

ENABLING EFFECTIVE TRIANGULAR CO-OPERATION

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Abstract

This study provides new insights into factors that enable effective triangular co-operation. These include sound national ecosystems to support triangular partnerships through high-level political will, guiding documents, institutional structures, partnerships, resources and management procedures. Furthermore, against the background of the 2030 Agenda and the outcomes of BAPA+40, a shift of thinking from 'donor-recipient' relations to 'partnerships' needs to run through political discourse, public opinion, strategies and systems of all partners in triangular co-operation. Moreover, for the first time, the issue of 'transaction costs' in triangular co-operation is discussed systematically. Based on the research, interviews, and meetings that were conducted for this study, broad agreement emerged that these are investments in the partnership, and should not be regarded as costs. Finally, five options to engage effectively in triangular co-operation are offered. The decision for one of these five approaches, depends on the specific context of the partners that wish to set up new triangular co-operation initiatives. There is no one-size-fits-all approach, thus this study aims to contribute ideas and policy implications based on existing experiences and evidence.

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A community of practice is shaping up, following the Lisbon international meetings on triangular co-operation since 2012 and the Second UN High-level Conference on South-South Co-operation (BAPA +40) in Buenos Aires in March 2019. This network is indispensable to learn more about the modality of triangular co-operation. We are grateful and indebted to the 43 representatives from governments, co-operation agencies, civil society organisations, philanthropy, the private sector and research institutes who shared their experiences, views, and project information during the interviews for this study.

Furthermore, we would like to thank the participants in the fifth international meeting on triangular co-operation, which was held on 17-18 October 2019 in Lisbon, for sharing their insights, discussing a first version of this paper and de-mystifying the issue of transaction costs.

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Executive summary

The Second UN High-level Conference on South-South Co-operation (BAPA +40) in 2019 was a milestone event: 40 years after the Buenos Aires Plan of Action (BAPA) was agreed, the global community re-affirmed in Buenos Aires that South-South and triangular co-operation are central elements of international co-operation and not “niche” modalities. Triangular co-operation is thus seen as a transformative development co-operation modality. It builds on and combines the strengths of different development partners to implement innovative and flexible solutions to address development challenges and to contribute to achieving the 2030 Agenda for Sustainable Development.

Taking advantage of the favourable global environment, we need to address some concerns and myths that are impeding a more systematic and effective use of the modality of triangular co-operation. Thus, this study sets out to assess enabling and hindering factors for triangular co-operation. Information to do so was gathered in 43 semi-structured interviews, through extensive desk research, literature review and analysis of policies, project and evaluation reports.

Four key messages emerge to shed light on how to enable effective triangular co-operation. This work kicks off a discussion, however, more research, extensive fieldwork, and evaluations are needed to fully assess which factors contribute to the effectiveness of triangular co-operation.

Key message 1: Getting the ecosystem better for triangular co-operation leads to more effective partnerships

A key success factor for effective triangular co-operation is a national ecosystem and enabling environment which support trilateral partnerships for all three or more partners/countries, typically consisting of:

- The **overarching narrative shaped by high-level political will** and related legislation, which supports the development of the **vision** in the form of a policy, strategy, white paper or other type of guiding document,
- The **structures** of a country’s institutional set-up to engage in triangular co-operation,
- **Partnerships** with different government and non-state partners,
- The **resources and procedures** to manage a country’s triangular co-operation interventions.

The ecosystem and enabling environment for triangular co-operation differ from case to case and is embedded in the country’s overall ecosystem of development co-operation.

Political will gives rise to strategies or policies that guide triangular co-operation, and expresses their localised understanding for each partner. To be effective, internal consultation and co-ordination processes among the different domestic partners need to be defined. To-date, only 30 countries and international organisations have specific policies, strategies or guiding documents for triangular co-operation, for others, triangular co-operation is guided by foreign policies or overall development co-operation strategies, without explicitly referring to triangular co-operation.

If the enabling environment connects the different foreign and development policy goals and provides a mandate for its institutions to engage in trilateral partnerships, a success factor is to consider the twin-set of development and partnership results for each initiative and to be clear about what each partner aims to achieve for both objectives.

This study found that when the two objectives are not reflected clearly in the way triangular co-operation is communicated in the narrative and vision, how it resonates in the institutional structures, as well as resources and procedures, this may be a hindering factor for effective triangular co-operation. Often, there is a tendency to either focus on the development results in the beneficiary country, which neglects the process of joint and mutual learning among all partners; or else to emphasise the strong partnership among the pivotal and the facilitator, which may give the impression of a weaker role for the beneficiary partner. Effectiveness is heightened when the two dimensions are considered in the policy and decision-making process that lead to domestic policies and visions that deal with triangular co-operation.

Key message 2: We need a mind-set change to align with the 2030 Agenda - from an *ad hoc* project approach to a partnership approach

“*We need a mind-set change*” to engage more effectively in partnerships of the 2030 Agenda in general and in triangular co-operation more specifically. Many interview partners saw a key challenge in the current mind-set and procedures for engaging in triangular co-operation. A mind-set change, led by a shift in thinking from ‘aid’ and ‘assistance’ to ‘partnership’, runs through political discourse, public opinion, strategies and systems of development co-operation – both from providers and beneficiaries. The characteristics of triangular co-operation, outlined in the BAPA +40 Outcome Document align with these aspirations, and BAPA +40 provides fertile ground to pilot new and innovative approaches to complement existing international development co-operation by expanding the space for different actors. If this mind-set change has already happened, it can be regarded as a success factor.

However, the findings show that the current mind-set and systems are unfit for engaging in triangular co-operation effectively. Most of our institutions are still geared at engaging in traditional modes of bilateral co-operation. Regional co-operation is often channelled through one regional institution, making the engagement mainly with one partner; global co-operation projects work with only few partners who then multiply the efforts to other countries. Our current co-operation systems and models do not sufficiently reflect the requirements of engaging in horizontal partnerships and the new realities of the 2030 Agenda, which is a holistic and integrated agenda for all countries – irrespective of income levels. This requires sensitisation and support for developing a shared understanding of triangular co-operation, championed and reinforced by leadership from the top down, particularly in the early phases. Triangular co-operation is also more effective when all partners accept that they can learn from each other, rather than relying on a North-South flow of expertise and experience.

Key message 3: The benefits of investing in triangular partnerships are not a transaction cost.

A common ‘myth’ is that transaction costs in triangular co-operation are “higher” than in other forms of co-operation, which is a hindering factor for some partners to engage in this modality. Despite this perception, practitioners do not share a common understanding of transaction costs, nor is there consensus as to whether transaction costs are a hindrance at all. The term ‘cost’ is misleading for some practitioners, who rather frame the issue in terms of ‘investment’. This study approaches the issue of transaction costs by drawing on economic theories and combining these with the impressions and perceptions of the interviewees, which represented beneficiary, pivotal and facilitating partners.

Transaction costs are found to depend on the type of project and approach taken by a set of partners. Deliberate investment in relationship building leads to greater resilience of the project, particularly in the wake of changes in the operating contexts of different partners, such as changes of administration.

Most respondents referred to transaction costs being high during the project initiation and negotiation phase, as longer discussions are needed to arrive at a common project design and mutual understanding among all partners. Once partners gain experience with working trilaterally, these initial costs reduce as projects are scaled up and may start with less negotiation time.

Moreover, this time is well invested as it is key to building trust. Some respondents referred to what is commonly perceived as a 'cost' as being the essence and real value of triangular co-operation. If awareness among all partners is given that an additional phase in the project cycle is needed for partnership development and initiatives are planned accordingly, frustration among some partners may be avoided and transaction costs mitigated.

Overall, for most interview partners, the value added and benefits of triangular co-operation outweigh possible additional costs. Moreover, the issue of transaction costs in triangular co-operation raises questions about transaction costs in broader development co-operation. As things stand, no baseline standard exists from which relative 'transaction costs' can be measured and compared. This renders comparison across triangular co-operation projects, and across development co-operation more generally, challenging.

Key message 4: There is no one-size-fits-all to engaging effectively in triangular co-operation – the decision to choose from a portfolio of options depends on the context and ecosystem of each country

The study identified five major approaches to triangular co-operation:

- **Standalone triangular co-operation projects:** Initiating new technical co-operation projects to test new ideas, implement the agreements of a Memorandum of Understanding (MoU) or build a new partnership by making use of the complementary strengths and contributions of all partners;
- **Standalone triangular training activities:** Making use of the more adapted expertise and centres of excellence in emerging economies and regional hubs only through training, seminars and expert dispatch;
- **Open competition for triangular project proposals:** Funds for triangular co-operation and calls for proposals within the scope of triangular co-operation programmes;
- **Scaling-up to triangular co-operation:** Starting from successful experiences of bilateral or global co-operation experiences to other countries, regions or partners;
- **Triangular co-operation as a component of larger development co-operation programmes:** Mainstreaming trilateral initiatives in larger development co-operation programmes.

There is no ranking of these approaches and this study does not advocate for one way of doing triangular co-operation by following a certain set of steps. Rather it aims to showcase the diversity of available approaches to inspire and inform decision-makers. The portfolio of options may support policy and decision makers as well as practitioners in assessing the optimal option under a given set of internal and external factors. Initiation is either bottom-up or through high-level political backing (top-down), some options are standalone initiatives, whereas others are parts of larger development co-operation programmes or designed as an umbrella fund or programme to implement trilateral projects.

Ultimately, the decision to engage in one option over the others will depend on the specific context, political and institutional requirements, and objectives of each trilateral partnership. There is no one-size-fits-all approach, but each partnership should be designed to provide space for co-creation, mutual learning and open, flexible exchange of knowledge. For this to happen, it is crucial for the beneficiary partner to play a strong role in line with its development agenda and all partners need to own the project. Ideally, all three partners have identified a genuine interest in learning from the others and have

established trust to deliver on an effective division of labour to jointly achieve the project's development and partnership results.

Concluding, this study provides first evidence on the ecosystems and enabling environment, discusses perceptions of transaction costs and provides five approaches to effectively engage in triangular co-operation. It has also shown that triangular co-operation projects go beyond the immediate development results for the beneficiary partner and achieve partnership results for all partners. As a policy implication, both development and partnership results need to be made more explicit when designing, implementing and evaluating triangular co-operation projects.

More research, evidence and experiences of engaging effectively in triangular co-operation in the era of the 2030 Agenda are needed. Once a mind-set change is triggered, it must be followed by systems adapted to new realities of development partnerships where everyone shares and benefits at the same time. To bolster this, the Global Partnership Initiative (GPI) on Effective Triangular Co-operation received a mandate to join forces with other partners to implement the BAPA +40 Outcome Document. It may serve as a platform to collect and analyse further evidence on triangular co-operation and to support countries with putting the mind-set shift into practice.

Background

Triangular co-operation is a transformative modality that builds on the complementary strengths of different development partners to bring innovative and flexible solutions to address development challenges. Following the Second High-level UN Conference on South-South Co-operation (BAPA +40) on 20-22 March 2019, the global community reiterated that triangular co-operation is an important modality to deliver on the 2030 Agenda. Triangular co-operation, trilateral, tripartite or triangular development co-operation¹ was explicitly mentioned among the themes and sub-themes of BAPA +40 as a complementary modality to South-South and North-South co-operation.

Looking through the Buenos Aires Plan of Action for Technical Co-operation among Development countries (BAPA) of 1978, no reference to triangular co-operation can be found. In the following years, triangular co-operation was mainly perceived as (financial) support from a northern partner or international organisation to South-South co-operation. Triangular co-operation has gained importance, not least with the adoption of the 2030 Agenda for Sustainable Development and the Addis Ababa Agenda for Action (AAAA), the document on *The Future We Want* (2012), the outcome document from the Rio+20 conference on sustainable development (2012), the Busan conference on development effectiveness (2011), and more recently within the discussions of the G20 Development Working Group (DWG) under the G20 Presidencies of Argentina, Japan, and Saudi Arabia, as a modality to implement the 2030 Agenda. All of these documents and events call for more support for triangular co-operation, which may provide additional resources for the implementation of development programmes and bridge South-South and North-South Co-operation.

Finally, with BAPA +40 in 2019, new opportunities for trilateral partnerships are arising. The concept of triangular co-operation is not new – tracing its origins to principles formalised at the 1955 Bandung Conference between newly independent Asian and African states. For instance, India's triangular co-operation activities date back to the 1950s. What is new is the increased attention to triangular co-operation as a way to achieve the 2030 Agenda – including the mainstreaming of South-South and triangular co-operation in the SDGs through Goal 17, attention from the South-South co-operation community, traditional providers of development co-operation, and development partners beyond governments and international organisations. A series of international meetings on triangular co-operation has been organised jointly by the Government of Portugal and the OECD in 2012, 2013, 2016, 2018 and in 2019 to exchange experiences. Furthermore, the Global Partnership Initiative (GPI) on Effective Triangular Co-operation was founded in 2016 in Nairobi.

Against this background and given the challenge of arriving at an international agreement regarding a definition of triangular co-operation, the GPI proposes an understanding of triangular co-operation, which emphasises the roles and partnerships among the different actors, acknowledging that all partners work together and benefit from a trilateral initiative. It is based on the assumption that three roles are needed for an activity to be considered triangular, namely a:

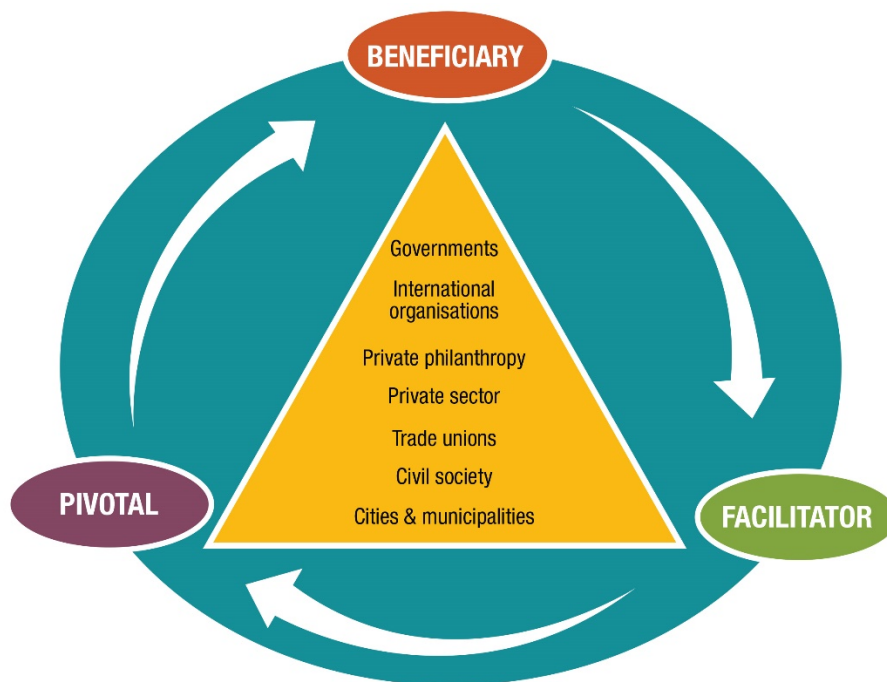
- **beneficiary partner** has demanded support to tackle a specific development challenge;

¹ Throughout this paper, these terms will be used interchangeably.

- **pivotal partner** often has proven experience in tackling the issue, and shares its resources, knowledge and expertise to help others to do the same; and
- a **facilitating partner**, that may help connect the other partners supporting the partnership financially and/or with technical expertise (OECD, 2018^[1])

There may be several actors for each role, at each edge of the triangle, and roles may change over the life cycle of a project. All partners share knowledge and expertise, often encouraging innovation and co-creation through mutual learning, which can eventually lead to mutual benefits. Partners include countries (at national and sub-national levels), international organisations, civil society, private philanthropy, private sector and academia. The relationship among the various stakeholders is graphically represented in Figure 0.1.

Figure 0.1. Three roles in triangular co-operation



Source: Visualisation based on discussions in the GPI

The 2030 Agenda provided the impetus for multi-stakeholder partnerships and their relevance was reiterated at BAPA +40. This is the case for overall development co-operation as well as for trilateral partnerships. Including non-state partners in governmental trilateral partnerships is important for policy makers when assessing an effective enabling environment of triangular co-operation. This study, however, places the focus mainly on the perspective of governmental actors or international organisations, as these are still the key partners in most triangular co-operation projects.

Introduction

In Buenos Aires, at the Second UN High-level Conference on South-South Co-operation, the international community reiterated that triangular co-operation² contributes to achieving the 2030 Agenda and the Sustainable Development Goals (SDGs). It has proven to be a mechanism that brings together different perspectives and incorporates the diversity and multiplicity of today's development stakeholders. The SDGs are multi-dimensional and interrelated – the versatile model of triangular co-operation responds well to this complexity and turns challenges into opportunities.

Therefore, it is timely to ask, “What is missing to leverage the use of this modality more effectively and what contributes to a conducive environment for triangular co-operation? What are the factors enabling effective triangular co-operation? What are the factors enabling different actors to fully play their respective roles to make triangular co-operation more effective?”

Based on discussions at BAPA +40, in the G20 Development Working Group, the development effectiveness community, the Global Partnership Initiative (GPI) on Effective Triangular Co-operation³, and on previous work of the OECD on triangular co-operation⁴, this study aims to support policy makers, practitioners and other stakeholders to make an informed decision when finding their approaches of effectively planning and implementing new trilateral initiatives.

The study attempts to highlight implications for development co-operation partners to effectively implement triangular co-operation initiatives by providing ideas and inspiration to facilitate the decision-making process in the different phases of forming a trilateral partnership. It does not endeavour to provide a blueprint or a list with ‘do’s and don’ts’, as this would not do justice to the diversity of the modality.

Against this background, the study has the following objectives:

- To map the ecosystems and enabling environment for effective triangular co-operation (Chapter 1).
- To explore the topic of investments in trilateral partnerships and ‘transaction costs’ in triangular co-operation (Chapter 2).
- To draw policy implications for effective triangular co-operation and provide a portfolio of options with ideas on how to engage in effective triangular co-operation (Chapter 3).

² Throughout this paper, the terms ‘triangular’, ‘trilateral’, ‘tripartite’ and ‘triangular development co-operation’ will be used interchangeably.

³ (GPI, 2019_[19]), *Triangular Co-operation in the Era of the 2030 Agenda - Sharing evidence and stories from the field*.

⁴ These include: (OECD, 2018_[35]), *Toolkit for identifying, monitoring and evaluating the value added of triangular co-operation*; (OECD, 2018_[1]), *Triangular Co-operation – Why does it matter?*; (OECD, 2017_[45]), *Dispelling the Myths of Triangular Co-operation: Evidence from the 2015 OECD survey on triangular co-operation*, OECD Development Policy Paper 6; (Casado-Asensio and Piefer, 2017_[49]), *Breaking down the Myths of Triangular Co-operation in the MENA Region*, OECD Development Co-operation Working Paper 41.

In Chapter 1, the ecosystems and enabling environment for triangular co-operation are mapped by looking at the overarching narrative and political will to engage in trilateral initiatives, the vision and strategies, the institutional structures, the partners, as well as the resources. Having a strong enabling environment proves to be a key success factor for engaging in effective triangular co-operation, which encourages and harnesses a conducive ecosystem. Different institutional models and ways of implementing triangular co-operation are presented in this chapter without judgement of what is a 'good' or the most effective model. It provides a mapping of some options – there may be more than the ones identified in this study – with the view of building an ecosystem and an enabling environment for effective triangular co-operation.

Chapter 2 focuses on one of the main long-term concerns and perceived hindering factors in triangular co-operation – the issue of transaction costs. It embeds the perception of 'higher' transaction costs into a context of approaching transaction costs in economics and development co-operation. Costs and benefits of triangular co-operation are discussed, bearing in mind the twin objectives of achieving development and partnership results in triangular co-operation. Furthermore, based on the interview results, transaction costs are assessed per partner (beneficiary, pivotal and facilitator) and phase in the project cycle. Finally, it is a matter of each individual project to consider 'transaction costs' and benefits, which will be approached in a general manner in this chapter.

The third chapter provides a portfolio of options to engage in triangular co-operation. Based on the issues raised in the previous chapters – i.e. the elements of an enabling environment and transaction costs – five options of engaging in triangular co-operation are introduced and illustrated by case stories. A SWOT (strengths-weaknesses-opportunities-threats) analysis is conducted for each option. In the final section the five approaches as well as the SWOT results are compared, including a discussion of transaction costs for each option.

In the conclusion, we summarise the main findings of this study and advocate for a mind-set change. This needs to be followed by adjustments in the overall systems to deliver development co-operation and further investment in understanding and developing triangular co-operation as a complement to existing development co-operation modalities to achieve sustainable development.

1. Mapping the ecosystems and enabling environment for effective triangular co-operation

“We need a mind-set change to engage more effectively in partnerships of the 2030 Agenda” in general and in triangular co-operation more specifically⁵. This mind-set change, led by a shift in thinking from ‘aid’ and ‘assistance’ to ‘partnership’, runs through political discourse, public opinion, strategies and systems of development co-operation – both from providers and beneficiaries. The characteristics of triangular co-operation, outlined in the BAPA +40 Outcome Document align with these aspirations, and BAPA +40 provides fertile ground to pilot new and innovative approaches to complement existing international development co-operation by expanding the space for different actors.

In this chapter, the overall ecosystems and enabling environment for partners to take up any of the three roles (beneficiary, pivotal or facilitating partner) in trilateral initiatives will be analysed. The systems of development co-operation are most often still structured around the traditional mind-set of mainly working in bilateral co-operation, and at present, policies and strategies for triangular co-operation are rare. The processes, negotiations, project cycle, etc. differ in triangular co-operation, which is not yet mirrored in the systems to deliver development co-operation. As a result, the effectiveness of triangular co-operation activities are often compromised or can lead to suboptimal solutions.

Against this background, this Chapter aims to map the ecosystems and enabling environment⁶ for partners to effectively engage in triangular co-operation. These typically consist of⁷:

- **The overarching narrative** shaped by high-level political will and related legislation, which supports the development of **the vision** in the form of a policy, strategy, white paper or other type of guiding document (Chapter 1.1),
- **The structures** of a country’s institutional set-up to engage in triangular co-operation (Chapter 1.2),
- **The actors**, including partners beyond government institutions (Chapter 1.3), and
- **The resources and procedures** to manage a country’s triangular co-operation interventions (Chapter 1.4).

⁵ Several interview partners mentioned this during the interviews conducted for this study.

⁶ Throughout this study, the perspective of non-state actors and international organisations will be included as much as possible. However, to assess the ecosystem and as part of this, the enabling environment for triangular co-operation, the main focus will be on governments as the key actors.

⁷ See also (OECD, forthcoming_[3]), *The activities of the Moroccan Agency for International Cooperation in the area of South-South and Triangular Co-operation*.

The effectiveness principle of “inclusive partnership” guides this analysis, whereas the other three principles, i.e. ownership, results, and transparency/accountability, will be touched upon in a more anecdotal way of providing insights of country experiences along the topics of all four sub-chapters. The essence and core characteristic of triangular co-operation is forming an inclusive partnership which all partners own and where everyone works in a transparent and accountable manner towards joint results. For the analysis in this study, two types of results, which are interconnected and mutually reinforcing will be considered:

- Development results
- Partnership results/relationship building

This twin-set of results is often not reflected clearly enough in the way triangular co-operation is communicated in the narrative and vision, how it resonates in the institutional structures, as well as resources and procedures. Based on the research and interviews conducted for this study, often, there is a tendency to either focus on the development results in the beneficiary country, which neglects the process of joint and mutual learning among all partners; or else to emphasise the strong partnership among the pivotal and the facilitator, which may give the impression of a weaker role for the beneficiary partner. Effectiveness is heightened when the two dimensions are considered in the policy and decision-making process that lead to domestic policies and visions that deal with triangular co-operation. The following section looks at how the two are integrated to better understand the foundations of the strategic visions supporting triangular co-operation.

1.1. The narrative and vision

The narrative for triangular co-operation provides the high-level political justification to engage in this modality. According to the understanding of the Islamic Development Bank and the South Centre, in the domain of South-South and triangular co-operation, the enabling environment is created by the political will of the country’s leadership, which refers to the willingness to help other countries and be helped by other countries for mutual benefits. The leadership’s belief in South-South and triangular co-operation is the first trigger that can lead to the establishment of an effective ecosystem (IsDB and South_Centre, 2019^[2])

The example of Morocco illustrates well the case of a country shaping its role as a pivotal partner in triangular co-operation through political will at the highest level. Morocco has a strong enabling environment for South-South and triangular co-operation, which is backed by His Majesty the King and the Constitution, to be an active partner in South-South and triangular co-operation (OECD, forthcoming^[3]), notably in Africa (see Box 1.2). Moreover, the Moroccan Agency for International Cooperation (AMCI) has its strategy in this area, as do some other line ministries in the country. Having it enshrined at such a high level ensures that triangular co-operation is high on the agenda of all domestic stakeholders that wish to engage in this area and therefore can lead to greater effectiveness, depending on the other dimensions of the ecosystem.

Box 1.1. Excerpts from the preamble of Morocco's Constitution

“Founded on these values and these immutable principles, and strong in its firm will to reaffirm the bonds of fraternity, co-operation, solidarity and of constructive partnership with all other States, and to work for common progress, the Kingdom of Morocco, united State, totally sovereign, belonging to the Grand Maghreb, reaffirms that which follows and commits itself:

- To work for the construction of the Union of the Maghreb, as strategic option;
- To deepen the bonds of togetherness with the Arab and Islamist Ummah, and to reinforce the bonds of fraternity and of solidarity with its brother peoples;
- To consolidate relations of co-operation and of solidarity with the peoples and the countries of Africa, notably the sub-Saharan countries and the Sahel;
- To intensify relations of co-operation, of rapprochement and of partnership with neighbouring Euro-Mediterranean countries;
- To enlarge and to diversify its relations of amity and of its rapport with human, economic, scientific, technical and cultural exchange with the countries of the world;
- To reinforce South-South co-operation (...)

Source: Kingdom of Morocco (2011), Constitution of the Kingdom of Morocco 2011, http://www.sgg.gov.ma/Portals/0/constitution/constitution_2011_Fr.pdf

The political will should be manifested in the national laws, regulations and policy, which support the establishment and maintenance of ecosystems (IsDB, 2018^[4]), (OECD, forthcoming^[3]). Mexico provides an example of a Law, which includes an explicit reference to triangular co-operation, in Article 3 IV of the LCID:

“Triangular co-operation: Co-operation modality in association with a traditional bilateral or multilateral source, to engage jointly, in actions in favour of a third country demanding support, which has a lower or similar level of development”

The Law for International Development Co-operation (LCID) of 2011 provided the legal basis and a comprehensive framework to strengthen a system of co-operation, formalise practices and leverage the role of Mexico as a development partner. The LCID mandated the national government to set up the International Development Co-operation National System including:

- **A policy:** the Public Policy Program (PROCID). In the PROCID, geographical and sectorial priorities and mechanisms are clearly defined. The PROCID is part of the National Planning System and therefore is aligned to the National Development Plan (PND), the main strategic framework for public policy, and the Sectorial Programme of Foreign Policy.
- **The institutional structures:** the Mexican Agency of International Development Cooperation (AMEXCID),
- **A co-ordinating mechanism** to gain an overview of which development co-operation activities are carried out by different national and sub-national level partners: the National Registry of International Cooperation for Development (RENCID), and
- **The resources:** the National Fund of International Cooperation for Development Funds to finance triangular co-operation provided by Mexico come from different sources. Some are managed by AMEXCID, others are provided directly by line ministries. Since 2011, AMEXCID has worked on building the instruments to gather information on development co-operation activities provided by the Federal Government, which involved more than 20 entities of the Federal Public Administration - see (OECD, 2019^[5]; Piefer and Vega, 2014^[6]) for this section.

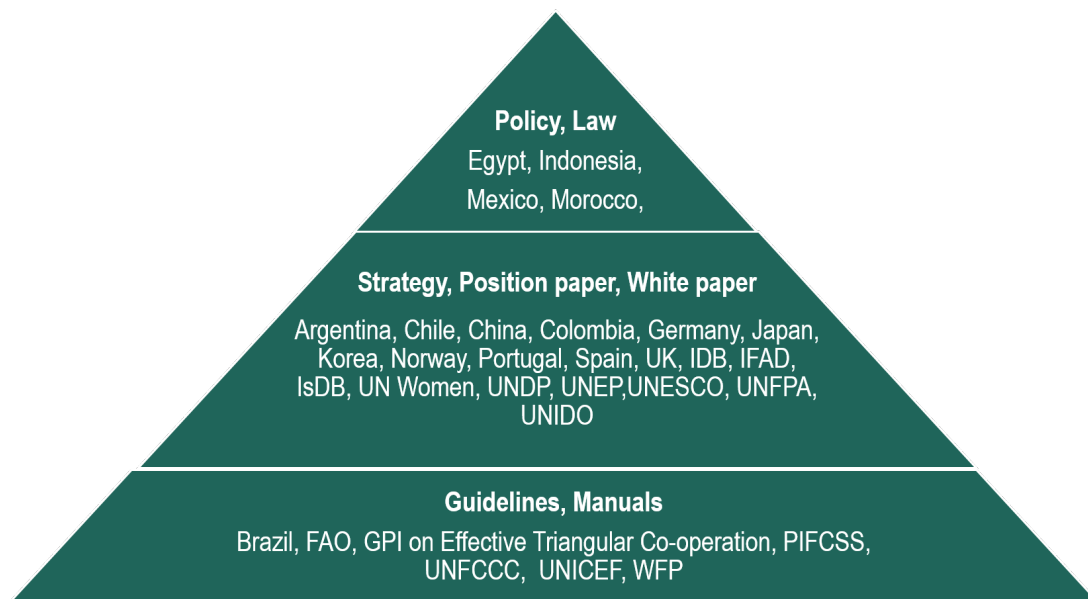
The example of Mexico shows that, similar to Morocco, enshrining high-level political support in a Law, facilitates creating the policies, institutions, procedures and resources that are needed to effectively engage in triangular co-operation. Now, this Law and policy need to be implemented and respected by all government partners at the national and local levels.

For many facilitating partners, it is rare to confirm the political intention at the highest-level, such as the constitutional support in Morocco and Indonesia or the LCID in Mexico, because triangular co-operation is usually not explicitly mentioned, but implicitly included in the overall legislation and policies for the country's development co-operation. Many facilitating partners, however, include triangular co-operation as a tool to work with emerging economies/pivotal partners, as part of a broader foreign and development policy approach. Beyond that, there is value in integrating triangular co-operation into the development co-operation toolbox of each country, same as has been done with sub-national, bilateral, regional, multilateral co-operation and varying channels of delivery, such as programme-based approaches, grants, technical co-operation, loans, blended finance, etc.

Formulating the strategic vision for triangular co-operation in white papers, strategies and guiding documents may therefore underpin existing legislation, as will be explored in the next section.

Despite the growing interest and political attention, only 30 countries and international organisations have developed specific policies, strategies or guiding documents for their triangular co-operation (see Figure 1.1 and Annex D). For the majority of partners, triangular co-operation is guided either by their foreign policy (e.g. Argentina, Chile, United Kingdom) or their overall development co-operation strategy (e.g. China, Portugal). At times, these strategies include a reference to triangular co-operation (e.g. Japan, Korea, Spain).

Figure 1.1. Countries and international organisations with policies, strategies or guidelines for triangular co-operation



Source: Authors' own compilation

Many developing countries recognise South-South co-operation through their foreign policies. As Gosovic (2018^[7]) argues, co-operation is important to enable a greater role and influence in regional, continental and global decision-making arenas. Many are also keen to distinguish triangular and South-South co-operation from North-South co-operation, with particular emphasis placed on cost-sharing, joint-research, training, as well as sharing experiences of 'home-grown' development initiatives. Other strategies are to 'bring out complementarity and synergies between competing [...] approaches' (Berger

and Wissenbach, 2007^[8]), as stated in the White Paper on Foreign Aid (China, 2014^[9]) of the People's Republic of China:

"In order to effectively learn international experience, improve assistance efficiency and enrich assistance forms, China intensified efforts to promote international co-operation in development assistance, and conducted trilateral co-operation featuring complementary advantage with multilateral and bilateral assistance providers by leveraging each party's strengths on the premise of fully respecting the will of recipient countries".

Some facilitating partners have developed strategies to co-operation with emerging economies, which include triangular co-operation as a modality. For instance, the United Kingdom uses triangular co-operation in its government-wide Emerging Powers Initiative as well as the Global Development Partners Programme of the Department for International Development (DFID). Germany has a Strategy for Development Co-operation with Global Development Partners (BMZ, 2011^[10]) as well as a separate position paper on Triangular Co-operation in German Development Co-operation (BMZ, 2013^[11]).

Japan has made a broad statement on continuing support for South-South and triangular co-operation in its Development Cooperation Charter which is the foundation of Japan's development co-operation policy. Furthermore, it has set up the Tokyo International Conference on African Development (TICAD) process (institute, 2014^[12]). TICAD is organised by the Government of Japan together with the UN, UNDP, the World Bank and the African Union Commission, where triangular co-operation is re-confirmed as a modality that cannot be ignored to achieve the SDGs and the development of African countries. TICAD puts emphasis especially on South-South and triangular co-operation between Asia and Africa. Not limited to TICAD, such inclusive international political frameworks regularly provide the place to discuss macroscopic policy to further vitalise triangular co-operation.

Moreover, some facilitating partners mention triangular co-operation in their sectorial or country strategies. For instance, the relationship between India and USAID is continuously moving towards a partnership through which India and the United States collaborate to tackle global development challenges. In this spirit, USAID has included the "Global Diffusion of Development Innovations from India" as one of the four objectives in the India Country Development Co-operation Strategy (USAID, 2017^[13]). This good example of including triangular co-operation as one part of the country strategy might be useful for consideration of other facilitating actors across different geographic regions (see also Chapter 3).

Some countries and institutions choose to provide guidance through manuals or guidelines for implementing triangular co-operation, rather than having an overarching strategy. In the case of Brazil, several manuals have been developed by the Brazilian Co-operation agency and in partnership with e.g. GIZ, FAO or UNICEF. Based on the rich experience of Brazil in implementing triangular co-operation, these manuals are aimed at facilitating more smooth implementation with the key partners for this modality (ABC, 2017a^[14]) (ABC, 2017b^[15]) (ABC, 2017c^[16]) (ABC and GIZ, 2016^[17])

The Management Guidelines for Implementing Triangular Co-operation in Ibero-America were elaborated by the Ibero-American Programme for the Strengthening of South-South Co-operation (PIFCSS) represent a regional approach in which experts from all of its member states joined forces. The Guidelines responded to the need of the Ibero-American institutions that are responsible for managing international co-operation to jointly define a general framework for the management of triangular co-operation interventions (PIFCSS, 2015^[18]).

At BAPA +40, the Global Partnership Initiative (GPI) on Effective Triangular Co-operation launched the voluntary guidelines for effective triangular co-operation (see Box 1.2). They draw from the experiences of different stakeholders and aim at guiding trilateral activities with a view to enhancing their effectiveness.

For all guidelines to be effective, it is crucial to maintain a good balance of maintaining flexibility and giving room for new ideas and co-creation to prosper and at the time for all partners to agree on certain ways of engaging in triangular co-operation.

Box 1.2. Voluntary guidelines for effective triangular co-operation

1. **Country ownership and demand-driven co-operation:** Triangular co-operation should be undertaken with the ownership of partner countries and aligned with their national priorities, as well as those of the 2030 Agenda for Sustainable Development;
2. **Shared commitment:** Partners agree to participate and share responsibility with regard to identification, design, implementation, contribution, monitoring, and evaluation;
3. **Focus on results-oriented approaches and solutions:** All partners commit to achieving agreed upon results, as well as to demonstrating and systematising results;
4. **Inclusive partnerships and multi-stakeholder dialogues:** Responding to the needs and objectives of all parties, partners aim to involve multiple actors with a view to foster knowledge-sharing; and to find sustainable development solutions;
5. **Transparency and mutual accountability:** All partners are accountable for commitments made and agreed. They agree to share information on their triangular co-operation activities in accordance to the standard to enable monitoring, evaluation and accountability;
6. **Innovation and co-creation:** Through new and existing partnerships, intelligent risk-taking, evidence-based policy and programming, technology, and flexible approaches to locally-driven innovative solutions, with a view to improving development results;
7. **Joint-learning and knowledge-sharing for sustainable development:** Through horizontal exchanges and co-creation of development solutions, all partners mutually benefit from sharing their knowledge, capabilities and strengths;
8. **Advance gender equality and the empowerment of women and girls:** Triangular co-operation should contribute to gender equality in its multiple dimensions as a way to accelerate sustainable development progress;
9. **Leaving no one behind:** Triangular co-operation furthers inclusive multi-stakeholder partnerships, including those that provide support to the most vulnerable.

Source: "Triangular Co-operation in the Era of the 2030 Agenda – Sharing Evidence and Stories from the Field" (GPI, 2019^[19])
<http://www.oecd.org/dac/triangular-cooperation/GPI-Report-Triangular-Co-op-in-the-Era-of-the-2030-Agenda.pdf>

Concluding, having a narrative and vision can contribute to an effective triangular co-operation ecosystem, as long as these are arrived at through a domestic process that engages relevant stakeholders and that helps them align around a coherent framework and understanding of what the country aims to achieve when using this modality of development co-operation. As such, this process fosters ownership, transparency and inclusiveness domestically.

1.2. The structures: Institutional set-up to engage in triangular co-operation

Each country has a specific institutional set-up for engaging in development co-operation. Generally, we can differentiate between at least four different types of institutions typically engaged:

- **Political level:** Ministries of Foreign Affairs or Development are responsible for the broader policies
- **Co-ordination level:** Co-operation agencies or units within the Ministry of Foreign Affairs coordinate inputs by other national actors and guide implementation of triangular co-operation projects.

- **Implementation level:** Further governmental implementing institutions, which may include other sectoral ministries, technical agencies, research institutes, local authorities and others.
- **Non-governmental institutions:** Civil society organisations, institutional philanthropy, the private sector, academia and think tanks.

The institutional structures and the relationship among different government actors are an essential element of the ecosystem for triangular co-operation, as these institutions are responsible for implementing the vision in concrete projects. Naturally, the context and structures are different in each country. Building on previous work done by the OECD (2009^[20]; 1999^[21]), the following sections will shed light on four different institutional models to engage in triangular co-operation. At present, most of triangular co-operation initiatives are negotiated among governments and partners beyond governments are included on a case-by-case basis. Therefore, the focus of this section will be on governmental structures.

1.2.1. Fully integrated model

The key characteristic of this model is that policy and implementation are in the hands of the same institution. Two different variations of this model can be identified with a strong role for:

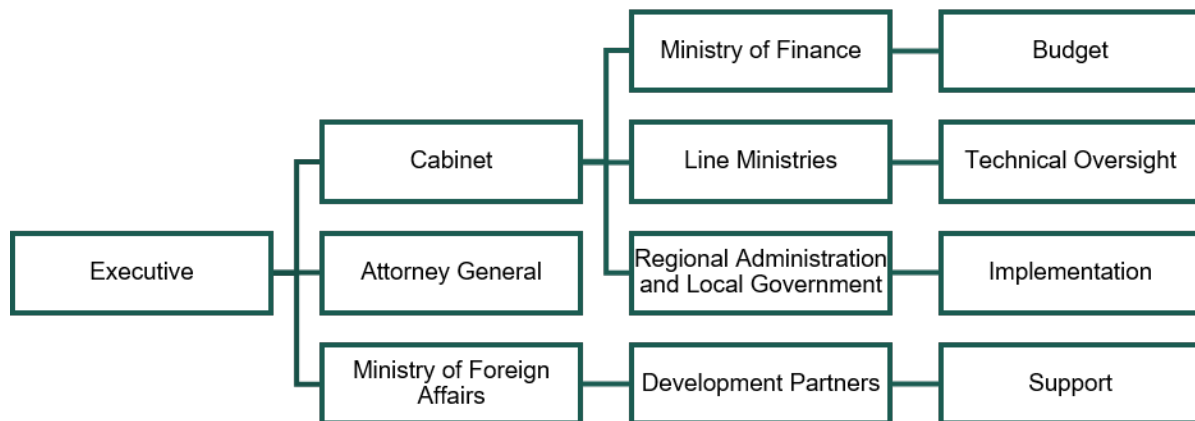
- The Office of the Executive; or
- The Ministry of Foreign Affairs;

For the first variation, triangular co-operation is highly vested in the Office of the Executive, either on a system-wide basis or for the purposes of a specific intervention. Implementation and co-ordination are delegated through the respective government channels, but ultimate accountability is to the Executive who may get involved in the day-to-day running. Examples of this model include United Republic of Tanzania (“Tanzania”) or Ethiopia.

This model enjoys the highest level of political support, often cutting through bureaucracy and being highly visible. In turn, this implies having the potential for more effective triangular co-operation activities through a whole-of-government approach. However, such arrangements are also vulnerable to changes in the executive’s priorities. Cabinet may be marshalled by a Minister responsible for government co-ordination, planning, or financing (particularly where beneficiary contributions are concerned).

The other (line) ministries provide technical oversight and extension officers, while the regional authorities are responsible for on-the-ground implementation. All agreements are signed and centralised by the attorney general, whose office also provides routine legal support services. The Ministry responsible for foreign affairs manages the relationship with development partners as the official conduit to government, and supervises external/development engagements. This set up generally encourages effectiveness, as it ensures that knowledge is leveraged across the ecosystem and channelled to the relevant activities, reducing possible transaction costs and the duplication of field missions and operations on the ground. It also ensures that a central focal point is at the centre to manage incoming requests, ensure synergies and prevent overlaps.

Figure 1.2. Fully integrated model with strong role for the executive

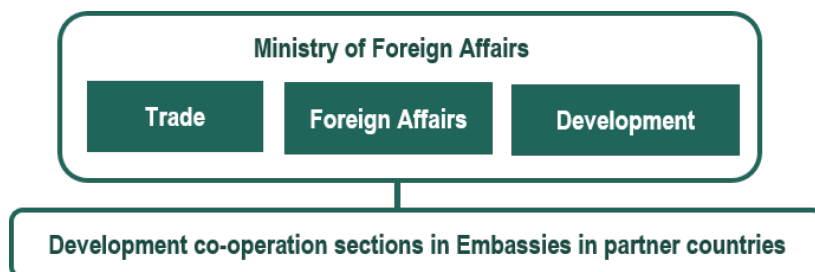


Source: Authors' own visualisation

The fully integrated model with a strong role for the Ministry of Foreign Affairs shows strongest links between foreign policy and triangular co-operation partnerships. In this case, triangular co-operation initiatives are planned in the headquarters and Embassies support with the implementation in partner countries. Often a MoU is the starting point for activities, as the case of Canada shows, where MoUs were signed e.g. with Israel or Qatar to kick-off trilateral initiatives. Further examples of this model include Denmark, Australia, New Zealand, Ireland, Finland, Switzerland, Netherlands, Iceland, Poland, Slovenia, Hungary, Greece, and Norway. Some providers from the Gulf region can also be characterised within this model, having triangular co-operation often managed by the technical co-operation arms of the ministry (e.g. Qatar and United Arab Emirates). Such set-ups are conducive to better integrated triangular co-operation across operations.

In some cases, including Canada or Switzerland, triangular co-operation is co-ordinated by the Latin America Department or by a department dealing with overarching questions of development co-operation. Many trilateral initiatives are happening in Latin America in the Caribbean, however, the impact of having triangular co-operation in these departments has been a limited awareness of the modality across operations in other regions, thus limiting the impact of the use of the modality more broadly.

Figure 1.3. Fully integrated model: Development co-operation department/agency within the Ministry of Foreign Affairs



Source: Authors' own visualisation, based on (OECD, 1999_[21])

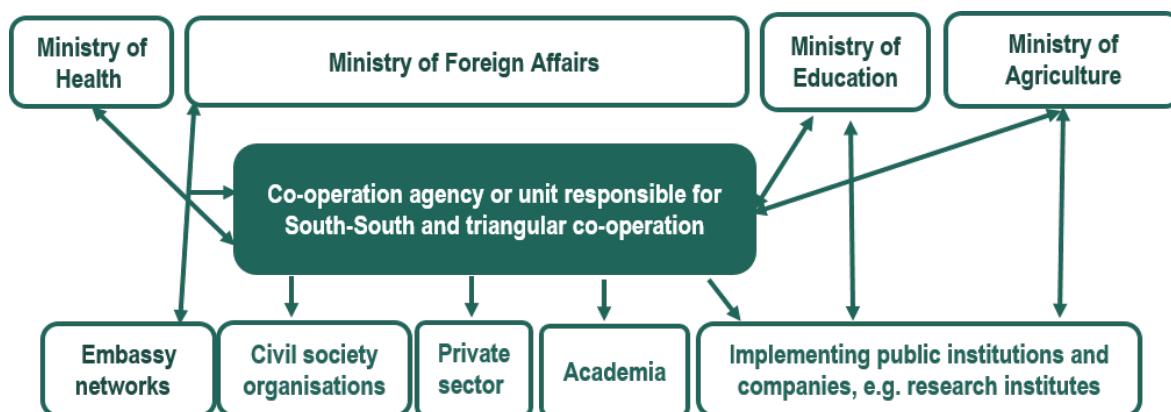
1.2.2. Integrated model

The integrated model is typical for many pivotal partners who have a 'dual' character of both providing and benefitting from triangular co-operation. Many have established or are in the process of establishing

structures for engaging in South-South and triangular co-operation, e.g. Argentina, Azerbaijan, Brazil, Chile, People's Republic of China, Colombia, Comoros, Costa Rica, Egypt, India, Indonesia, Malaysia, Mexico, Morocco, Nigeria, Peru, South Africa, Thailand, Tunisia, Turkey, or Uruguay. In the integrated model, policy and implementation are co-ordinated by the Ministry of Foreign Affairs (or another branch of the Executive, such as the Presidency, or the Prime Minister's Office). The Ministry of Foreign Affairs often hosts an agency or unit responsible for development co-operation, which co-ordinates the country's activities in line with the overarching foreign policy goals. These agencies do not implement trilateral projects themselves, but rely on experts from line ministries or public institutions; agencies and research institutes (see Figure 1.2). Experts are mainly chosen according to their expertise in the topic of the triangular co-operation project and their salaries are paid by their home institution (see section on resources below).

Furthermore, civil society organisations, private companies or universities may support with project implementation or provide specific knowledge. On the ground, triangular co-operation projects are supported through the Embassy network, which is conducive to effectiveness. Moreover, these agencies often also channel incoming triangular co-operation activities – as they identify strengths of the country as well as gaps. This is the case of countries engaged in the 3.2C initiative of the IsDB – which asks the agencies to prepare country assessments that map areas of excellence (IsDB, 2018^[4]). This set-up also promotes an effective ecosystem.

Figure 1.4. Integrated model: co-ordination among co-operation agency/unit in the Ministry of Foreign Affairs responsible for South-South co-operation and experts from line ministries and specialised government agencies



Source: Authors' own visualisation

Furthermore, same as for members of the OECD's Development Assistance Committee (DAC) and some providers from the Gulf, more than one agency or unit may be responsible for development co-operation. Despite the variations, the co-ordination flows among the political and the implementation level are similar in most cases, with minimal impact on triangular co-operation activities.

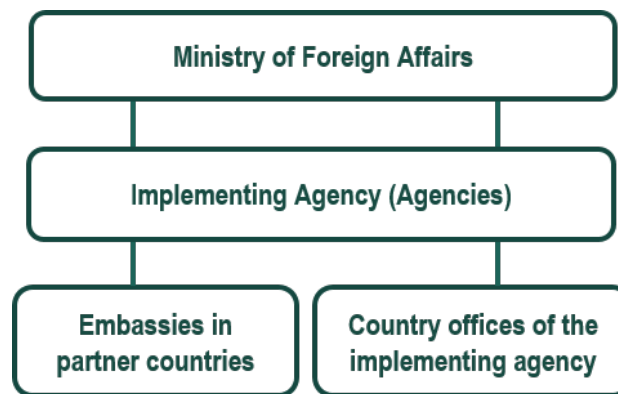
A challenge in this model is the co-ordination of trilateral activities among different ministries and government actors, as most have their own international co-operation budgets and divisions, similar as sub-national actors. Hence, they do not automatically need to work through the agency and the Ministry of Foreign Affairs. Furthermore, the identification of experts to engage on specific issues in triangular co-operation is not always transparent for all partners. These problems hinder effective triangular co-operation and would need to be addressed to enhance co-ordination. At the same time, engaging experts with experience on certain topics which may be better adapted to the context of the beneficiary partner, thus enhancing ownership and effectiveness of the initiative.

1.2.3. Partially integrated model

In this model, policy and implementation are delivered by separate actors, usually the Ministry of Foreign Affairs and an agency. The overarching policy and strategic vision for triangular co-operation will be framed by the Ministry of Foreign Affairs or, in the case of Germany, the Ministry for Economic Co-operation and Development. Implementation, specific project guidelines or regional strategies are often developed by the implementing agencies and underpin the overarching vision provided by the Ministries. Examples of this model include Austria, Belgium, Czech Republic, France, Germany, Italy, Japan, Luxembourg, Portugal, Slovakia, Spain, Sweden, or the United States.

The agencies are responsible for identifying, designing, implementing, monitoring and evaluating triangular co-operation projects. Triangular co-operation is often co-ordinated in divisions dealing with development partnerships, strategic questions of development co-operation, or in the regional divisions, mainly for Latin America and the Caribbean. As in the previous case of the integrated model, this set-up ensures effectiveness, when triangular co-operation is anchored explicitly, but risks more fragmentation than in the fully integrated model.

Figure 1.5. Partially integrated model: policy ministry with separate implementing agency



Source: Authors' own visualisation

1.2.4. Separate model

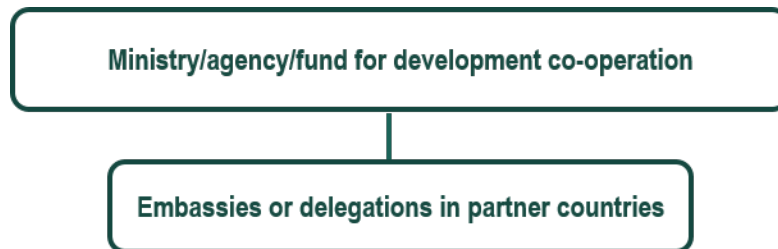
Policy and implementing development co-operation are concentrated in one or more agencies, departments or ministries other than the Ministry of Foreign Affairs (e.g. United Kingdom, European Union, Kuwait, and Saudi Arabia). In the case of Kenya, for instance, any public body may enter into a triangular co-operation agreement as per its mandate and challenges. Oversight is carried out by regulatory bodies, ministries, parliament, the attorney general, and other relevant organisations, but accountability rests with the implementing partner. The political level is entrusted with providing strategies, policies, and longer-term and bigger-picture frameworks that may be more-or-less interpreted by stakeholders at the smallest scales.

The European Commission has started piloting triangular co-operation in Latin America and the Caribbean, also in line with its engagement in work on 'development in transition'. The focal points for triangular co-operation are located in the regional division for Latin America and the Caribbean, however, the European Commission is considering expanding the use of this modality to other regions, which may then require adjustments in the responsibilities for the topic of triangular co-operation.

The United Kingdom is already working in such a cross-regional approach by setting up the Development Partnership Programme, which sits in the contexts of the cross-government Emerging Powers Initiative. Priority countries for triangular co-operation are Brazil, China, India, and South Africa, and the Gulf countries, where DFID staff is seconded in the development co-operation bodies to support these countries in providing effective regional, bi-, and trilateral co-operation.

While this institutional set-up is conducive to more targeted and thus often effective triangular co-operation, it risks compromising the ownership of beneficiary countries through the strong focus on the partnership with the pivotal country. Thus, transparency regarding the objectives and development as well as partnership results are crucial to ensure an inclusive and horizontal partnership.

Figure 1.6. Ministry/agency responsible for policy and implementation



Source: Authors' own visualisation

Yet, most systems are more complex than these simplified visualisations and descriptions. Line ministries and government agencies may also implement triangular co-operation projects, which are not always co-ordinated with the Ministry of Foreign Affairs or the agency, especially if they are smaller in scale and scope. Also in federal states, regions, provinces, cities or other sub-national engage in international co-operation activities.

1.3. The actors: fostering partnerships and co-ordination among different national development stakeholders

The different institutional models in Chapter 1.2 point to the involvement of multiple domestic partners in triangular co-operation. These include different parts of a government, i.e. ministries government agencies and institutes, as well as regional and local authorities, and non-state actors.

A challenge for most countries and organisations is co-ordinating trilateral activities among different ministries and government actors. Often, line ministries and sub-national actors have their own international co-operation budgets and divisions. Hence, they do not automatically work through the Ministry of Foreign Affairs or the dedicated development co-operation agency to implement their activities, even if these should be guided by the overarching foreign policy of the country.

Furthermore, when government officials implement triangular co-operation projects, the identification of experts to engage on specific issues in triangular co-operation is not always transparent for all partners. These issues may hinder effective triangular co-operation and would need to be addressed to enhance co-ordination. At the same time, engaging experts with experience on certain topics, which may be better adapted to the context of the beneficiary partner, contributes to enhancing ownership and effectiveness of the initiative.

Partners beyond national governments, e.g. civil society, the private sector, philanthropic organisations, and academia, as well as local authorities, are key partners in triangular co-operation projects. They provide valuable contributions to triangular co-operation projects and can take up all three roles of facilitator, pivotal or beneficiary partner in a given trilateral initiative.

For instance, civil society organisations may be the main implementers of projects, partners contributing specific expertise, trainers for seminars, facilitators in de-centralised triangular co-operation (linking public and private partners at different levels of governance), and dialogue and advocacy activities in triangular co-operation. Their potential added value includes:

- Extensive on-the-ground knowledge, local networks, sustained interaction with local beneficiary populations as implementers of projects;

- Being a voice from the ground, informing project implementation and embedding the project results among the beneficiaries of the projects;
- Engaging as continuous partners in the triangular co-operation projects, e.g. during times of elections or government changes, when the engagement of partners from the governments may be restricted;
- High specialisation of civil society organisations with broader flexibility for partners to engage on a variety of scales.
- Conducive to demand-driven and locally owned triangular co-operation initiatives.

To make best use of the experiences and unique contributions of civil society organisations, an effective enabling environment of including civil society organisations in government trilateral partnerships is needed, based on commitment, dialogue and trust. All of this needs favourable legal and institutional frameworks to systematically engage civil society organisations in triangular co-operation. New instruments may be needed to balance existing power inequalities of partnerships, and access to information and knowledge. Project initiation and design still mostly happens through inter-governmental negotiations and civil society organisations and academia are brought on board later on, when the project objectives have already been agreed.

Given the need to mobilise enormous investments to achieve the 2030 Agenda, the private sector plays an important role in helping scale up triangular co-operation projects to enhance their reach and, ideally, their impact in the long term. Based on an OECD peer-learning exercise in 2016, there are three main objectives for engaging the private sector in development co-operation, see Figure 1.7.

Figure 1.7. Engaging the private sector in triangular co-operation

Leveraging private sector funds towards development-oriented investments	Priming collaboration between domestic and partner country private sector actors	Enabling private sector development in partner countries
<ul style="list-style-type: none"> • Encouraging direct investments, such as in trade and domestic value chains • Using development funds and mechanisms which target the private sector to address development challenges, and sometimes include third-party implementing partner 	<ul style="list-style-type: none"> • Supporting direct collaborations and joint ventures • Supporting partner country private sector while boosting domestic entrepreneurial activity • Focusing on corporate social responsibility, for example in global value chains 	<ul style="list-style-type: none"> • Promoting a sound business environment • Addressing barriers to trade and market failures • Supporting small and medium enterprises

Source: (OECD, 2016^[22]) "Peer learning: Lessons from DAC members on effectively engaging the private sector in development co-operation"

<https://www.oecd.org/dac/peer-reviews/private-sector-engagement-for-sustainable-development-lessons-from-the-dac.htm>

In doing so, the private sector can take up the roles of:

- **Beneficiary:** the private sector benefits from development co-operation activities, including in terms of efforts to create an enabling business environment, financial support, capacity development, technical assistance, information provision and knowledge sharing
- **Implementer:** The private sector implements new business models to realise development impacts in terms of social, economic and/or environmental sustainability.

- **Reformer:** The private sector reforms existing business approaches to be more development friendly in terms of social, economic and/or environmental sustainability
- **Resource provider:** Refers to instances when the private sector invests finance, expertise or other strategic resources.
- **Participant:** in development-related initiatives including policy dialogue, knowledge sharing and multi-stakeholder initiatives; and
- **Target:** The private sector is targeted by government, civil society, other private sector stakeholders and/or multilateral organisations to change its business practices (ibid.).

Similar to the roles and objectives of working with civil society organisations and the private sector, institutional philanthropy can play an interesting role in triangular co-operation. Institutional philanthropy is a diverse group of partners in triangular co-operation and actively involved in implementing triangular co-operation projects, going beyond the role of funding projects. Maintaining their principle of independence, trusting partnerships with governments are key to foster social change, on the other hand, however, diversity of philanthropy means that there is no universal recipe for effective collaboration. More work needs to be done to assess where and how philanthropy can occupy the gaps in delivering on the SDGs through its networks, knowledge and function as catalysers.

Academia and research institutions are important partners in triangular co-operation, for two main reasons. First, academia can contribute research and it is a source of inspiration for new solutions to development challenges as well as reflecting on lessons learned and longer-term direct and indirect impacts of triangular co-operation. Second, academia, research institutes and think tanks play a crucial role in capacity development and training of technicians, managers, and policy-makers. Furthermore, these partners learn from engaging in various partnerships; when institutionalised, these lessons learned and best practices feed into future development co-operation projects (GPI, 2019^[19]).

To be effectively incorporated into development co-operation, new instruments, or the better use and tweaking of existing instruments, are fundamental. This will facilitate a transition from mere representation and *ad hoc* inclusion in development co-operation, to meaningful involvement.

1.4. The resources and procedures

In triangular co-operation, typically three types of resources are important: human, financial, and expertise. On a case-by-case basis, technology may be added – yet, the majority of triangular co-operation projects operates on a knowledge-sharing basis than sharing technologies.

1.4.1. Human resources

Depending on the role that countries take up in triangular co-operation, the constellation of human resources in trilateral partnerships will vary. Generally, at least three different levels of government representatives and experts are involved in triangular co-operation:

- On the **political level**, representatives of the Ministry of Foreign Affairs engage in forging the partnership, processing requests by partner countries, and formalising the trilateral partnership.
- Staff from the **co-operation agencies or units** responsible for South-South and triangular co-operation are responsible for the co-ordination with the political level and matching the demand for support with the right domestic expertise to engage in this project. Furthermore, the representatives of agencies or units dealing with South-South and triangular co-operation co-ordinate the inputs of partners beyond the government.
- **Implementation level:** experts from sectoral ministries, government agencies, institutes, and other specialised organisations. The role of these experts is crucial for two reasons: first, their expertise may be at a technical level which is better adapted to the conditions in the partner country. Second, cultural proximity is likely to be higher, especially among experts from the

same region or linguistic background. However, the co-operation and inter-cultural expertise often lie with the agency from the co-operation agencies or units, while experts from line ministries are focused on delivering technical expertise.

Many pivotal partners have dedicated staff to work on triangular co-operation either with a specific focus on the modality or co-operation with the facilitating country or international organisation. In the integrated model, different posts are responsible for the topic of triangular co-operation, as experts are the main implementers. Often, the staff responsible for bilateral co-operation with a DAC member or another Southern country would also be the one responsible for triangular co-operation with this country. For instance, the desk officer in the Ministry of Foreign Affairs of Chile working on relations with Spain would co-ordinate closely with the colleague responsible for bilateral and trilateral co-operation with Spain in the Chilean Agency for International Development Co-operation (AGCID). This person has been trained to co-ordinate projects with Spain according to the Spanish requirements, which would equally apply to triangular co-operation. Similar to the systems of DAC members, this approach follows a bilateral co-operation logic, which may pose challenges when working trilaterally.

While it could be argued that staff is trained with a skill set specific to take up the role of a pivotal partner in triangular co-operation, this is not the case for the facilitator. The interview results eluded to triangular co-operation projects often being managed on top of other responsibilities. For instance, for most representatives of co-operation agencies in the field, co-ordinating a trilateral project with another country office and headquarters as well as the pivotal partner is often only a marginal portion of their overall workload or not referenced in their job description. It then depends on the personal dedication of individuals of how much they chose to engage.

At times, bilateral projects are the starting point to working trilaterally. In this case, the staff in the field is well placed to engage in the triangular co-operation and scaling up bilateral co-operation experience. Co-ordination and coherent implementation of the overarching national strategy for triangular co-operation is often challenging. At times, country offices are not aware of the option of working in triangular co-operation or the two offices in the pivotal and beneficiary partner face challenges in communicating and co-ordinating the project, together with those responsible in headquarters. For instance, a recent USAID evaluation finds that mission-to-mission interaction and structured collaboration still need to be systematically encouraged. Such collaboration seems most successful if it opens up further opportunities for both missions or if informal communication channels exist (USAID, 2017^[13]).

For beneficiary partners, there are few additional skills to other forms of co-operation. However, additional competencies in identifying, nurturing, and promoting national and local expertise and experiences need to be enhanced. Moreover, deep understanding of the beneficiary areas and stakeholders is vital to enhancing success – this needs to be made more systematic and institutionalised. Over time, the institutionalisation of expertise and experience (of triangular co-operation) within the beneficiary partner enhances the likelihood and success of future triangular co-operation. While elements of this can be built into triangular co-operation, the onus is on beneficiary partners to commit to developing and retaining individuals and systems.

Through all these elements of network-like multi-stakeholder partnerships, knowledge sharing, co-creation and innovation, triangular co-operation creates a room of experience that goes beyond applying structures and processes, which have been developed for bilateral co-operation. It provides fertile ground to re-shape the way that different partners engage in development co-operation. This requires flexibility, openness, respect for the knowledge and experiences of the other partners and patience to engage in a frank dialogue and exchange to finally arrive at co-created solutions, which are owned by all partners. Applying a bilateral mind-set when engaging in trilateral co-operation may lead to misunderstanding and have a negative impact on effectiveness.

1.4.2. Financial resources

The interviews and research for this study found that no institution has a specific budget line for triangular co-operation. In the case of pivotal and beneficiary partners, financial contributions to triangular co-operation projects would usually be taken from budgets for South-South and triangular co-operation, or the co-operation sector, including budgets of line ministries and specialised agencies or institutes. Facilitating partners usually allocate funds to regions, individual countries, or overarching programmes.

According to data collected by the OECD in its online project repository, of the projects for which budget information was provided (570 projects), 68% reported a budget below USD 1 million, 23% between USD 1 and 5 million, and only 9% had a budget higher than USD 5 million (see Table 1.1). This eludes to rather small budgets, which are common for technical co-operation, knowledge sharing initiatives, training programmes or expert dispatch.

Table 1.1. Number of projects by budget

Budgets (in USD)	Number of projects	Percentage
< 100 000	133	23%
Between 100 000 and 500 000	144	25%
Between 500 000 and 1 000 000	116	20%
Between 1 000 000 and 5 000 000	133	23%
Between 5 000 000 and 10 000 000	18	3%
> 10 000 000	33	6%
Total	577	100%

Note: Based on data voluntarily reported to the OECD since 2012. No data was available for 181 projects.

Source: (GPI, 2019^[19]), "Triangular Co-operation in the Era of the 2030 Agenda – Sharing Evidence and Stories from the Field"

<http://www.oecd.org/dac/triangular-cooperation/GPI-Report-Triangular-Co-op-in-the-Era-of-the-2030-Agenda.pdf>

However, it must be kept in mind that budgets in triangular co-operation usually only capture a part of the contributions, as in most trilateral initiatives all partners provide in-kind contributions. To fully grasp the resources in triangular co-operation, it would be important to systematically assess and document the in-kind contributions of all partners and to account for them in the project budgets. At present, mainly the financial contributions from the facilitating partner are accounted for, which makes projects appear smaller than they actually are.

At the same time, most trilateral initiatives are designed in a way that no large investments, e.g. to procure equipment or technologies is needed. The strong focus on knowledge sharing and technical co-operation allows growing incrementally from small pilot projects with a view to scaling up with further resources and partners as the project matures. The Islamic Development Bank is systematically mainstreaming its Reverse Linkage modality for all projects of the Bank, which often leads to comparatively high budgets for triangular co-operation. Furthermore, some funds have been created with a large budget for numerous projects either with the same partner (e.g. Morocco and Belgium) or with different partners in the same region (e.g. German Regional Fund for Triangular Co-operation in Latin America and the Caribbean).

1.4.3. Knowledge and expertise

As shown in the different models for the institutional set-up, knowledge and expertise are a key resource in triangular co-operation. Depending on the institutional structures, they may be available in-house, e.g. within the co-operation agency in the partially integrated model, or in line ministries and other government institutions, as seen in the integrated model. Knowledge and expertise depend on the specific development challenge, which the partners in a trilateral initiative aim to tackle. Building on the knowledge acquired in triangular co-operation projects, centres of excellence may be established and

strengthened. Examples include Chile's regional centre of excellence for disaster risk reduction or the Indonesian global centre of excellence for maternal healthcare, which have been strengthened through the support of Japan.

According to the interviews of this study, having partnerships that include a pivotal partner is the unique characteristic of triangular co-operation that distinguishes it from other forms of development co-operation, especially the bilateral provider-beneficiary relationship. Having a third partner on board can bridge the cultural, technological and at times linguistic differences and it changes the nature of the partnership, therefore leading to a more effective partnership. On the one hand, triangular co-operation tends to be more horizontal in giving more ownership and negotiation power to the beneficiary partner. Furthermore, this modality offers access to the combined expertise from two different institutional and cultural backgrounds (Knodt and Piefer, 2012^[23]). Thus, leveraging and adapting the knowledge and expertise from the pivotal partner is an integral part of effective triangular co-operation.

1.5. Key messages

This chapter mapped the different elements of a national ecosystem and enabling environment for effective triangular co-operation. It has shown that high-level political will and backing lay a solid founding stone for effective trilateral partnerships. A strategy, white paper or operational manual may support in putting the overarching vision into practice. The next element of an effective ecosystem is the institutional set-up on the part of national governments and development partners. This varies from case to case, but four different models illustrate a simplified interaction among different government actors in implementing the strategic vision into practice. In addition, the existence of resources, expertise, and perspectives from non-state actors needs to be recognised so that their potential can be mobilised for effective and sustainable development projects. More in-depth assessments would need to be done to draw conclusions on which model is most effective to partner in triangular initiatives in given sets of circumstances.

Policy implications include ensuring that triangular co-operation is embedded within the country's overall foreign policy, in line with the foreign operations of the country. For pivotal countries in particular, policies should ensure that the part of government that is mandated with implementing triangular activities can leverage the networks of the Ministry of Foreign Affairs to contribute to effectiveness, while also working with non-state actors as partners.

Finally, when it comes to resources and procedures, breaking up old patterns of a donor-recipient relationship is necessary to engage in horizontal partnerships – this is a key pre-condition for successful and effective triangular co-operation. Despite all differences in the enabling environment to engage in triangular co-operation one common message is emerging: There are no specific structures for triangular co-operation and most systems are strongly geared towards bilateral co-operation. In this context, it is useful to consider the broader ecosystem of actors, frameworks, and other factors that have both direct and indirect impacts on the success of triangular co-operation. As things stand, there are few, if any, examples of development co-operation systems that explicitly take into account triangular co-operation activities, although the modality is growing constantly.

At a first glance, this may not seem to be problematic as the majority of international development co-operation is still delivered bilaterally or through multilateral channels. At a second glance, it is a challenge for the way that we co-operate to promote development. If the systems, structures, and procedures are geared towards the logic of bilateral co-operation, there is little flexibility to work differently and engage in horizontal partnerships. A mentality and mind-set shift is needed to consistently live the ideals of the 2030 Agenda.

2. ‘Transaction costs’ in triangular co-operation – an investment in horizontal partnerships

When assessing the ecosystems and enabling environment for triangular co-operation as well as success and hindering factors, many interviewees for this study perceived “higher” transaction costs⁸ as the main hindering factor for effective triangular co-operation. The generally held perception is that triangular co-operation projects have higher transaction costs than other modalities of development co-operation. This issue is seen as one of the main drawbacks for development partners to take a step ahead in triangular co-operation (NORAD, 2018_[24]; UNECOSOC, 2009_[25]).

On the other hand, some interviewees for this study, participants in the fifth international meeting on triangular co-operation in Lisbon, as well as respondents to a survey on transaction costs,⁹ referred to what has been generally labelled as a “cost” to actually be the core and essence of triangular co-operation, thus turning it into a “benefit”. This is done by re-framing transaction costs as investments, particularly in the context of building trust among partners in triangular co-operation. What seems like a contradiction among different partners in triangular co-operation, may be understood when looking at the twin objectives of development and partnership results in triangular co-operation.

Against this background and given the need to generalise when separating transaction costs from benefits for the sake of analysis, this chapter aims to:

- Approach the concept of transaction costs;
- Discuss triangular co-operation as a cost or an investment by sharing views from beneficiary, pivotal and facilitating partners;
- Discuss transaction costs and benefits of working trilaterally.

⁸ Although there is no consensus on the definition of ‘transaction costs’, two broad understandings were repeatedly implied by respondents. The first separates ‘transaction costs’ and ‘administrative costs’, though recognising that there is overlap between these two types of costs. The second considers ‘administrative costs’ a subset of broader ‘transaction costs’. For examples, see (DAC, 2003_[50]) and the Glossary of the United Nations Development Portal. In both, administrative costs are distinguished as they are known and mostly measurable.

For this study, the phrase ‘transaction cost’ is used to refer to the set of concerns, perceptions and issues, without passing a value-judgement on whether these are ‘costs’ or ‘investments’ allowing focus on how these issues are perceived, and subsequently dealt with.

⁹ The fifth international meeting on triangular co-operation took place on 17-18 October 2019 in Lisbon and included a break-out session on the issue of transaction costs. Furthermore, participants had the chance to share their experiences through a written survey. Results of the survey and the Lisbon discussions feed into the findings of this Chapter.

2.1. Approaching the concept of transaction costs

There is no consensus on a definition of 'transaction costs' in development co-operation ((Jobin, 2008_[26]) (Paul and Vanderinden, 2012_[27]) (SEGIB, 2011_[28])). As a concept, transaction costs has its origins in economics, however its adoption into the development discourse is taking place in the absence of a discussion about what exactly is meant and a common way of measuring across all modalities of development co-operation (see Box 2.1). The lack of a shared definition was repeatedly raised by the interview respondents for this study. Moreover, respondents held differing working definitions of transaction costs - rendering comparison challenging.

For effective triangular co-operation, definitions of key concepts are important for developing a shared understanding, enabling a fruitful exchange of lessons and best practices, and building the evidence base and a body of knowledge. This requires a technical and political solution beyond the scope of this publication. Box 2.1 provides an overview of the evolution of the discussion on transaction costs in development co-operation.

Box 2.1. Evolution of the discussion on transaction cost

Early attempts of defining the concept of transaction cost in economics took place in the 1930s. (Coase, 1937^[29]) was one of the first to analyse this issue in depth, refers to transaction costs as the costs to provide goods or services through the market rather than providing them within the firm.

Although Coase's first discussion was within the framework of the 'Theory of the Firm', the term has become more widely adopted in modern economics as something inevitable in the management of an economic system because a substantial and increasing proportion of resources is used by transaction costs (Niehans, 1989^[30]). Transaction costs in the general economic sense is the cost of running the economic system, including extra costs generated from market imperfections (Williamson, 1985^[31])

The concept of transaction cost is exported to other sectors, including development co-operation. A critical discussion of development co-operation points to the ratio of resources received by the beneficiary country in relation to administrative and transaction costs incurred by the provider of co-operation (Acharya, Teresa and Moore, 2007^[32]). Since the 1990s, debates on transaction costs have grown at the international level and remain unresolved (Paul and Vandeninden, 2012^[27]).

- The Paris Declaration for Aid Effectiveness in 2005 exemplifies the recognised link between these debates, stating that "A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs".
- (Acharya, Teresa and Moore, 2007^[32]) investigate the increasing direct and indirect transaction costs for beneficiaries of development co-operation. Direct costs refer to the increasing demands placed on limited resources required to implement triangular co-operation effectively. Indirect costs refers to additional and unintended impacts of triangular co-operation.
- (Lawson, 2009^[33]) distinguishes different types of transaction costs along the different phases of the project cycle. He defines transaction costs in development or triangular co-operation as: "The costs which allow an economic transaction to take place but which add nothing to the value of the transaction".
- The Busan Partnership on Development Effectiveness of 2011 advocates for multi-stakeholder partnerships, ownership and a focus on results, attempting to keep transaction costs low.
- (Dei Svaldi Rossetto, 2019^[34]) argues that transaction costs would be related to establishing acceptable agreements for all parties and making sure that partners comply with agreed terms and conditions, for instance by taking timely action, deploying resources and reporting accordingly.

Based on the research and interviews that were conducted for this study, and contrary to Lawson's definition, in the case of triangular co-operation, transaction costs are part of a process that adds value to the partnership. In other words, they are an investment to the long-term success of the triangular co-operation project, and the relations developed by the actors involved (Lawson, 2009^[33]). While this argument will be fleshed out further in the following sections, Lawson provides a useful framework for analysing different types of transaction costs during different phases of a project: search and information costs; bargaining and decision costs; and, policing and enforcement costs. In Table 2.1. Lawson's general concept is applied to the specific case of triangular co-operation, based on the data and experiences that were collected for this study.

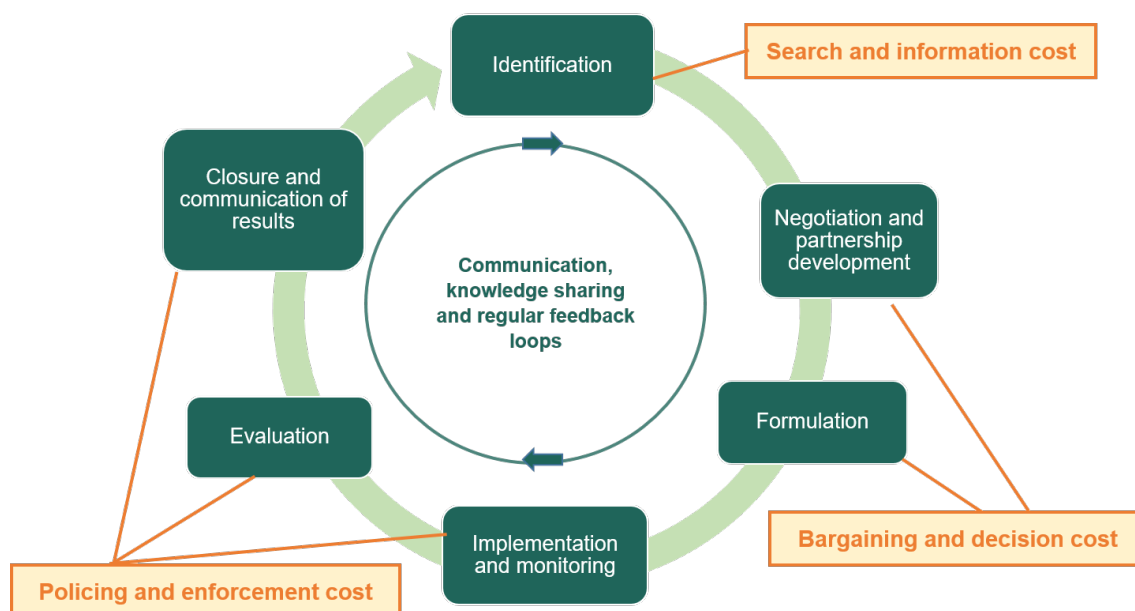
Table 2.1. Lawson’s categories of transaction costs as applied to triangular co-operation

Transaction costs in triangular co-operation according to Lawson	
Search and information costs	<ul style="list-style-type: none"> ➤ The costs necessary for beneficiary governments/ potential providers to identify appropriate development partners. ➤ Arrangement cost of development co-operation strategies / cultures / administrative process of three actors. Since the number of co-operation partners is relatively large in triangular co-operation projects, this cost can be higher than in bilateral development co-operation. ➤ The costs (for providers) of identifying appropriate projects or programmes to fund and (for beneficiaries) of ‘selling’ project concepts to facilitators (and potentially pivotal partners). ➤ The costs to mobilise political support on all necessary levels for all three (or more) partners.
Bargaining and decision costs	<ul style="list-style-type: none"> ➤ The costs of negotiating and agreeing financing agreements among the three partners, including cost sharing agreements. ➤ The costs of negotiating project management structures, division of labour among all three (or more partners), decision-making procedures, and to agree on a division of roles and responsibilities.
Policing and enforcing costs	<ul style="list-style-type: none"> ➤ The costs of setting up and running a joint project monitoring system. ➤ When partners are not using country systems, additional costs to beneficiary governments occur in fulfilling requirements for project execution and monitoring systems. ➤ The costs of ensuring mutual accountability. ➤ More positive and active efforts are needed than bilateral co-operation projects to make facilitators’ contributions more visible to financial contributors (their taxpayers etc.)

Source: Authors’ own compilation based on (Lawson, 2009^[33]) “Evaluating the Transaction Costs of Implementing the Paris Declaration – Concept Paper”

(Paul and Vandeninden, 2012^[27]) build on Lawson’s different types of transaction costs and point to three important aspects when analysing transaction costs in development co-operation – timing of its occurrence, payer of the cost and gross costs. Figure 2.1 sheds light on the first point, in other words, which type of transaction costs tend to come up in which stage of the triangular project cycle. Taking up their second point, the following section analyses the “payer of the cost”, i.e. which partner in a trilateral arrangement tends to have which type of additional costs related to a triangular partnership.

Figure 2.1. Triangular co-operation project cycle and typical transaction costs



Source: authors’ own visualisation, based on (GPI, 2019^[19]) “Triangular Co-operation in the Era of the 2030 Agenda – Sharing Evidence and Stories from the Field” <http://www.oecd.org/dac/triangular-cooperation/GPI-Report-Triangular-Co-op-in-the-Era-of-the-2030-Agenda.pdf>.

2.2. Triangular co-operation: cost or investment? Views from beneficiary, pivotal and facilitating partners

All partners in triangular co-operation note the increased logistical costs of co-ordinating among a larger number of participants. A beneficiary partner, in the interview for this study, pointed to the need for increased co-ordination between facilitator partners due to different conditions and procedures for access to resources as well as extensive reporting requirements. Facilitator partners recognised both benefits and risks to the increased number of partners. On the one hand, the greater the number of partners, the greater the risk of external factors impacting on the project (for example, political instability in a partner), thus trilateral initiatives are exposed to an additional volatility due to the political cycles of more than one country sharing technical and financial resources. On the other hand, the involvement of a greater number of partners increases the stability of the project whereby partners can step in should another partner encounter challenges. There is a greater motivation to succeed due to a broadened accountability.

Furthermore, several respondents expressed concern that pivotal partners are merely a tool for the diffusion of standards and practices akin to existing development co-operation arrangements. In addition, the potential of pivotal partners, particularly in the case of country-level partnerships, to become regional powers and proxies is part of the political calculus that helps to drive up transactions costs due to mistrust and apprehension. Triangular co-operation is also overshadowed by existing power relations where beneficiaries are in weakened bargaining positions in agenda-setting, as well as in formulation of the trilateral agreement. Overcoming these issues requires a re-alignment in how development co-operation projects are conceived, formulated, and implemented both structurally, and with regard to the relationships between the actors involved.

Against this background, Table 2.2 shows an assessment of the type of transaction costs per stage in the project cycle and partner, based on the interviews, a survey conducted at the fifth international meeting on triangular co-operation in Lisbon, project and evaluation reports, policy papers as well as further research for this paper. At the moment, the classification of costs into categories ranging from low to high is based on the perceptions of the interview partners and information gathered in project reports. There is no clear measurement or way of defining the value of each range. Further work to find an approximation for each value is necessary to do a comparison across different triangular co-operation projects.

Table 2.2. Type of transaction costs per phase in the project cycle and partner

Type of cost (Lawson)	Phase in the project cycle	Beneficiary	Pivotal	Facilitator
Search and information costs	Identification	low to medium	medium to high (depending on the way projects are initiated)	medium to high (depending on the way projects are initiated)
	Negotiation and partnership development	medium to high	medium to high	high
Bargaining and decision costs	Formulation	medium to high	medium to high	high
	Implementation and monitoring	low to medium	low to medium	medium
Policing and enforcing costs	Evaluation	medium	medium	high
	Closure and communication of results	medium	medium	medium

Source: authors' own compilation based on "Evaluating the Transaction Costs of Implementing the Paris Declaration – Concept Paper" (Lawson, 2009^[33]), interview results, discussions at the fifth international meeting on triangular co-operation and survey results.

Search and information costs for trilateral partnerships depend on the different ways of initiating triangular co-operation projects, which drive differences in the transaction costs incurred throughout the

project cycle¹⁰. In case the project is formulated bottom-up, i.e. the partners have met and put forward the idea to co-operate trilaterally, search and information costs tend to be lower than in a project formulated by the initiative of two political actors (top-down) searching for a third (or more) partner(s). In this phase, additional costs occur mainly for the pivotal and facilitating partners, as they need to either ensure higher level political backing and resources for the trilateral co-operation (for bottom-up projects), or they need to identify all partners and complementary contributions, in the case of a more top-down approach to initiating a trilateral partnership (see also Chapter 3).

Bargaining and decision costs during the negotiation and partnership development phase are strongly influenced by the way that projects are initiated and appear as the costs of understanding each other's culture and bureaucracy, which is multiplied as the number of partners increase. According to a respondent, often extensive negotiations are needed to establish clear common ground on the 'what' and 'how' of design and implementation.

It requires three or more partners to harmonise their procedures, practices and cultures of programme implementation. Currently, most processes for defining and implementing development co-operation are based on frameworks of conventional bilateral co-operation. Adjusting these established frameworks results in greater costs for all partners in the formulation phase of trilateral activities. Some interviewees further stated that most trilateral initiatives are designed *ad hoc*, irrespective of previous experiences. A key element of triangular co-operation's innovative character is that each project formation and negotiation is "tailor-made", which generates additional costs.

However, interviews with beneficiary partners revealed a different perception on bargaining and decision costs. For many of them there is little to no difference with regards to monetary cost during the formulation and implementation phases, when compared to other modalities of development co-operation. Rather, several respondents voiced frustration and concern over more complicated logistical arrangements along with the increase in number of partners involved as well as additional layers of reporting. This increase affects all three engaging partners at every stage of the co-operation.

Policing and enforcement costs would follow the tendency of search and information costs, as the effective implementation of the trilateral initiative needs ownership of the beneficiary. In case the beneficiaries and implementing actor are close, the costs would decrease. Also, through the open and trustful interaction among the partners, which has been established over the project duration, transaction costs may decrease towards the end of a project. They will most likely be lower in the next project phase or when the same partners decide to engage in further triangular initiatives, especially when conducting joint evaluations or assessments of the project results.

However, according to a respondent, a trilateral programme design may impose some difficulties in monitoring, due to somewhat disparate delivery plans, results and indicators. Furthermore, respondents noted that project evaluations differ and are mostly not systematically carried out for many triangular co-operation projects due to the high costs in comparison with relatively small project budgets. In this context, ambiguities have resulted in a lack of transparency and scepticism¹¹. Addressing these, naturally, incurs greater transaction costs in communication and understanding among the three partners. There is a need for more trilateral project evaluations to systematically learn about the modality and to be able to draw more accurate conclusions on its transaction costs across a larger number of cases.

Throughout the three areas of 'costs' investigated above, facilitating and pivotal partners are likely to observe them more than beneficiary partners. Interestingly, even when transaction costs are perceived as high, they are not considered an impediment to co-operation. This suggests that the value of knowledge generated and shared, as well as the developmental outcomes and relationships engendered are of greater value than the perceived 'costs'. In other words, the 'costs' are in fact a worthwhile investment to successful development co-operation. According to a respondent, the

¹⁰ Two different project initiation types (bottom-up and top-down) are discussed further in Chapter 3, Section 3.1.

¹¹ UN Forum <http://www.unforum.org/lectures/75.html>

potential benefits on the relationship with the pivotal country, on development effectiveness and possible spill over to other countries with similar conditions, and the direct impact on the beneficiary partner(s) are worth the effort. Since the knowledge accumulation benefits every development partner, a larger number of actors benefit through triangular co-operation initiatives. An initial investment into the partnership is needed to build trust, understanding and to jointly achieve project results (see Chapter 2.3).

2.3. Enhancing benefits and added-value of triangular co-operation

The amount and characteristics of transaction costs in triangular co-operation are different according to each development partner as seen in the previous sections, in part due to differing definitions and to the context specific nature of triangular co-operation projects. This section analyses the factors that lead to greater benefits of triangular co-operation and a framework that enables decision-makers to recognise and plan for these 'costs' to the extent possible. Two broad strategies for co-operation were revealed during the research and interviews for this study:

- **Mitigation:** limiting transaction costs through a variety of means including decreasing the number of transactions required, standardising co-operation practices and explicitly making use of the value added of triangular co-operation.
- **Scaling:** Absorbing transaction costs by relying on scaling of engagements

In the following, both strategies will be discussed along the three different types of transaction costs and by analysing the value added of triangular co-operation more closely. When asking the interview respondents about their perception of the value added of triangular co-operation, the findings mirror closely the six areas identified in the OECD "*Toolkit for identifying, monitoring and evaluating the value added of triangular co-operation*", (OECD, 2018^[35]), namely:

- Building ownership and trust
- Promoting complementarity and increasing co-ordination in development co-operation
- Sharing knowledge and learning jointly
- Co-creating solutions and flexibility
- Enhancing scale, scope and volume
- Achieving global and regional development goals through strengthened partnerships for sustainable development.

The Toolkit provides guidance to systematically include aspects related to these six areas when planning, designing, implementing and evaluating a triangular partnership. Being clear about all desired outcomes of the partnership and steering projects towards these additional benefits, helps to mitigate all three types of transaction costs.

Search and information costs - promoting complementarity and increasing co-ordination in development co-operation

The contextual proximity of a pivotal and beneficiary partner was a recurring theme in the interviews. Pivotal partners have the potential to bridge the technological, linguistic, and cultural gaps between beneficiary and facilitator partners. As a result, triangular co-operation enables appropriate solutions to emerge by making good use of complementarities among the partners, and for each participating partner to benefit from the engagement. In the search of project partners and when moving towards the project design it is crucial to be clear about the complementary strengths of each partner, to clearly define roles, as well as resources and contributions, i.e. identifying an effective division of labour. These measures may help keep transaction costs stable and predictable throughout the implementation. It is incumbent therefore for all partners to carry out critical self-assessments about their own strengths and weaknesses, as well as assessing other potential partners.

Bargaining and decision costs - building ownership and trust

Bargaining and decision-making costs are especially high in triangular co-operation, notably when negotiating and formulating a new trilateral initiative (see Chapter 2.2). Yet, this is a necessary process, which builds trust and ownership among all partners. For triangular co-operation, this is acute due to the greater emphasis on partnerships, on horizontal accountability, and on shared risks and benefits among all participating partners. As there are multiple partners, building trust requires enhanced effort. The benefits of this trust, once established, means to reduce friction in future engagements. In instances, or for certain partners whose emphasis and main benefit of engagement is nurturing relationships, this cannot be viewed in the restrictive language of 'cost' alone. What is important for decision-makers to keep in mind is that field experience shows the greater effort and resources devoted to building trust, leads to more meaningful and impactful engagement, as well as having the added bonus of future collaboration efforts. In fact, some respondents referred to this stage and engagement among all partners of triangular co-operation as the true essence and value added of triangular co-operation. What seems paradoxical at first, paves the way for a stronger and more horizontal partnership (Cortez, Knoch and Calcopietro, 2018^[36])

To facilitate this, respondents said they found the process of developing shared understanding easier where parties already had clear ideas of their own of triangular co-operation, and of their value added to trilateral engagements. This could be reflected in strategies, policies, white papers, etc. This is not to say that triangular co-operation requires standardisation, rather that such documented 'thinking' provides a consistent starting point and outlines the key values and principles that guide individual partner approaches to and expectations of triangular co-operation.

For decision-makers and practitioners it is important therefore to consider duration, scale, and the evolution of trilateral engagements. Moreover, the GPI on effective triangular co-operation (GPI, 2019^[19]) recommends including an additional phase of partnership development into the trilateral project cycle. Additional time and resources are crucial for a successful conclusion of this phase, which in turn lies the foundation for further follow-up activities, scaling-up and new types of partnerships.

The transaction costs incurred during the negotiation and trust-building phase of the project, may be outweighed and mitigated in the implementation phase, when the complementary strengths of the three (or more) partners lead to more adapted solutions for the beneficiary.

Policing and enforcing costs - Sharing knowledge, learning jointly, co-creating solutions and flexibility

Innovative, cost-effective, and context specific solutions through the mobilisation of 'neutral brokers' and partners in development that may not otherwise have combined efforts can arise from trilateral partnerships. This also reduces fragmentation of development co-operation efforts. Most interviewees have described their learning curve in trilateral initiatives as high, leading to benefits and lessons for all three (or more) partners. Yet, this comes with varying levels of transaction costs, depending on the project design, the trust and openness to share knowledge and learn from the experiences of others.

Triangular co-operation is well-suited in situations where a solution is not at hand and can only be found by using the complementary expertise of all partners. Transaction costs may rise if the space and flexibility to encourage co-creation is not sufficiently given. Also, it is highly dependent on the level of trust which is built in the beginning and throughout the project cycle. Depending on the type of co-creation, measures such as agreements on intellectual property rights may be needed to ensure that everyone feels free to contribute and each partner owns the solution.

Bearing in mind the need for flexibility and innovative ways of working, there is scope to systematise experiences from project development and management towards more common frameworks and guidelines to increase effectiveness, such as those developed by the Ibero-American Programme for the Strengthening of South-South Co-operation (PIFCSS) or the Global Partnership Initiative on effective triangular co-operation (see Chapter 1.2).

Some respondents noted that project evaluations are often not systematically carried out for triangular co-operation projects due to the high costs of an evaluation in comparison with relatively small project budgets. In this context, ambiguities have resulted in a lack of transparency and scepticism¹². Addressing these, naturally, incurs greater transaction costs in communication and understanding among the three partners. There is a need for more trilateral project evaluations to systematically learn about and draw more accurate conclusions on its transaction costs across a larger number of cases. For instance, the German Regional Fund for Triangular Co-operation for LAC makes it mandatory to evaluate all its initiatives and has allocated 7% of each individual project budget for evaluations.

Scaling – evolution of transaction costs over time and working towards enhancing volume, scope and sustainability

Triangular co-operation encourages sharing of successes of bi- and multilateral co-operation as an entry point to scaling up projects to other areas experiencing similar challenges. This also enables building bridges between partners that have poor or no prior relationship.

Interviews revealed a proportional relationship between transaction costs and project duration. Many of the respondents mentioned the importance of trust building among involved partners in a given project. Accordingly, the expectation is that once implementation, monitoring, and evaluation mechanisms are in place, they are more cost-effective to run over a greater period of time, taking on greater scope, or being expanded in scale, rather than dismantling, and re-establishing different arrangements as appropriate. This results in lower transaction costs relative to overall costs, as time goes on.

An example of this is the partnership between the Kenya Forestry Research Institute (KEFRI) and JICA to enhance the former's capacity. Initially a bilateral co-operation, it has over the past 20 years evolved into a regional hub, diffusing knowledge to other countries in the region. To date, 491 participants from 20 countries in eastern, central and southern African countries have benefited from training. This highlights the point that when a certain task is performed more often, the cost of doing it becomes lower (Hansen and Mowen, 2017^[37]). Despite this, triangular co-operation is often not practiced in this way (see Box 2.2).

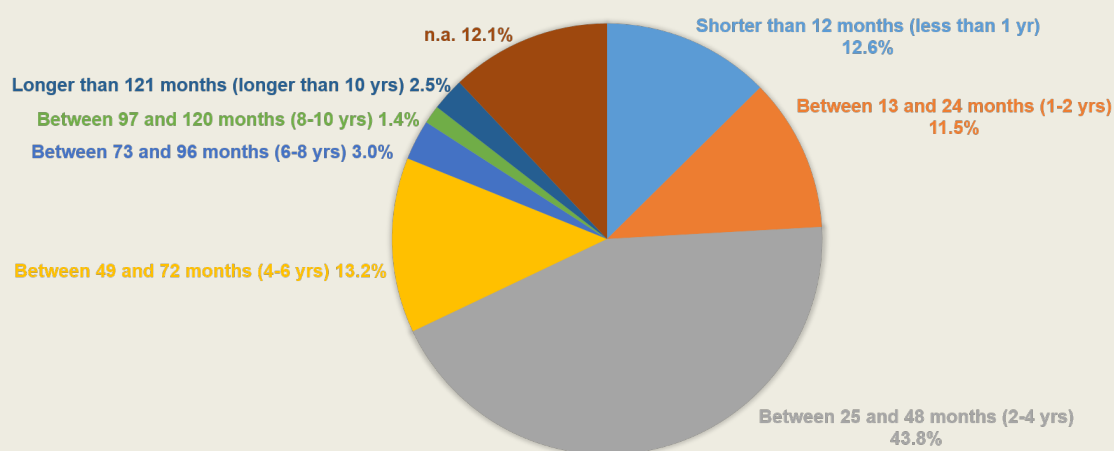
¹² UN Forum <http://www.unforum.org/lectures/75.html>

Box 2.2. Current tendency of project duration in triangular co-operation projects

Among the 730 triangular co-operation projects reported to the OECD's project repository (at the time of publishing), about a quarter (24.1%) of them have a project duration of less than 2 years, whereas 43.8% last two to four years. On the other hand, only 6.9% of all projects have a longer duration of more than six years.

As discussed above, accumulating the experience can be one solution for reducing the transactional activities and its costs. The current data show, however, that the majority of triangular co-operation projects are short to medium length of duration. This may explain why these issues are considered costs, and within that context that they are perceived to be high.

Project duration of triangular projects



Source: OECD online project repository, <https://www.oecd.org/dac/dac-global-relations/triangular-co-operation-repository.htm>

Achieving global and regional development goals through strengthened partnerships for sustainable development:

Triangular co-operation contributes to the effectiveness of development co-operation by making use of combined knowledge, technology, experience and resources of a diversity of partners (including the private sector, academia, civil society, private philanthropy, parliaments, regional and local governments authorities, etc.) to develop a shared understanding of development policy. This approach has a key role in enabling the effective achievement of the Sustainable Development Goals through inclusive multi-stakeholder approaches to co-operation, which naturally tend to have high transaction costs, but are explicitly desired in the Agenda 2030. Some respondents felt that triangular co-operation is a good opportunity for emerging partners to verify their own position in the international development community as well as how their actions are seen by other partners.

2.4. Key messages

This chapter reveals that there is no consensus on what baseline transaction costs in triangular co-operation are being compared to relative to different projects, different partner compositions, and in comparison to the transaction costs of more established bi-, regional and multilateral co-operation. No systematic measurement of transaction costs for any of these modalities exists. Transaction costs vary according to the situation so much that there is no fixed way to measure them nor it is appropriate to do so. Policy makers and practitioners of triangular co-operation, therefore dismissed these concerns during the research for this study on the basis of framing transaction costs in terms of 'investment', and also challenging the notion of transaction costs more broadly in development co-operation.

Based on the research and interviews on issue of transaction costs in triangular co-operation, it became clear that engaging in trilateral initiatives requires some upfront 'investment' of time to negotiate the project details, get to know and understand the other partners, including their bureaucracies, and to arrive at a project design that all partners own and support. As the term 'transaction costs' carries a more negative connotation, it may be more appropriate to frame these discussions using the concept and language of investment for more effective trilateral partnerships. A respondent framed it metaphorically as an "investment cycle of exchanges and transfer of knowledge and know-how". Doubtless, the partnership results in triangular co-operation are a key motivation for most partners to engage in this modality and thus, its biggest benefit, which cannot be monetised. In this regard, we need to focus on the opportunities and benefits offered by triangular co-operation and determine them versus the cost of inaction. A technical approach to transaction costs does not work, when there is mutual benefit and a more dynamic approach to concepts of knowledge and learning.

A further differentiation of the issue of transaction costs will be presented in the next chapter, where different ways of engaging in triangular co-operation and their tendency to incur transaction costs is discussed.

3. Portfolio of options for triangular co-operation

Triangular co-operation projects and programmes are very diverse. We have seen in Chapter 1 that a sound ecosystem and strong enabling environment are the basis for effective triangular co-operation. All partners in development co-operation have a variety of choices to make in terms of how best to engage in triangular co-operation, depending on their strategic vision, motivations, legal and institutional framework, resources, and partners. Chapter 2 has discussed the challenge of balancing transaction costs with the benefits of triangular co-operation. Recent work by (Hosono, 2013^[38]), (Honda, 2013^[39]) and (Sato, 2018^[40]) have shown that applying a typology approach, i.e. categorising different practices of triangular co-operation, is useful to better grasp the key elements of trilateral partnerships given particular circumstances. Building on their work, this chapter provides a portfolio of five options to engage in triangular co-operation, namely:

- **Standalone triangular co-operation projects:** initiating new technical co-operation projects to test new ideas, implement the agreements of an MoU or build a new partnership by making use of the complementary strengths and contributions of all partners;
- **Standalone triangular training activities:** Making use of the more adapted expertise and centres of excellence in emerging economies and regional hubs only through training, seminars and expert dispatch;
- **Open competition for triangular project proposals:** Funds for triangular co-operation and calls for proposals within the scope of triangular co-operation programmes;
- **Scaling-up to triangular co-operation:** starting from successful experiences of bilateral or global co-operation experiences to other countries, regions or partners;
- **Triangular co-operation as a component of larger development co-operation programmes:** Mainstreaming trilateral initiatives in larger development co-operation programmes.

These options do not exist in isolation and there are several ways of implementing each one. Moreover, they can exist as standalone engagements, or as different phases of long-term co-operation between multiple partners - there are natural overlaps between the different options and this list is not exhaustive.

To describe the characteristics of each of them, we draw on the success and hindering factors relating to the enabling environment of triangular co-operation (see Chapters 1 and 2):

- **Initiation** – either through strong political will (e.g. MoU or joint agreement) or bottom-up;
- **Strategic vision/motivation** – development and partnership objectives;
- **Project governance** – different layers from political to technical level co-ordination;
- **Resources** – financial, human, time, in-kind; and
- **Transaction costs**

Structured around an analysis of these factors, the following sections will provide insights into the specific characteristics of the five different options of engaging in triangular co-operation, an assessment of when the respective approach is well suited as well as challenges and risks and a SWOT

(strengths-weaknesses-opportunities-threats) analysis. Concrete project stories will illustrate how this approach works in practice.

3.1. Standalone triangular co-operation projects

Standalone triangular co-operation projects are mostly in the area of technical co-operation. There are essentially two very different starting points, which determine the path of each option later on:

- Projects may be initiated bottom-up, e.g. by three or more partners meeting at an international conference on their topic (e.g. social housing, cashew production, or metrology) and deciding to engage in a triangular co-operation to test a new idea. Partners may have an innovation in mind, which is likely to contribute to solving a development challenge in the beneficiary country/ies - they are bringing together the complementary expertise of two or more partners to the benefit of the third partner. Or else, one of the partners may approach a facilitator to support in establishing a trilateral partnership to complement areas of work, based on previous bilateral conversations.
- During a high-level visit among heads of states or ministers, a MoU is signed to jointly engage in triangular co-operation projects. The MoU provides the background for identifying the third (or more) partner(s) for joint trilateral activities - by making use of the complementary strengths and contributions of all partners.

Table 3.1. Characteristics of standalone triangular co-operation projects

Initiation	Two possibilities of initiation:	
	1) Bottom-up exchange on the topic	2) High-level support e.g. through an MoU
Strategic vision/ motivation (development objectives)	Experimental approach to test innovations or to facilitate exchange among partners in different regions with similar problems; often the partnership among the beneficiary and the pivotal are the starting point to try a new idea or enhance the partnership with additional expertise and/or funding	Politically backed due to strong interest in collaboration among the pivotal and the facilitator; high visibility with the possibility of scaling up
Strategic vision/ motivation (partnership objectives)	Create a horizontal partnership and trust among different partners through working on co-creating solutions.	Strengthen or build the strategic partnership with the pivotal partner and strengthen its capacities to engage in development co-operation
Project governance	Network of partners to co-ordinate at different levels	Strong focus on the political level with supporting structures at the technical and operational levels
Resources	Low (seed funding to test innovations or conduct pilot projects)	Low-high (depending on the partnership, available resources and project)
Transaction costs	Medium to high	High due to the necessity of forming a partnership and negotiating the project details

Source: Author's own compilation

The strengths and opportunities of the bottom-up approach of a standalone triangular co-operation projects make it well-suited:

- To test and pilot new ideas below the radar of high political visibility and interests;
- To form new horizontal partnerships where all partners learn and share experiences at the same time;
- To explore collaboration and build trust among the partners;
- To complement existing bilateral or regional approaches of development co-operation by going beyond the agreed areas of development co-operation;
- When seed money is available, an idea and a mid- to long-term vision to scale up are given, also in terms of political backing.

Challenges/weaknesses and risks/threats when following a bottom-up approach include:

- Fragmentation due to an increase in small and scattered initiatives which are not linked to existing larger programmes and may not be aligned to the national development strategies of the partner countries;
- Low political backing may lead to challenges in ensuring sustainability.

The strengths and opportunities of the approach of engaging in standalone triangular co-operation projects with high political backing makes it well suited:

- When strong political will to engage in triangular co-operation exists and an agreement (e.g. MoU) has been reached with a partner country;
- When areas for collaboration have been identified;
- When governmental and non-state institutions have the expertise and capacities to engage in triangular co-operation;
- Strengthening the capacities of pivotal partners may be an implicit or explicit objective of this approach.

Challenges/weaknesses and risks/threats when engaging in standalone triangular co-operation projects with high political backing include:

- Focus on the political and strategic partnership among the pivotal and facilitating partner may blur development results for the beneficiary – risk of the beneficiary becoming the ‘victim country’¹³ for two regional and global powers (Knodt and Piefer, 2012_[23]). Li and Bonschab summarise this challenge as “it often seems that donors prefer profound discussions among themselves, before, in a second step, they look for a recipient country for implementation” (Li and Bonschab, 2012, p. 187_[41]).
- High political visibility and pressure to deliver triangular co-operation projects, may lead to low development results and impact. Furthermore, fragmentation is likely as well as the risk of the main motivation being working trilaterally – even if it may not be the best suited approach in the given situation.

Both options of engaging in standalone triangular co-operation projects have the opportunity to achieve better results, if they are aligned with the national development strategies of the beneficiary country, linked to existing initiatives and if the beneficiary is owning and driving the project. Box 3.1 summarises the main strengths, weaknesses, opportunities and threats/risks of this approach.

¹³ Expression used by a participant in the GTZ Workshop “Three is a Lucky Number – the Different Perspectives of Triangular Cooperation in Practice”, Istanbul, November 2010.

Box 3.1. SWOT analysis for standalone triangular co-operation projects

Strengths:

- Horizontality in co-creating joint solutions by making good use of the complementary strengths of all partners
- Bringing different actors together (including non-state actors) to work on a specific problem,
- Building trust and a strong partnership by negotiating a joint approach to tackle the issue

Weaknesses:

- 1) and 2) too many pilot projects lead to greater fragmentation; TrC should not only be considered as a testing ground for new ideas, but also as a normal modality alongside others
- 1) and 2) long-term results and impact not clear
- 1) low political support due to activities at technical level

Opportunities:

- Finding solutions in areas where there is no convincing solution yet, and where the problem needs to be closely analysed for better understanding;
- Every partners learns and every partner shares experiences and resources

Threats:

- 2) strong focus on the partnership between the pivotal and facilitator may lead to a weaker position of the beneficiary partner
- 2) politically-driven co-operation rather than focusing on development results

Source: Authors' own visualisation

An example of a standalone triangular co-operation project that was initiated bottom-up by a representative of the private sector, is a partnership among the Chamber of Industries of El Salvador, the government of El Salvador, Nicaragua, Mexico and Germany. The project initiation took a somewhat organic process based on the demand from the private sector in El Salvador, which was met by government support and the complementary expertise from Mexico and Germany.

Table 3.2. Example of bottom-up standalone triangular co-operation project

Technical advice and knowledge transfer for the implementation of good energy efficiency practices and energy management systems through learning networks between El Salvador, Nicaragua, Mexico and Germany	
Partners	El Salvador, Nicaragua, Mexico and Germany
Initiation	<ul style="list-style-type: none"> ➤ The Chamber of Industries of El Salvador (ASI) was in touch with the Mexican government to learn about experiences in energy efficiency. Mexico then referred to a co-operation with Germany and the three countries decided to engage in a triangular co-operation, supported through the Regional Fund for Triangular Co-operation in Latin America and the Caribbean. ➤ The principal beneficiary (ASI) – a partner representing the private sector and facilitating the exchange among government representatives and business partners - had the idea for this project and operationalised it by involving the governments of El Salvador, Mexico and Germany.
Strategic motivation (development objectives)	<ul style="list-style-type: none"> ➤ Setting up energy management systems: The project sets up energy management systems in participating companies to systematically monitor energy flows and continuously increase energy efficiency. ➤ Organise capacity development opportunity: Support people and organisations to shape their own development in the long term. Vocational training is held in El Salvador and Nicaragua to a group of experts in energy efficiency and energy management systems.
Strategic motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Engage in a partnership among governments and the private sector to the benefit of both. ➤ Establish mutual learning networks for experts: The project is making use of learning networks in El Salvador and Nicaragua that provide technical support to participants and foster the mutual exchange of experience and best practice on energy efficiency and energy management systems.
Project governance	Strong co-ordination among the beneficiary (ASI) and pivotal (Mexico) through the Government of El Salvador. As the principal idea for the project came from the beneficiary partner, ownership was high and project implementation quite smooth.
Resources	Financial resources are mainly needed to organise seminars and matching participants and participating companies through ASI. The overall cost is relatively low. First results of the project point to energy saving of ten companies worth over one million USD. The

	improvements have contributed to an increase in productivity and to cost reductions; these gains in turn have boosted the competitiveness of industry.
Transaction costs	Low – Medium
Future opportunities	ASI intends to work as facilitator to further spread the positive results of the project to neighbouring countries in future projects.

Source: Author's own compilation, based on information gained during interviews for this study and project material made available by the respondents.

The case study of co-operation between Tanzania and Malaysia, supported by the United Kingdom, United States and the World Bank highlights the importance of political will to triangular co-operation efforts, particularly in the early phases (see Table 3.3). High-level political will and support were crucial for this project to be initiated. Under the framework of Results-Based Aid (RBA), the United Kingdom provided GBP 39 million (approximately USD 49 million) over four years to Tanzania (2013/14 – 2017/18), to support the identification and resolution of constraints to results delivery in priority policy areas: agriculture, education, energy, resource mobilisation, transport, and water. The project, named 'Big Results Now', was inspired by the 'Big Fast Results' methodology of the Malaysian Planning and delivery model and supported by packages from the USA and World Bank. The Government of Tanzania in turn signed an agreement to work with the Malaysian Performance Management and Delivery Unit.

A DFID representative summarised the experiences in this project as "The clear lesson is that when a delivery system which relies on high-level commitment, does not get this commitment, there is no workaround." (DFID, 2017^[42]) In this case, the high-level commitment contributed to this project being materialised. However, if the commitment changes, it may be difficult to sustain the project. Thus, it is important to sustain high-level commitment throughout the life cycle of a project, while at the same time ensuring that project structures and partnerships are strong enough to continue collaborating beyond the project's envisioned duration.

Table 3.3. Example of a standalone triangular co-operation project initiated through high-level support

Big Results Now	
Partners	Tanzania, Malaysia, United Kingdom, United States and World Bank
Initiation	<ul style="list-style-type: none"> ➤ Direct request from President Kikwete to DFID Secretary of State during meeting in Dar es Salaam in July, 2013. ➤ Direct request from the Government of Tanzania through the Office of the Chief Secretary to the Head of DFID Tanzania. ➤ A good practice and experience was spotted in Malaysia and with the support of the United Kingdom shared with Tanzania. Highest-level political will on the Tanzanian side ensured quick take-off and implementation of the project. ➤ Furthermore, Tanzania and Malaysia signed an agreement to engage in joint trilateral work.
Strategic motivation (development objectives)	"... to accelerate achievement of middle income status by 2025" by implementing the 'Big Fast Results' (DFID, 2013) methodology of the Malaysian Planning and Delivery Model. Making good use of a successful experience from the South, in line with Tanzania's national development plan
Strategic motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Shaping cross-regional trilateral partnerships and pooling expertise and resources from different partners. ➤ Mutual learning for technicians and policy-makers in both Tanzania and Malaysia.
Project governance	Framework Agreement between President's Delivery Bureau (Tanzania) and Performance Management and Delivery Unit (Malaysia). United Kingdom support reported under 'Results-Based Aid'.
Resources	USD 49 million over four years (2013/14 – 2016/17)
Transaction costs	High due in large part to establishment of new unit in President's Office (President's Delivery Bureau). Enjoyed high political support of the President, which led to rapid implementation.

Source: Author's compilation based on "Big Results Now Delivery Programme Phase 2: Business Case and Interview Summary" (DFID, 2017^[42]), "Big Results Now? Emerging lessons from Results-Based Aid in Tanzania" (Janus and Keijer, 2015^[43]), "Triangular Co-operation What's the Literature Telling Us? - Literature review prepared by the OECD Development Co-operation Directorate" (OECD, 2013^[44]) "Dispelling the myths of triangular co-operation - Evidence from the 2015 OECD survey on triangular co-operation" (OECD, 2017^[45])

3.2. Standalone triangular training activities

Many countries have developed specialised expertise in certain topics (e.g. agriculture, rice, forestry), along with excellent institutions, research and training centres. One approach to triangular co-operation is to work with these institutions in pivotal countries to offer more adapted training, seminars, expert dispatches and technical solutions to development challenges than those that, e.g. DAC members could offer.

There are various options of operationalising this approach:

- Setting up programmes or projects with the pivotal country/institution and a selection modus for training participants in beneficiary countries for training/seminars including regular training activities, seminars, etc.;
- Establishing a knowledge sharing platform for regular exchange;
- Engaging in standalone training.

Table 3.4. Characteristics of standalone triangular training activities

Initiation	<ul style="list-style-type: none"> ➤ Strong political will is often the starting point for creating platforms and triangular co-operation training programmes ➤ Formalisation through MoUs or other type of joint project agreement
Strategic vision/ motivation (development objectives)	<ul style="list-style-type: none"> ➤ Share experiences and more adapted solutions of the pivotal partner with the beneficiary through specific training, seminars or expert dispatch ➤ Work with countries where bilateral co-operation is difficult, e.g. in fragile contexts
Strategic vision/ motivation (partnership objectives)	Strengthening the capacities of the pivotal partner and its institutions (e.g. training or research centres) as a provider of development co-operation
Project governance	Strong co-ordination among the pivotal and facilitator to set up training courses, agree on the curricula, administer the travel arrangements for participants
Resources	Overall low-cost co-operation as the main funding is for travel costs of participants and salaries for trainers
Transaction costs	Low-medium due to institutionalised mechanism of organising training and using existing structures of national or regional training centres/research institutes

Source: Author's own compilation

Strengths and opportunities of this approach of triangular co-operation make it well-suited:

- In situations where specific expertise is needed and readily available in the pivotal country
- When aiming to strengthen the pivotal partner and/or specific institutions (including beneficiary partners)
- If the aim is to co-operate with beneficiaries where bilateral co-operation is difficult, e.g. due to conflict and fragile environments, poor relations or mistrust
- To start piloting simple, structured approaches to triangular co-operation with a rather short time span and smaller budgets than in project-type interventions (with a potential view to expanding/scaling-up in the future)
- If resources are limited and the negotiation time should be short – keeping transaction costs at a minimum.
- If there is appetite to start engaging with certain pivotal countries with a risk-averse approach.

Challenges/weaknesses and risks/threats when taking this approach include:

- Ownership of the beneficiary partner is difficult to ensure as the training details, curricula and other project details are often discussed among the pivotal and facilitating partners.
- Participants in training courses are nominated by their governments and chosen by the Embassies of the pivotal and facilitator in the beneficiary country – little scope for a participatory,

horizontal approach among all three (or more) partners. Clear selection criteria are important to ensure the independence and quality of the selection process.

- Ensuring that solutions are sustainable and the knowledge acquired through training courses is shared in the beneficiary institutions, beyond strengthening individual skills of the training participants.

Thus, this option scores low in terms of effectiveness and sustainability, unless concrete follow-up activities are planned, e.g. in the form of smaller projects.

Box 3.2. SWOT analysis of standalone triangular training activities

Strengths:

- Deliver sustainable results due to high ownership and the possible involvement of many actors (multi-stakeholder approach).
- Possibility to build on and enhance existing partnerships and to reduce transaction costs over time

Weaknesses:

- Ensuring sustainability of the results after the training finishes and participants return to their countries
- Difficult to ensure ownership of the beneficiary country/ies for the training and its results

Opportunities:

- Combine training with mini-projects to follow up once participants return home
- Link training programmes and participants in training to existing bilateral initiatives and country offices
- Combine training with expert dispatch

Threats:

- One-off activities with small impact in the beneficiary countries
- Knowledge gained by individuals needs to be institutionalised and shared among staff of the sending institution
- Frequent staff changes

Source: Authors' own compilation

The Japanese Third Country Training Programme is the most prominent example of such a structured training approach. Since its inception in 1975 in partnership with Thailand, 3055 participants were trained as of 2017¹⁴. Participants in Japan's third country training courses are globally distributed with the highest rate in the Middle East and North Africa region followed by Southeast Asia, Central and South America, and Africa. Japan has created the Partnership Programme which is a comprehensive framework established between the government and the governments of 12 pivotal countries¹⁵ to jointly support the development endeavours of developing countries and regions. JICA's third country training programmes are formulated following its regional strategies and participants are selected through the diplomatic channels of engaging partners (see Table 3.5. for a project example).

Table 3.5. Example of a standalone triangular training programme

JICA's Third Country Training Programme with Egypt on improving rice production in African countries	
Partners	Egyptian Agency of Partnership for Development (EAPD), JICA Egypt, Rice Technology Training Centre (RTTC) in Egypt and participants from African countries
Initiation	Umbrella of Japan's Third Country Training Programme, initiated with Egypt in 1998 at the TICAD summit – since then 20 training courses for African participants were developed and more than 3,000 African participants trained

¹⁴ JICA Website: <https://www.jica.go.jp/activities/issues/ssc/index.html>

¹⁵ Thailand, Singapore, Egypt, Tunisia, Chile, Brazil, Argentina, Philippines, Mexico, Morocco, Indonesia, Jordan

Strategic vision / motivation (development objectives)	<ul style="list-style-type: none"> ➤ Leveraging the outcomes of past bilateral co-operation between Egypt and Japan in providing support to countries in MENA and Africa. ➤ Make use of Egypt's comparative advantages in the region and its more adapted technological level, which fits the context of most African countries better than Egypt's advanced technologies ➤ Work with countries in fragile and conflict situations in Africa, where JICA staff is not allowed to operate due to the security situation ➤ For EAPD: the agency was created to support development in Africa, triangular co-operation has a multiplier effect, not only in terms of additional funding, but also expertise
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Strengthening the capacities of Egyptian institutions, research and training centres ➤ Foster the good bilateral relationship among Egypt and Japan ➤ Triangular co-operation as a diplomacy tool for Egypt and Japan
Project governance	Strong co-ordination among EAPD, RTTC and JICA to set up training courses, agree on the curricula, administer the travel arrangements for participants as well as among the Egyptian and Japanese Embassies in African countries in selecting participants.
Resources	<ul style="list-style-type: none"> ➤ Cost sharing among Egypt (20%) and Japan (80%): travel and accommodation costs for participants from around 17 African countries per training course (5 months in Cairo) or advanced course (1 month in Egypt) ➤ Salaries of RTTC staff (partly)
Transaction costs	Low according to the representatives from the Egyptian Agency of Partnership for Development, JICA Egypt and the Rice Technology Training Centre
Future opportunities	<ul style="list-style-type: none"> ➤ Follow up with 'mini'-projects to ensure sustainability of the training courses, organise regular visits by the RTTC experts to the participating countries to conduct seminars for a broader range of officials (e.g. extension officers), experts and farmers in African countries. ➤ Increase co-ordination with other JICA projects in the respective African countries

Source: Information compiled through interviews and project information provided by JICA

3.3. Open competition for new trilateral proposals – funds and umbrella programmes for triangular co-operation

The main characteristic of this approach is its open competition for new trilateral proposals under the umbrella of a fund or triangular co-operation programme. Strong political will is the basis to create a fund or programme for triangular co-operation, which is formalised through a MoU or joint agreement and ends in a budgetary commitment per year or for the duration of the programme. In an open call for proposals, partners can apply for additional resources (funding and expertise) to design and implement new triangular co-operation projects. Often, the funds or programmes come with a support structure, which offers assistance in formulating proposals and throughout the project implementation. Due to the more complex structure of having an extra co-ordinating layer at the political and co-ordination level, plus the project governance level, these projects tend to have higher transaction costs in the initiation phase of projects. These costs shrink considerably if the projects are extended to another phase and the partnership is consolidated and strengthened over time, or if the project idea is making use of existing partnerships, networks and experiences.

Thinking this approach further, joint funds or multi-donor trust funds could be a way of operationalising this approach with direct contributions from different partners in triangular co-operation (including non-state actors) and a participatory approach of selecting projects.

Table 3.6. Characteristics of open competition for new trilateral proposals

Initiation	<ul style="list-style-type: none"> ➤ Strong political will and support, based on the MoU or joint agreement for setting up the fund or umbrella triangular co-operation programme ➤ Projects are selected through calls for proposals
Strategic vision / motivation (development objectives)	<ul style="list-style-type: none"> ➤ Regional reach of triangular co-operation by sharing complementary expertise ➤ Finding solutions to development challenges that are more adapted to the context of beneficiary partners
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Visibility of the triangular co-operation programme/fund/projects ➤ Strengthen the capacities and role of pivotal partners

Project governance	<ul style="list-style-type: none"> ➤ Umbrella programme or fund at the political and co-ordination (agency, unit) level ➤ Individual project governance at the technical level
Resources	Due to complex governance structures, more resources may be needed than in other types of triangular co-operation
Transaction costs	Medium to high

Source: Author's own compilation

Strengths and opportunities of this approach make it well-suited:

- To create long-term structures and procedures to engage in triangular co-operation in a certain region or country. The umbrella programme or fund can pool more resources than standalone projects, knowledge sharing initiatives or scaling-up bilateral experiences. These three patterns may re-occur on the individual project level, but the political and financial commitment to set up a fund or umbrella programme goes beyond the commitments for individual, smaller initiatives.
- To pool regional expertise which can respond to demands by beneficiary countries in the region and beyond
- To share experiences and foster inter-regional triangular co-operation by making good use of the networks of the facilitators' and pivotal partners' agencies and Embassies in partner countries. This approach may also enable co-operation with countries which are not on the list of bilateral co-operation of the facilitators or pivotal partners (due to differing reasons, such as priority countries and regions, ODA eligibility, etc.)

Challenges/weaknesses and risks/threats when taking this approach include:

- Higher overall resources and more partners may lead to more complex structures, processes, and co-ordination efforts, which in turn may increase transaction costs.
- Depending on the structure and requirements of the call for proposals, many short and small projects may be implemented without a clear sustainability strategy. The call for proposals might bring together partners mainly around an opportunity to receive additional funding.
- Pivotal and beneficiary partners may be overburdened with the project co-ordination and administrative requirements of the facilitating partner. At the same time, if the fund is structured in a way that simplifies procedures, it may be an efficient way of managing different triangular co-operation projects.
- The degree of openness to other partners to provide and use funds in a horizontal way is challenging in most existing fund structures.
- Monitoring and evaluating the activities, mitigating risks and failures when substantial amounts of money were provided.

Box 3.3. SWOT analysis of open competition for new trilateral proposals

Strengths:

- Solutions well adapted to the needs of partner countries, making use of cultural and technological proximity among Southern partners
- Low-cost solutions that can be applied fast and follow a regular schedule

Weaknesses:

- Complex structures and processes which may lead to high transaction costs
- Selection bias when working through a call for proposals

Opportunities:

- Involving partners beyond governments from the beginning of the project
- Trilateral partnerships may break up vertical relationships, foster mutual benefit and 'triple' win-situations.
- Option to engage in trust funds for TrC where all partners contribute financial resources and an inclusive governance structure is established.
- High international visibility, especially for the pivotal and facilitating partners

Threats:

- Overburdening beneficiary and pivotal partners with bureaucratic and administrative requirements
- Partnership results overshadow the focus on development results
- No clear sustainability strategies and options to continue in a second phase due to nature of call for proposals

Source: Authors' own compilation

Two examples of the open competition for trilateral initiatives are the German Regional Fund for Triangular Co-operation in Latin America and the Caribbean (see Table 3.7) and the EU-LAC Facility for Triangular Co-operation (see Table 3.8).

The Regional Fund was established at a time when triangular co-operation was gaining prominence in the 2000s. The German government was looking for a more structured and systematic approach of identifying and managing triangular co-operation projects with its partners in Latin America and the Caribbean.

Table 3.7. Example of the Regional Fund for Triangular Co-operation in Latin America and the Caribbean

Regional Fund for Triangular Co-operation in Latin America and the Caribbean (2010-2020)	
Partners	German Federal Ministry for Economic Co-operation and Development (BMZ), GIZ, any country in Latin American and the Caribbean
Initiation	➤ Established by the German government as a structured approach and umbrella programme responding to the increasing demand for triangular co-operation projects in LAC
Strategic vision / motivation (development objectives)	<ul style="list-style-type: none"> ➤ Harness North-South and South-South co-operation arrangements more effectively through this new modality. ➤ Enabling the participating countries to systematically learn together about the opportunities and limitations of triangular co-operation ➤ Leveraging the already implemented south-south co-operation projects in LAC by backing up financial and technical aspects. ➤ Fostering public policies for sustainable development in partner countries. ➤ Promoting regional dialogue on triangular co-operation.
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Strengthening the capacities of institutions involved in triangular co-operation in participating countries ➤ Enhance diplomatic relationships between LAC countries and Germany ➤ Try out a new unique modality to support the implementation of triangular co-operation

Project governance	<ul style="list-style-type: none"> ➤ Proposals for triangular co-operation projects are submitted by eligible countries at calls for proposals twice a year to the German co-operation, which is also responsible for selecting projects to be funded. There are no prescribed priority areas. ➤ Regional co-ordination conferences to exchange views and experiences, and for political dialogue between countries were held in Bogotá (2012), Mexico City (2013), Santiago de Chile (2015), and Peru (2017) ➤ Inter-regional triangular co-operation involving LAC countries may be supported under this framework
Resources	<ul style="list-style-type: none"> ➤ Financial as well as technical support from Germany, German funding needs to be matched by financial and in-kind contributions of the triangular co-operation project partners
Transaction costs	<ul style="list-style-type: none"> ➤ Medium to high
Future opportunities	<ul style="list-style-type: none"> ➤ Engage more countries from outside the LAC region ➤ Expand this model to other regions, e.g. Regional Fund for Africa or Asia

Source: Information compiled through interviews, project information provided by GLZ.

The EU-LAC Facility for Triangular Co-operation (ADELANTE) was created as an instrument to promote regional co-operation among countries in Latin America and the Caribbean. It builds on the longstanding experience of large EU Regional Programmes, such as EurosociAL and Euroclima+. In a call for proposal, eight projects were selected to be implemented during the first phase of ADELANTE – at that time as regional South-South Co-operation projects. Only later, the Facility was turned into a trilateral initiative. A lesson for ADELANTE, which became evident in the joint pilot with the OECD of the “Toolkit for identifying, monitoring and evaluating the value added of triangular co-operation”, was that it is important to raise awareness among all the partners for the benefits and challenges of working in triangular co-operation from the beginning. Triangular co-operation is seen as an innovative tool to work with LAC, also in the framework of development in transition – uplifting national experiences to the regional level. Triangular co-operation is increasingly multi-stakeholder, which may be considered in the future for new ADELANTE projects (OECD, forthcoming^[46]).

Table 3.8. Example of an umbrella triangular co-operation programme: the EU-LAC Facility for Triangular Co-operation (ADELANTE)

ADELANTE: EU-LAC Facility for Triangular Co-operation (2016-2020)	
Partners	European Union, Latin America and the Caribbean countries (LAC)
Initiation	<ul style="list-style-type: none"> ➤ ADELANTE was launched in 2015 as the EU's flagship programme on triangular co-operation in view of fostering horizontal relations between LAC and Europe to provide solutions for the common goal of sustainable development. ➤ Eight co-financing projects that involve 54 organisations from 18 LAC countries and several European institutions.
Strategic vision / motivation (development objectives)	<ul style="list-style-type: none"> ➤ Supporting to design and implement public policies through peer-learning and triangular co-operation among LAC countries ➤ Contributing to scale up the application of policies that have been effective for some countries in the region
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Fostering an open dialogue with the development co-operation institutions of the countries in LAC region. i.e. ECLAC, SEGIB, PIFCSS ➤ Facilitating regional exchanges aimed at searching shared solutions to the problems of development and social exclusion ➤ Scale up successful South-South co-operation and existing regional partnerships and networks in LAC
Project governance	<ul style="list-style-type: none"> ➤ The European Commission calls for proposals for triangular co-operation projects, selects the projects and allocates finance to selected projects. ➤ A technical assistance team, commissioned by the EU, supports the projects in their implementation and governance. ➤ Organise regional coordination conferences to provide venues to exchange views and experience and for political dialogue between countries. i.e. Montevideo in 2018, Buenos Aires in 2019
Resources	Financial budget of 10,063,365 Euros for five years
Transaction costs	Medium to high
Future opportunities	<ul style="list-style-type: none"> ➤ The implementation channel established under ADELANTE could be utilised for future follow-up projects, either in bilateral, triangular or regional co-operation ➤ ADELANTE could work with partners outside of LAC ➤ The ADELANTE model could be tested in other regions, e.g. Africa or Asia

Source: Information compiled through interviews and project information provided by the EU ADELANTE team.

3.4. Scaling-up bilateral, regional or global co-operation projects and programmes

Another starting point and strategic vision to initiate a triangular co-operation is the idea of scaling up successful experiences of bilateral, regional or global co-operation projects. Successful experiences in one region may be shared with other regions, countries or even continents and adapted to the conditions there. This adaptation is not trivial, because different local conditions require adjustments in processes, technology and the manner in which partners are involved in the project. It may be also necessary to find a partner who catalyses the move to another geographic setting. Having engaged in previous joint projects has been voiced as a success factor for triangular co-operation by many interviewees for this study. On this basis, scaling-up can happen in at least three different variations:

- 1) Scaling-up bilateral, regional or global co-operation to another country or region;
- 2) Secondly, different scaling-up processes can be linked, e.g. by first scaling-up experiences with a beneficiary country which then turns into the pivotal partner when sharing its experiences with further countries in the region (or beyond). Regional or Global Centres of Excellence may be created and strengthened as an additional result of the triangular co-operation projects.
- 3) Finally, a two-step approach may aim at firstly strengthening the establishment of agencies for development co-operation (e.g. AMEXCID in Mexico or TIKA in Turkey). In a second step, the rationale is that by building capacities and strengthening agencies and units for development co-operation, these institutions are better equipped to deliver good results through their triangular co-operation projects. At the same time, processes and skills are institutionalised which may increase effectiveness and efficiency, and is likely to drive down transaction costs over time.

Durations and resources are likely to be low to medium, with the possibility to attract co-financing from additional partners when scaling up the projects, as the example in Table 3.10 shows. Initiation is bottom-up by the projects and different layers of project governance are likely to be established at the political, technical and operational level, after formalising the new trilateral partnership. Characteristics of this approach are the incremental increase of resources, the relatively low transaction costs, and different layers of project governance.

Table 3.9. Characteristics of triangular co-operation through scaling-up bilateral, regional or global co-operation

Initiation	<ul style="list-style-type: none"> ➤ Bottom-up based on project experiences ➤ Formalised through an MoU or joint agreement after initiation idea developed
Strategic vision / motivation (development objectives)	Share successful bilateral or regional/global co-operation (South-South or North-South) experiences with other countries in the region or countries outside the same region but with similar conditions
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Consolidate the experiences in the pivotal country and strengthen its role as a provider of co-operation ➤ To scale up the trilateral partnership to broader discussions on development
Project governance	Depends on the experience that is being scaled up – same project governance
Resources	Low to medium
Transaction costs	Low to medium – generally, building on existing partnerships helps in the negotiation process as two partners already know each other

Source: Authors' own compilation

Strengths and opportunities of this approach make it well-suited:

- In situations where a Southern country has tested a specific solution to a development challenge successfully and is now bringing it to a larger scale regionally and in co-operation with other regions.
- In cases where bilateral, regional or global South-South or North-South co-operation has achieved good results, which may be interesting for other countries and/or regions, e.g. based on the demand of the beneficiary partner(s).
- In situations where there is political will to engage in triangular co-operation, but limited resources available to establish new partnerships and project structures.
- To strengthen countries and/or institutions to provide co-operation.
- To enhance the existing trilateral partnership to discuss global development challenges.

Challenges/weaknesses and risks/threats when taking this approach include:

- The process of adapting successful experiences and solutions to another country/regional context may prove to be more difficult and challenging than initially envisioned. Flexibility to adapt is crucial for this approach to deliver good results.
- Given the strong partnership among two countries (e.g. pivotal and facilitator, beneficiary and pivotal, beneficiary and facilitator), the third party that joins this collaboration may find it difficult to exert ownership and find its role in the initiative.

Moving forward, there is a need to learn from existing good practices and to test new approaches to scale up triangular co-operation in relevant sectors and regions. Box 3.4. demonstrates the strengths, weaknesses, opportunities and threats/risks of this approach (see also (GPI, 2019, p. 85^[19])

Box 3.4. SWOT analysis of triangular co-operation through scaling-up bilateral, regional or global co-operation

Strengths:

- Trust and partnership among two partners forms strong basis for trilateral co-operation
- Building on existing partnerships reduces transaction costs
- Strategic partnerships harness the collective experiences towards a common goal while increasing the pool of resources
- Experiences across regions are shared to expand to other sectors.

Weaknesses:

- Strong focus on the role and capacities of the pivotal partner

Opportunities:

- Establishing and strengthening regional or global Centres of Excellence
- Possibility to improve the project contents by including the experiences and ideas of the new partner(s)
- Thinking TrC more strategically in terms of scaling up trilateral partnerships towards global development partnerships
- Additional phases potentially support the increase in project coverage and project maturation
- Extensions over time may counter the initial project transaction costs

Threats:

- Establishing and strengthening regional or global Centres of Excellence
- Possibility to improve the project contents by including the experiences and ideas of the new partner(s)
- Thinking TrC more strategically in terms of scaling up trilateral partnerships towards global development partnerships
- Additional phases potentially support the increase in project coverage and project maturation
- Extensions over time may counter the initial project transaction costs

Source: Authors' own compilation

In the example below, the Swiss co-operation scaled-up a segment of a successful global programme to another region. In Kyrgyzstan, India, Pakistan, and Tajikistan - Switzerland supports enhancing food security, water efficiency, and income of at least 45,000 farmers that produce either cotton or rice through the Water Productivity Project (WAPRO). Within the scope of the larger programme, the know-how from a "small-scale" pilot project in Pakistan is now being scaled up and shared with ten countries in West Africa. The scaling-up process was possible by finding a partner with the right resources, including a network of 57 member states, the Islamic Development Bank (see Table 3.10).

Table 3.10. Example of triangular co-operation through scaling-up bilateral, regional or global co-operation

South-South Know-how Transfer from SDC's Water Productivity Project (WAPRO) in Asia to the Islamic Development Bank's Regional Rice Value Chain Program (RRVCP) in West Africa	
Partners	<ul style="list-style-type: none"> ➤ Switzerland/SDC, Islamic Development Bank (IsDB), Pakistan, Niger, Senegal, Burkina Faso, Guinea, Sudan, the Gambia, Sierra Leone, Mali, Cote d'Ivoire, Benin ➤ WAPRO partners (UN Environment, Sustainable Rice Platform SRP, International Rice Research Institute IRRI, Helvetas Swiss Intercooperation)

Initiation	<ul style="list-style-type: none"> ➤ Bottom-up based on project experiences of this global multi-stakeholder partnership supported by Switzerland, the know-how from a “small-scale” pilot project in Pakistan is now being scaled up and shared with ten countries in West Africa. ➤ The scaling-up process was possible by finding the right partner and resources, in this case the IsDB with its network of 57 member states, in adapting the project approach to the context of Western Africa.
Strategic vision / motivation (development objectives)	<ul style="list-style-type: none"> ➤ To boost productivity in rice production in ten West African countries in an economically, socially and ecologically sustainable way through introducing WAPRO knowledge to the IsDB’s RRVCP in West Africa. ➤ Share successful experiences from a Swiss global programme (WAPRO) with other regions
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Multi-stakeholder partnership involving the private sector and research institutes ➤ Innovative partnership between SDC and the IsDB, whereby Switzerland feeds in and finances the transfer of knowledge on private sector engagement along the value chain, sustainability aspects (in particular water stewardship) and building inclusive multi-stakeholder initiatives from its WAPRO pilot project in Pakistan to the IsDB’s RRVCP in West Africa aiming to improve the livelihoods of around 2 million smallholder households.
Project governance	Through a complementary partnership and co-financing model, the Islamic Development Bank and partners (via soft loans) finance the roll-out in Africa and Switzerland finances the South-South transfer of WAPRO know-how, which is needs-based and demand-driven
Resources	high
Transaction costs	Low to medium – building on existing partnerships helps in the negotiation process as two partners already know each other and partnering with the IsDB helped to adapt the project approach to West Africa

Source: “Triangular Co-operation in the Era of the 2030 Agenda – Sharing Evidence and Stories from the Field” (GPI, 2019^[19]), Interview with representatives from IsDB and SDC.

Furthermore, Brazil is scaling up its trilateral partnership with several international organisations (e.g. UNDP, FAO, WFP, ILO, UNODC, UNESCO) and OECD DAC members towards global development partnerships. Meetings and joint roadmaps for a structured exchange on global development issues have been started with the United Kingdom, Germany, and Switzerland.

Similarly, in 2018, Chile and Japan launched their new, joint and ambitious 2030 Japan-Chile Partnership Programme. It expands co-operation beyond ODA, as Chile has graduated from the DAC list of countries that are eligible to receive ODA. Japan was one of the first partners of Chile to explore new possibilities to scale up the historically strong partnership among the two countries (since 1958). Triangular co-operation and strengthening regional Centres of Excellences are among the priorities of this Partnership Programme. Japan is making good use of the Chilean expertise and its understanding of the region in several areas, such as environment and disaster risk management, and support for South-South Co-operation initiatives.

3.5. Triangular co-operation as a component of larger development co-operation programmes

This approach is a good example of mainstreaming triangular co-operation into the normal set of instruments of development partners; at the same time, it is the least visible triangular co-operation, which is also due to the fact that many triangular co-operation activities are not labelled as such. Often components of larger bilateral or regional co-operation programmes are designed trilaterally, but this is not captured in the project documentation, monitoring and evaluation. An advantage is the easy initiation within the procedure for setting up the larger programme. The main motivation to plan such a component is to make use of the more adapted and often cheaper expertise, which exists in other developing countries and emerging economies. These trilateral components mostly have a separate governance structure under the umbrella of the broader programme, which contributes to keeping transaction costs at a range between low and medium.

Table 3.11. Characteristics of triangular co-operation as part of larger development co-operation programmes

Initiation	Regular procedure for setting up bilateral, regional or global co-operation programme with planning a trilateral component as part of the initiative
Strategic vision / motivation (development objectives)	Including the specific expertise of the pivotal partner to achieve the desired project/ programme results
Strategic vision / motivation (partnership objectives)	Enhancing the scope of the programme towards strengthening the strategic partnership with the pivotal partner
Project governance	Either as part of the overall programme or in separate projects/components, strong links to the overarching umbrella programme
Resources	Financial and human resources as well as the time/duration depend on the overall planning for the programme
Transaction costs	Low to medium

Source: Author's own compilation

Strengths and opportunities of this approach make it well-suited:

- To systematically consider the benefits of triangular co-operation in programming of all kinds of development co-operation initiatives.
- To reap co-benefits across countries and sectors when using triangular co-operation.
- To make good use of the expertise available in developing countries and emerging economies and provide more adapted solutions to beneficiary partners while keeping a good cost-benefit balance.
- To mainstream triangular co-operation into the normal set of tools and instruments of all development partners.

Challenges/weaknesses and risks/threats when taking this approach include:

- The trilateral partnership may be swallowed by the overall larger programme and bound to its procedures and requirements, so that the real value added is not exploited to the extent possible.
- Low visibility for the pivotal partner and less ownership of the beneficiary than in trilateral initiatives where all partners negotiate and jointly design the project.

Box 3.5. SWOT analysis of triangular co-operation as a component of larger development co-operation programmes

Strengths:

- Co-creating joint solutions by making good use of the complementary strengths of all partners
- Trilateral contributions are considered as 'normal' part of the project

Weaknesses:

- Low visibility for the trilateral component as such and the partners involved
- Many trilateral approaches are not documented and labelled as such

Opportunities:

- Mainstreaming triangular co-operation systematically when designing and planning new programmes
- Taking advantage of the specific value added

Threats:

- Trilateral partnerships losing relevance when included in larger more visible programmes which carry the logo of only one partner

Source: Authors' own compilation

There are some successful examples of mainstreaming triangular co-operation and including it within large-scale investments or programmes. For instance, New Zealand has been working in regional initiatives on capacity building on sanitary and phytosanitary in the Mekong region with Viet Nam as a pivotal. Viet Nam has longer, better-resourced and high-level of expertise in the area and was able to act as trainers and facilitators for colleagues in Lao PDR and Cambodia. Further examples include the India-USAID Partnership with countries in South Asia and Africa (see Table 3.12) and the Islamic Development Bank's Reverse Linkage (see Table 3.13).

One of four development objectives of the USAID-India five-year country development co-operation strategy is: "Innovations proven in India increasingly adopted in other countries." Being part of the overall development co-operation programme and not labelled specifically as triangular co-operation, but working in that logic, USAID and India selected 30 innovations, of which 21 were tested in another country by its mid-term evaluation in 2017. It reflects the transformation of a former donor-recipient relationship among USAID and India to a partnership through which India and the United States collaborate to tackle global development challenges (USAID, 2017, p. 1_[13]).

Table 3.12. Example of triangular co-operation as a component of larger development co-operation programmes

USAID-India Triangular Co-operation	
Partners	Ministry of Foreign Affairs India, USAID, Afghanistan, Sri Lanka, African countries
Initiation	High-level visit of former US President Obama in 2010 to India resulted in signing a "Statement of Guiding Principles on Triangular Co-operation for Global Development" in 2014 until 2018, which was amended for another phase until 2021
Strategic vision / motivation (development objectives)	<ul style="list-style-type: none"> ➢ To share innovations prove in India with other countries. ➢ To use the more adapted Indian approaches to tackle development challenges in partner countries in Africa
Strategic vision / motivation (partnership objectives)	To transform the partnership among India and the US from a donor-recipient relationship to a partnership for development
Project governance	Mostly implemented through a 'project approach' with financing and technical support provided during the design and implementation phase
Resources	Medium to high
Transaction costs	High

Future opportunities	<ul style="list-style-type: none"> ➤ Share these experiences systematically with other USAID programmes with pivotal partners and include such a component on joint trilateral initiatives in other country development strategies ➤ Encourage more exchange on the ground among the different beneficiaries of the India-USAID triangular co-operation
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Source: Information compiled through interviews, project information provided by USAID and “USAID/India Country Development Cooperation Strategy Development Objective 4 Mid-term Performance Evaluation” (USAID, 2017^[13])

In 2010, the Islamic Development Bank introduced the Reverse Linkage. The Bank offers a matchmaking platform to its member countries, facilitating and enabling a mutually beneficial arrangement among members to share expertise, knowledge and good practice to address specific development constraints or exploit unique opportunities in other member countries. The modality operates through systematic peer-to-peer interactions and capacity development that may promote cross-border investments, regional co-operation and leverage resources.

The Islamic Development Bank is the facilitating partner in all Reverse Linkage activities. Pivotal partners showcase technology and expertise, are exposed to a new environment, learn from partner country challenges, get a boost to their reputation and visibility, and may develop business and other long-term relations with the beneficiary country. Beneficiary partners obtain expertise and solutions in various domains, enhancing their capacity in a cost-effective manner and building on proven results, again with the possibility of developing long-lasting bilateral relationships. While the Bank provides grants for technical co-operation and concessional loans for infrastructure; pivotal and beneficiary partners also contribute financially or in-kind to a project (IsDB, 2018^[59]). Table 3.13 provides an overview of the aims of the IsDB’s Reverse Linkage.

Table 3.13. Example of triangular co-operation as a component of larger development co-operation programmes

Reverse Linkage of the Islamic Development Bank	
Partners	Islamic Development Bank facilitates partnerships, with a pivotal and beneficiary country drawn among the Bank’s membership
Initiation	The IsDB introduced a new scaled-up, results-oriented, capacity development initiative within their technical co-operation programme. The policy was scaled up through the “Reverse Linkage” mechanism in 2017.
Strategic vision / motivation (development objectives)	Reverse Linkage is a technical co-operation mechanism enabled by the IsDB, in which member countries and Muslim communities in non-member countries exchange their knowledge, expertise, technology and resources to develop their capacities and devise solutions for their autonomous development
Strategic vision / motivation (partnership objectives)	<ul style="list-style-type: none"> ➤ Promote connectivity through South-South and Triangular Co-operation among IsDB member countries ➤ The projects are implemented following a peer-to-peer approach, using a direct consultation process leveraging the endogenous knowledge of the recipient and expertise of the provider.
Project governance	<ul style="list-style-type: none"> ➤ Projects usually build upon the bilateral partnerships between the Bank and its members, and the various Member Country Partnership Strategies that the Bank devised with these countries and where triangular co-operation is mainstreamed ➤ The IsDB works as a facilitator to support the exchange among partners and to ensure the adequate and timely implementation of the Reverse Linkage intervention ➤ MoU are typically signed to frame a Reverse Linkage co-operation, where the Bank and partners collectively review progress and assess results achieved
Resources	Medium to high
Transaction costs	Low to medium
Future opportunities	Contacts between Bank member countries and non-member countries could be expanded to enhance technical co-operation among different partners.

Source: “Reverse Linkage” (IsDB, 2018^[4])

3.6. Key messages

This chapter attempts to provide a portfolio of existing options to engage in triangular co-operation. The decision to opt for one option in a specific situation and context of a planned new trilateral initiative will always depend on a set of internal and external factors. Different approaches to triangular co-operation can easily be combined for the same partner/actor in triangular co-operation. For ease of reference, Table 3.14 summarises the main characteristics of each option and Table 3.15 provides a comparison of their respective strengths, weaknesses, opportunities and threats. The aim of this Chapter is not to provide ultimate conclusions on which approach to use, rather it describes a portfolio of options to assist in the choice of approaches which may inspire new triangular co-operation activities.

These approaches also show that triangular co-operation ideas are not only developed from scratch, but often build on successful prior co-operation experiences. While this is most prominent in the scaling-up option, many projects that are implemented and would fall under first three options are actually also based on previous partnerships and experiences. Their overall project genesis was different from those of scaling-up option, where a specific experience or partnership is being scaled up.

Furthermore, the final option has an important future consideration: not all development co-operation projects and programmes are suitable for a trilateral approach. However, it may be fruitful to bear the option in mind to implement one component of a project trilaterally. The projects that fall under this option are often not labelled as triangular co-operation, which makes it most difficult to gather lessons learned for this option.

In terms of effectiveness, the evidence base would need to be enlarged with extensive fieldwork to draw any conclusions regarding which option is most effective. The theoretical discussions in the SWOT analyses for each approach point to the following preliminary findings of which approach speaks well to which effectiveness principle. However, these need to be tested and developed further with a larger number of cases and first-hand experiences.

- **Ownership of the beneficiary partner:** standalone trilateral project with bottom-up initiation, scaling-up, open competition
- **Inclusive partnerships:** all approaches aim at engaging in an inclusive partnership as this is at the heart of triangular co-operation
- **Development results:** component of a larger development co-operation programme, scaling-up, standalone trilateral project with bottom-up initiation
- **Partnership results:** standalone trilateral project with high-level initiation, standalone training, open competition
- **Transparency and accountability:** all approaches have the possibility of an open and accountable interaction. This depends greatly on the partners involved. Yet, it could be assumed that in a competition for trilateral ideas and triangular co-operation as component of a larger development programme, transparency and accountability are more difficult to ensure due to the selection process (usually only one or two partners choose the projects) and the bilateral dynamics of the broader development programme.

The issue of transaction costs or upfront investments was extensively discussed in Chapter 2, which links well to our analysis of the models. The twin-objectives of development and partnership results in any triangular co-operation project are not contradictory, but rather in each triangular co-operation project both objectives exist, while one will usually be more central than the other will. Neither does this study provide guidance on the ideal approach to apply – it just sheds light on the linkage among different factors for effective triangular co-operation, which have been discussed throughout the previous chapters. Based on the research and interviews for this study, we found that the main objective of the trilateral activity influences the extent of perceived transaction costs.


Furthermore, some approaches to triangular co-operation tend to incur higher transaction costs than others, which is not necessarily negative, if these costs lead to a greater benefit. The benefit could be in positive development or partnership results, which may not have been achieved otherwise. To mitigate these 'costs' or 'investments', the same strategies of Chapter 2 may be applied. In addition, it is crucial to be aware of the implications of the approach and initiation that was chosen and to plan from the beginning additional time to develop the partnership and build trust.

Table 3.14. Summary of main characteristics of each option

CRITERIA	STANDALONE PROJECT		STANDALONE TRAINING ACTIVITIES	FUNDS OR UMBRELLA PROGRAMMES	SCALING-UP	COMPONENT OF A LARGER PROGRAMME
Initiation	Two possibilities of initiation: 1) Bottom-up 2) High-level		Strong political will, formalised through MoU or joint agreement	Strong political will Projects are selected through calls for proposals	Bottom-up, based on project experiences, formalised through an MoU or joint agreement	Regular procedure for setting up bilateral, regional or global co-operation programme with planning a trilateral component as part of the initiative
Strategic vision: development objectives	Experimental approach to test innovations and co-create solutions	Strengthen role of pivotal partner, option to scale-up	Share experiences and more adapted solutions of the pivotal with the beneficiary partner through specific training, seminars or expert dispatch Work with countries where bilateral co-operation is difficult, e.g. in fragile contexts	Regional reach of triangular co-operation by sharing complementary expertise Finding solutions that are more adapted to the context of beneficiary partners	Share successful bilateral or regional/global co-operation experiences with other countries in the region or countries in other regions but with similar conditions	Including the specific expertise of the pivotal partner to achieve the desired project/ programme results
Strategic vision: partnership objectives	Create a horizontal partnership	Strengthen capacities of the pivotal partner	Strengthening the capacities of the pivotal partner and its institutions	Visibility of the triangular co-operation programme/fund/projects Strengthen the capacities and role of pivotal partners	Consolidate the experiences in the pivotal country and strengthen its role as a provider of co-operation To scale up the trilateral partnership to broader discussions on development	Enhancing the scope of the programme towards strengthening the strategic partnership with the pivotal partner
Project governance	Network of partners	Strong focus on the political level	Strong co-ordination among the pivotal and facilitator	Umbrella programme or fund at the political and co-ordination (agency, unit) level Individual project governance at the technical level	Depends on the experience that is being scaled up – same project governance	Either as part of the overall programme or in separate projects/components, strong links to the overarching umbrella programme
Resources	Low	Low to high	Overall low-cost co-operation as the main funding is for travel costs of participants and salaries for trainers	Medium to high	Low to medium	Financial and human resources as well as the time/duration depend on the overall planning for the programme
Transaction costs	Medium to high	High	Low to medium	Medium to high	Low to medium	Low to medium

Source: Authors' own compilation

Table 3.15. Summary of SWOT analysis for all options

SWOT 	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
STANDALONE PROJECT ¹⁶	<p>Horizontality in co-creating joint solutions by making good use of the complementary strengths of all partners</p> <p>Bringing different actors together (including non-state actors) to work on a specific problem,</p> <p>Building trust and a strong partnership by negotiating a joint approach to tackle the issue</p>	<p>Horizontality in co-creating joint solutions by 1) and 2) too many pilot projects lead to greater fragmentation; Triangular co-operation should not only be considered as a testing ground for new ideas, but also as a normal modality alongside others</p> <p>1) and 2) long-term results and impact not clear</p> <p>1) low political support due to activities at technical level</p>	<p>Finding solutions in areas where there is no convincing solution yet, and where the problem needs to be closely analysed for better understanding;</p> <p>Every partners learns and every partner shares experiences and resources</p>	<p>2) strong focus on the partnership between the pivotal and facilitator may lead to a weaker position of the beneficiary partner</p> <p>2) politically-driven co-operation rather than focusing on development results</p>
STANDALONE TRAINING ACTIVITIES	<p>Solutions well adapted to the needs of partner countries, making use of cultural and technological proximity among Southern partners</p> <p>Low-cost solutions that can be applied fast and follow a regular schedule</p>	<p>Ensuring sustainability of the results after the training finishes and participants return to their countries</p> <p>Difficult to ensure ownership of the beneficiary country/ countries for the training and its results</p>	<p>Involving partners beyond governments from the beginning of the project</p> <p>Trilateral partnerships may break up vertical relationships, foster mutual benefit and 'triple' win-situations.</p> <p>Option to engage in trust funds for triangular co-operation where all partners contribute financial resources and an inclusive governance structure is established.</p> <p>High international visibility, especially for the pivotal and facilitating partners</p>	<p>Overburdening beneficiary and pivotal partners with bureaucratic and administrative requirements</p> <p>Partnership results overshadow the focus on development results</p> <p>No clear sustainability strategies and options to continue in a second phase due to nature of call for proposals</p>
FUNDS OR UMBRELLA PROGRAMMES	<p>Deliver sustainable results due to high ownership and the possible involvement of many actors (multi-stakeholder approach).</p>	<p>Complex structures and processes which may lead to high transaction costs</p> <p>Selection bias when working through a call for proposals</p>	<p>Visibility of the triangular co-operation programme/fund/projects Strengthen the capacities and role of pivotal partners</p>	<p>Consolidate the experiences in the pivotal country and strengthen its role as a provider of co-operation</p> <p>To scale up the trilateral partnership to broader discussions on development</p>
SCALING-UP	<p>Trust and partnership among two partners forms strong basis for trilateral co-operation</p> <p>Building on existing partnerships reduces transaction costs</p> <p>Strategic partnerships harness the collective experiences towards a common goal while increasing the pool of resources</p>	<p>Strong focus on the role and capacities of the pivotal partner</p>	<p>Establishing and strengthening regional or global Centres of Excellence</p> <p>Possibility to improve the project contents by including the experiences and ideas of the new partner(s)</p> <p>Thinking triangular co-operation more strategically in terms of scaling up trilateral</p>	<p>Possible power imbalance as two partners look back at long collaboration and a third or more partner(s) needs to join</p> <p>Flexibility to adapt to different country/regional context may not be given</p>

	Experiences across regions are shared		partnerships towards global development partnerships Additional phases potentially support the increase in project coverage and project maturation Extensions over time may counter the initial project transaction costs;	
COMPONENT OF A LARGER PROGRAMME	Co-creating joint solutions by making good use of the complementary strengths of all partners Trilateral contributions are considered as 'normal' part of the project	Low visibility for the trilateral component as such and the partners involved	Many trilateral approaches are not documented and labelled as such	Mainstreaming triangular co-operation systematically when designing and planning new programmes Taking advantage of the specific value added of triangular co-operation

Source: Authors' own compilation

4. Concluding remarks: implications for effective triangular co-operation

“We need a mind-set change.” This observation was shared by most of our respondents throughout the interviews for this study. It is in line with the shift in the global discourse that came with the introduction of the 2030 Agenda for Sustainable Development. Partnerships are at the heart of this new co-operation paradigm. Triangular co-operation is one form of partnerships that supports the implementation of the 2030 Agenda - it received renewed recognition and a boost in visibility during the recent Second High-level Conference on South-South Co-operation, at BAPA +40.

Against this background, this paper aimed to assess enabling and hindering factors for effective triangular co-operation. In line with the sub-themes and discussions at BAPA +40, it found that a strong enabling environment with high-level political backing, a document laying out the strategic vision and an institutional set-up with clear responsibilities for triangular co-operation are conducive for its effective implementation. In addition, the encouragement and inclusion of a vibrant broader ecosystem of state and non-state actors contributes to effective triangular co-operation.

However, the latter comes with a caveat. Most of our institutions are still geared at engaging in traditional modes of bilateral co-operation. Regional co-operation is often channelled through one regional institution, making the engagement mainly with one partner; global co-operation projects work with only few partners who then multiply the efforts to other countries. Our current co-operation systems and models seem to not sufficiently reflect the requirements of engaging in horizontal partnerships and the new realities of the 2030 Agenda.

Triangular co-operation is certainly not a new modality, as it has existed since the 1950s – with Japan being a frontrunner of promoting and systematically using this modality since the 1970s. Yet, triangular co-operation is re-emerging at a time where the development co-operation architecture is becoming more diverse. In the spirit of the 2030 Agenda, where no country is too poor to give and no country too rich to learn, most countries, irrespective of their income status, have a dual character of providing and benefitting from South-South, North-South and triangular co-operation by sharing knowledge and expertise. Partners beyond governments, such as civil society and philanthropic organisations, the private sector and academia are increasingly partnering with governments and international organisations to ensure that no one is left behind.

Still, given all these changes and an ongoing shift towards multi-polarity and a plurality of perspectives and experiences, we see economic models of development and engaging in development co-operation dominating the discourse. One such example was shown in Chapter 2 of this study, which was dedicated to discussing the issue of perceived ‘higher’ transaction costs in triangular co-operation. The term itself is borrowed from economics and the “Theory of the Firm” and refers to activities in a transaction which add no clear value.

Interestingly, ‘higher’ transaction costs have been perceived by many policy makers and practitioners as a key hindering factor for triangular co-operation. This is surprising as there is no baseline and systematic assessment for other types of co-operation, such as bi-, regional or multilateral co-operation. The argument that the costs of negotiating and agreeing on a joint trilateral activity are relatively high, compared to the

project budgets, due to the additional partner(s) involved and the necessity to develop an understanding for each partner's bureaucratic and political requirements was voiced by many partners in triangular co-operation. However, most attempts to assess transaction costs in other types of co-operation have not been successful, so that the discussion about triangular co-operation is merely based on perceptions.

Despite these concerns, many practitioners conveyed their disagreement with this perception. This manifested either by challenging the notion that transaction costs are of any consequence in decision making, and increasingly by considering this group of concerns from the perspective of investment, rather than cost.

Trying to de-construct the 'myth' about 'higher' transaction costs, an assessment of transaction costs per partner and stage in the project cycle showed that bargaining and decision costs are especially high in the project negotiation and formulation of a trilateral initiative as well as in evaluating triangular co-operation projects. During the implementation phase, they mostly remain at a similar level as other types of co-operation.

Transaction costs are often outweighed by the benefits, the value added, of triangular co-operation. Some respondents argued that the open and horizontal negotiations to decide on a project is the real essence and value added of triangular co-operation, as this process leads to building trust and ownership of all partners.

Drawing on this discussion of transaction costs and the factors related to an enabling environment for triangular co-operation, Chapter 3 provides a portfolio of five options to effectively engage in triangular co-operation, namely:

Standalone triangular co-operation projects: initiating new technical co-operation projects to test new ideas, implement the agreements of an MoU or build a new partnership by making use of the complementary strengths and contributions of all partners;

Standalone triangular training activities: making use of the more adapted expertise and centres of excellence in emerging economies and regional hubs only through training, seminars and expert dispatch;

Open competition for triangular project proposals: Funds for triangular co-operation and calls for proposals within the scope of triangular co-operation programmes;

Scaling-up to triangular co-operation: starting from successful experiences of bilateral or global co-operation experiences to other countries, regions or partners;

Triangular co-operation as a component of larger development co-operation programmes: mainstreaming trilateral initiatives in larger development co-operation programmes.

There is no ranking of these options and this study is not advocating for one model of doing triangular co-operation by following a certain set of steps, rather it aims to show the diversity of approaches to inspire decision makers.

The portfolio of options may support policy and decision makers as well as practitioners in assessing the best possible approach under a given set of internal and external factors. Initiation is either bottom-up or through high-level political backing (top-down), some options are standalone initiatives, whereas others are parts of larger development co-operation programmes or designed as an umbrella fund or programme to implement trilateral projects. Furthermore, scaling-up successful bilateral (South-South or North-South co-operation) or regional co-operation may result in triangular co-operation projects, which deliver results that are well adapted to the context of the beneficiary partners. A SWOT analysis was carried out for each of these options, together with an assessment of the expected transaction costs. Policy implications and adjustments may be necessary along the path of engaging in a certain approach.

Ultimately, the decision to engage in one option over the other will depend on the specific context, political and institutional requirements of each trilateral partnership. There is no one-size-fits-all approach, but each

partnership should be designed to provide space for co-creation, mutual learning and open, flexible exchange of knowledge. For this to happen, it is crucial for the beneficiary partner to play a strong role in line with its development agenda and all partners need to own the project. Ideally, all three partners have identified a genuine interest in learning from the others and have established trust to deliver on an effective division of labour to jointly achieve the project's development and partnership results. Moreover, all partners need to invest time to interact, get to know each other and learn about the other partners' views, objectives and constraints. This is the essence of a trilateral partnership, yet, often confused with 'higher' transaction costs, as the time spent to negotiate and arrive at a common objective is not seen as partnership development, but as a resource that was spent without immediate reference to the development results of the initiative.

This study has also shown that triangular co-operation projects go beyond the immediate development results for the beneficiary partner and achieve partnership results for all partners. As a policy implication, both development and partnership results need to be made more explicit when designing, implementing and evaluating triangular co-operation projects. After all, the triangle is one of the strongest and most stable structures, so it should be used more systematically to deliver on our common global development goals.

More research is needed to build the evidence base for all three chapters. This study may provoke a discussion on key challenges and opportunities of triangular co-operation in the era of the 2030 Agenda. Once a mind-set change is triggered, it must be followed by systems adapting to new realities of development partnerships where everyone shares and benefits at the same time. The Global Partnership Initiative (GPI) on Effective Triangular Co-operation received a mandate to join forces with other partners to implement the BAPA +40 Outcome Document. It serves as a platform to collect and analyse further evidence on triangular co-operation and to support countries with making triangular co-operation happen.

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Annex A. Methodological framework

The evidence base for research, analysis, data and project information for triangular co-operation is scarce. As this study endeavours to fill some of the gaps in existing research, new data and evidence was collected. Therefore, in line with the objectives of this study, a three-step methodological approach was applied.

First, a review of the available literature on triangular co-operation in academic and policy publications as well as project and evaluation reports sketched the overall state-of-the art in triangular co-operation. Drawing on economic theory and sociological as well as political science literature on development co-operation, the discussion on transaction costs in triangular co-operation was approached from a broader context of assessing transaction costs.

Grey literature has been helpful in capturing the aspirational elements of triangular co-operation (especially relevant for analysing the political will as a cornerstone of success), as well as how triangular co-operation is being interpreted and implemented across different political and cultural systems.

Second, official and secondary statistics, such as the OECD's online project repository, complemented the literature review. Data has been useful to dispel particular myths about triangular co-operation and to characterise triangular co-operation in some areas, such as 'green' triangular co-operation (OECD, 2019^[47]). Data does however remain a challenge due to the lack of an existing taxonomy for triangular co-operation. This results in gaps in the data where trilateral engagements are not reported as such, including in the OECD's project repository and official OECD statistics.

Third, to complement the quantitative data, qualitative data from policy makers, practitioners, representatives of non-state actors, and other relevant stakeholders in triangular co-operation was collected through 43 semi-structured interviews and the authors' participation in several international meetings (see Annex B). The interviews were conducted using a guiding questionnaire attached in Annex C as well as through individual email-based responses. Interviews with officials working in the area of international co-operation provided valuable insights on how triangular co-operation projects are implemented and where the challenges exist to improve the quality of their co-operation.

Finally, the initial findings of this study were shared and discussed with the participants of the fifth international meeting on triangular co-operation in Lisbon on 17-18 October 2019 and the UNDP-OECD workshop of the G20 Development Working Group on 21-22 October 2019. Based on these comments and further ideas, the study was finalised.

Annex B. List of interviews conducted to inform this study

	Interviewee	Interview Date	Type of interview
1	United States Agency for International Development (USAID), India and Washington D.C.	20 May 2019	Phone Interview
2	United States Agency for International Development (USAID), Washington D.C.	29 May 2019	Phone Interview
3	CSO Partnership for Development Effectiveness, CSO/trade union representative from Argentina	17 June 2019	Phone Interview
4	EuroClima +	19 June 2019	Interview in person at the margins of the European Development Days in Brussels
5	EU-LAC Facility for Triangular Co-operation (ADELANTE)	19 June 2019	Interview in person at the margins of the European Development Days in Brussels
6	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Regional Fund for LAC	20 June 2019	Phone Interview
7	Norwegian Agency for Exchange Cooperation (NOREC)	26 June 2019	Interview in person
8	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Eschborn	27 June 2019	Phone Interview
9	Switzerland (Swiss Development Co-operation)	28 June 2019	Phone Interview
10	Programa Iberoamericano para el Fortalecimiento de la Cooperación Sur-Sur (PIFCSS)	28 June 2019	Phone Interview
11	Islamic Development Bank (IsDB)	1 July 2019	Phone Interview
12	Japan International Cooperation Agency (JICA) Malaysia office	3 July 2019	Phone Interview
13	Global Affairs Canada	3 July 2019	Phone Interview
14	Mexican Agency for International Co-operation for Development (AMEXCID)	3 July 2019	Phone Interview
15	JICA South Sudan	8 July 2019	Questionnaire Sheet
16-18	German Federal Ministry for Economic Co-operation and Development (BMZ)	9 July 2019	In person meetings in Bonn with representatives responsible for triangular co-operation, multi-stakeholder partnerships, and co-operation with Latin America and the Caribbean
19	German Institute for Development Evaluation (DEval)	10 July 2019	Conversations for the study at the margins of a workshop in Bonn on the German portfolio evaluation of German triangular co-operation
20	JICA Kenya	10 July 2019	Phone Interview
21	Chilean Agency for International Development Co-operation (AGCID)	11 July 2019	Phone Interview
22	South Sudan Urban Water Corporation	12 July 2019	Phone Interview
23	JICA Tanzania	12 July 2019	Phone Interview

24	Brazilian Cooperation Agency (ABC)	23 July 2019	Phone Interview
25	JICA Burkina Faso	23 July 2019	Phone Interview
26	Thailand International Cooperation Agency (TICA) Department of Fisheries of Thailand JICA Thailand	23 July 2019	Phone Interview
27	JICA Indonesia	24 July 2019	Phone Interview
28	Ibero-American General Secretariat (SEGIB)	25 July 2019	Phone Interview
29	GIZ Brazil	25 July 2019	Phone Interview
30	Chamber of Industries, El Salvador	26 July 2019	Phone Interview
31	Oxfam India	30 July 2019	Phone Interview
32	JICA Egypt	1 August 2019	Phone Interview
33	JICA Jordan	1 August 2019	Phone interview
34	Society for Participatory Research in Asia (PRIA)	2 August 2019	Phone interview
35	Egyptian Agency of Partnership for Development (EAPD)	7 August 2019	Phone interview
36	Kenya Forestry Research Institute (KEFRI)	7 August 2019	Phone interview
37	Rice Research and Training Center (RRTC), Egypt	8 August 2019	Phone interview
38	Institute of International Development Cooperation, Chinese Academy of International Trade and Economic Cooperation (CAITEC), Ministry of Commerce, China	23 August 2019	Phone interview
39 -43	Participation in the African Leadership Forum in Dar es Salaam and conversations on triangular co-operation with government representatives from Tanzania and Madagascar, the Thabo Mbeki Foundation, Diligent Consulting, and the Institute of African Leadership for Sustainable Development.	29-30 August 2019	In person conversations

Annex C. Guiding questions for interviews

- 1) What is the strategic orientation for your triangular co-operation programmes? To what extent is your hierarchy aware and supportive of your trilateral activities?
- 2) Who leads the agenda of triangular co-operation in your development co-operation system? If there is more than one actor, how do you co-ordinate?
- 3) Why did you opt for a triangular co-operation instead of bilateral, regional or multilateral co-operation? Which factors influenced your decision?
- 4) How are your triangular co-operation activities usually initiated? How is the implementation process managed?
- 5) In your experience, which activities and/or approaches have been most effective?
- 6) What are the transaction costs in your triangular co-operation project? If you perceive these transaction costs to be higher than those in other modalities (bilateral, regional, multilateral): what could be done to reduce them?
- 7) Looking back at the experience with triangular co-operation, would you still opt for this modality? If so, why? Would you do anything different?
- 8) How would you ensure that your triangular co-operation activities can be more effective and scaled-up? Are there any changes in your system after BAPA +40?
- 9) Do you have any evaluation reports that you could share?

Annex D. Overview of countries and international organisations with a triangular co-operation strategy¹⁷

Country/ Organisation	Strategic document	Mention of triangular co-operation
Countries		
Argentina	South-South Cooperation Argentine Republic - Project Catalogue (2013)	Argentine Fund for South-South and Triangular Cooperation (FOAR) is assigned as an implementing agency for triangular cooperation with three main pillars of cooperation: 1) Administration and governance, 2) Human rights, 3) Sustainable development.
Brazil	Cooperação Brasileira para o Desenvolvimento Internacional (2014-2016)	Triangular cooperation is understood as a modality of Brazil's south-south cooperation as an alternative arrangement and complementary to the bilateral efforts. The parameters for triangular cooperation are: 1) demand-driven performance, 2) exchange of technology and knowledge without imposing conditionality, 3) replication of good practices to be transferred and adapted to the reality of each country.
Chile	Chile's development co-operation strategy	Chile contributes to the international co-operation System, articulating its development co-operation activities with developed countries and International Organisations, in order to implement its work within this modality of triangular co-operation
China	China's White Paper (Foreign Aid) (2014)	China regards trilateral cooperation as opportunities to learn international cooperation of 'global quality' and intends to enhance its involvement in triangular co-operation.
Colombia	Informe de Gestion APC-Columbia (2015)	APC intends to share knowledge and good practices that add value to other countries through south-south and triangular cooperation.
Egypt	Egyptian Agency of Partnership for Development (established by Ministerial Decree)	Launched in 2014 by combining the 'Egyptian Fund for Technical Cooperation with Africa' and the 'Egyptian Fund for Technical Cooperation with the Commonwealth of Independent States'. The newly formed EAPD will "strive to find innovative ways to strengthen South-South and Triangular Cooperation, and to foster partnerships with national, regional and international stakeholders to provide African solutions with a global perspective."
Germany	Triangular Co-operation in German Development Cooperation (2013)	Germany works on the regional balance of triangular co-operation, which currently are concentrated in LAC countries. Germany also have an intention to improve the impact of co-operation by a complementary use and dovetailing of knowledge, experience and finance from emerging economies (pivotal partners).
Indonesia	Medium-Term National Development Plan (RPJM) 2015-2019	There are various development planning policies in the context of accelerating the realisation of development in the period of 2015-2019, and one of which is "planning the Program on South-South and Triangular Co-operation"
Japan	JICA's Thematic Guidelines on South-South Cooperation (2005)	Japan intends to strategically implement triangular co-operation and endeavour to accumulate knowledge and share it in the process. Enhancement of strategic partnerships with emerging donors is also mentioned to promote triangular co-operation and serve as an interface for aid coordination frameworks.
South Korea	Korea's ODA White Paper (2017)	In line with international trend, Korea is promoting triangular cooperation to build. The Ministry of Foreign Affairs is forging and expanding partnerships through KOICA to

¹⁷ Various other countries participate in Triangular Co-operation, however have not articulated (publicly accessible) documentation. Examples include: Nigeria (Technical Aid Corps); Tunisia (Tunisian Agency for Technical Cooperation); Turkey (Turkish Cooperation and Coordination Agency); Jordan (Ministry of Planning and International Cooperation); and, Azerbaijan (Azerbaijan International Development Agency).

		undertake triangular cooperation more systematically and effectively.
Mexico	International Co-operation Development Law	The law is the base context of Mexico's development co-operation. Triangular cooperation is also mentioned in it as a modality in growth.
Portugal	Strategic Concept for Portuguese Development Cooperation 2015-2020	Portugal sees triangular co-operation as a relevant instrument for knowledge-sharing, joint learning and capacity development, based on each partner's comparative advantages, on the complementarity of actions and leveraging of financing resources. Triangular cooperation is, therefore, a significant long-term investment due to its potential multiplying effects. It is complementary to bilateral cooperation efforts and can add value to these cooperation relations.
Spain	Plan Director de la Cooperación Española 2018/2020	Spain has a rich experience in triangular co-operation mainly in Ibero-American area and an intention to continue its expansion to Africa, to share experiences and generate synergies in fields such as migration, gender, employment, fight against climate change, water and modernisation of the administration.
United Kingdom	Country Strategies	Triangular cooperation is mentioned in country strategy of relevant partner countries (ex. China, India)
International Organisations		
IFAD	Strategic Framework (2016-2025)	IFAD will promote south-south and triangular cooperation as a key mechanism for delivering relevant, targeted and cost effective development solutions to partners across the globe. It will play a more significant role as a knowledge-broker for SSTC by facilitating opportunities for sharing relevant innovations, technologies, methodologies and lessons between policymakers, development practitioners and the private sector.
UN Women	Strategic Plan (2018-2021)	UN-Women will further develop internal capacity to support South-South and triangular initiatives expanding cooperation with UN agencies and global partners, particularly with the UN Office on South-South Cooperation, and explore innovative strategies and funding modalities to scale up South-South and triangular cooperation.
UNDP	Strategic Plan (2018-2021)	South-south and triangular co-operation is one of the areas that UNDP looks to expand and deepen its partnerships outside the United Nations system. UNDP will continue to work closely with the United Nations Office for South-South Cooperation and Member States to implement the UNDP strategy on South-South and triangular cooperation as an essential instrument to support implementation of the 2030 Agenda
UNEP	Medium-Term Strategy (2018-2021)	UNEP will tailor its work to the needs of regions and countries to address their diverse environmental challenges, through which UNEP intends to foster effective and relevant partnerships, including through South-South and triangular cooperation and with the wider United Nations system at regional, sub-regional and country levels.
UNESCO	Medium-Term Strategy 37 C/14 (2014-2021)	UNESCO will promote scientific collaboration, especially South-South and triangular cooperation, as a catalyst for dialogue and co-production of scientific knowledge, in synergy with local and indigenous knowledge brokers, and for science diplomacy.
UNFCCC	Action for Climate Empowerment: Guidelines for accelerating solutions through education, training and public awareness (2016)	The Climate Technology Centre and Network works with stakeholders engaged in a wide range of activities related to climate technologies to facilitate south-south, north-south, and triangular collaboration and cooperation
UNFPA	Strategic Plan (2018-2021)	The new UNFPA South-South and triangular cooperation strategy creates a platform to exchange know-how and support between the countries in need and those with deployable expertise.
UNICEF	Strategic Plan (2018-2021)	Changing strategies: Programming for at scale results for children: [...] South-South and triangular cooperation.
UNIDO	Medium Term Programme of Work (2018-2021)	South-South and triangular cooperation will remain a key priority for UNIDO over the MTPF period. As part of its efforts to strengthen such cooperation, UNIDO will enhance the coordination and synergies between its investment and technology promotion centres, thus bringing together a large network of resources and information.
	The 2030 Agenda for Sustainable Development: Achieving the industry-related goals and targets (2015)	Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism
WFP	Strategic Plan (2017-2021)	WFP will support partnership-based actions for continuous innovation and learning to address the multiple challenges to sustainable development, including through South-South and Triangular cooperation [...] Enhance international support for implementing

		effective and targeted capacity development in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South and triangular cooperation.
IDB	Update to the Institutional Strategy: Partnering with Latin America and the Caribbean (2010-2020)	Leverage South-South and Triangular cooperation. Cooperation should be harnessed to generate regional public goods that facilitate the movement of factors of production (especially labor), address potential distribution issues, and solve disputes. Cooperation can also leverage the exchange of knowledge and best practices, particularly with Asia and other emerging regions, to shorten the learning curve of policymakers and decision-makers. Additionally, cooperation can help harmonise regulations—which, in a context of financial integration, can help improve the resilience of local markets to exogenous shocks, reduce the cost of capital, and mobilise resources to manage the risks of natural disasters.
IsDB	Reverse Linkage - Development through South-South Cooperation (2018)	Based on a triangular approach, Reverse Linkage allows IsDB to be a connector and catalyst around five over-arching principles: (I) Strategic Alignment; (II) Inclusiveness; (III) Win-win arrangements; (IV) Ownership and Commitment; and (V) Peer-to-Peer approach. These are guided by the principles of; (I) Respect for national sovereignty; (II) National ownership and independence; (III) Equality; (IV) Non-Conditionality; (V) Non-interference in domestic affairs; and, (V) Mutual benefit.

Source: Authors' own compilation based on the respective strategies and guiding documents of countries and international organisations