Pacific Island Countries, China & Sustainable Development Goals
Part 1: Making the Most of Chinese Aid

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Introduction

The 2030 Sustainable Development Goals (SDGs), adopted by the United Nations (UN) in September 2015 to succeed the 2000 Millennium Development Goals (MDGs), set a new agenda for the international community to promote development over the next 15 years. China, a prominent emerging donor in the Pacific, has shown enthusiasm about the SDGs, but how China could support Pacific island countries (PICs) to achieve the SDGs is yet to be fully understood and analysed.

This In Brief is the first in a four-part series that aims to enrich the debate on PICs–China development cooperation on SDGs and build on my recent report for the United Nations Development Programme in China. It discusses China’s stance on the SDGs and the main challenges for PICs, and provides recommendations for PICs to better engage with China. This In Brief argues that PICs need to engage with China strategically to maximise aid opportunities in order to implement the SDGs. Part two will explore the impact of China’s Belt and Road Initiative on PICs’ SDGs implementation. Parts three and four will focus on PICs–China engagement in agriculture and education.

China and the SDGs

China has taken a proactive attitude and approach towards the SDGs. In contrast to the MDGs, China has increasingly participated in the development of the SDGs, which reflects Beijing’s desire to play a more important role in global governance. So far, the Chinese government has released four papers that elucidate its position on the development and implementation of the SDGs: China’s Position Paper on the Development Agenda beyond 2015, China’s Position Paper on the Post-2015 Development Agenda, China’s Position Paper on the Implementation of the 2030 Agenda for Sustainable Development, and China’s National Plan on the Implementation of the 2030 Agenda for Sustainable Development.

The SDGs are poised to form an integral part of China’s foreign aid program in the years to 2030. The Chinese government has used foreign aid as a diplomatic tool to promote and sustain its political, economic, and image-building interests since 1950. Chinese leaders including President Xi Jinping have committed full support to implementing SDGs at home and globally and are already adjusting foreign aid to align with these commitments.

In the sidelines of the UN Summit in September 2015, Xi announced a number of new aid measures, such as initial US$2 billion funding for the South-South Cooperation Trust Fund, and undertaking ‘Six 100 projects’ to assist developing countries in the priority sectors of agriculture, poverty, trade, climate change, public health and education.

China inaugurated the Institute of South-South Cooperation and Development (ISSCAD) at Peking University in April 2016, with former World Bank vice president Lin Yifu appointed as Dean. Distinct from the large number of China-sponsored training sessions open to PIC candidates of different levels, ISSCAD targets highly accomplished public leaders and professionals from recipient developing countries. In accordance with their aid portfolios, China’s ministries such as commerce, agriculture, and health are integrating the SDGs into their aid plans. As a Chinese agricultural aid official noted during an interview I conducted in July 2016, ‘SDGs have served as a direct guideline for us when we make policies to promote China’s agricultural South-South Cooperation with other countries’. This statement indicates that Chinese aid is a mixture of bottom-up and upside-down, and is driven by commercial as well as diplomatic considerations.

PICs and the SDGs: challenges

PICs face tremendous challenges to achieve the SDGs; they had a mixed and overall poor record in implementing the MDGs. According to the 2015 Pacific Regional MDGs Tracking
Report, produced by the Pacific Islands Forum Secretariat, nine of the 14 PICs failed to achieve half of the MDGs. More discouragingly, Papua New Guinea, Solomon Islands, and Kiribati did not fully achieve a single one of the eight MDGs. Many of the challenges PICs faced through the MDGs remain as they embark on SDGs implementation, including lack of funding, human capacity constraints, a weak economic base, poor governance, corruption, geographical challenges, inadequate public awareness, poor measurement, and aid fragmentation. PICs and development partners need to focus on these challenges if they are to achieve substantial progress towards SDGs.

**China, PICs, and the SDGs: Opportunities**

China’s fast-growing assistance to the Pacific region provides significant opportunities for PICs. Based on my research on Chinese aid, I make three recommendations for strategic engagement that could ensure PICs make better use of Chinese aid to achieve the SDGs.

Firstly, PICs could consider making SDGs a focus of PICs–China cooperation. Leaders of PICs could highlight the SDGs in bilateral meetings with their Chinese counterparts in an effort to secure Chinese support. In accordance with Chinese political culture, commitments made by Chinese leaders at meetings with overseas counterparts will usually be honoured quickly because as the Chinese say, ‘there is no trivial matter in foreign affairs’ and the image of China and its leaders are highly valued. PICs have already experienced this when they linked aid proposals with the concessional loans pledged by China’s then premier Wen Jiabao in 2006 and vice premier Wang Yang in 2013. Many of these aid proposals were approved and implemented quicker than other aid projects because Chinese aid agencies, such as the Ministry of Commerce and the China Export-Import Bank, were eager to meet the loan commitments.

Secondly, PICs could make use of China’s current significant aid pledges. The Chinese government has announced a number of major aid and development initiatives that are open to all recipient countries, and the designs are in the pipeline. Major initiatives include the US$2 billion South-South Development Aid Fund, the US$3 billion South-South Cooperation Fund for Climate Change, the US$1 billion China–UN Fund for Peace and Development, the Belt and Road fund (China committed US$100 billion), the Asian Infrastructure Investment Bank (China committed US$50 billion) and the New Development Bank, established by the BRICS — Brazil, Russia, India, China, and South Africa (China committed US$20 billion). PICs governments could apply to use these funds for SDGs purposes. A good example is China’s Belt and Road initiative. During his meeting with leaders from the eight PICs that recognise China in Suva in November 2014, President Xi invited PICs to participate in and benefit from this initiative.

Thirdly, PICs could tailor strategic aid plans to ‘guide’ Chinese aid to high-priority SDG sectors. To increase Chinese aid’s predictability and transparency, and to draw on China’s comparative strengths, PICs’ governments could identify sectors that could be bolstered by Chinese aid. For example, PICs could benefit from China’s considerable expertise in the health and agricultural sectors by developing aid projects and dispatching students for capacity training in China. PICs could also learn from China’s experience in poverty reduction. Further, PICs could explore innovative partnerships such as trilateral aid cooperation with China and traditional donors to access different aspects of donors’ comparative strengths and knowledge. Pilot projects such as the Australia–China–PNG cooperation on malaria control and the New Zealand–China–Cook Islands cooperation on water supply have proceeded well to date.

**Author Notes**

Denghua Zhang has recently submitted his PhD thesis at ANU SSGM. His research areas include international relations, development studies, Chinese foreign policy, foreign aid, trilateral aid cooperation, and Asia in the Pacific. Recently he has published articles in *The Pacific Review, Third World Quarterly, The Round Table*, and *The Journal of Asia Pacific Policy Studies*. The views expressed in this paper are those of the author/s and do not necessarily reflect those of the ANU or the Australian Government. See the SSGM website for a full disclaimer.