

Achieving SDG9: Seizing Windows of Opportunities for Development Cooperation

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Why is this relevant?



Infrastructure and technology transfer

- Investment in infrastructure (e.g. transportation, irrigation, energy, information and communication technology) is critical to achieve sustainable development . To achieve this requires proper design and implementation of infrastructure projects.
- Infrastructure also provides technological solutions for industrialization processes. Inclusive and sustainable industrial development lays the foundation for economic growth.
- Technological progress is, therefore, the fundamental component of achieving the SDG9.
- Sustainable investment in infrastructure requires innovation in adaption.

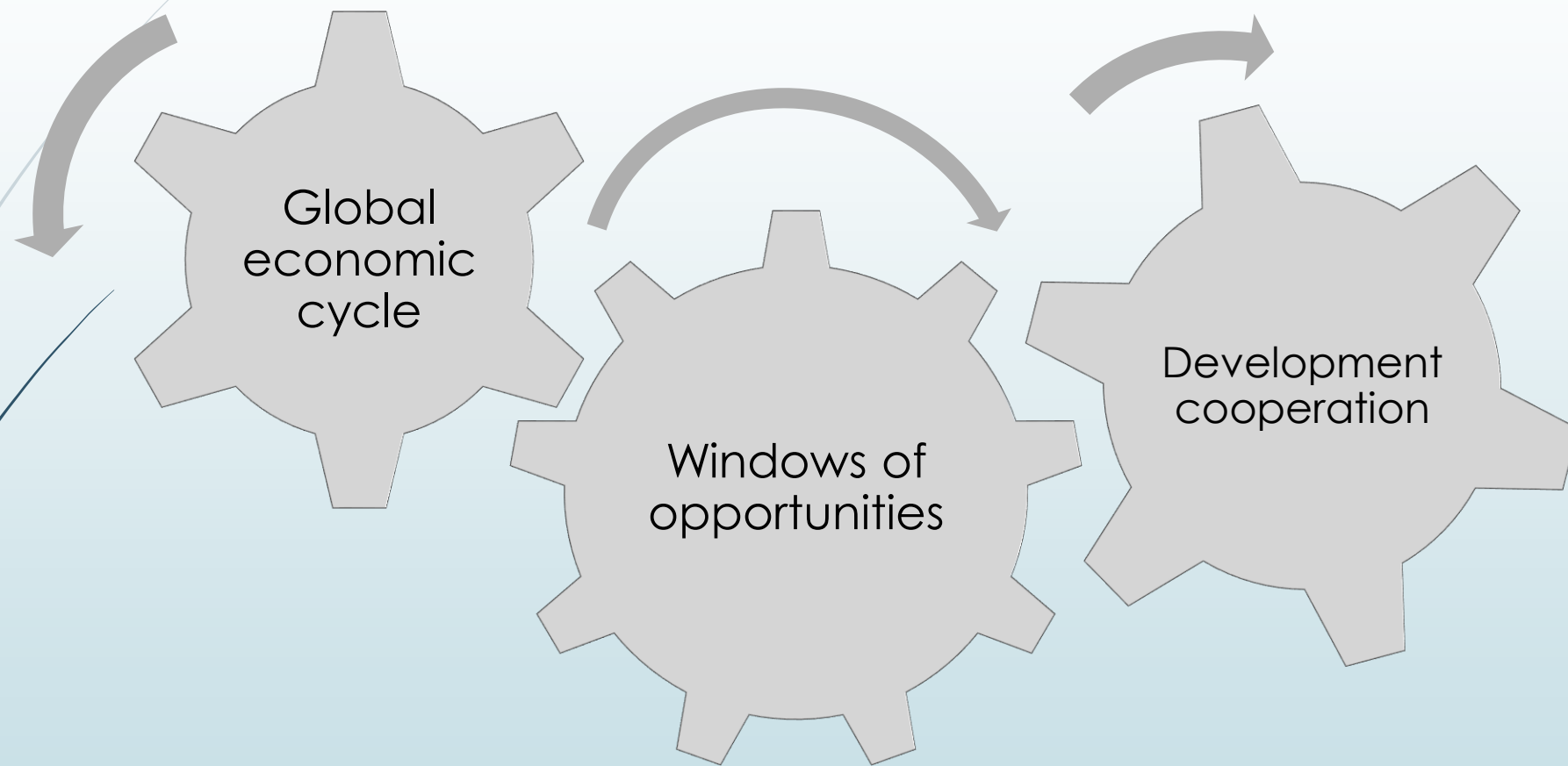


Windows of opportunities

Latecomer:

Changes opens the opportunities for latecomer

Capability and decision on Optimal time for catching-up in the new system



Life cycle of multilateralism

Harlan Coben (2018) states that multilateral cooperation strategies and arrangements have a life cycle, and as the world adapts to these arrangements, the effectiveness of these solutions or strategies may change or even weaken.

- The choices of global cooperation/global governance vary over time.
- Stakeholders may react by creating new realities in response to different challenges that require different solutions.
- Against this backdrop, new global cooperation modalities are born (e.g., trilateral cooperation).



Windows of opportunity: South-South technology transfer

- New stage on renewable energy technology
- Emerging power with catching-up technology start to break the market barrier.
- Sharing development provision of technology from traditional donor countries.

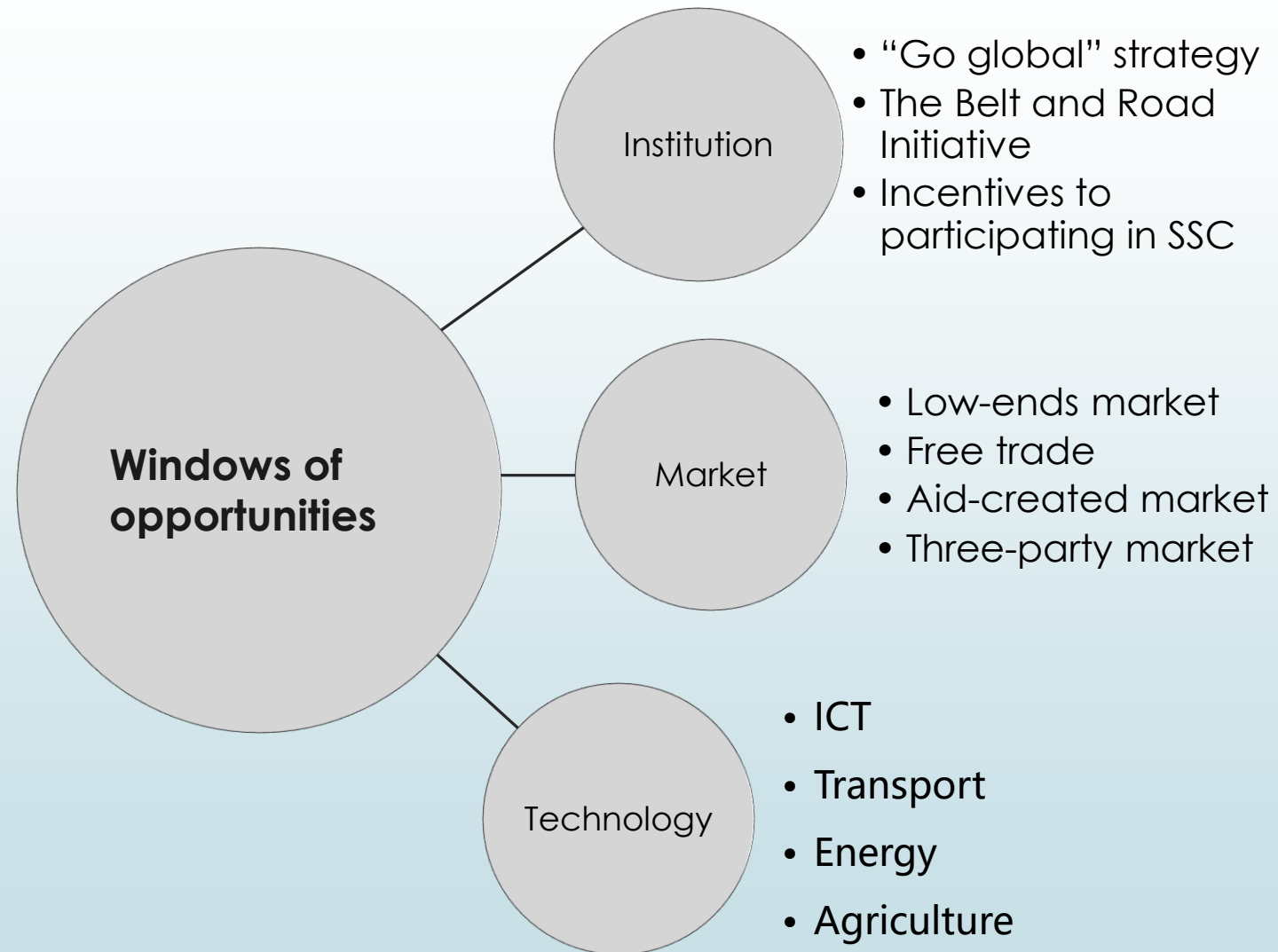
Booming of Latecomer innovation for development

Less advanced technology is used for profit reasons which is just up to scratch in what is called the “bottom of the pyramid” consumer groups who want to pay less for more.

Leapfrogged technology has diversified the choices of infrastructure plans which contains more relevant solutions



The case of China





What Does It Imply For Development Cooperation?



New development cooperation regime

- Emerging market's overseas development cooperation, such as China, offers additional opportunities to promote sustainable development.
- Favourable policies
- Technology choices in more combinations of cost, consumer preference, country specific needs.
- Trilateral cooperation



Common areas of interest

- Technology leapfrogging of Chinese firms provides the window of opportunity to collaborate with advanced technology providers.
- The long-term returns of infrastructure investment in renewable energy area
- Potentials for private participation



Trilateral cooperation

Niche technology transfer opens up windows of opportunities to deepen trilateral cooperation

With Multilateral Development Institutions

► China-Ghana-UNDP Trilateral Cooperation on Renewable Energy

Purpose: Introducing more Ghanaian local enterprises (especially private enterprises) into joint projects led by Chinese enterprises, ultimately ensuring Ghana's renewable energy productivity

Status:	Ongoing
Start date	September 2014
Focus Area:	Transfer of renewable Energy Technology and Capacity Building
Total Budget:	USD 2.720.000
Donors:	Donors: Ministry of Foreign Affairs, Denmark
Implementing	Chinese Ministry of Science and Technology Energy Commission (EC)

► China- Zambia-UNDP Trilateral Cooperation on Renewable Energy (Denmark donor)

Under Multilateral Framework

- China-Russia-Kazakhstan Railway
 - Project under The Shanghai Cooperation Organisation (SCO)

With International Private Sector

► China-Japan-US-Indonesia Coal Power Station

- Purpose: trilateral cooperation with private sector participation in local government projects

Supplier	Chinese machinery Corporation
Service	Black & Veatch Corporation of the United States.
Design	Sumitomo Commercial Corporation of Japan

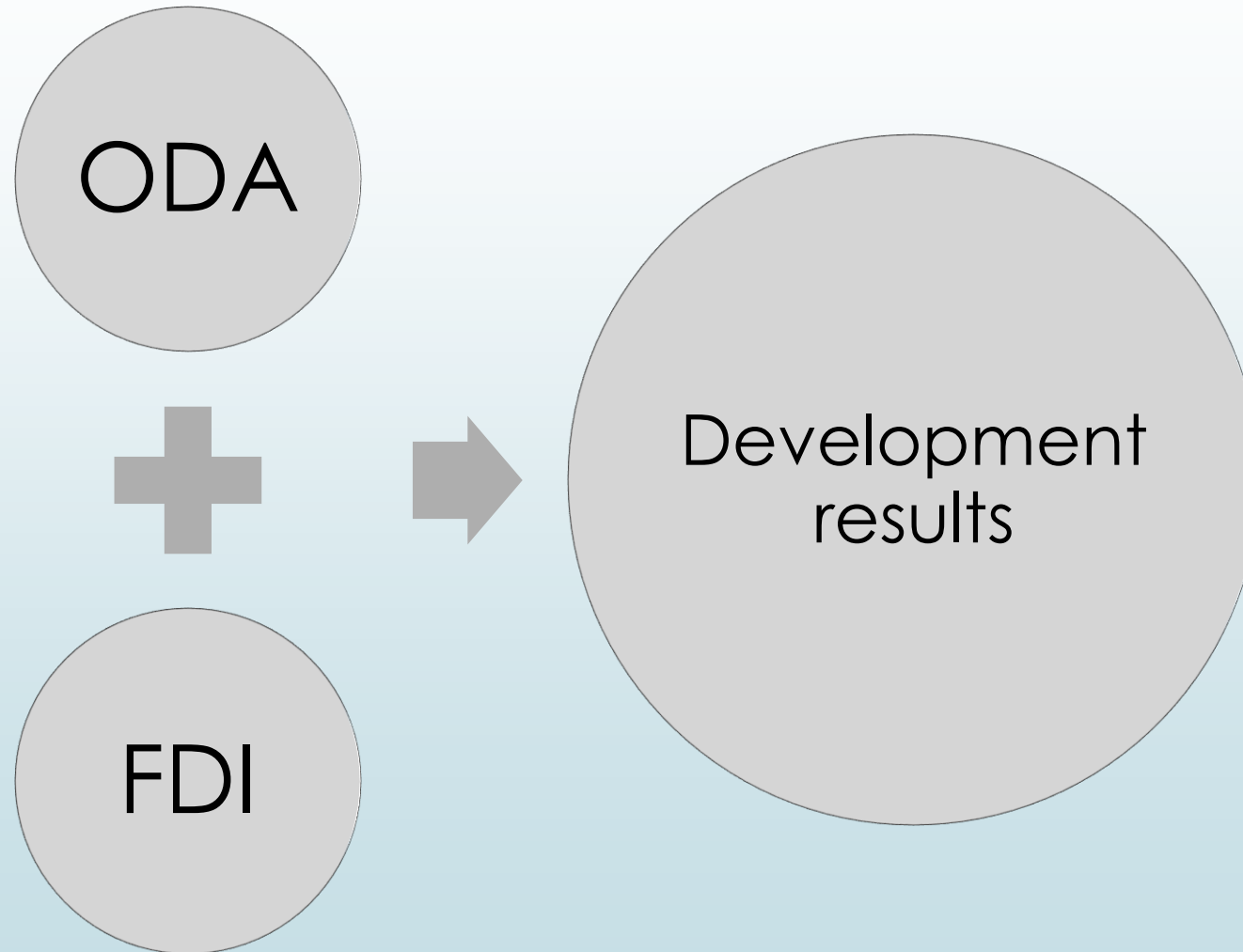
► China-America-Finland-Indonesia power station

- Commercial operation for infrastructure under OECD (project)

USA-AECOM corporation design, Finland Wärtsilä provides machine, Chinese SOE implementing and purchasing

► China-Italy- Ethiopia Hydropower Station

Looking forward: Broad-based PPP





What

- Niche technology
- Infrastructure demand
- Appearance of new multilateral/ trilateral cooperation framework

Why

- Life cycle of current multilateral cooperation needs adjustment in development cooperation.
- Disruptive/leapfrogged technology enables Chinese firms to participate in development projects.
- Insufficient and fragmented aid leaves room for private sector participation to deliver development impact at scale.

How

- ODA: Identification of more common areas of interest
- FDI: Introduction of and alignment with private investment , respectively (particularly important during the stagnation)
- Multilateral incentives and favorable policies for initiative stage

Sustainability of Development Cooperation

■ Division---advantages

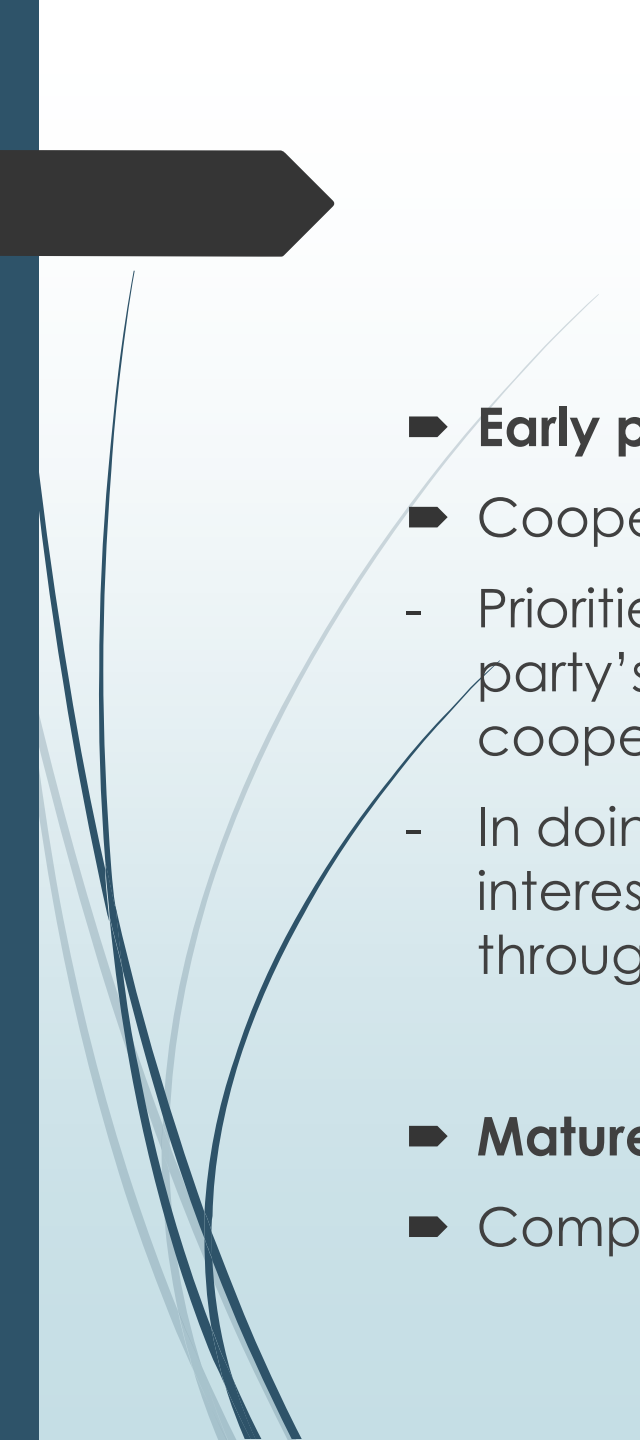
- Within the cooperation projects
- Between the projects

■ Distribution of benefits

- Negotiating and bargaining during the cooperation

■ Balance of Relationship among participants in long run

- Cooperation & Competition



Long-term perspective to Compete vs. Cooperate

- **Early period (cooperation under the multilateral framework)**
- Cooperation for supplementation (cost sharing)
 - Priorities the goals or common areas of interest to make use of each party's comparative advantage to maximize the outcome of cooperation.
 - In doing so, the common areas of interest can help to balance national interests of individual states with universal goals which they aim to achieve through trilateral cooperation.
- **Mature period**
- Competition for efficiency



Advantages: Japan

- Early entry into overseas markets
- More outlets
- Brand awareness and reputation of "Made in Japan"
- Rich experience in overseas investment of private financial institutions

Advantages: China

- Leapfrogged latecomer
- Disruptive innovation
- Experience in infrastructure
- Well-established industrial chains
- Provision of sufficient and diversified means of development finance

New renewable energy providers



Thank you for your attention!