

# IDS Bulletin

Transforming Development Knowledge

Volume 49 | Number 3 | July 2018

## EMERGING ECONOMIES AND THE CHANGING DYNAMICS OF DEVELOPMENT COOPERATION

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# Triangular Cooperation in East Asia: Challenges and Opportunities for Japanese Official Development Assistance

Jin Sato<sup>1</sup>

**Abstract** The article examines the potential contribution of triangular cooperation (TrC) as an emerging form of foreign aid. By reviewing the Japanese TrC practices, it addresses some critical questions from the perspective of national interests, development impact, and ownership. Under the declining trend of foreign aid as a form of resource transfer to the global South, future TrC should address questions beyond the realm of technical cooperation. The article claims that the primary function of TrC is to maintain donor relationships with emerging powers that are graduating from aid recipient status, while highlighting its potential and limitations for promoting TrC among China, South Korea, and Japan.

**Keywords:** triangular cooperation, East Asia, national interests, Japan, technical assistance.

## 1 Introduction

What role can triangular cooperation (TrC)<sup>2</sup> play amidst the declining impact of official development assistance (ODA) relative to other sources of international transfers? What implications does TrC offer in light of the rising presence of new donors in East Asia such as South Korea and China? If ODA is included in foreign policy derived from donor countries' national interests (Gulrajani 2017), what implications are there for TrC that transfers substantial leverage to a third party? Exploring these questions from the perspective of Japanese foreign aid is the central topic of this article.

The declining proportion of ODA accompanies the general rise of developing countries' economic power in global production. Today, developing countries as a whole produce about half of world economic output, up from about a third in 1990 (UNDP 2013). Perhaps more relevant to this article is the fact that the landscape of foreign aid is

increasingly influenced by new donors, including China, Saudi Arabia, and Brazil, which were primarily aid recipients until the 1990s. In fact, many of these countries have a long tradition of foreign assistance; the designation 'new donors' is used here simply to denote that their impact has become significant enough to catch the attention of the traditional Western donors.

In response to these trends, aid communities led by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) have not only increased their efforts to coordinate with each other through such mechanisms as a sector-wide approach, but they have also started to explore ways to involve former aid-recipient countries as resource providers in project planning, financing, and implementation. TrC emerged in this context. One important role expected in ODA today for a country such as Japan, which has used ODA not only as a development tool but more importantly as a diplomatic tool, is for developed countries to maintain their connections with middle-income countries that are graduating from ODA recipient status (Lancaster 2010). As will be discussed later in this article, this appears to be the main motivation for traditional donors to engage in TrC.

This article makes three claims pertaining to TrC: (1) TrC is a new practice invoked by some donors such as Japan and Germany primarily to maintain their relationships with emerging powers; (2) Given the historical emergence of South–South cooperation as an additional *alternative* to North–South aid, the promotion of South–South cooperation, at least in part via TrC, contains inherent contradictions, because it is, in principle, an effort by the North to support South–South cooperation; and (3) China and South Korea may be too close to each other in various aspects of development cooperation, which points to co-financing rather than TrC in technical cooperation. How one addresses the latter two challenges will determine the future of TrC in East Asia.

A brief justification of the treatment of South Korea towards the end of the article may be needed. The conventional understanding of TrC is to have a Northern country teaming up with a pivotal country (usually from the South) and a Southern recipient country. South Korea joined the DAC in 2010 and is technically a 'Northern' country, yet the key element of TrC is to combine strengths of countries at various stages of development, possessing a varied aid portfolio to offer. Thus, the relative relation between countries is what matters and not the absolute classification as North or South. It is in this context that I treat South Korea as a pivotal country making up a critical part of TrC.

## **2 A brief literature assessment**

While there is a proliferation of literature on South–South cooperation and emerging donors in general, only a few have treated directly the question of TrC. Among the few, Fordelone (2011) argued that although TrC is widely practised around the world, further efforts in ownership, alignment, and harmonisation are required to promote further development effectiveness. Schaaf (2015) focuses on the rhetoric and

reality of ‘partnership’, which is a central concept embedded in TrC, to highlight pitfalls including reductions in effectiveness, difficulties in implementation and conflicts of interest.

However, because the implementing agencies often undertake and fund most of these TrC-related works, research tends to focus more on technical and managerial issues than on political ones.<sup>3</sup> Most research treats TrC as an enhanced form of South–South cooperation, and it is viewed in a positive light. Furthermore, the literature mostly deals with the evolution and potential of this new scheme, often as something separate from the conventional bilateral aid that donors have been utilising.

As McEwan and Mawdsley (2012: 1186–87) claim, however, ‘strategic and political motivations of different actors – northern, pivotal and recipient – are still poorly understood’ and ‘[p]olicy-oriented analyses of TDC [Trilateral Development Cooperation] are generally reluctant to confront explicitly the inherently political nature of “development” and the uneven power relations between different actors enrolled within it’ (McEwan and Mawdsley 2012: 1187). This article agrees with these authors that the question of power is central to understanding how aid relationships begin, sustain, and evolve.

By ‘power’, I mean the ability to influence the behaviour of others. However, unlike the conventional assumption that nations compete for power and hegemony in international politics, the field of foreign aid has an inherent complication because its aim is in empowering others to some extent. The topic of triangular cooperation is even more complicated, since it has a nested structure of power relations within the group of three. Exclusive focus on the collaborative aspect of the ‘triangular’ should not obfuscate the effects it may create in changing or maintaining the relationship between the three.

Alongside an increasing tendency to emphasise security issues under the Abe administration in Japan, there has been a strong tendency to emphasise ‘national interests’ reflected in the ODA (Gulrajani 2017). Because of the conservative budget, particularly in comparison to the expanding defence budget, there is increasing political pressure in Japan to recover the explicit link between ODA and national interests to justify spending taxpayer money; this political pressure is due in large part to the Japanese private sector’s interests. TrC is an interesting theme to be discussed in this context, as TrC is apparently a scheme that at least partially hands over initiatives to pivotal middle-income countries. The relevant question coming to the fore is how national interests factor into TrC calculations.

In short, the literature has shortcomings in the relative absence of (1) the critical and political analysis of triangular cooperation; (2) the recipient countries’ perspectives; and (3) the role of the private sector in the implementation processes, which bypasses the inner workings, project identification and funding.

### 3 Triangular cooperation in practice

#### 3.1 TrC's placement in aid policy

While Japan is one of the few countries along with Spain and Germany that has explicitly stipulated TrC policies, this does not mean that TrC is given a high place in ODA policy at large (Lengfelder 2016). How much importance is given to TrC in the Japanese government's present ODA policy? The ODA Charter of 2003, which has the highest authority, touches explicitly on the role of South–South cooperation under the subheading 'Basic Principles (5): Partnership and Collaboration with the International Community', as follows:

Japan will actively promote South–South cooperation in partnership with more advanced developing countries in Asia and other regions. Japan will also strengthen collaboration with regional cooperation frameworks, and will support region-wide cooperation that encompasses several countries (MoFA 2003: 3).

In which areas does Japan find the benefit in TrC? The official brochure on TrC produced by the Japan International Cooperation Agency (JICA) highlights two points (JICA 2009). The first point is the recognition that South–South cooperation is an effective tool for developing countries, as countries placed at a similar level of development can offer more relevant ideas based on their own development experience. Additionally, Japan had an emotional rationale for being an aid recipient in the past, which offered moral strength in its justification for engagement with South–South cooperation (Sato 2013). It is in this context that Japanese development experts have started to tap into Japan as an aid recipient to extract lessons for developing countries today, particularly since the 2000s.<sup>4</sup>

#### 3.2 Trends in TrC by JICA

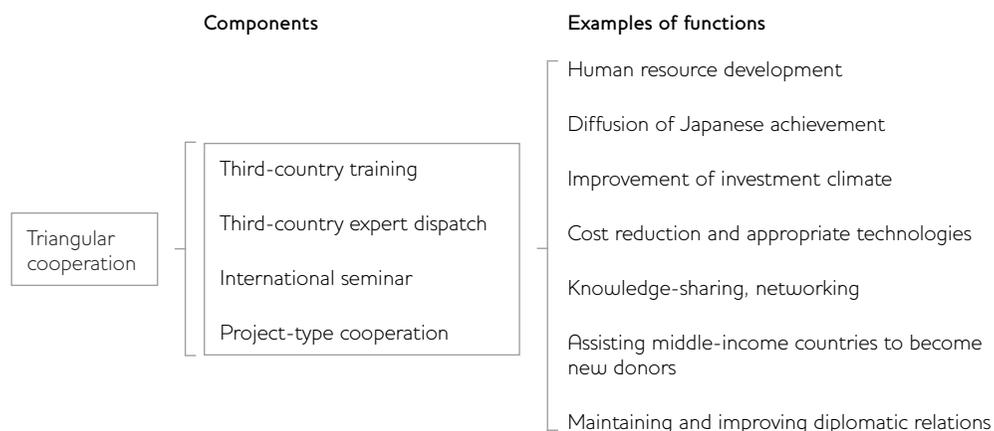
Table 1 illustrates the distribution of trainees who participated in JICA's Third Country Training Program (TCTP), which amounted to

Table 1 Number of TCTP participants (by region, 2011)

		Number of TCTP participants trained (by regional origin)					Total
		Asia–Pacific	LAC	Middle East	Europe	SSA	
Number of TCTP participants received	Asia–Pacific	885	15	50	0	279	1,229
	LAC*	16	598	0	0	96	710
	Middle East**	78	0	647	0	472	1,197
	Europe	30	0	28	6	0	64
	SSA***	0	0	0	0	381	381
	<b>Total</b>	<b>1,009</b>	<b>613</b>	<b>725</b>	<b>6</b>	<b>1,228</b>	<b>3,581</b>

Notes \*Latin America and the Caribbean; \*\*Middle East includes North Africa; \*\*\*Sub-Saharan Africa.  
Source JICA (2011).

Figure 1 Elements of Japanese TrC



Source Author's own, based on MoFA (2013).

3,581 participants in the year 2011. The TCTP is a technical Japanese ODA cooperation scheme that takes place in developing countries with trainers from neighbouring regions. It is funded by JICA. The idea is not just to reduce training costs but also to make the particular technology relevant and appropriate to the beneficiaries' level. Table 1 demonstrates the general tendency of training targeted at participants in their own region, with JICA's main activity concentrated in the Asia–Pacific region. One should also note that a large number of participants from Africa are trained in the Asia–Pacific region as well. The training's content tends to focus on issues particularly relevant to the region such as tropical diseases, energy conservation, agricultural techniques, and environmental management.

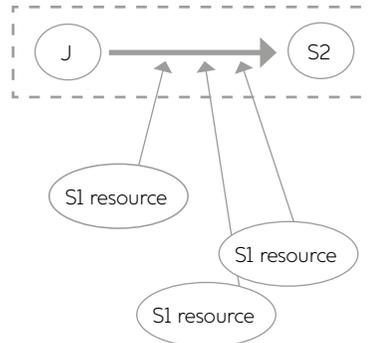
### 3.3 Patterns of triangular cooperation

Most of JICA's TrC consists of third-country training, where training is conducted in pivotal countries with JICA's funding and support (see Figure 1). Very small numbers of dispatched experts from pivotal countries add to the list of TrC activities occurring. There are four basic patterns of TrC; while the schematic patterns below do not necessarily form the shape of triangles, the figures represent the way multiple parties are jointly implementing aid projects.

#### 1. Bilateral TrC integrating Southern country knowledge

This is a pattern wherein JICA mobilises knowledge resources from Southern country partners, either through TCTP or third-country expert dispatch in the field, where Japan may not have a comparative advantage relevant to the needs of the beneficiary countries (see Figure 2). Capacity Development for Public Administration in Ghana was one such project where resources from Singapore, Malaysia, and South Africa were called on to improve Ghana's Civil Service Training Centre (Honda, Kato and Shimoda 2013). This pattern's success depends on the extent to which pivotal countries could join forces in enhancing the effectiveness of technical assistance to the beneficiaries.

Figure 2 Bilateral TrC integrating Southern country knowledge



Notes J = Japan; S1 = pivotal countries; S2 = beneficiary countries. The inputs represented in the arrows can range from financial contributions to technical transfers to human resources.

Source Honda (2013).

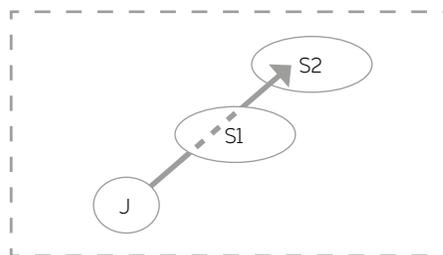
### 2. Dissemination of best practices information

This is the most standard form of TrC conducted by JICA (see Figure 3). The training and dispatch of experts are the typical instruments. This pattern can also expand into a regional network of knowledge dissemination. Examples include JICA's assistance both in finance and substance to the Kenya Forestry Research Institute, which then offered a vocational training programme in Senegal's Vocational Training Center; these activities were built on previous bilateral cooperation with Japan (Honda *et al.* 2013). This scheme gives more initiative to the pivotal countries and may evolve into a broader programme of nurturing pivotal countries into becoming donors beyond just assistance to a particular sector.

### 3. Support for South–South cooperation organisational capacity development

By dispatching technical cooperation experts to Southern country partners, this pattern expects those partners to disseminate knowledge to other Southern country partners (see Figure 4), in the expectation that eventually partner countries become donors. Examples of this

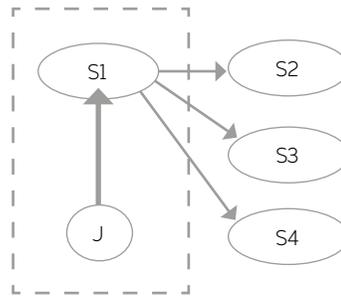
Figure 3 Dissemination of information on best practices



Notes J = Japan; S1 = pivotal countries; S2 = beneficiary countries.

Source Honda (2013).

**Figure 4 Support for South–South cooperation organisational capacity development**



Notes J = Japan; S1 = pivotal countries; S2, S3, S4 = beneficiary countries.  
Source Honda (2013).

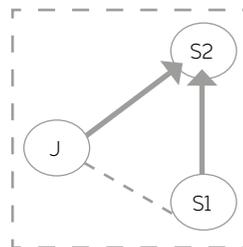
pattern include JICA’s assistance to Indonesia in its effort to strengthen capacity to provide South–South cooperation (Shimoda and Nakazawa 2012). This is another form of TrC that gives more initiative to pivotal countries, but with more explicit intentions on the pivotal side to become future donors operating projects in multiple recipient countries.

**4. Collaborative support by Japan and its Southern development partners**

This is a pattern wherein JICA and its Southern country partner(s) jointly support a beneficiary country through equal partnership(s) (see Figure 5). This type of collaborative work is sought with new donor countries that have already developed their own expertise and resources to become donors by themselves. An example of this is JICA’s collaboration with Brazil in assistance for the Mozambique ProSavana Project. This scheme is possible only between an emerging donor that has independent capacity to implement projects on its own. Because of the nearly equal participation by both donors, coordination efforts on the ground become critical.

In short, most of the TrC by JICA is an extension of the bilateral cooperation that had previously been conducted in the pivotal countries. They are extended efforts to tap into the resources nurtured during bilateral times. This is the key feature of TrC that determines the range

**Figure 5 Collaborative support by Japan and its Southern development partners**



Notes J = Japan; S1 = pivotal countries; S2 = beneficiary countries.  
Source Honda (2013).

of activities in the Japanese ODA context. TrC, therefore, is more of a scheme to maintain relationships with middle-income pivotal countries that otherwise graduated from Japanese assistance as beneficiary countries. It has not been utilised enough as an opportunity to increase Japan's aid portfolio (i.e. the menu of what Japan can offer as aid) by learning from the pivotal countries.

#### **4 Incentives for cooperation**

Why then do countries bother to play the role of a pivotal country? Given that major emerging countries such as Brazil, China, and India are all regional powers having the capacity to conduct aid on a bilateral basis, one may wonder why such countries would bother to engage themselves with TrC.

Knodt and Piefer (2012) addressed this issue systematically. They made the point that even among the new donors, a distinction should be made between countries that have significant geopolitical importance in the global economy, such as Brazil, China, India, Mexico, Indonesia, and South Africa, and relatively smaller providers such as Thailand, Chile, Malaysia, Colombia, and Vietnam (Knodt and Piefer 2012: 38). For the regional powers, engaging with traditional donors through ODA may be a single tool among many to establish their status; trade, investment, and military power may work more effectively towards such a goal. However, for the rest of the pivotal countries, ODA can be a vital connection to maintain and enhance their economic and political relationships with other developing countries. The incentives to engage in TrC differ accordingly. Below is the analysis of incentives based on the donor's position in the triangle.

Knodt and Piefer (2012) highlight two motivations for these new donors to engage in TrC: (1) reducing political tension through the presence of a third party; and (2) capacity building to become donors.

First, in countries where political tensions resurge periodically, such as those between Thailand and Cambodia, the presence of traditional donors helps soften the tension in implementing projects in such beneficiary countries. Through such incentives, the new donors aspire to become regional leaders. By including a third party as a catalyst, pivotal countries can lessen otherwise sensitive political tensions and build strategic regional and inter-regional alliances through the TrC mechanisms.

Second, many new donors have the incentive to become independent donors in the future by learning how to plan and implement projects through collaboration with traditional donors. As aid officers of the Thailand International Cooperation Agency (TICA) told me,<sup>5</sup> it is sometimes efficient to learn from jointly implementing projects in a third beneficiary country to become independent and capable donors. The presence of this incentive demonstrates that foreign aid is not just about meeting needs or providing resources, but more about the actual mechanism of delivery, which requires skills and experience.

On the other hand, the new donors' eagerness to establish independent donor status comparable to the DAC donors may create challenges, as some new donors still fall short in the financial and human resources needed to meet expectations. The TICA, for example, is an entity within a key pivotal country aiming to establish itself as a leading donor in Southeast Asia. However, as TICA officials admitted themselves, their budget is extremely limited, which hinders their ability to establish a truly equal partnership with traditional donors.<sup>6</sup> The cost-sharing ratio between JICA and its partner countries is one important indicator. A survey conducted by Japan's International Development Center in 2010 reported that the burden shared by the pivotal countries ranged from 30 per cent to 50 per cent for Thailand, 50 per cent for Singapore and Malaysia, and about 15 per cent for the Philippines (IDC 2010).

Regarding incentives for traditional donors, as was recently announced by the prime minister, Abe Shinzo, in his trip to several Latin American countries, Japan made a commitment to provide ODA to countries that have already reached 'graduation' status from a traditional standard based on per capita income. This will probably include Japanese support for such middle-income countries to assist their neighbours, that is, the seeds of the triangular scheme. This announcement reveals the traditional donors' incentives in triangular cooperation: some of the traditional donors prefer to rely on ODA mechanisms to maintain their diplomatic relationships with middle-income countries, which are increasing their presence in the global economy. Unlike countries in Southeast Asia, which have strong economic relations with Japan, many countries in Latin America will have weaker ties with Japan if all ODA pulls out from the region. For traditional donors, maintaining connections through ODA with middle-income countries can be a strong incentive.

More questionable are the incentives for the beneficiary countries. In principle, few countries will turn down offers of assistance.<sup>7</sup> Perhaps the only real incentive may be the traditional donors' financial guarantees that stabilise the projects implemented, mainly by the pivotal countries. Yet, if beneficiary countries have already established bilateral relations with existing donors, there is no clear reason why they should pursue a 'triangular' form of foreign assistance. It is for this structural reason, as this article addresses below, that each beneficiary country's ownership becomes questionable.

### **5 Critical questions for the triangular approach**

Given foreign aid's political nature and the institutional requirements for sustaining the aid business, we must ask the following questions to analyse whether TrC has the potential to become a major option in foreign aid. Three issues stand out: (1) national interests, (2) development impact, and (3) ownership. These are by no means arbitrary (Ashoff 2010).<sup>8</sup> The first question on national interest is particularly serious in Japan, where causal relationships between taxpayer money and its contribution to benefits in Japan are increasingly voiced under declining public expenditure trends. The second question on development impact

is an obvious one that requires little explanation. While the promotion of partnerships should be valued, its development impact should be assessed separately. Finally, the question of ownership: who controls the process of TrC projects? We shall examine each of these below.

### 5.1 The national interest question

One of the key questions posed regarding the triangular approach in the Japanese context is its connection with national interests. Under the new ODA Charter of 2015, which stipulated securing 'national interests' for the first time as an important goal of development cooperation, the Abe administration has been emphasising how offering a varied menu of international assistance can help enhance Japan's national interests. TrC can easily be classified into the types of cooperation that contribute to national interests through maintaining human channels with middle-income pivotal countries, and more importantly include them structurally in the traditional donors' aid regime. In Japan's case, it has been common practice to hire a foreign consultant who has been working with the Japanese counterpart to carry out projects on behalf of the Japanese staff (MoFA 2013).<sup>9</sup> It is expected that the utilisation of foreign resources can further enhance Japanese national interests in certain areas (such as improving the investment climate in Africa through using foreign consultants who know more about the African context).

### 5.2 The development impact question

The evaluation of development impacts is one topic that should be addressed in discussing each scheme's desirability. Evaluation faces further challenge because most triangular projects by Japan consist of technical assistance emphasising knowledge transfer and training, the impacts of which are difficult to quantify. Given that there are no standard ways to measure the development impact of triangular cooperation, JICA discloses only quantitative trends using the number of Japanese experts dispatched to pivotal countries and the number of trainees as measurement instruments (Honda 2013). In reality, however, many projects are pre-designed by consultants of donor countries in close consultation with the recipient country governments.

Such realities aside, international recognition of triangular cooperation's effectiveness seems to be on the rise. The Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP) have high regard for this scheme's potential effectiveness (OECD 2011; UNDP 2004). Moreover, Japanese TrC projects were awarded the South-South Cooperation Award from the United Nations (UN) in November 2012 during the South-South Cooperation Expo. We need to examine more closely the nature of the power structure among the nations in which TrC plays a role.

### 5.3 Ownership question

One of the repeated critiques in aid administration is 'fragmentation': aid received in many small pieces from many donors inviting less competition, which can reduce the total effectiveness of development

efforts (Frot and Santiso 2010). From the perspective of administrative efficiency, TrC is complicated, which leads to the question of ownership. In the German Agency for International Cooperation (GIZ) Conference on Triangular Cooperation, 19–20 September 2013, I addressed this question to the floor: ‘Has there ever been a triangular project initiated by the recipient country?’ There was no response from the audience. One cannot overgeneralise from this lack of response, but it is still plausible to infer that there has not been a triangular arrangement undertaken on the recipient country’s initiative. Reasonably enough, there is no particular reason why a recipient country should make the arrangement triangular rather than bilateral. Li and Bonschab agree that ownership is one of the central challenges for effective triangular cooperation: ‘It often seems that donors prefer profound discussions among themselves, before, in a second step, they look for a recipient country for implementation’ (2012: 187).

My interview with a senior GIZ officer found that German citizens in general emphasise philanthropy and aid to alleviate poverty.<sup>10</sup> Germans will support such initiatives even if their feedback on national interests is unclear. Under such circumstances, it is hard to justify continuous investment into countries that have already graduated from low-income status. TrC in this sense is a device to justify continuing commitment to middle-income countries, giving them a new role as pivotal countries to benefit their poorer neighbours.

The three questions highlighted above set a certain limitation on how the existing structure of inequality can be reduced among the stakeholders of three countries. While the technologies being transferred in the process of TrC originate from a country that is closer in their development stage, there is no explicit mechanism to uplift the position of the beneficiary country.

## **6 Implications for East and Northeast Asia**

### **6.1 A perspective on Chinese aid**

As we have seen, Japanese foreign aid’s central feature is its strong engagement with the private sector from policy formulation to implementation (Sato 2018). Research undertaken in the recipient countries of Chinese aid have found that the private sector also plays a significant role in formulating development projects (Sato *et al.* 2011).

Perhaps one of the most highlighted trends affecting the ODA landscape is the rise of China as an economic superpower. Some consider Chinese aid a threat, not because of China’s increasing volume of investments, but rather because of the alternative norms and principles it posits towards beneficiary countries. China is widely viewed as providing aid ‘without Western lectures about governance and human rights’ (*The Economist* 2010). Chinese loans, for example, include the condition that a proportion must be spent on Chinese contractors, equipment, and services, thereby providing capital for Chinese exports (Park 2011). While the tying of aid may therefore result in mutual

benefits, a key aspect of partnership, it contradicts the definition of ODA, for which the main objective should be economic development and welfare. It also arguably creates more benefits for the donor than for poor people in the recipient country. Little progress was made at Busan<sup>11</sup> on the issue of tied aid, beyond agreeing a commitment to make progress towards an unspecified deadline (Oxfam 2012).

Many commentaries on Chinese aid lack empirical foundation and are often based on subjective impressions. However, a firmer ground has begun to be prepared. A recent study by Kitano and Harada (2014) found that the total volume of Chinese aid has increased sharply since 2004, with a rate of increase of 24 per cent until 2011. China's net foreign aid dropped from US\$5.2bn in 2013 to US\$5.0bn in 2014 but rose to US\$5.4bn in 2015 (Kitano 2017). Although its ranking in terms of aid volume had been lower than one would expect, China increased rapidly to number six in 2012. Given its constant growth rate, the total amount of China's aid is expected to surpass the top-tier DAC members in the next few years.

It is interesting that China is also pursuing a trilateral approach to development cooperation. Zhang and Smith (2017) convincingly document the recent trend of China's seeking partnership with the UN and Western donors by putting growing emphasis on its identity as a great power in the development sector, using trilateral cooperation to build its global image.

### **6.2 Possibility for collaboration?**

Based on the existing practices of TrC initiated by Japan, this section examines the future possibility of establishing a triangle (or any other form of development cooperation) with Japan's neighbours: China and South Korea. Countries in East Asia, including Taiwan, have been most exposed to ODA from Japan and thus should be considered the first partners with which Japan could work. Periodic political tensions aside, there has already been a substantial record of cooperation between Japan, China, and South Korea in foreign aid. Between the Korea International Cooperation Agency (KOICA) of South Korea and JICA, there have been annual meetings held periodically since December 2010 – joint training programmes have been implemented in the fields of energy, environment, economic development policy, and disaster education. Other notable collaborations include co-financing the Climate Change Mitigation Program in Vietnam, an electronic cable extension project in Tanzania, and a road improvement project in Mozambique (Sato pers. comm. 2014).

Japanese collaboration with China is less extensive compared to that with South Korea, yet occasional meetings between the concessional loan agencies (i.e. Export–Import (Exim) Bank of China, Korea Eximbank's Economic Development Cooperation Fund, and JICA) have been held since 2010. Kitano reports that projects on the ground are also beginning, for example, in rice production in African countries,

road construction in Tajikistan and urban transport in Kyrgyzstan (Kitano 2012). Although political tensions between Japan and China have intensified recently, many upcoming joint initiatives continue to be implemented on the ground.

A wealth of experience in jointly implementing projects with South Korea and China, however, does not automatically lead to the proper utilisation of triangular modalities or any other form of development cooperation. Political tensions aside, three specific future challenges should be highlighted. First, because of their geographic and cultural proximity, it is often difficult to find areas of expertise that have complementarity. There are agricultural techniques for arid environments, for example where expertise from China can be utilised to assist countries such as Mongolia, but the list is not extensive. A similar condition applies to South Korea.

The second challenge is that the East Asian neighbours have quickly passed through the status of middle-income countries to the level that requires a partnership arrangement with Japan. Triangular cooperation, in a traditional sense, puts them in a resource-providing status, and thus may not be acceptable. Third, because the East Asian region has been going through some political tensions, development operations requiring long-term commitments may be seen as being vulnerable and thus not worth the effort to make an investment. While ODA activities should be treated independently from politics, it is undeniable that the circumstances will be heavily influenced by such ups and downs.

South Korea and China are countries that seek a certain level of recognition in the international donor community, though their styles may be different. My interview with JICA's staff<sup>12</sup> confirmed that one of China's key interests is establishing an evaluation scheme to defend its approach against Western criticisms.<sup>13</sup> Increasing pressure to disclose various data and statistics also creates an additional motive to install an evaluation scheme that can be an effective communication tool with traditional donors and multilateral banks.

Abundant documentation asserts that both China and South Korea adopted and learned from their experiences as major recipients of Japanese foreign aid. Brautigam (2009) claimed that Chinese techniques such as allowing recipients to pay in-kind (i.e. with raw materials) were adopted from the Japanese method in the 1970s.<sup>14</sup> The KOICA's administrative system is documented as being modelled after the JICA system (Kondoh 2013). Korean policymakers themselves do not hesitate to admit that they have 'copied' the Japanese aid system, where many of the JICA laws and regulations were translated into Korean as a basis for the KOICA (Kim and Seddon 2005: 170). The focus on economic infrastructure is another commonality among East Asian donors. In Japan, as we have seen, this inclination has a strong link to ODA and the private sector implementers.

As a vehicle for collaboration, working through international organisations can help reduce any tension when political conflicts hinder effective collaboration for development assistance. Even the recent tendency to create a new economic block by China (represented by the agreement to establish the Asian Infrastructure Investment Bank in 2015) may enhance China's accountability and transparency in implementing international development projects that must be approved collectively by this new bank. Through such regional forums, South Korea, China, and Japan could perhaps begin to list some comparative advantages, particularly in the field of technical cooperation, relevant to the poorer parts of the world.

### **7 Conclusion**

Unlike some Western traditional donors such as the UK, which has an inclination to outsource most of its implementation to private actors regardless of their national origin, JICA has been emphasising Japan's own development experience and capitalising on such assets for the purpose of development in poorer nations. The long tradition of an intimate connection with ministries and private sectors and the utilisation of domestic firms and expertise under 'tied aid' represent one such legacy. This experience-based approach has a strong affinity to TrC, which is also experience-based; TrC is not usually made out of random combinations of three actors with respective expertise, but is rather a development of existing partnerships and the accumulated knowledge based on such partnerships.

South–South cooperation's significance will inevitably expand as the influence of non-DAC donors increases. This will have significant impact on the process of the Sustainable Development Goals (SDGs), as it expects wider participation from the actors in developing countries who were mostly outside the scope of the Millennium Development Goals (MDGs). As we have seen in the examples above, TrC is particularly suitable for including private actors as pivotal agents soliciting investments from the donor countries. It is thus critical for private sectors to integrate SDGs into their business and employment practices, particularly in the field of gender and environment where such private investments will have direct impact.

TrC will have a positive impact on the efficiency as well as the effectiveness of development cooperation in the long run, if not immediately, because its main feature is to nurture middle-income countries to become effective donors in the future. Despite such promising features, however, I found a number of reasons why this may not prevail as a dominant mode of development aid in the context of Japanese ODA. The main reasons why TrC does not quite take off on the scale that it should is because the Japanese system places more emphasis on prior clearance at the administrative level, and because personnel shift their positions every two or three years, which limits any project's smooth continuity. Despite these vulnerabilities, Japan wishes to support TrC not because of its potential effectiveness (and

cost savings), but also because it may become the pivotal mechanism to maintain connections with middle-income countries; Japan invested substantially through ODA in the past.

TrC involves three main actors. The stylised format, however, should not be the preoccupation. A more important dimension is the initiative and ownership in the configuration of multiple stakeholders. The clear point is that the development scene will increasingly be coloured by a network of actors rather than bilateral donors. If such a trend is confirmed, what we need is fertile soil to allow different combinations of resources and expertise for the purposes of international development. Various forums of human resources exchanges, interactions, and training may be a strong way to enrich this soil, which can turn into concrete triangular projects in the future, if not immediately.

As the number of donors multiplies with the increased participation of non-DAC members, what becomes increasingly important is the beneficiary countries' absorptive capacity. If TrC has the tendency to leave behind the interests of the beneficiary countries, as this article argues, traditional bilateral aid should continue to assume a key role in capacity development in less developed countries. Discussion on the way to enrich TrC should go hand in hand with the appropriate role of traditional bilateral aid, which should address more directly the needs of the poorer countries.

### Notes

- 1 University of Tokyo.
- 2 'Triangular cooperation' is commonly defined as 'joint projects in development cooperation among established and newly emerged donors within the new global context' (Li and Bonschab 2012: 185). This article defines TrC as 'a partnership between DAC [Development Assistance Committee] donors and providers of South-South cooperation to implement development cooperation projects in beneficiary countries' (Fordelone 2011: 4), as DAC donors carry common norms regarding general objectives and means of development despite diversity in country allocation and preferred modalities.
- 3 Major publications by implementing agencies include Honda (2013), UN (2012), BMZ (2013), and MoFA (2013).
- 4 A typical example of a research topic along this line is the application of the *kaizen* (improvement) approach in enhancing the efficiency and working conditions of employers in developing countries (Higuchi, Nam and Sonbe 2015).
- 5 Mr Amornchewin Banchong, interview, 22 August 2016.
- 6 Mr Amornchewin Banchong, interview, 22 August 2016.
- 7 Offers to assist in emergencies such as natural disasters may be refused, particularly by middle-income countries, owing to insufficient capacity to receive and handle incoming aid in short periods of time. Thailand's initial refusal of foreign aid during the 2004 tsunami is one such example.

- 8 Ashoff (2010) highlights related risks pertaining to TrC such as lowering quality standards, neglecting beneficiary countries, increasing transaction costs and fragmentation.
- 9 The Triangle of Hope was a project (August 2009 to August 2012) to enhance the investment climate in Zambia; it was implemented by a consultant from Malaysia.
- 10 Anon., interview, 20 September 2013.
- 11 The Fourth High Level Forum on Aid Effectiveness took place in Busan, South Korea, in 2011.
- 12 Anon., interview, 20 April 2017.
- 13 While China has been severely restrictive in disclosing information on its foreign aid activities, there is a sign of change represented by its recent White Papers on foreign aid. China published its first White Paper in April 2011 and a second in July 2014 (UNDP 2014). While there is no description of specific projects, the two White Papers demonstrate the trend that China is willing to disclose more information on its aid activities.
- 14 See Watanabe (2013) for a detailed study on how China learned from its major foreign aid donors, i.e. the Soviet Union and Japan.

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