* the United States' hegemony.

6 As Confucius put it: 'Do not impose on others what you yourself do not desire'.

7 Specifically, this approach comprises three elements: (1) drawing on experiences already practised; (2) mobilising actors that worked directly with those experiences to find solutions with local partners to tackle on-site development challenges; and (3) peer-to-peer experience sharing (Xu and Li 2020).

8 The successful completion of the 'three-line' hybrid rice was the result of years of research by a team of Chinese scientists led by Yuan Longping. The three-line matching system was announced as successful at the National Rice Scientific Research Conference in 1973.

9 The NSFC is the organisation responsible for coordinating funding to support basic research and foster scientific talent, and ultimately promote progress in science and technology for China's socioeconomic development. Since 2018, the NSFC sits under the Ministry of Science and Technology.

10 This refers to the virus-free or rarely virus-infected seed potato obtained after implementing a series of technical measures to remove the virus in the potato block. It has the advantages of early maturity, high yield, and good quality.

11 Mist culture is a new type of soil-less cultivation. It uses a spray device to atomise the nutrient solution into small droplets, which are directly applied to plant roots to provide water and nutrients.

12 One CGIAR is an internal initiative to promote greater integration across CGIAR centres in recognition of the interconnectedness of sustainable development challenges.

13 For example, Wang Ren was the Deputy Director General of IRRI in 2000–07 and Shenggen Fan was the Director General of IFPRI in 2009–19.

14 IR varieties from IRRI (such as IR24, IR26, IR30, IR50, IR64, IR9761-19-1) have become the most important restorer lines and parents of hybrid rice in China.

15 In 2019 alone, these included placements with CIMMYT, IFPRI, the International Livestock Research Institute (ILRI), World Agroforestry (ICRAF), and Biodiversity International (interview with staff member at a CGIAR centre, Beijing, 2020).

16 The NSFC Life Sciences Department subsidises about 35 projects on rice physiology, nutrition, pathology, genetics,

and other aspects every year, and actively promotes cooperation and exchanges with IRRI.

17 This refers to the 'Ten Major Cooperation Plans' of the Sixth Ministerial Conference of the Forum on China–Africa Cooperation held in Johannesburg in 2015. Based on current China–Africa agricultural cooperation projects, China and Africa will each select ten agricultural research institutions to establish a cooperation mechanism (MOFCOM 2015).

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Chinese Foundations and the Challenge of 'Going International'*†

Lindan Tan[1] and Huib Huyse[2]

Abstract China's international cooperation strategies are gradually changing due to evolving views about the limits of its internationalisation approach, which has traditionally mainly focused on building governmental and business relationships. Intensified interactions with low-income countries in the context of the Belt and Road Initiative are perceived to benefit from an increased role for its domestic non-governmental organisations (NGOs). This article explores China's initial steps in enabling the domestic NGO landscape to internationalise by looking at this development from an organisational capacity perspective. By assessing five key organisational characteristics of 36 Chinese foundations engaging in international cooperation, we find that the average organisational capacity for international cooperation is still limited but shows gradual improvement. While they all comply with government regulations in governance and several foundations have large budgets and capacity for domestic operations, our findings suggest that only a few currently mobilise substantial human and financial resources for their international activities.

Keywords non-governmental organisations (NGOs), foundation, international cooperation, Belt and Road Initiative, China.

1 Introduction

The Belt and Road Initiative (BRI) launched by Chinese President Xi Jinping in 2013 is by far the most prominent example of China's growing international ambitions in the areas of trade, diplomacy, and international cooperation. Certain studies (e.g. Maliszewska and Mensbrugghe 2019) conclude that the outcomes would be largely beneficial; global income would increase by 0.7 per cent and the BRI areas are estimated to capture 82 per cent of the gain. Other studies (e.g. Deych 2019) are more critical and accuse China of 'neo-colonialism', claiming that China is guided only by its own interests, even violating human rights and disregarding

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environmental regulations. The Chinese government feels misunderstood in what it perceives as misconceptions, although it acknowledges that these two areas might require more attention.

First, not all Chinese enterprises overseas attach sufficient importance to the fulfilment of social responsibility. This is reflected, for example, in the social responsibility development index of Chinese enterprises, which shows scores as low as 5.67 on average (Zhong, Ye and Zhang 2017) for Chinese companies overseas, compared to 35.1 for enterprises working in China (Huang *et al.* 2017).

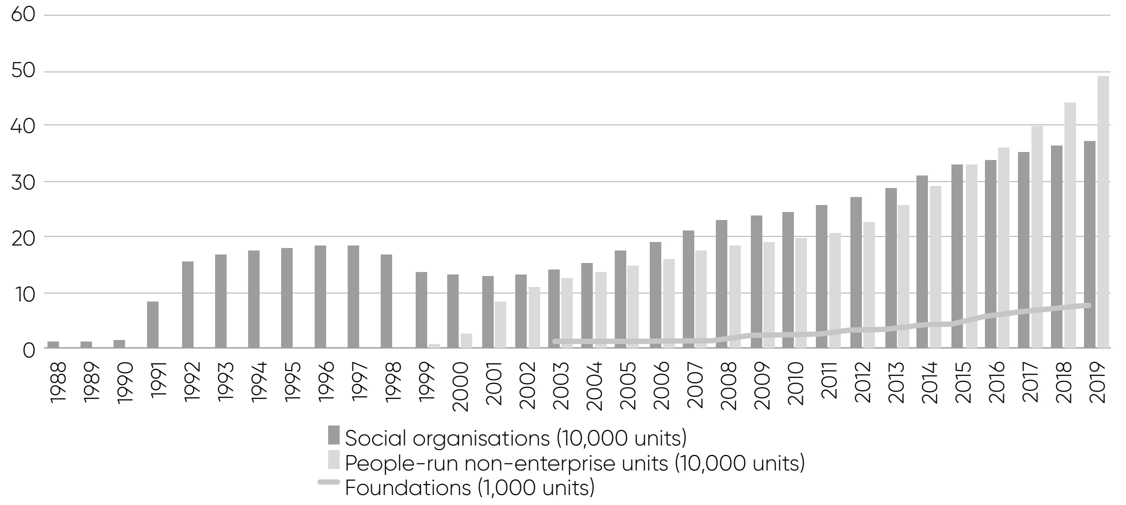
Second, there are signs that China realises that its own state-led development model cannot meet all the needs for effective engagement, and multilateral dialogue and cooperation with low-income countries.

Regarding both challenges, the Chinese government sees a potential role for Chinese non-governmental organisations (NGOs), as stated in policy documents from 2015 onwards. NGOs can urge Chinese overseas enterprises to pay more attention to their environmental and social responsibilities on the one hand, while complementing China's traditional unilateral diplomacy and showing a different side of China, on the other hand. In recent years, the Chinese government has developed a relatively active policy framework to facilitate the international collaboration of Chinese NGOs.

This article takes note of this development and asks the question as to what extent the Chinese NGO landscape is evolving in line with these policy intentions. More specifically, the article assesses the extent to which Chinese NGOs are prepared for a growing role in international cooperation. Estimates for the year 2014 show that only 529 out of a total of 606,048 NGOs were engaging in activities abroad (MCA 2015). While the absolute numbers remain low, even less is known about their capacity to engage at the international level.

In Section 2, we define the concept of NGOs in China and in Section 3, we frame the rise of Chinese NGOs with international activities within recent developments. This is followed by a short literature review of the organisational capacity assessment, and the designed assessment framework, in Section 4. Section 5 assesses the readiness of Chinese foundations, a subgroup of NGOs, to enter the international arena, based on the screening of a random sample of 36 foundations across five dimensions: organisational internal governance capacity, organisational economic capacity, human resource capacity, organisational sustainability, and international cooperation experience. The organisational capacity assessment framework is constructed around 21 relevant indicators identified in the annual reports from these foundations. Section 6 concludes, giving tentative insights

Figure 1 **The number of NGOs in China, 1988–2019**



Source Authors' own, based on data from MCA (2020).

into how China's foundations are slowly turning their attention to low-income countries, although in a careful and modest way in terms of financial and human resources.

2 NGOs, social organisations, and foundations

China's NGO landscape has evolved steadily over the last three decades (Figure 1), increasing from 4,446 NGOs in 1988 to 866,335 in 2019. This associational growth has similarities with what has happened in other countries, although the comparison is complicated by the differences in how NGOs are defined. An in-depth comparison would go beyond the scope of this article. China's policy framework distinguishes between three types of NGO: (1) social organisations; (2) people-run non-enterprise units; and (3) foundations.

In 2019, the biggest group (56 per cent) was that of people-run non-enterprise units, which are defined as institutions, societies, and other social forces established with non-state-owned assets by individual citizens for non-profit social services (SCIO 1998a). Social organisations are the second largest group of NGOs (43 per cent), and essentially cover non-profit organisations voluntarily created by Chinese citizens to achieve the collective desires of members, and conduct activities according to their charters (SCIO 1998b). The smallest group is that of foundations (7,585, or around 1 per cent), which are defined as non-profit legal entities that employ assets donated by actual persons, legal entities, or other organisations for the purpose of engaging in some public benefit enterprise (SCIO 2004).

Chinese foundations are the focus of our study. They have a long history of involvement in international cooperation and their role has been particularly emphasised since the BRI was launched. As early as 1951, the Chinese Red Cross Foundation (CRCF) was involved in international relief efforts in Korea. The China Foundation for Poverty Alleviation's (CFPA) medical aid in Sudan since 2010 has been a typical example of a Chinese NGO going to Africa. Since 2014, the China Foundation for Peace and Development (CFPD) has been actively responding to the BRI by creating the Friends of the Silk Road brand and launching international cooperation activities in Cambodia, Myanmar, Laos, and other countries, mainly in the form of education assistance. In 2017, CFPA was commissioned and funded by China's Ministry of Commerce (MOFCOM) to carry out an international volunteer project, which marked the first time that NGOs were included in the framework of China's foreign aid work.

Within NGOs' annual reporting requirements, international activities are understood by the Chinese government as participating in international conferences, setting up offices overseas, participating in international organisations, providing assistance to international NGOs in China, and conducting international projects.

3 Chinese NGOs entering the world scene

In Western countries, the internationalisation of civil society organisations (CSOs) has come in several waves (Develtere, Huyse and Van Ongevalle 2021). Initial internationalisation efforts originated in the trade union movement and around humanitarian work (e.g. the International Red Cross). Subsequent waves originated during colonial times; the post-war period; at the end of the 1960s (the so-called third world movement); in the 1980s and 1990s (new humanitarian NGOs); and post-2000 (social entrepreneurs and private initiatives). Over the last decades, a growing body of Chinese and international research has looked into the expansion of the Chinese NGO landscape, in education, environment, health, culture, disaster relief, and so forth (Wang 2001; Tang and Zhan 2008; Xu, Zeng and Anderson 2005; Hsu and Jiang 2015; Kang 2017), also comparing this with trends in Western countries (Spires 2012; Hsu and Teets 2016).

Much less is known about the activities of Chinese NGOs abroad, with the exception of a limited number of studies. Some scholars have documented the work of Chinese NGOs in areas such as global governance (Buckley 2013), service delivery and technical support (Huang *et al.* 2014), advocacy (towards Chinese enterprises) (Deng and Wang 2015), and cultural exchanges (Hsu, Hildebrandt and Hasmath 2016). In addition, scholars have critically assessed the activities of Chinese NGOs in Africa, observing a general reluctance to engage deeply in international cooperation in the face of uncertainties in the Sino-African policy framework (Brenner 2012). Others have documented the limited impact of Chinese NGOs in countries such as Ethiopia and Malawi (Hsu *et al.* 2016).

Moreover, the capacity and efficiency of Chinese NGOs to roll out activities in low-income countries is a largely under-researched topic. Huang *et al.* (2014) compared the internationalisation strategies of Chinese NGOs with those of foreign CSOs and Chinese enterprises. They found that Chinese NGOs had to operate within an inadequate policy framework, and lacked human resources and financial support, resulting in poor performance and impact. The United Nations Development Programme (UNDP 2017) in China assessed the challenges faced by 18 Chinese foreign-related CSOs in their international cooperation activities, based on three factors: type of organisation, geographical distribution, and business area. This survey-based research concluded that Chinese CSOs were only in the nascent stage of 'going out', resulting in low scores for performance. Qiu and Liu (2019) conducted field surveys of Chinese foundations such as CFPA and CRCF and found a serious lack of technical support, legal guarantees, professional staff, and funds during their international projects.

There are indications that the policy context is gradually becoming more conducive for Chinese NGOs. The BRI is acting as a catalyst in encouraging a larger role for NGOs in international cooperation. At least five recent policies and communications facilitate a 'going out' strategy for Chinese NGOs step by step. First, a 2015 policy was issued in the context of the BRI which suggests increased exchanges and cooperation between NGOs of countries along the Belt and Road (NDRC, MFA and MOFCOM 2015). Second, in 2016, a policy was issued that NGOs should be guided to play a supporting role in foreign economic, cultural, scientific and technological, educational, sports, and environmental protection exchanges, as well as acting as a platform for civil society in foreign exchange (General Office of the CPC Central Committee and the General Office of the State Council 2016).

Third, in 2015, the General Office of the CPC Central Committee and the General Office of the State Council also encouraged NGOs to participate in international organisation projects and support foreign aid work in a more structured way (General Office of the CPC Central Committee and the General Office of the State Council 2015). Fourth, in 2016, MOFCOM stated that it would support NGOs through the South-South Cooperation Assistance Fund to implement assistance projects abroad (MOFCOM 2016).

Finally, since the opening ceremony of the Belt and Road Forum (BRF) for International Cooperation was held in Beijing in May 2017 (Xinhuanet 2017), Chinese President Xi Jinping has launched the idea of developing a network for cooperation among the NGOs in countries along the Belt and Road, as well as initiating new people-to-people exchange platforms in a variety of formal settings. Chinese scholars have used these political statements and policy changes to point at the 'unprecedented opportunities' for Chinese NGOs to enter the world stage, especially participating in international cooperation on the BRI (Huang *et al.* 2018).

4 Research design

4.1 Theoretical framework

Research on organisational capacity assessment (OCA) has evolved considerably over the last decades. Since the 1970s and 1980s, the focus has shifted from organisational capacity as human resources combined with a limited set of 'hard capacities' (e.g. accounting and infrastructure), to frameworks that also include a set of 'soft capacities' (e.g. leadership, learning, and self-renewal), further inspired by complexity thinking (Huyse *et al.* 2012). In their review of the literature on organisational capacity in the development sector, Holvoet and Leslie (2013) conclude that only two frameworks are supported by a wide body of evidence.

First, Kaplan (1999) identified both elements related to hard capacities, such as material and financial resources and skills, as well as elements related to soft capacities, including organisational attitude and the organisation's understanding of the world. Second, Land *et al.* (2008) developed and tested a conceptual framework with five core organisational capabilities, which again combines both hard and soft capacities.

While the two frameworks stress the importance of both 'hard' and 'soft' elements when assessing organisational capacity, the absence of data may complicate the assessment of the latter (Holvoet and Leslie 2013). Considering that this research relies on secondary data available in the public domain, it faces similar constraints. As our index to assess the capacity for international cooperation (CIC) is mainly based on indicators that relate to hard capacities, our assessment is likely to act as a proxy for organisational stability, and to some extent organisational performance, rather than adaptability (*ibid*.). To assess the latter, one would need to assess soft capacities in addition to hard capacities.

More specifically, based on a review of annual working reports of Chinese foundations, 21 indicators in five sub-dimensions were identified to establish an index for the CIC (see Table 1). The sub-dimensions – internal governance capacity, human resource capacity, and organisational sustainability – provide indications of organisational stability. Organisational performance relates to organisational economic capacity and international cooperation experience. The resulting theoretical framework and the CIC index provide indications of the capacity for international cooperation, which need to be validated and further explored in future research efforts.

4.2 Variable and assessment framework

Using yaahp v10.0 and the Analytic Hierarchy Process (AHP) proposed by Saaty (2008), a representative subjective weighting method was used to assign weights to the 21 indicators of the variable of CIC. The weighting is based on the subjective opinions of 12 Chinese experts who focus on NGO-related research on the relative importance of the indicators when compared two by two.

Table 1 **Measurement indicators of the capacity for international cooperation (CIC)**

Target level	Criterion level		Index level	
Content	**Content**		**Content**	**Weight[3]**
A: Capacity for international cooperation	B1: Stability	C1: Organisational internal governance capacity	A council is in place	0.05
			A supervisory board is in place	0.05
			An information disclosure system is in place	0.05
			Administrative penalties have been imposed	0.05
		C2: Human resource capacity	Number of full-time staff	0.067
			Percentage of full-time staff with a bachelor's degree or above	0.067
			Number of volunteers	0.067
		C3: Organisational sustainability	Length of organisational development history	0.067
			Average staff salary	0.067
			Diversity of income	0.067
	B2: Performance	C4: International cooperation experience	Donations from the international community	0.034
			Number of international cooperation projects	0.05
			Amount spent on international projects	0.05
			Percentage of expenditure on international projects	0.044
			A department responsible for international cooperation is in place	0.022
		C5: Organisational economic capacity	Eligible for tax exemption status	0.022
			Donation income	0.05
			Government subsidy income	0.025
			Total income for the year	0.044
			Total fixed assets	0.022
			Net assets	0.036

Source Authors' own.

The 'Min-Max standardisation' was then used to perform the linear transformation of the original data, mapping the value between [0,1] to ensure the comparability of data. Subsequently, the following formula for calculating the weighted average of the CIC was constructed. We define that Q_i falling within [0.8,1] indicates that the CIC is very high; within [0.6,0.8) indicates high; within [0.4,0.6) indicates medium; within [0.2,0.4) indicates low; and within [0,0.2) indicates very low.

$$Q_{ij} = \Sigma_{k=1}^{21} Z_{ij} W_{ij} \qquad (1)$$

$$Q_{\mathrm{i}} = \Sigma_{h=1}^{n} Q_{ij} I_{ij} \qquad (2)$$

Where, Q_{ij} is the CIC of foundation j in year i, k represents the constructed 21 indicators, W_{ij} is the weight of each indicator, and Z_{ij} is the standardised value; Q_i is the overall value of CIC in year i, h represents the sample size, and I_{ij} is the weight of each sample. We used Stata15.0 for the analysis.

4.3 Research sample and data sources

We collected panel data from the 36 foundations, which were randomly selected. This corresponds with around one third of the total population of foundations (108) that claim to have some international involvement in their annual working reports during the period 2014–19. This subgroup of 108 foundations accounts for less than 1.5 per cent of all foundations (7,585). All data were sourced from annual working reports of foundations that are publicly available as required by Article 38 of the Regulations on Funds (SCIO 2004). We use the mean imputation method to deal with missing data.

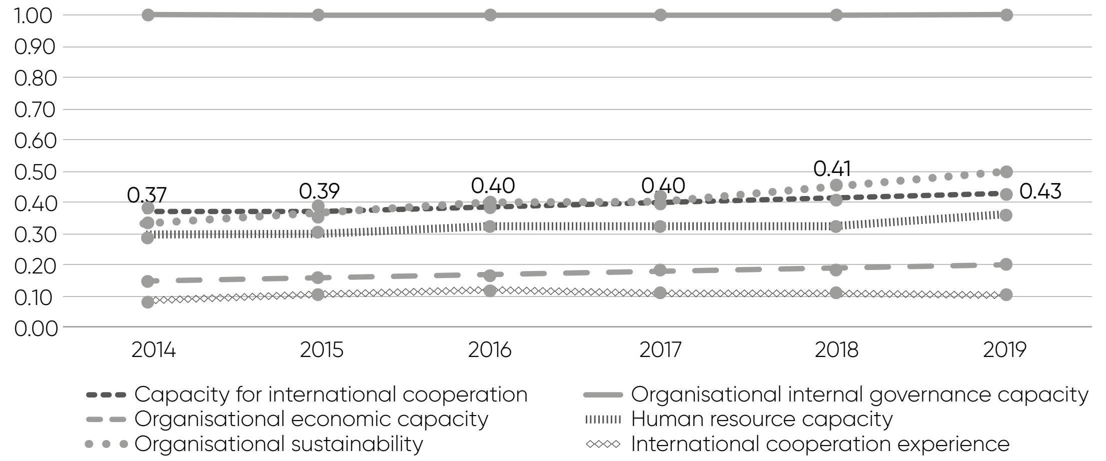
5 Empirical analysis

Figure 2 visualises the main scores for the CIC, as well as the scores for the five sub-dimensions for the 36 foundations throughout 2014–19. Our index suggests that the foundations in our sample have increased their CIC from a score of 0.37 in 2014 to 0.4297 in 2019 but still cannot truly meet China's expectations of advocating NGOs to 'go out' in the context of the BRI.

5.1 Stability: strong self-governance, low legal risk but limited organisational sustainability and human resources

All the foundations in our sample comply with the governance regulations of the Chinese government, resulting in the maximum score for this dimension. This implies that all of them have a board of directors and a supervisory board. They also comply with the rules of Article 38 of the Regulations on Funds to disclose their finances and activities information for inspection and supervision by the public. In addition, none of them violated Chinese government regulations in the area of governance or have been subject to administrative penalties.

Figure 2 Time evolution of the capacity for international cooperation, 2014–19



Source Authors' own.

The organisational sustainability dimension receives a low score in 2014 (0.33), moving to medium in the period 2017–19. The indicators provide further clarifications. Many foundations offer low staff salaries, such as the Yu Panglin Charity Foundation (YPLCF) in 2016 (¥13,650 (£1,533)), the COSCO Shipping Charity Foundation (CSCF) in 2014 (¥22,000 (£2,471)), and the China Birth Defect Intervention and Relief Foundation (CBDIRF) in 2014 (¥24,000 (£2,696)). In the competitive Chinese labour market, this might affect the ability to attract high-performing professionals. Some foundations are very old, such as the China Children and Teenagers' Fund (CCTF) which was established 40 years ago. The second group of seven foundations is about 30 years old, others are much more recent. Only three foundations have five different sources of income, around one third have four sources, and half of the group has three sources of income.

The average human resource capacity of the 36 foundations was low (0.33) in 2014 and medium (0.35) by 2019. Firstly, with 82 per cent of full-time staff in possession of a bachelor's degree, the educational level of the foundation staff is relatively high. However, except for two foundations (CFPA and the China Youth Development Foundation (CYDF)), all of the other foundations had less than 100 full-time staff in 2018. One third of the foundations had less than ten full-time staff in 2014. A similar trend can be observed for the number of volunteers. Some foundations have large numbers, such as the Shenzhen One Foundation Charity Fund (SZOFCF) which had 153,172 volunteers in 2019, while the International Scientific Exchange Foundation of China (ISEFC), YPLCF, and the China Guang Hua Science and Technology Foundation (GHF) had none.

5.2 Organisational performance: weak international cooperation experience and economic capacity

Of the five dimensions, international cooperation experience has the lowest score: 0.08 in 2014 and 0.11 in 2019. It confirms that Chinese foundations tend to have minimal experience in international cooperation. In 2014, only 17 out of 35 foundations received international donations. In 2019, the number grew to 23, but the percentage is still very small and the average international donation is just ¥7.42m (£0.83m). Second, while few foundations might have participated in international conferences or assisted international NGOs in their activities in China, most have not had structural activities abroad, such as setting up offices overseas or establishing international departments. In 2019, three quarters of the foundations did not have any overseas office. Similarly, only a small minority have actually implemented international cooperation projects abroad. For most foundations, the average percentage of expenditure on international projects was just 17 per cent, showing that it is not at the core of their operations. The Chinese Language and Culture Education Foundation of China (CLEF) is a notable exception, with 52 international projects in 2016 and almost 100 per cent of its expenditure on international projects. The same pattern can be detected for the average amount spent on international projects, which was just ¥15.92m (£1.79m).

The economic capacity of Chinese foundations also scores rather low, ranging from 0.14 in 2014 to 0.20 in 2019. Access to funding appears to be a major obstacle to the development of Chinese NGOs, but this average score hides large differences between the foundations. The annual income of different foundations differs substantially, with the highest total income for the year being around ¥1.57bn (£0.18bn) and the lowest being around ¥0.37m (£41,556), and with the average value being only ¥173.02m (£19.43m). A few large foundations receive government subsidy income, such as the China Women's Development Foundation (CWDF), the China Friendship Foundation for Peace and Development (CFFPD), the China Development Research Foundation (CDRF), CCTF, and so forth, yet most foundations do not. In addition, the fixed assets and net assets of foundations are not only low but also vary greatly. For example, in 2014, the ZTE Foundation (ZTEF) and YPLCF had zero fixed assets, while CYDF had fixed assets of ¥141.53m (£15.90m) in the same year.

5.3 A detailed breakdown for the 36 foundations

Table 2 provides an overview of the individual scores for the 36 foundations in our sample, ranked according to their total scores for the CIC index (column 2). One foundation (CFPA) stands out with a score of 0.55. Around half of the foundations score medium (higher than 0.4 on the CIC index), the other half score low (below 0.4).

Table 2 **Average CIC for the 36 foundations over the six years of 2014–19**

Foundation	Capacity for international cooperation	Organisational internal governance capacity	Organisational economic capacity	Human resource capacity	Organisational sustainability	International cooperation experience
CFPA	0.55	1.00	0.38	0.68	0.49	0.18
CDRF	0.51	1.00	0.21	0.33	0.71	0.29
CWDF	0.50	1.00	0.34	0.39	0.61	0.16
GHF	0.50	1.00	0.34	0.38	0.64	0.11
CIMF[4]	0.49	1.00	0.17	0.17	0.64	0.45
CYDF	0.48	1.00	0.43	0.41	0.49	0.10
CCTF	0.48	1.00	0.28	0.32	0.65	0.14
SZOFCF	0.47	1.00	0.20	0.61	0.34	0.17
AF[5]	0.46	1.00	0.10	0.46	0.53	0.20
ZUEF[6]	0.43	1.00	0.44	0.36	0.24	0.11
OCCFC[7]	0.42	1.00	0.17	0.36	0.51	0.06
CEPF[8]	0.42	1.00	0.15	0.35	0.53	0.04
CFFPD	0.41	1.00	0.14	0.31	0.43	0.19
YCCSEF[9]	0.41	1.00	0.14	0.35	0.34	0.21
SHACF[10]	0.40	1.00	0.16	0.39	0.45	0.01
IMLNF[11]	0.40	1.00	0.29	0.19	0.30	0.22
CGCF[12]	0.40	1.00	0.14	0.30	0.45	0.12
CFYEE[13]	0.40	1.00	0.17	0.36	0.41	0.04
CCF[14]	0.39	1.00	0.04	0.30	0.53	0.07
CLEF	0.37	1.00	0.13	0.23	0.22	0.29
SOCF[15]	0.37	1.00	0.13	0.29	0.39	0.06
CSAF[16]	0.37	1.00	0.17	0.30	0.39	0.01
CFCHC[17]	0.37	1.00	0.12	0.28	0.46	0.00
CSCF	0.37	1.00	0.15	0.31	0.37	0.02
LSCF[18]	0.36	1.00	0.14	0.38	0.22	0.06
CTF[19]	0.35	1.00	0.06	0.29	0.33	0.05
CFCAC[20]	0.35	1.00	0.13	0.21	0.39	0.02
CFHRD[21]	0.35	1.00	0.02	0.29	0.36	0.06
CVSF[22]	0.35	1.00	0.14	0.33	0.24	0.01
ZTEF	0.34	1.00	0.12	0.31	0.27	0.01
CBDIRF	0.34	1.00	0.19	0.28	0.24	0.00
WIFA[23]	0.34	1.00	0.02	0.11	0.46	0.10
ISEFC	0.33	1.00	0.04	0.32	0.27	0.02
CSDF[24]	0.33	1.00	0.11	0.08	0.38	0.07
TXZEF[25]	0.30	1.00	0.09	0.15	0.19	0.07
YPLCF	0.27	1.00	0.11	0.13	0.10	0.03

Source Authors' own.

Table 3 **Cluster of the dimensions of the Foundation's CIC**

		International cooperation experience	
		High	**Low**
Human resource capacity	High	AF	SHACF
	Low	CLEF, IMLNF, CIMF	Remaining foundations
Organisational economic capacity	High	CDRF, IMLNF	CBDIRF
	Low	AF, CLEF, YCCSEF, CIMF	Remaining foundations
Organisational sustainability	High	CIMF, CDRF	CFCHC, CEPF
	Low	CLEF, AF	Remaining foundations

Source Authors' own.

The following observations can be made for sub-dimensions with differing scores. For organisational economic capacity, a large majority scores very low (25). Only two foundations are medium, and seven are low. For human resource capacity, a large majority scores low (6) or very low (26), and only two score medium (0.46). The situation is more balanced for organisational sustainability, with five foundations scoring high; 12 medium; 17 low; and two very low. For international cooperation experience, only one foundation reached the medium level, five foundations score low and the remaining 30 foundations score very low.

The 36 foundations were then clustered according to their scores on the various dimensions of the CIC (Table 3). The international cooperation experience, the dimension that has the closest relationship with the actual performance of the foundations within the CIC index, is confronted with the other dimensions, which should be seen as 'foundational' dimensions.

First, only one single foundation has a high score both for international cooperation experience and human resource capacity (AF). Three foundations (CLEF, IMLNF, and CIMF) obtain a high score for international cooperation experience but a low score for human resource capacity. This group should consider attracting professionals and expanding the number of volunteers to increase their CIC scores. Second, two foundations (CDRF and IMLNF) have a high score both for international cooperation experience and organisational economic capacity, indicating that strong economic power can help foundations to engage in international cooperation.

Four foundations (AF, CLEF, YCCSEF, and CIMF) have a high score for international cooperation experience but a low score for organisational economic capacity. This group has a relatively strong experience in international cooperation and could be a priority for the Chinese government to provide additional financial assistance to support them in scaling up their international cooperation activities.

Third, two foundations (CLEF and AF) have a high score for international cooperation experience but a low score for organisational sustainability. For these foundations, further broadening the diversity of their income, and attracting and retaining professional talent through remuneration could be important breakthroughs to further improve their CIC.

Finally, two foundations (SHACF and CBDIRF) scored low for international cooperation experience but high for human resource capacity and organisational economic capacity. For these foundations, international cooperation is not currently a priority, but they have the infrastructure and potential to engage in it.

6 Conclusion

The average organisational CIC of foundations in China from 2014 to 2019 is still limited and cannot truly meet China's expectations of advocating NGOs to 'go out' in the context of the BRI. At the same time, our CIC index suggests that many foundations are gradually improving their capacity.

Establishing the exact reasons for the lower scores would require follow-up research but there are indications that the following factors contribute to the current situation: the inadequate legal framework to govern the specific activities of NGOs overseas; insufficient financial support from the government; insufficient number of dedicated staff and volunteers; and insufficient experience in international cooperation.

However, China's foundations are slowly turning their attention to low-income countries. All the foundations in our sample comply with government regulations in the area of governance and some have high scores for organisational sustainability. Relying on organisational governance and sustainability, a few foundations have accumulated a relative wealth of experience in engaging in international cooperation, such as AF, CDRF, IMLNF, and CIMF.

In addition, 10–15 per cent of the foundations have relatively large budgets and capacity for their domestic operations, but only a few currently mobilise substantial human and financial resources for their international activities. For them, international cooperation is not currently a priority, but they have the infrastructure and potential to engage in it.

In conclusion, we can say that in the context of the BRI, only a few Chinese foundations that have large budgets are encouraged by the positive policy framework to truly 'go out', although in a careful and modest way. Foundations that are not yet adequately staffed and funded could be a priority for the Chinese government to support their engagement in international cooperation voluntarily and proactively. Most foundations that lack both experience and enthusiasm to engage in international cooperation due to policy risk concerns, lack of funding, and lack of talent, are not fully ready for 'going out'.

There are further policy implications which can be identified. The legal framework for the international activities of Chinese NGOs still contains gaps, which should be clarified through legislation. The Chinese government should consider providing adequate financial support to NGOs for international cooperation. NGOs should also organise themselves at a collective level to create opportunities for the exchange of experience, professional development, and expanding fundraising channels. Due to the availability of data, there are two main limitations of this study: first, social organisations, the category of NGO with the most international cooperation activities, are not included in the research sample; and second, the study does not include the softer dimensions of capacity, such as legitimacy, organisational culture, and resilience.

Notes

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3 Weights represent the trade-off across indicators and are used with the meaning of relative importance of the associated individual indicator (OECD 2008: 22, 97).
4 CIMF = China International Medical Foundation.
5 AF = Amity Foundation.
6 ZUEF = Zhejiang University Education Foundation.
7 OCCFC = Overseas Chinese Charity Foundation of China.
8 CEPF = China Environmental Protection Foundation.
9 YCCSEF = You Change China Social Entrepreneur Foundation.
10 SHACF = Shanghai Adream Charitable Foundation.
11 IMLNF = Inner Mongolia Lao Niu Foundation.
12 CGCF = China Green Carbon Foundation.
13 CFYEE = China Foundation for Youth Entrepreneurship and Employment.
14 CCF = China Confucius Foundation.
15 SOCF = Shanghai Overseas Chinese Foundation.

16 CSAF = China Social Assistance Foundation.
17 CFCHC = China Foundation for Cultural Heritage Conservation.
18 LSCF = Lingshan Charitable Foundation.
19 CTF = China Organ Transplantation Development Foundation.
20 CFCAC = China Foundation of Culture and Art for Children.
21 CFHRD = China Foundation for Human Rights Development.
22 CVSF = China Volunteer Service Foundation.
23 WIFA = Wu Zuoren International Foundation of Fine Arts.
24 CSDF = China Symphony Development Foundation.
25 TXZEF = Tao Xingzhi Education Foundation.

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Triangular Cooperation: Different Approaches, Same Modality*†

Sebastian Prantz[1] and Xiaomin Zhang[2]

Abstract Triangular cooperation aims to utilise the comparative advantages of a pivotal partner (usually an emerging country) and a facilitating partner (usually a traditional donor) to generate development impacts with and for the benefit of a beneficiary, through simultaneously strengthening their partnership and providing opportunities for mutual learning. Utilising the triangular cooperation modality, China has acted primarily as a pivotal partner, implementing projects with facilitating partners and beneficiaries. Roles and responsibilities between China and facilitating partners differ greatly. Three approaches can be distinguished: (a) facilitating partner provides financial resources and China provides expertise; (b) China provides financial resources and facilitating partner implements; (c) China and facilitating partner provide financial resources and jointly plan and implement together with the beneficiary. This article argues that approach (c), currently practised in triangular cooperation projects between China, Germany, and beneficiary countries, provides the partners with the most potential for effectively generating developmental impacts and partnership effects.

Keywords international aid architecture, triangular cooperation, South–South cooperation, China, Germany, Ethiopia.

1 The transition of the international development cooperation architecture and the rising of the triangular cooperation modality

For the past seven decades, Organisation for Economic Co-operation and Development (OECD) countries, organised in the Development Assistance Committee (DAC), have taken up a central role in the international development landscape. Through the provision of official development assistance (ODA), they provided the biggest share of finance for global development assistance (OECD 2021a). Among them, the top five donors including the United States (US), United Kingdom (UK), Japan, Germany, and France contributed the most (*ibid.*).

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Through providing modalities and norms, OECD-DAC countries have been playing a dominant role in international development cooperation. The turn of the century witnessed a transition of the international assistance structure in line with an increasingly multipolar world order. New providers of aid (emerging donors) increased their bilateral development assistance contributions as well as their contributions to, and influence in, multilateral development institutions (Kolsdorf and Müller 2020). Non-DAC countries steadily increased their share in global development assistance. Net ODA disbursement (even from different reporting standards) from non-DAC donors rose to 15.2 per cent in 2018 (OECD 2021b).

Starting in the 2000s, four High-Level Forums on Aid Effectiveness were convened to adapt development cooperation to the changing international landscape and improve aid effectiveness,[3] ushering in a transition from development aid to development cooperation. With both ODA and South–South cooperation (SSC), providers have been facing criticism within the aid effectiveness debate (Moyo 2009; Lengfelder 2016), and efforts made to systematically leverage synergies between them. In 2008, the Accra Agenda for Action acknowledged SSC as a significant complement to traditional North–South cooperation and encouraged the providers of SSC to support the Paris Declaration on Aid Effectiveness (OECD 2008).[4] The High Level Event on South–South Cooperation and Capacity Development held in Colombia in 2010 concluded that SSC is 'an important instrument of effective and inclusive partnerships'.[5] The Fourth High-Level Forum on Aid Effectiveness, held in Busan in 2011, concluded that SSC and traditional development cooperation were both needed until 2015 to achieve the Millennium Development Goals (OECD 2011).

With these developments, the conventional narrative of 'Northern' OECD-DAC countries being the providers and 'Southern' countries being the recipients has been largely contested and increasingly replaced by new approaches that ensure countries work together for sustainable development on a more equal footing (Kolsdorf and Müller 2020). Triangular cooperation is one of the modalities which has increased in prominence as a vehicle for traditional donors and emerging donors to work together with beneficiary countries to support their sustainable development (Altenburg and Weikert 2006).

Triangular cooperation is not a new mode of working together. A reference to the concept was present in the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (United Nations 1978). The application of the modality of triangular cooperation became more widespread in the 2010s. A survey on triangular cooperation conducted by the OECD in 2015 showed significant increases in triangular cooperation projects in all regions and a multitude of actors involved (OECD 2015). Triangular cooperation is seen as a modality with the potential to bridge the approaches of traditional donors and emerging donors and provide the opportunity to take the strengths of both approaches while preventing existing weaknesses from lessening the effectiveness of the intervention (Huang and Tang 2013; Yuan 2020).

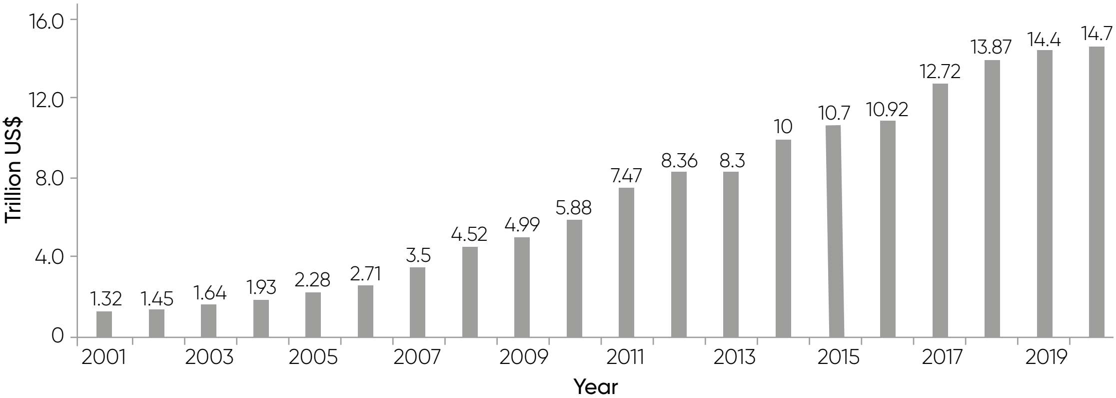
As the modality is gaining momentum, the debate on its effectiveness is still ongoing. While the perceived benefits include the use of comparative advantages such as similarities in development challenges between pivotal and beneficiary countries, cost-effective expertise provision, the possibility of mutual learning and thus improving aid delivery systems, practical challenges to the effectiveness of the modality are found in the transaction costs incurred through the coordination challenge of bringing everyone to the table (Fordelone 2009). An evaluation of the triangular cooperation modality in German development cooperation in 2020 attributed to it the potential for improving aid effectiveness, strengthening international development partnerships, and creating opportunities for mutual learning.

The evaluation found that these impacts are all usually generated, but unevenly, depending on the concrete project concepts. It distinguished impacts along two dimensions: (1) the programmatic-content dimension, which includes developmental impacts generated in beneficiary countries that improve outcomes for the target groups of the intervention, and (2) the political-strategic dimension, which includes strengthening partnerships between actors involved in the cooperation as well as improving development cooperation structures. In the political-strategic dimension, impacts are generated for all partners involved. The evaluation attests the main benefits being in the second dimension, while impacts in the first dimension are relatively low because of the low volumes of the cooperation projects (Kaplan, Busemann and Wirtgen 2020).

There is currently no internationally accepted definition for what constitutes triangular cooperation. Variant terms are used and even if the same terms are used, interpretations can vary. For example, OECD-DAC uses 'trilateral cooperation' (OECD 2013), and the United Nations Economic and Social Council and Germany both use 'triangular cooperation' (ECOSOC 2008; BMZ 2013). China uses 'tripartite cooperation' (SCIO 2021).

This article uses the term 'triangular cooperation' as defined by the Global Partnership Initiative on Effective Triangular Cooperation (GPI) and the OECD. There, triangular cooperation is defined as an initiative in which at least three partners work together in a combination of three roles, which can revolve throughout the implementation of the initiative. The roles are that of a beneficiary partner, which seeks support to tackle a specific development challenge, a pivotal partner, which

Figure 1 **China's GDP, 2001–20**



Source Authors' own, based on data from National Statistics Bureau of the People's Republic of China.[6]

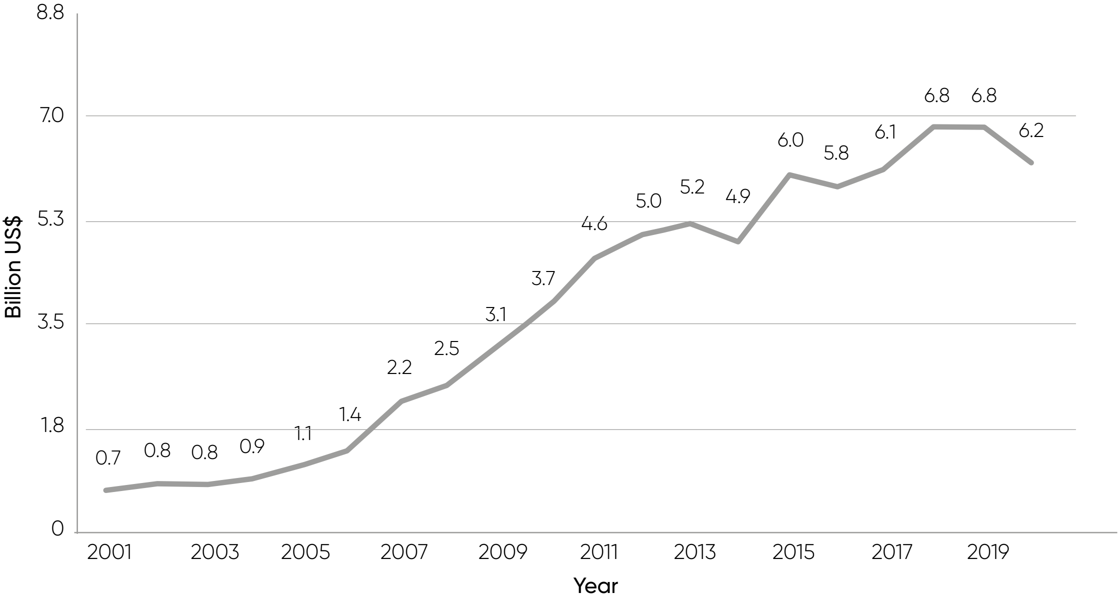
has proven experience in the issue, and shares its resources, knowledge, and expertise, and a facilitating partner, which helps connect the beneficiary and the pivotal partners, supporting their collaboration financially and technically (OECD 2019). China has a unique experience with the triangular cooperation modality, stemming also from its own experience of being a recipient of ODA and at the same time providing SSC.

2 China's foreign aid and triangular cooperation

The world has witnessed the rapid growth of China's economy in the last four decades. China has become a prominent emerging power, changing the landscape of international relations (Figure 1). China's development model and its approach towards SSC are topics heatedly discussed internationally. There is a broad range of opinions. Firstly, a favourable approach sees China being well placed, with its successful development experience to support, for example, African countries in their development (Guennoun 2019; Gu and Kitano 2018). It also sees Chinese development finance positively impacting economic growth in recipient countries (Dreher *et al*. 2021). The critical approach sees Chinese aid engagement as being primarily driven by the quest for material inputs (Kaplinsky, McCormick and Morris 2007) or producing only marginal impacts (Toktomushev 2019). Other views argue that Chinese foreign aid and traditional development cooperation by OECD-DAC countries have similar motives and goals (Dreher *et al*. 2015).

Starting from the 1950s, China began to offer aid to its neighbouring countries. In the 2000s, China expanded its foreign aid in volume (Figure 2), in terms of how it was channelled, and institutionalised its development cooperation system. In 2018, Chinese contributions to multilateral organisations totalled US$1.4bn (OECD 2020).

Figure 2 **Net disbursement of China's foreign aid**



Source Authors' own, based on data from Kitano and Miyabayashi (2020).

The rise in contributions to multilateral organisations ran parallel with an increasing openness towards international cooperation and multilateralism. The United Nations Development Programme (UNDP) attested this in a 2017 discussion paper, which documented the rising financial support for UN agencies by China, China's initiatives to establish new multilateral organisations, as well as greater support for triangular cooperation by the Chinese government (Han 2017).

China began its first pilot triangular cooperation programme with the Food and Agriculture Organization of the United Nations (FAO) in 2008. The scope of its engagement with the modality has steadily increased since then (Han 2017; Gu, Li and Zhang, this *IDS Bulletin*). Triangular cooperation was mentioned in the first White Paper on *China's Foreign Aid*, published in 2011 (SCIO 2011). In the second White Paper, published in 2014, it was reported that the scope of Chinese triangular cooperation had widened from working with multilateral partners to also working with bilateral facilitating partners (SCIO 2014).

In the White Paper on *China's International Development Cooperation in the New Era*, published in 2021, triangular cooperation was linked closely to the exchange with other actors in international development cooperation. In the 2021 White Paper engaging with North–South cooperation actors, on the principle of common but differentiated responsibilities, triangular cooperation is presented as a modality that is to be steadily advanced, building on a complementarity of strengths and creating synergies. Guided by the principle of mutual respect and learning, triangular cooperation is said to benefit recipient countries. Projects are to be proposed, agreed and led by recipient countries (SCIO 2021).

When discussing comparative advantages used in a triangular setting, China sees the experience of its own fast development and established networks under its SSC framework as a distinct advantage. Recently itself a beneficiary country, the development needs of other developing countries are believed to be firmly understood and China's development knowledge can be shared horizontally with other developing countries (Xu, Ma and Li 2019; Gu, Corbett and Leach 2019). China is engaging in triangular cooperation for several reasons. It enables China to share its own development experiences with other developing countries through more channels while at the same time providing development actors in China with the opportunity to learn from traditional donors (CSD 2021). China sends a signal through triangular cooperation to traditional donors that it is interested in cooperation (Zhang 2017). It is seen as having the potential of increasing the effectiveness of SSC while at the same time enhancing China's global image (Han 2017). Triangular cooperation increases the volume and scope of China's development cooperation, enabling it to draw from co-financing and in-kind support to leverage its resources (*ibid*.).

For the facilitating partner's side, during a survey conducted by UNDP China with traditional donors, the reasons for wanting to engage with China in triangular cooperation were twofold: generating sustainable development impacts in beneficiary countries and broadening the partnership with China, including policy dialogues on development cooperation and international standards. Traditional donors wanted to better understand how China's development cooperation system works, building on the lessons learned by China on lifting its population out of poverty, supporting China's contribution to reaching the Sustainable Development Goals, and contributing together to the protection of global public goods. Triangular cooperation is seen as a tool to work together, advocating for OECD standards, and overcoming a lack of donor coordination and transparency (UNDP China 2020).

Beneficiary country perspectives differ depending on the specific cooperation context. Compared to bilateral or multilateral projects, triangular cooperation projects are usually smaller in scale. They are seen as providing a chance to harmonise donor initiatives and benefit from comparative advantages while pooling resources and identifying more effective ways of promoting development (IPRCC and OECD 2013).

China has partnered up with traditional donors and international organisations in numerous projects (see OECD 2013; MOFCOM 2016; Tang 2019; Casado-Asensio and Piefer 2018; UNDP China 2020; CSD 2021).

3 Approaches of China's triangular cooperation with partner countries

In the absence of a clear unified definition of triangular cooperation, concrete projects tend to differ greatly in their set-up regarding the three roles involved. This holds true for the triangular cooperation projects of China with partner countries. Traditional donors have deviating interpretations of triangular cooperation (UNDP China 2020), while China does not have a clear policy on it. With the establishment of the China International Development Cooperation Agency (CIDCA), the modality has gained momentum in the Chinese discourse, but projects are decided on a case-by-case basis (CSD 2021).

In the following three approaches, China and facilitating partners have developed triangular cooperation together with the beneficiary countries as discussed. The distinction is made by looking at the roles China and the facilitating partner take regarding financial contribution, expert provision, and implementation responsibility for the projects. The approaches are analysed for their potential of delivering impacts in two impact dimensions: the programmatic-content dimension and the political-strategic dimension (Kaplan *et al*. 2020). Because of the small number of triangular cooperation projects and the specificity of the project approaches, examples are given rather than the accumulated data analysed.

3.1 (a) Facilitating partner provides financial resources, pivotal partner provides expertise

In this approach, the facilitating partner provides the financial resources for the triangular cooperation project. In large part, the facilitating partner also takes over the responsibility for overall project management. Steering is done jointly with all parties involved in the project, but project management capacity is provided in most part by the traditional donor. As the pivotal partner, the Chinese contribution is to provide expertise and in-kind support through Chinese participating institutions (UNDP China 2020). The comparative advantages of China are seen as being able to provide first-hand Chinese development experience for other developing countries which are facing similar challenges to those that China faced (Gu and Carey 2019). The advantages of the traditional donor are seen in their project implementation structures in the beneficiary country and their financing lines into the beneficiary countries and China.

In China, the projects financially support the provision of Chinese expertise for all expertise which cannot be provided through Chinese in-kind contributions. In the past, the approach was often utilised in triangular cooperation projects implemented between China, the UK, through the Department for International Development (DFID),[7] and beneficiary countries. Examples of the approach are the following projects: Agriculture Technology Transfer (AgriTT) in Malawi and Uganda, the Global Health

Support Programme in Ethiopia, Myanmar, and Tanzania, and the Community Based Disaster Management Programme in Bangladesh and Nepal (Keeley 2017). A review of the three projects showed that they generated impact through the sharing of lessons and experience from China with the beneficiary countries, although it was found that this was not a straightforward process, with lessons often being not easily transferable. At the same time, Chinese partners were provided with exposure to UK management expertise, development frameworks, and other modes of operation. It was concluded that a triangular governance model improved the quality and effectiveness of the interventions, but that various challenges in implementation gave rise to the view that the modality was too management intensive (*ibid*.).

With regard to the political-strategic dimension, the approach seems to have reaped benefits, as the evaluation emphasises that a platform was created for dialogue with China, and opportunities were created for the UK to learn more about China's development cooperation system. Chinese actors also learn from different modes of operations used by the UK in development cooperation (*ibid*.). However, Chinese expertise was utilised only in the provision of expertise, not in planning processes, thus limiting the exposure to project cycle management. In the programmatic-content dimension, the projects faced the issue of transferability of Chinese expertise, with language and cross-cultural communication being an issue. Financing, also of Chinese inputs, was solely done by the UK. The approach thus does not seem to be able to leverage additional financial resources from the UK perspective.

3.2 (b) Pivotal partner provides financial resources, facilitating partner implements the projects

In this approach, China provides the financial resources necessary for project implementation. Traditional donor agencies within the UN system receive funding and implement the project on behalf of China for the benefit of the beneficiary country. Expertise and project management is organised by the UN agency, while Chinese contribution is focused on the provision of financial resources. The approach sees the comparative advantages in China's ability to mobilise financial capital to benefit sustainable development in other developing countries. The expertise as well as the project management capacity of traditional donors is used and with China's help, gaps in financing are bridged (UNDP China 2020).

The distinction between the triangular cooperation approach and multilateral development cooperation is that the financial resources provided by China are bundled into special funds, either managed by a UN organisation or managed by China but implemented by a UN organisation. Examples of these kinds of funds are the South–South Cooperation Assistance Fund, managed by CIDCA and the China International Center for

Economic and Technical Exchanges (CICETE), which had implemented projects with 14 international organisations by the end of 2019 (SCIO 2021) or the China-IFAD South-South and Trilateral Cooperation Facility, established in 2018, with a contribution of US$10m in supplementary funds from China to the International Fund for Agricultural Development (IFAD 2021). Other dedicated funds by China exist within the United Nations Environment Programme (UNEP), International Labour Organization (ILO), United Nations Department of Economic and Social Affairs (UNDESA), and United Nations Industrial Development Organization (UNIDO).

Within the programmatic-content dimension, the intervention's effectiveness is the same as interventions financed through conventional multilateral channels, as established implementation channels of UN agencies are used. Beneficiaries thus benefit from additional resources that create development impacts, with all else being equal. The approach provides an opportunity on the political-strategic dimension to further the integration of China into the multilateral landscape, although this is done in a donor-implementing agency relationship between facilitating and pivotal partner.

Partnerships between the resource-administrating bodies of the Chinese development cooperation system and the UN organisations are formed and learning can take place, especially on how fund management processes work. Mutual learning opportunities on development cooperation modalities, project set-up, implementation, standards, and so forth for Chinese implementing actors are not part of the approach, as the Chinese contribution is focused on funding.

3.3 (c) Both pivotal and facilitating partner provide comparable financial resources, and they jointly plan and implement the projects with the beneficiary

In this approach, financial contributions, expertise provision, and project management are shared between China and the facilitating partner (traditional donor) on the request and for the benefit of the beneficiary (CSD 2021). Financial resources are provided in comparable volumes and along parallel financing lines either directly to the beneficiary country actors or to the respective development actors tasked with implementing the project from the Chinese and traditional donors' side. As there is no mixing of funds, no distinction is made between provision of finance and in-kind contributions of China and the traditional donor.

The projects are agreed upon between the three countries and each country tasks one or more of its implementing agencies with working together with the other two countries' implementing agencies to jointly draft the project outline and implement the agreed-upon interventions. The agencies are organised so as to bring their expertise and comparative advantage to the table.

A partnering up of the implementing agencies in the whole project cycle gives the opportunity to discuss and conceptualise projects in adherence to international standards. The approach is used by Germany when implementing its triangular cooperation projects with China, and special emphasis is put on comparability of contributions by China and Germany (*ibid.*). During implementation, agencies from all three countries provide expertise to reach the project goal and contribute to project management. At the time of writing, three triangular cooperation projects have been implemented in this fashion (see Section 4 and Section 5).

On the programmatic-content dimension, impacts of the interventions must be compared with the managerial task of coordination, which is extensive in this approach, as it needs all three parts of the triangle to come together during the whole project cycle. Mutual learning opportunities for implementing agencies, especially with regard to the standards, modalities, and concepts used by the other partners, as well as insights into their development cooperation systems are the most intense when compared to the other approaches. Regarding the political-strategic dimension, partnerships are strengthened on the political level, as well as on the implementation level.

4 Triangular cooperation between beneficiaries, China, and Germany

China and Germany have a long history of working successfully together on sustainable development, which goes back to the 1980s. Until 2010, the focus was put on German development cooperation for the benefit of China. This approach then changed with China's new position within the international development cooperation architecture (GIZ 2021). Germany started to engage in triangular cooperation in the late 2000s, seeing it as a bridge between South–South and North–South cooperation. The modality is utilised especially in Germany's cooperation with emerging countries (Langendorf *et al.* 2012). Germany's current political strategy on triangular cooperation defines it as a project which is jointly planned, financed, and implemented by a traditional donor, an emerging country, and a beneficiary country (BMZ 2013). For the German Federal Ministry for Economic Cooperation and Development (BMZ), China is a global partner. In the 2021 BMZ position paper on global partners, cooperation with China is focused on providing global public goods, exchange based on good donor conduct, and triangular cooperation (BMZ 2021b).

In 2016, the BMZ and the Ministry of Commerce of the People's Republic of China (MOFCOM) agreed to deepen their exchange on sustainable development, including identifying possibilities for triangular cooperation opportunities for the benefit of other developing countries (BMZ 2021a). The principles agreed upon were that the triangular cooperation projects would have to be requested and led by the beneficiary countries. As a joint initiative, the BMZ and MOFCOM established the Sino-German Center for Sustainable Development (CSD) in 2017. The mission of the CSD is to act as a catalyst and coordination mechanism between China, Germany, and partners in other developing countries to initiate, support, and evaluate triangular cooperation projects (CSD 2020a).

The CSD is politically steered by the BMZ and MOFCOM, while the triangular cooperation projects it houses are politically steered by the BMZ, MOFCOM, and the respective ministries in the beneficiary countries in Africa and Asia, with the mandate for development cooperation or the particular topic of the triangular cooperation project. At the implementation level within the CSD, the German side is represented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (German Agency for International Cooperation), while on the Chinese side, different partners contribute to the Centre's activities. For the individual triangular cooperation projects, implementing partners are approved by the political partners (ministries in each country) of the projects, with each project including at least one implementation partner from each of the three countries in the triangle.

Through a jointly developed operation plan, roles are divided amongst the implementers, so each contributes to the project's impact in accordance with their expertise and comparative advantage. Experiences from the initiation and implementation of triangular cooperation projects are then fed into the dialogue on development cooperation between Germany and China as well as international fora. Currently, three triangular cooperation projects are being implemented, with the partner countries of China and Germany being Ethiopia (Sustainable Textile Investment and Operation), Laos (Sino-German technical vocational education and training (TVET) for rural jobs in Laos), and Namibia and Zambia (Fair and Effective Protected Area Management for Sustainable Development – Working Together for Global Standards).[8]

With the founding of CIDCA in 2018, the landscape for cooperation partners within the triangular cooperation modality in China has widened. With the mandate to coordinate China's international development cooperation, while most of the implementation work still lies with MOFCOM, CIDCA has become an exchange partner of the BMZ, also on the topic of triangular cooperation. Building on exchanges for mutual learning in 2019 (CSD 2019) during the Sino-German government consultations in 2021, CIDCA and the BMZ held a high-level exchange which included discussing potential triangular cooperation projects (CIDCA 2021) and signing a memorandum of understanding (MoU) on strengthening the exchange on international development cooperation, also referring to triangular cooperation modalities (Die Bundesregierung 2021).

5 A case study: sustainable textile production in Ethiopia

The triangular cooperation projects between China, Germany, and Ethiopia in the textile sector is an example of approach (c). As requested by Ethiopia, China and Germany have combined their efforts to support sustainable textile production in Ethiopia, with financial contributions, expertise provision, and project management tasks being shared between China and Germany in cooperation with their Ethiopian partners.

Ethiopia experienced a rapid growth in its textile and garment industry, with a number of domestic and international firms investing in the country. Chinese enterprises started moving their textile manufacturing operations overseas, with Ethiopia becoming an attractive destination. In 2019, China was the largest investor in Ethiopia, accounting for 60 per cent of newly approved foreign direct investment projects (UNCTAD 2020: 34). Germany's development cooperation has focused on the textile and garment sector in Ethiopia and other African and Asian countries as a catalyst for job creation and sustainable development (BMZ 2019).

After the request by Ethiopia, the CSD brought together the partners of the three countries to work together with the aim of improving the environmental, social, and governance (ESG) standard of Ethiopia's textile sector through capacity development and awareness raising for Chinese investors/factory managers and their Ethiopian business partners. MOFCOM named the China National Textile and Apparel Council (CNTAC) as the Chinese implementing partner. The BMZ named GIZ. The Ministry of Trade and Industry of the Federal Democratic Republic of Ethiopia named the Ethiopian Textile Industry Development Institute (ETIDI).

To ease the transition towards working together in the triangular modality, UNIDO was brought in through Chinese funding as an implementing partner (CSD 2020b). Building on cooperation formats that CNTAC and GIZ had successfully implemented together in Southeast Asia, a locally grounded approach in Ethiopia based on international standards was developed. Working from the baseline of how Chinese textile business investments in Ethiopia perform with regard to ESG standards, capacity development measures are being designed to improve the performance of Chinese-invested and Ethiopian-owned textile businesses. These development measures may include occupational skills training for local workers and the development of sustainability action plans for the factories.

An awareness of the Ten Principles of the UN Global Compact (United Nations Global Compact n.d.) will be raised through these measures, which will include digital technology to strengthen transparency and traceability, the support of market development, and the provision of policy review to help promote the textile sector. The insights gained from this project will then inform the dialogue on further cooperation structures, as well as opening up the possibility of scaling up the approach into other African countries, as per their request (CSD 2020b).

Though the project implementation has been delayed due to the travel restrictions caused by the Covid-19 pandemic, the first milestone, the baseline survey, was completed and compiled into a baseline report which will inform the design of capacity-building measures, to be implemented in 2021. As such, the project is still ongoing, with the final evaluation of the development impacts for the target group and improvements in cooperation and partnership between all three partner countries (and UNIDO) still to follow upon completion of the project.

The preparation phase, the setting up of the political as well as the implementation infrastructure, has already proven to show mutual learning effects, regarding the respective development cooperation approaches of the parties involved. Especially during the preparation phase, the effects on the political-strategic impact dimension of triangular cooperation can be seen. Through the joint exercise of project designing, political approval processes, and funding procedures, insights have been gained into Chinese and German approaches towards development cooperation and their standards, while at the same time the inclusion of UNIDO and the UN Global Compact principles have provided all participating actors with a chance to exchange on them. At the same time, partnerships between the three countries have been strengthened and networks built up (also into the UN system), which will be utilised during the course of implementation of the project activities, and potentially further cooperation projects in other sectors.

6 Conclusion

Within the changing landscape of international development cooperation and the emergence of non-DAC donors and shifts in the traditional role of donor–recipient relationships, triangular cooperation, as a modality to utilise comparative strengths of traditional and emerging donors, has gained momentum. The absence of a clear and universally accepted definition of triangular cooperation has led to many different interpretations on how triangular cooperation projects are set up in practice. This is evident by the multitude of different approaches within the triangular cooperation modality implemented between China, traditional donors, and beneficiary countries. When analysed against the two impact dimensions inherent to triangular cooperation, the programmatic-content dimension and the political-strategic dimension, the approaches reveal different strengths and weaknesses. The approach used mostly by Germany in its triangular cooperation with China is distinguished by the joint financing, designing, and implementing of triangular cooperation interventions. In the political-strategic dimension, the approach gives the most opportunity for the deep collaboration of partners, not only on the project level, but also on the level of the development cooperation system.

This provides all actors with intensive opportunities for mutual learning, especially with regard to the modalities, concepts, and international standards the other actors adhere to. Compared to the UK or the UN system, both of which have been active with China in the triangular cooperation modality for over a decade (although the UK currently does not have any triangular cooperation projects with China), Germany is relatively new to triangular cooperation with China, starting the process in earnest in 2017.

Through the creation of the Sino-German Center for Sustainable Development, the modality was institutionalised within the partnership between China and Germany on sustainable development. As such, the political-strategic dimension of improving partnerships through triangular cooperation is already on display. Opportunities have been created to share international standards, discuss modalities, and learn more about others' development cooperation systems. With the first triangular cooperation projects set to complete in 2022, their effectiveness in impact delivery in the programmatic-content dimension will be able to be assessed.

Notes

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3 The forums, held respectively in 2003 in Rome, in 2005 in Paris, in 2008 in Accra, and in 2011 in Busan, were the most important and influential international development assistance conferences.

4 The forum was held in Ghana in 2008 to deepen the implementation of the Paris Declaration on Aid Effectiveness. See **Accra Agenda for Action**.

5 **Bogota Statement: Towards Effective and Inclusive Development Partnerships**, Steering Committee for the High-Level Event on South–South Cooperation and Capacity Development, 25 March 2010.

6 **National Statistics Bureau of the People's Republic of China statistical database, annual data**.
7 DFID was replaced by the Foreign, Commonwealth & Development Office (FCDO) in 2020.
8 For details, see CSD (2021).

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Glossary

AAGC Asia–Africa Growth Corridor
ACET African Centre for Economic Transformation [Ghana]
AF Amity Foundation [China]
AgriTT Agriculture Technology Transfer
AHP Analytic Hierarchy Process
AIIB Asian Infrastructure Investment Bank [China]
ASEAN Association of South East Asian Nations [Indonesia]
ATDC Agricultural Technology Demonstration Centre
BENEFIT Bilateral Ethio-Netherlands Effort for Food, Income and Trade [Ethiopia]
BMGF Bill & Melinda Gates Foundation [USA]
BMZ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung [Federal Ministry for Economic Cooperation and Development] [Germany]
BOT Build-Operate-Transfer
BRF Belt and Road Forum
BRI Belt and Road Initiative
BRICS Brazil, Russia, India, China, and South Africa
CANGO China Association for NGO Cooperation
CAU China Agricultural University
CBDIRF China Birth Defect Intervention and Relief Foundation
CCF China Confucius Foundation
CCP Chinese Communist Party
CCTF China Children and Teenagers' Fund
CDB China Development Bank
CDRF China Development Research Foundation
CEPF China Environmental Protection Foundation
CFC China Foundation Center
CFCAC China Foundation of Culture and Art for Children
CFCHC China Foundation for Cultural Heritage Conservation
CFFPD China Friendship Foundation for Peace and Development
CFHRD China Foundation for Human Rights Development
CFPA China Foundation for Poverty Alleviation
CFPD China Foundation for Peace and Development
CFYEE China Foundation for Youth Entrepreneurship and Employment
CGCF China Green Carbon Foundation
CGD Center for Global Development
CGIAR formerly Consultative Group on International Agricultural Research [France]
CIC capacity for international cooperation
CIC China Investment Corporation
CICETE China International Center for Economic and Technical Exchanges

CIDCA China International Development Cooperation Agency
CIDGA College of International Development and Global Agriculture (China Agricultural University)
CIDRN China International Development Research Network
CIMF China International Medical Foundation
CINF-BNU Center for International NGOs and Foundations/Beijing Normal University
CLAC China-LAC Cooperation Fund
CLAI China-LAC Industrial Cooperation Investment Fund
CLEF Chinese Language and Culture Education Foundation of China
CNIE China NGO Network for International Exchanges
CNTAC China National Textile and Apparel Council
CPC Communist Party of China
CRCF Chinese Red Cross Foundation
CSAF China Social Assistance Foundation
CSCF COSCO Shipping Charity Foundation
CSD Center for Sustainable Development [China]
CSDF China Symphony Development Foundation
CSO civil society organisation
CSR corporate social responsibility
CTF China Organ Transplantation Development Foundation
CVSF China Volunteer Service Foundation
CWDF China Women's Development Foundation
CYDF China Youth Development Foundation
DAC Development Assistance Committee
DEval German Institute for Development Evaluation
DFI development financing institution
DFID Department for International Development [UK]
DIE Deutsches Institut für Entwicklungspolitik [Germany]
DSSI Debt Service Suspension Initiative
ECOSOC United Nations Economic and Social Council [USA]
EIAR Ethiopian Institute of Agricultural Research
ESG environmental, social, and governance
ETIDI Ethiopian Textile Industry Development Institute
FAC Future Agricultures Consortium [UK]
FAO Food and Agriculture Organization of the United Nations [Italy]
FCDO Foreign, Commonwealth & Development Office [UK]
FOCAC Forum on China–Africa Cooperation [China]
GDP gross domestic product
GEI Global Environment Institute [USA]
GHF China Guang Hua Science and Technology Foundation
GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit [German Corporation for International Cooperation GmbH]
GmbH Gesellschaft mit Beschränkter Haftung [limited liability company]
GNI gross national income
GONGO government-organised non-governmental organisation
GPI Global Partnership Initiative on Effective Triangular Cooperation [France]

GTP Growth and Transformation Plan [Ethiopia]
IDRC International Development Research Centre [Canada]
IFAD International Fund for Agricultural Development [Italy]
IIAM Instituto de Investigação Agrária de Moçambique [Institute of Agricultural Research Mozambique]
ILO International Labour Organization [Switzerland]
IMF International Monetary Fund [USA]
IMLNF Inner Mongolia Lao Niu Foundation
INGO international non-governmental organisation
IPRCC International Poverty Reduction Center in China
ISEFC International Scientific Exchange Foundation of China
JICA Japan International Cooperation Agency
LDC least developed country
LGFV local government financing vehicle
LSCF Lingshan Charitable Foundation [China]
MCA Ministry of Civil Affairs [China]
MDB multilateral development bank
MDG Millennium Development Goal
MFA Ministry of Foreign Affairs [China]
MoA Ministry of Agriculture [Ethiopia]
MOA Ministry of Agriculture [China]
MOE Ministry of Education [China]
MOF Ministry of Finance [China]
MOFCOM Ministry of Commerce of the People's Republic of China
MOST Ministry of Science and Technology [China]
MoU memorandum of understanding
MST Ministry of Science and Technology [Mozambique]
NDB New Development Bank [China]
NDRC National Development and Reform Commission [China]
NeST Network of Southern Think Tanks [India]
NGO non-governmental organisation
NHFPC National Health and Family Planning Commission [China]
NSC North–South cooperation
NSE New Structural Economics
OCA organisational capacity assessment
OCCFC Overseas Chinese Charity Foundation of China
ODA official development assistance
OECD Organisation for Economic Co-operation and Development [France]
OECD-DAC Organisation for Economic Co-operation and Development-Development Assistance Committee [France]
OPHI Oxford Poverty & Human Development Initiative [UK]
PDIA Problem-Driven Iterative Adaptation
PEDSA Plano Estratégico para o Desenvolvimento do Sector Agrário [Strategic Plan for Agricultural Development] [Mozambique]
PNISA Plano de Investimento no Sector Agrário [National Investment Plan for the Agricultural Sector] [Mozambique]
PPP public–private partnership
PPP purchasing power parity
SCIO State Council Information Office [China]

SDG Sustainable Development Goal
SEZ Special Economic Zone
SHACF Shanghai Adream Charitable Foundation [China]
SMEs small and medium-sized enterprises
SMU Singapore Management University
SOCF Shanghai Overseas Chinese Foundation [China]
SOE state-owned enterprise
SOP standard operating procedure
SSC South–South cooperation
SSCAF South–South Cooperation Assistance Fund
SZOFCF Shenzhen One Foundation Charity Fund [China]
TOSSD Total Official Support for Sustainable Development
TVET technical vocational education and training
TXZEF Tao Xingzhi Education Foundation [China]
UN United Nations
UNCTAD United Nations Conference on Trade and Development [Switzerland]
UNDESA United Nations Department of Economic and Social Affairs [USA]
UNDP United Nations Development Programme [USA]
UNDS UN Development System
UNEP United Nations Environment Programme [Kenya]
UNIDO United Nations Industrial Development Organization [USA]
WB World Bank [USA]
WIFA Wu Zuoren International Foundation of Fine Arts [China]
YCCSEF You Change China Social Entrepreneur Foundation
YPLCF Yu Panglin Charity Foundation [China]
ZTEF ZTE Foundation [China]
ZUEF Zhejiang University Education Foundation [China]

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China and International Development: Knowledge, Governance, and Practice

Editors **Xiaoyun Li, Jing Gu and Chuanhong Zhang**

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'In an era where the "traditional" aid discourses and the practices of new "emerging powers" in development cooperation are simultaneously reacting and evolving – and given China's growing prominence as a source of development finance and as an institutional player, and the potential that it offers for poverty reduction and growth in low-income countries – there is a real need for greater mutual understanding to promote effective cooperation and healthy competition in development cooperation.'

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