Abstract

This paper discusses the diverse approaches of emerging countries to multilateral aid by comparing the different approaches of two Asian multilateral aid partners, Gulf donors and China. Gulf donors, a culturally and religiously homogeneous group, share common norms through which the prevailing regional members develop their own multilateral aid systems on a regional level. Their Coordination Group, functioning in a similar way to the OECD’s Development Assistance Committee (DAC), provides an important regional coordination mechanism for facilitating aid. Recently, Gulf donors have also been collaborating on providing more traditional multilateral aid. By contrast, China, an emerging superpower, not only has its own aid norms, but it also has enormous power to institutionalize its new multilateral aid structure on a global level. While demanding more space and a greater voice for emerging countries in traditional multilateral aid, China has succeeded in initiating a new form of multilateralism, through institutions such as the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB or BRICS Bank), and the One Belt, One Road Initiative (OBOR).

Keywords: emerging countries, multilateralisms, Gulf donors, China

1. Introduction

1.1 Background

Since the end of the Second World War, Western countries have established a number of multilateral institutions in the area of international development assistance. The Bretton Woods regime, comprising the World Bank Group and the International Monetary Fund (IMF), was institutionalized as the embodiment of such multilateralism under the Pax-Americana. The World Bank and IMF are post-war multilateral institutions, which were developed on a global level as multilateral development banks (MDBs). Post-war multilateral institutions were also created on a regional level (regional development banks): the Asian Development Bank (ADB), African Development Bank (AfDB), and Inter-American Development Bank (IADB) are such examples.

Besides the establishment of these traditional multilateral and regional financial institutions, the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) has devoted its efforts to standardizing aid programs, improving policy coherence, and promoting greater harmonization of aid policy among its members through multilateral approaches (Potter 2008, p. 4).

Recent discussions have noted that this traditional multilateral aid architecture seems to be facing a number of crises. Developed countries have traditionally institutionalized and benefitted from it. OECD member countries, however, have weakened their support for multilateralism. Due to unfavorable economic conditions and decreasing...
trust of people in multilateral institutions, the proportion of multilateral aid within total official development assistance (ODA) has declined from 33 percent in 2001 to 28 percent in 2009, on average (North-South Institute 2011, pp. 15–16). Traditional donors are thus shifting toward the “bilaterialization of multilateral aid” (Tok et al. 2014, p. 594). Surprisingly, traditional multilateral aid architecture is also being swayed by emerging unilateralism, including in US aid policy. US President Donald J. Trump has been affirming unilateral action on the issues of diplomacy, security and international economy. In fact, the Trump administration announced the cessation of its contributions to the UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA). Seemingly, such a unilateral approach from the US is causing chain reactions in other countries around the world, with other traditional donors recently reasserting the importance of national interests in aid. Japan explicitly referred to its own national interests in decisions on aid in the Development Cooperation Charter in 2015 and unilaterally withheld its contributions to the UN Educational, Scientific and Cultural Organization (UNESCO) due to frustration over the decision-making process for the Memory of the World Program in 2017. These examples illustrate how multilateral aid is seemingly being replaced not only by bilateralization but also unilateralization.

Initiatives taken by emerging countries are also contributing to the crisis in traditional multilateral aid architecture. As Davis (2008, p. 6) indicates, international aid architecture is in the process of a substantial transformation: aid-related actors are increasing, and ODA delivery channels are becoming more diversified. One of the most prominent elements is the growing presence of non-DAC assistance partners. Though comprehensive statistical data is not available, these non-DAC partners allocate US$11–41.7 billion annually, comprising 8–31 percent of total global aid (Walz et al. 2011, p. 1). Woods (2007) points out that these non-DAC members are generally indifferent to the process of collaboration with the traditional multilateral aid framework. This is because their influence over and voice within traditional multilateral institutions remains limited, while the traditional multilateral institutions were created on the basis of Western norms, which are not necessarily advocated by non-DAC members (Rowlands 2008, p. 8, 16).

Non-DAC development partners comprise a diverse and heterogeneous group (Kondoh et al. 2010). This implies that their perceptions regarding multilateral aid may also be diverse. According to Tok et al. (2014, pp. 594–595), South Africa and Brazil, on the one hand, collaborate with traditional multilateral institutions, allocating 75 percent of their aid resources to such institutions although they prefer allocating their funds to regional development banks, which are led by the South. China and India, on the other hand, restrict multilateral interactions and prefer bilateral cooperation (Tok et al. 2014, p. 594).

### 1.2 Structure of the Paper

This paper discusses the diverse approaches of emerging countries to multilateralism. The research questions of this paper are as follows:

1. Is the emergence of global unilateralism in diplomacy, security and international economy endangering multilateral aid?
2. How has multilateralism in aid evolved?
3. How have emerging countries responded to multilateralism in aid?
4. What factors determine the diverse approaches of emerging countries toward multilateralism in aid?

To examine these questions, this paper firstly conducts a review of the literature. The historical evolution of multilateralism in aid is briefly reviewed, followed by a discussion of the interests, norms and power that may comprise key elements in diversifying the different approaches to multilateral aid. It will also suggest an analytical framework for this paper. This paper then compares the different approaches of two distinctive Asian partners for multilateral aid: Gulf donors and China. Both cases share a similarity in the fact that they have been institutional-
izing their own multilateralism in aid. However, Gulf donors have institutionalized their own regional multilateralism while they continue to collaborate with more traditional multilateralism. Since the Gulf donors are a group that is loosely integrated on the normative basis of religious solidarity, they have developed their own multilateral aid mechanisms. Their multilateralism does not necessarily conflict with traditional multilateral aid, and therefore the Gulf donors have recently been establishing a number of communication channels with traditional multilateral aid institutions. On the other hand, China is institutionalizing a new multilateralism on a global scale. Due to its superpower potential, China has a grand strategy to maximize its interests in diplomacy, security and economy. China’s norms concerning development cooperation have recently gained greater support from developing countries, increasing its normative power. With this comprehensively increased power, China is creating new multilateral aid institutions through its own initiatives, while it is also claiming more space and a greater voice for emerging countries, including China itself, within traditional multilateral aid institutions.

2. Literature Review

2.1 Definitions of Key Terms

2.1.1 International Cooperation and Aid

This section starts with the definitions of key terms. First, what is aid or ODA? OECD DAC (2015) defines “official development assistance” as:

Grants or loans to countries and territories on the DAC List of ODA Recipients (developing countries) and to multilateral agencies which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms (if a loan, having a grant element of at least 25 per cent). In addition to financial flows, technical cooperation is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted.

However, following the Busan High-Level Forum (HLF) in 2011, the focus has shifted from “aid” to “development cooperation”. This is firstly because the concept of aid, as defined the above, seems to be too narrow to take into consideration the increasing importance of emerging partners, non-governmental organizations (NGOs), charitable organizations, South-South cooperation and triangular cooperation and, secondly, because modality is being diversified (Tok et al. 2014, pp. 593–594). As Saidi et al. (2011, p. 7) argue, the assistance of emerging countries should be called “international development cooperation,” which blurs the boundary between trade, investment and aid in the narrow sense, as well as the boundary between public and private (Kondoh 2015, p. 5). In addition, some emerging partners identify themselves as “development partners” rather than “aid donors” since, as China does, their assistance is based on the horizontal principle of equality and reciprocity, which is different from the vertical principle of donor-recipient relationship (Walz et al. 2011, pp. 16–17). Nonetheless, due to the need to avoid conceptual complexity, this paper includes all activities, such as financial assistance, economic cooperation, and South-South cooperation in “aid”, regardless of the partner’s preference. In addition, emerging countries, which engage with such “aid”, are regarded as “donors” although they prefer the term “partners”.

2.1.2 Unilateralism, Bilateralism and Multilateralism

The second group of definitions distinguishes between unilateralism, bilateralism and multilateralism. Unilateralism is “a situation where the powerful state disrespects multilateral norms and adopts a self-centered foreign policy” (Wedgwood 2002 in Tago 2017). Unilateralism in aid is an approach to development issues that contains fewer considerations of other donors and recipients by solely maximizing the donor’s national interests. Bilateral-
ism emphasizes joint actions between two countries toward development issues. Multilateralism refers to “an institutional form that coordinates relations among three or more states on the basis of ‘generalized’ principles of conduct—that is, principles which specify appropriate conduct for a class of actions, without regard to the particularistic interests of the parties or the strategic exigencies that may exist in any specific occurrence” (Ruggie 1992; see also Gu 2017, p. 138). This definition suggests that multilateralism has two elements: indivisibility and expectation of diffuse reciprocity among members (Gu 2017, p. 138). Growing global challenges, such as food shortages, financial crises and climate change, require globally coordinated responses and professional multilateral institutions (North-South Institute 2011, p. 5).

The literature asserts that multilateralism has a number of merits: (1) it may facilitate international democracy, since voices of small countries are heard while major powers are disciplined by international responsibility; (2) it improves accountability, transparency and sustainability; and (3) in the case of aid, multilateral approaches may be more efficient, effective and responsive to recipient needs than bilateral aid, which may often serve the donor’s interests (Cooray et al. 2004, p. 10; Gu 2017, p. 138; North-South Institute 2011, p. 14).

2.2 Evolution of Traditional Multilateralism in Aid

2.2.1 International Aid Regime

Addressing global issues, including poverty, requires well coordinated joint actions among donors. Hence, multilateralism in aid is institutionalized as part of an international aid regime. Krasner (1983) defined an international regime in general as a set of explicit and implicit principles, norms, rules and decision-making procedures in specific areas of international relations, into which the expectations of actors converge. Inada (2013, pp. 9, 10) further developed the understanding of the international aid regime by suggesting that the international aid regime means institutions in which specific development philosophies and approaches, established by major donors, influence other donors.

2.2.2 Bretton Woods System

The most influential multilateral mechanism in aid—institutionalized through an international aid regime—is the Bretton Woods system and the United Nations (UN). The Bretton Woods system was established in 1944 with the foundation of the IMF and World Bank. The IMF was designed to stabilize international currency, while the World Bank was tasked with financing economic reconstruction and development. This institutionalization was led by the need for an anti-communist strategy by the US.

From the late 1950s to the 1960s, there was an internationally shared basic norm that developed countries have a responsibility to assist developing countries, and the United Nations Development Program (UNDP) and OECD were created. In the 1970s, the decline of US hegemony and Pax-Americana paved the way to Pax-Consortis, and mutual coordination and collaboration in the international community became the key modus operandi for multilateralism. When the structural adjustment programs (SAPs) regime was institutionalized in the 1980s, the World Bank and IMF increased their influence as the international aid regime—their norms constrained both donors and recipients to accept and implement SAPs. The poverty reduction strategy regime in the 1990s further strengthened the influence of the Bretton Woods system over domestic development policy in recipient countries (Inada 2013, pp. 13–18).

Multilateral aid has been institutionalized not only on a global level but also a regional level. From the mid-1950s to the mid-1970s, more than 20 regional development banks were also founded. These regionally founded MDBs—ADB, AfDB, IADB, for instance—share similar governance structures and operations with the World Bank. Therefore, these MDBs were regarded not as a threat to the Bretton Woods system but merely as “regional copy of the World Bank” (Wang 2017, pp. 113, 115).
2.2.3 DAC Aid Model

The OECD was founded in 1961. DAC of OECD has been active in formulating international aid norms to define effective and appropriate aid. Based on these norms, DAC has been making an effort to share modalities-related norms such as ODA/GNP ratio, grant elements (GE), untied aid, and project evaluation methods, as well as streamlining technical cooperation. DAC has even been building norms on substantial aid issues like gender, environment, participatory development, democratic governance, and peacebuilding (Inada 2013, pp. 111-112; Kondoh 2015, p. 9). In particular, the Paris Declaration on Aid Effectiveness in 2005, endorsed by 91 members, advocates a multilateral approach to improving aid effectiveness by pointing out that collaboration among donors improves aid effectiveness. Within the multilateral approach, both donors and recipients should respect principles of ownership, alignment, harmonization, result-based management, and mutual accountability (Reilly 2012, p. 73).

In addition to the Paris Declaration, DAC norms may be further expanded by recommending that new DAC members accept such norms. DAC has aide-memoire on the admission of new DAC members, stipulating a guideline to accept DAC membership (Kim 2010, p. 4). Before admission to DAC, donors are evaluated in terms of their aid strategy and policy, their institutional frameworks, their aid volumes and their aid monitoring/evaluation systems and, after admission, they are required to regularly report their progress on DAC recommendations, submit annual statistical data on ODA, attend at all DAC meetings, and submit annual reviews of their aid (Kim 2010, p. 4).

Based on these norms of how aid should be, DAC implies a desirable image of aid, to which all donor countries are supposed to conform: the “DAC aid model”.

2.3 Origins of Multilateralism

Regarding the origins of multilateralism, this paper focuses on the interests, norms and power of donors. Firstly, as neo-realism argues, it is power, particularly the overwhelming power of hegemons, that establishes the international order. Hegemons exercise their power to maximize their national interests through international regimes built under their initiatives. Historically, only such hegemons as Portugal in the 16th century, The Netherlands in the 17th century, Britain in 18th–19th centuries, and the US from the 20th century had sufficient military and economic power necessary to realize a trade regime and international peace under a new international order (Gilpin 1987). Nonetheless, this argument merely emphasizes the strategies and roles of traditional hegemons and superpowers in the West—it thus lacks the perspectives of emerging courtiers.

Secondly, as constructivism argues, the expansion of norms may promote the enlargement of the international aid regime. Constructivism focuses on the roles of non-material elements such as ideas and norms, rather than power and interests. Norms are defined as a set of expectations on appropriate behaviors (Reilly 2012, p. 73). They include laws, ethics, morals and customs. In short, a norm is a set of “ought tos”. International norms are referred to as “ideas of shared expectations on appropriate behaviours of specific actors in the international community” or “codes of behaviours which are regarded as appropriate for most actors in the international community” (Inada 2013, pp. 19, 20; See also Kondoh 2015, p. 2). It is the UN and Bretton Woods system that have been establishing major aid-related norms concerning why donors should give aid and how aid should be provided.

2.4 Analytical Framework

Based on the literature review, this paper suggests an analytical framework to compare Gulf donors and China as follows: firstly, the explained variables are the donors’ approaches to multilateralism in aid. To operationalize them, this paper analyses (1) donors’ approaches to traditional multilateralism, and (2) donors’ initiatives toward their own multilateralism. Secondly, this paper identifies the interests, norms and power of donors as the explanatory variables.
The first explanatory variable is interests, or the outcomes that are intended to be achieved by aid. Interests can be classified into diplomatic, security, economic, humanitarian and cultural. More specifically, Harris (1997, p. 135) classifies the benefits of a commitment to multilateral aid. Donors may participate in multilateral aid for political gains (better international status and credibility, as well as improving national legitimacy) and for non-political interests (participation in the decision-making process, access to specific economic interests, exchange of aid-related information, and acquisition of technical knowledge and expertise. Harris (1997, p. 135) also indicates that donors may incur some costs as a result of their commitment to multilateral aid: donors are required to bear the burden of multilaterally determined obligations at the expense of individual policy autonomy.

Norms, as the second explanatory variable to determine donors’ approaches to multilateral aid, may have a considerable influence on the perceptions of policymakers, civil society groups and people in donors’ roles. It may also affect how actors perceive the responsibility of the states, meanings, goals, priorities of development, and desirable aid schemes.

The third explanatory variable, power, is a necessary element in realizing the expected interests of multilateral aid. The scope of power is broad, ranging from military, diplomatic, and economic power to normative power. If a donor has power, it could lead to multilateralism and maximization of expected interests, while it could also minimize the costs attached to the involvement in multilateralism. In particular, if a donor is able to rewrite traditional norms and proliferate its own new norms that are more attractive to other countries, it can create a more favorable multilateral environment for such a donor. Hence, the rewriting of traditional norms and diffusion of new norms requires, as a basis, the use of a donor’s power. This could be called “normative power”. By contrast, norms may also be used more aggressively to improve diplomatic and economic influence (Manners 2002). For example, the European Union (EU) has incorporated a number of norms such as human rights, democracy and rule of law as core principles of EU diplomacy. Through this norm-based principle, the EU attempts to promote regime change in other countries (Peng et al. 2016, p. 3). Normative power may thus be defined in two ways: (1) capacity to construct and diffuse the concept of “normal” (Manners 2002), and (2) capacity to reconstruct the international community through normative influence, rather than military and economic power. The concept of normative power is useful—some donors, most likely including Japan, have norms that are incompatible with DAC’s norms, but it seems to have limited normative power to diffuse them to other donors and recipients. Therefore, alternative norms are a necessary condition, not a sufficient condition, to build new multilateral aid forms.

In concluding this section, the key to understanding donors’ approaches to multilateral aid is determining who has interests, norms and power, and what interests, norms and power they have. The following two sections analyze the empirical cases in terms of analytical variables, as discussed in the above section.

3. Approaches to Regional Multilateralism among Gulf Donors

3.1 Gulf Donors’ Approaches to Multilateralism

Gulf donors have been known for some time as “generous” donors, and they are neither new nor emerging donors. Saudi Arabia, Kuwait and the United Arab Emirates (UAE) have been visible since the 1970s (Tok 2015, p. 2; Tok et al. 2014, p. 591). In fact, these three Arab nations first established individual national aid agencies in the 1960s: the Kuwait Fund for Arab Economic Development (1961), the UAE’s Abu Dhabi Fund for Development (1971) and the Saudi Fund for Development (1974) (Walz et al. 2011, pp. 3–4). Recently, Qatar has been remarkably committed to its donorship. Qatar had the highest GDP growth rate in 2010 (19.4 percent) and has had double-digit growth for many years. With the ample revenue from this remarkable economic growth, the Qatari government allocated US$729 million of US$44 billion of its total government budget to aid in 2011. The Qatar Development Fund was founded to disburse US$10.8 billion to aid governmental sectors and US$4.2 billion to assist non-governmental sectors between 2006 and 2012 (Tok et al. 2014, p. 602).
These Gulf donors, preferring their own bilateral aid, have generally been careful about engaging with traditional multilateral aid (Tok 2015, pp. 4–5). Bilateral aid from Saudi Arabia, Kuwait and UAE comprised 89 percent of their total aid from 1995 to 2007. Meanwhile, the share of multilateral aid of Arab countries within their overall aid allocations remained at 13 percent from 1973 to 2008. This is considerably lower than the DAC average of 30 percent (Tok et al. 2014, pp. 597–598).

These statistical data do not necessarily mean that Gulf donors are reluctant to participate in traditional multilateralism for aid. Gulf donors have been making their own contributions to UN organizations such as the UNRWA for regional stability and solidarity (Tok 2015, p. 5). While Saudi Arabia continues to have minimum collaboration with Western donors, UAE has been actively participating in setting the agenda for international humanitarian assistance and development aid with the traditional donor community. To take a concrete example, UAE has taken positive action toward building collaborative relationships with traditional donors and traditional multilateral institutions for multilateral aid policy coordination by becoming the first non-western and Arab donor to join the Donor Support Group of the UN Office for the Coordination of Humanitarian Affairs (OCHA) in 2006 and the Donor Support Group of the Office of the United Nations High Commissioner for Refugees (UNHCR) in 2009. (Binder et al. 2010, pp. 19, 22–23). Kuwait, despite having few commitments toward traditional multilateral aid, also signed onto the agreement with OCHA in 2012 to mutually and regularly consult on issues related to humanitarian assistance, information management and fundraising (Tok 2015, p. 7).

Gulf donors are largely compatible with norms set by traditional donors. The ODA/GNI ratio of Gulf donors from 1973 to 1990 was 1.5 percent, more than two times higher than the UN target (0.7 percent), and five times the DAC average. Despite a decrease in the 1990s, their ODA/GNI ratio remains high: the UAE maintained its level at 1.34 percent in 2013 and 1.17 percent in 2014, while Saudi Arabia also kept its level at 1.12 percent in 2003 and 1.26 percent in 2008 (Tok 2015, pp. 2, 4). In addition to their generous aid volume, Gulf donors support internationally agreed development agendas, such as the Millennium Development Goals (MDGs). These donors adhere to donor-recipient dialogues for aid effectiveness, upon which are also internationally agreed (Tok et al. 2014, pp. 598–599). At the Busan HLF in 2011, Gulf donors aligned with donor coordination and welcomed more dialogues between the southern donors and the northern donors (Tok 2015, p. 7). They are also positive about reforming their aid to conform with the multilaterally agreed DAC aid norms. While the multilateral aid of Gulf donors is well documented, data on bilateral aid is less consistent and less transparent. UAE thus published a report on their aid flows for the first time in 2010 (Tok et al. 2014, pp. 600–601). These features illustrate that Gulf donors generally comply with practices and norms, as recommended by traditional multilateralism.

Gulf donors, nevertheless, have several qualitative differences as well. Their aid modality concentrates on loans to develop economic sectors (infrastructure, energy and industry) rather than social sectors (Kragelund 2008, p. 567). Although they are not eloquent rebutters in normative debates on how aid should be provided, Gulf donors do not accept conditionality in the same way as DAC. These donors participate in traditional multilateral aid to reinforce their visibility and voices within the traditional system. By doing so, they expect to reshape their position within traditional multilateralism (Tok 2015, p. 6; Tok et al. 2014, p. 596).

Whereas Gulf donors are generally collaborative with traditional multilateral aid, they have their own strategy to institutionalize their own form of aid multilateralism. Donors in Gulf regions have instead developed and highly institutionalized their own multilateral aid systems, which have distinctive institutional origins. Currently, Arab nations have ten multilateral institutions that have been established by their initiatives.

The Arab Fund for Economic and Social Development (Arab Fund or AFESD) was established in Kuwait in 1974. This multilateral aid institution offers concessional loans and small-scale technical cooperation to assist with the economic and social development of Arab countries and to promote regional integration. The Islamic Development Bank (IDB), founded in Jeddah in 1975, has 56 members. IDB, the largest aid implementation agency, has a mandate to finance the economic development and social progress of members and the Muslim community. Since IDB emphasizes that all of its activities and operations should conform to Shariah, interest on loans is not
allowed (Tok et al. 2014, p. 597; Walz et al. 2011, p. 13).

In addition to these regional multilateral aid institutions, it should be noted that Gulf donors have developed a highly institutionalized coordination mechanism on a regional level. In 1975, Gulf donors established the Coordination Group of Arab National and Regional Development Institutions (Coordination Group) as the umbrella organization of ten bilateral/multilateral institutions in order to coordinate the aid of Gulf donors (Center for Conflict and Humanitarian Studies 2017, p. 3). This Coordination Group enables members to jointly design aid policy, to share best practices and to promote harmonization among members by facilitating active communication and cooperation (Tok et al. 2014, p. 599). To take an example of the 82nd meeting of the Coordination Group, held on the 17th of September 2018, the topic under discussion was how Gulf donors should collaborate with the UN and DAC (OPEC Fund for International Development 2018).

Gulf donors also introduced their own guidelines on the procurement and disbursement process. Arab Coordination Group’s Procurement Guidelines stipulate common procedures, and that procurements should be based on competitive bids. These guidelines exclude tied aid from their multilateral aid (Walz et al. 2011, p. 13).

In short, Gulf donors seem to be pursuing dual approaches: they have developed their own region-based multilateral aid, but they are also cooperative with traditional multilateral aid.

3.2 Origins of Gulf Donor’s Approaches

This leads to the question of why Gulf donors have adopted these dual approaches to multilateral aid. Firstly, their interests in multilateral aid both matter and do not matter. As already mentioned, Gulf donors advocate joint efforts to increase aid effectiveness, and they pay little attention to their material gains in multilateral aid (Tok et al. 2014, p. 600). Therefore, economic interests are not influential in determining their approach to multilateral aid. However, more practically and diplomatically, their commitment to traditional multilateralism is expected to not only improve the transparency and accountability of their aid but also to increase their global soft power and visibility in the international community, which may legitimate their aid (Tok 2015, p. 7). In the case of their aid to the Middle East and North Africa (MENA), donors have explicit interests in gaining each recipient’s diplomatic support regarding the Palestinian issue (Lancaster 2007, pp. 32–33).

Secondly, the approach of Gulf donors to multilateral aid is influenced by their norms—particularly religious solidarity. Their major recipients are concentrated in the MENA region, since both donors and recipients are bound by cultural and religious ties. These cultural and religious proximities help to increase cohesiveness between donors and recipients as well as among donors, and they may also provide a common asset and platform to facilitate the mutual collaboration of Gulf donors, set common priorities, and share expertise (Center for Conflict and Humanitarian Studies 2017, p. 5; Walz et al. 2011, p. 13).

Thirdly, there is the question of whether powers matter in regard to Gulf donors’ approaches to multilateralism. Although Gulf donors are generous as a group, individual donors in the Gulf area are neither necessarily large nor influential donors. For them, formulating a group through a regional multilateral framework can help to strengthen their presence and regional power in the international community. In addition, Gulf donors have been endowed with revenue from petrodollars. This results in the increase of the economic power of Gulf donors, and functions as one of the origins of their ability to build their own bilateral and multilateral aid (Lancaster 2007, pp. 33–34).

In sum, Gulf donors, motivated by the norms of religious solidarity and endowed with their abundant petrodollars, have institutionalized their own multilateral aid mechanisms on a regional level. Most elements of their aid do not necessarily conflict with those of traditional multilateral aid. Hence, Gulf donors are able to pursue dual approaches to multilateralism: the institutionalization of their particular multilateralism on a regional level as well as compliance with traditional multilateral aid.
4. Superpower’s Initiatives for Global Multilateralism

4.1 China’s Approaches to Multilateralism

4.1.1 Traditional Multilateralism

China’s approach to multilateralism has been progressively changing depending on the timing and issues that have arisen through multilateralism. From 1949 to 1971, China was excluded from the UN and did not participate in international organizations. From the Chinese perspective, the Bretton Woods system was recognized as “the instrument of capitalist exploitation” (Harris 1997, pp. 135–136). It was against this background that China actively promoted the Non-Aligned Movement as an alternative to traditional multilateralism. Even after China recovered its seat in the UN in 1971, it preferred to utilize bilateral approaches in the international community.

In the 1990s, however, China began to perceive that bilateralism alone would not be sufficient to take its place as a superpower (Rozman 1999, p. 392). Hirsch et al. (2006, pp. iv–v) indicate that China shifted its diplomacy from bilateralism to multilateralism. Accordingly, China has gradually come to accept multilateralism. In 1971, when China recovered its seat in the UN, China was participating in only one inter-governmental organization (IGO) whilst, by 2003, this had increased to 49 IGOS (Wuthnow et al. 2012, p. 273).

Although China has quantitatively expanded its engagement in multilateralism from the 1990s, its engagement has also been undertaken in a complex and selective manner. To analyze the complex and selective engagement of China towards multilateralism, the argument of Wuthnow et al. (2012) is pertinent. According to Wuthnow et al. (2012, p. 277), China’s multilateral diplomacy after 1978 has not been monolithic. Rather, it mixed four approaches, changeable according to the timing and context. The first approach to multilateralism is “watching”. China carefully watches and learns what international organizations do, how power is exercised internally, and how China’s interests fit in. This approach does not challenge the rules and processes of traditional multilateralism. Wuthnow et al. (2012, p. 274) indicate that China often adopts this approach immediately after it is admitted to a multilateral organization.

The second approach is “engaging”. After gaining more experience and confidence, China can play more active and assertive roles in multilateral negotiations. By building coalitions with other members, using its veto, modifying agendas, persuading, and undertaking backroom campaigns, China can press others to accept its own objectives (Wuthnow et al. 2012, pp. 274–275). This assertive approach is still pursued within the framework of traditional multilateralism, as it would not challenge the rules and authority of the traditional multilateralism. “Circumventing” is the third approach and is chosen when China cannot ensure its net benefit by pursuing its interests within the framework of existing multilateralism. China will then operate outside of the existing multilateral architecture and cooperate with others to build new international regimes that may be more compatible with China’s objectives (Wuthnow et al. 2012, pp. 275–276). The final approach is “shaping”. This approach refers to a more assertive choice for a discontented China to shape the rules and procedures to match its national interests (Wuthnow et al. 2012, p. 276).

In sum, China has not pursued a single approach to multilateralism. According to different times and different issues, it has strategically chosen different approaches to multilateralism. Recently, China’s approaches to multilateral aid have not been monolithic. This can be shown clearly if its distinctive aid approach is compared with the DAC aid model.

China’s definition of “foreign assistance”, for instance, is broader than that of the DAC. It includes not only grants and concessional loan schemes but also commercial loans and cultural exchanges, which may be allocated to governments, research institutes, private companies and educational institutions. This is because China, based on its actual development experiences, understands that a trinity of trade-investment-aid has synergistic effects on promoting economic development, employment opportunities, export growth and foreign currency accumulation.
on the recipient part, as well as contributing more business opportunities and export growth on China’s part. In short, it is this trinity that facilitates reciprocity and win-win between recipients and China (Shimomura 2013, pp. 180, 181). For aid to be compatible with the principles of reciprocity and win-win, China’s aid should be tied with Chinese economic interests. There are aid projects to seek competitive bids—however, those projects are substantially tied, and only pre-qualified Chinese companies may be allowed to tender. The Export-Import Bank of China also has concessional loan guidelines that restrict exporters and contractors to Chinese companies only (Brautigam 2009, p. 152). In contrast to its tight conditions on procurement, China is a less demanding donor in terms of political conditionality, except in regard to “the One China Policy” (Brautigam 2009, pp. 149–150, 284).

China’s distinctive approach to traditional multilateralism is also seen in its distance from donor coordination under the aid effectiveness agenda. Although China dispatched its delegation to the Paris HLF and signed up to the declaration, it did so as a recipient. In fact, China has been less positive toward multilateral coordination among donors. Consequently, while China has accepted the DAC norms of ownership, alignment and result-based management, it has not engaged with harmonization, mutual accountability, conditionality, support for local civil society, and the principle that aid is only of benefit to the recipients (Reilly 2012, p. 78).

Though it retains some distance from traditional multilateral aid, China is also engaging with traditional multilateralism. For example, China has been criticized for its lack of commitment towards the debt problems of recipients. Traditional donors argue that China has been getting a free ride on international efforts to cancel US$43 billion of Africa’s debt. These donors have also indicated that the excess volume and lower concessionality of China’s loans have resulted in a deterioration of the debt sustainability of low-income countries (LICs) (Reisen 2007, p. 1). Traditional donors have expressed concerns over China’s “debt-trap diplomacy”, by taking the example of Hambantota Port, Sri Lanka. It should be noted, however, that China’s aid contributes to recipients’ export growth and increases their foreign currency exchange reserves, which further improves their weak debt sustainability (Reisen 2007, p. 5). In addition, although China had been less positive toward debt cancellation initiatives since they are thought to provide the wrong incentives to recipients, China declared at the first Forum on China-Africa Cooperation (FOCAC) in 2000 that RMB10 billion of debt for heavily indebted poor countries (HIPC) and less developed countries (LDC) was to be canceled (Brautigam 2009, p. 128). China has canceled RMB18.96 billion of the debt of 35 African countries up until 2009 (Saidi et al. 2011, p. 18). In addition, among the traditional multilateral groups, G20 provides a useful platform to increase the power and articulate the interests of emerging countries. Therefore, China has been participating in the G20 multilateral framework very actively (Wuthnow et al. 2012, p. 283).

In short, China has recently been participating in traditional multilateral aid only in a partial and selective manner. As Suzuki (2013, p. 260) indicates, the international aid regime of traditional multilateral aid has relatively fewer benefits for China. This can be contrasted to the international trade regime, in which China’s participation increases its economic benefits.

4.1.2 New Multilateralism

After China established its bilateral institutions for aid policy-making and implementation in the 1990s, it began to establish initiatives to institutionalize its new multilateralism, through the AIIB, the NDB (or BRICS Bank), and the OBOR.

Despite huge investment demands for infrastructure development in Asia, the World Bank and ADB could commit only US$10–20 billion annually. In financial terms, it is against this background that the AIIB is expected to supplement insufficient funds for investment. In 2015, AIIB was founded with the 57 Prospective Founding Members (PFMs) and more than 20 “economic areas”, a total larger than the 67 members of ADB. According to Gu (2017), AIIB is a purely multilateral institution. It is the first international financial bank to be jointly initiated by Asian emerging and developing countries. Secondly, although China has prominent influence with 26.06 percent of votes—which is higher than US’ votes of 16.65 percent in the World Bank—AIIB emphasizes consen-
sus-seeking among members (Gu 2017, pp. 138, 147, 149, 154; Wang 2017, p. 116). Thirdly, AIIB is learning from traditional multilateral aid institutions to upgrade its governance and operations. AIIB introduced the Environmental and Social Framework to address the environmental and social risks of its projects, and this began to be enforced from 2016. This framework facilitates the opportunity of all stakeholders to be heard in the course of project formulation and implementation (Gu 2017, pp. 146, 156; Peng et al. 2016, p. 13). Fourthly, AIIB is aiming at building collaborative relationships with traditional multilateral aid institutions such as ADB, AfDB, IADB, the West African Development Bank, and the Caribbean Development Bank (Peng et al. 2016, p. 7). The AIIB signed a Memorandum of Understanding (MOU) with ADB in 2016 to cofinance aid projects for sustainable development and agreed with the World Bank on the framework of cofinance (Wang 2017, p. 115).

In addition to AIIB, the New Development Bank (NDB) was founded jointly by BRICS members\(^{11}\) in 2015 to increase aid flow (Stiglitz 2015). NDB is a joint venture of BRICS to assist infrastructural and sustainable development in developing countries (Wang 2017, p. 113). Similar to AIIB, NDB has officially confirmed that it complies with rules, which have been widely accepted by traditional multilateral aid institutions. Both AIIB and NDB recruited a number of experienced senior management staff from traditional MDBs (Wang 2017, p. 116).

Although both AIIB and NDB have enormous budgetary capacity and consequently a huge potential influence over the multilateral aid system, both new multilateral aid institutions seem to be “watching” rather than “circumventing” traditional multilateralism and “shaping” totally new norms within traditional multilateral aid.

OBOR is the conception, initiated by China, of a mega economic zone covering Asia, Europe, and Africa (Fujimaru 2019, p. 172). OBOR has the objective of integrating markets, coordinating economic policies, and establishing a framework for regional economic cooperation among its members (Fujimaru 2019, p. 173). Although this huge aspiration of OBOR may potentially challenge traditional multilateral aid, the guiding principles of OBOR are derived from the UN Charter and China’s Five Principles of Peaceful Coexistence, mixing both traditional and Chinese aid norms. The combination of both norms has succeeded in attracting the commitment of an overwhelming number of countries and international organizations.\(^{12}\)

What can be construed from the cases of AIIB, NDB and OBOR is that China is very careful when taking approaches of “circumventing” or “shaping”. As Wuthnow et al. (2012, pp. 276–277) precisely find, China often starts from “watching” or “engaging” approaches when it is admitted to multilateral systems, regardless of whether such systems are initiated by traditional donors or China. But this does not necessarily mean that China will continue to pursue the same approach to AIIB, NDB and OBOR in the long term. This could indicate, at least at this time, that China is institutionalizing its own multilateral aid on a global level in a way that is compatible with its own norms and experiences of development.

4.2 Origins of China’s Approaches

To build its own multilateralism on a global level is a highly costly project, and it is therefore necessary to consider why China has engaged with this huge task. Firstly, when analyzed in terms of political, diplomatic and security interests, China has a long history of seeking out alternative forms of multilateralism that lie outside of the traditional order, as can be seen in its efforts to build a coalition with the Non-Aligned Movement. This multilateral platform became an important instrument for China due to its 22-year exclusion from the UN, the subsequent Sino-Soviet split, and a long-standing diplomatic competition against Taiwan. From the 1990s, China has gradually become more committed to multilateralism through institutions such as the Association of Southeast Asian Nations Regional Forum (ARF) and the World Trade Organization (WTO). In the 2000s, China became more sensitive to the need to secure the stability of sea lanes and neighboring countries in Central Asia for security reasons. These security considerations provide some of the background to OBOR. In addition, China, as it gains confidence by being a responsible member of the international community, is demanding its due voice in multilateral institutions. Nonetheless, emerging countries, including China, perceive that they are underrepresented in the inter-
national community, where they are not allowed to participate in decision-making and even their voices are insufficiently heard. Therefore, developing countries—mostly particularly influential emerging countries—jointly demand that traditional multilateral institutions reform their voting structure, allocation of director seats and staff recruitment, while at the same time, they are also establishing new multilateral aid systems (Gu 2017, p. 142). This increase in voices of the international community does also fit with China’s diplomatic interests (Wang 2017, p. 116).

As often indicated, China has a keen pragmatic economic interest in securing markets and natural resources for its own purposes (Potter 2008, p. 10). Brautigam (2009, p. 86) identifies the reasons for China’s engagement with Africa as (1) to prepare for WTO admission, (2) to secure natural resources, and (3) to diversify its trade, all of which are motivated by economic logic. Wang (2017) further argues that OBOR is a tool to solve China’s domestic problems: (1) excess domestic production capacity, (2) insufficient natural resources, and (3) national security, affected by the domestic economic disparity and unstable neighboring countries in Central Asia. Fujimaru (2019, p. 177) is correct to indicate that OBOR comprises an initiative to amalgamate both the domestic and external policies of China. It should also be noted that China needs to replace the obsolete legitimacy of socialist ideology with continuing economic development. AIIB, NDB and OBOR are also expected to benefit China’s continual economic development.

Secondly, China has been constructing different identities and norms for international cooperation. Unlike traditional donors, China has a shared identity with other colonized nations and has long been a peer for other developing countries in the global South. Drawing on these historical assets, China has constructed a different set of norms in the Five Principles of Peaceful Coexistence, which it has disseminated to its aid recipients. For instance, they have clearly established that win-win cooperation, mutual support and respect, and non-interference in internal affairs are China’s key principles for external assistance (Rowlands 2008, p. 7). The Eight Principles for China’s Aid to Third World Countries offer more practical and pragmatic guidelines for the provision of aid, mentioning “no strings attached”, “equality and reciprocity” and “non-interference in internal affairs”. Such identities and norms are widely accepted and positively appreciated by most developing countries (Peng et al. 2016, p. 12). Such pragmatic norms have driven its bilateral aid, but they can also be interpreted as the key norms of China’s new multilateral aid mechanism. Peng et al. (2016, p. 5) argue that AIIB’s policy took over the earlier principles of China’s external assistance. Article 13 of the Articles of Agreement (AOA) specified that “[t]he Bank shall ensure that each of its operations complies with the Bank’s operational and financial policies, including without limitation, policies addressing environmental and social impacts”. This indicates that the AIIB will not accept the norms of conditionality. What should be noted is that China has gained a global infrastructure to actively disseminate its own aid norms both for and through the AIIB (Peng et al. 2016, p. 6).

Thirdly, it is clear that China has been developing the power necessary to build a new international aid regime under its initiatives. It experienced more than 10 percent annual economic growth during the two decades after its open-door policy, and consequently, it has become the second-largest economic power in the world. Its outstanding economic development provides China with abundant financial resources to build its multilateral platform to provide public goods and to proliferate Chinese aid norms (Peng et al. 2016, p. 4). Nonetheless, China seems to be taking a cautious position in exercising its own power. China may “shape” a new and alternative multilateral order only on the limited occasions where it can expect broad political support from other emerging or developing countries by building coalitions with them (Wuthnow et al. 2012, p. 287). So far, China has been careful to remain a single challenger against traditional multilateral aid. In this sense, although Naim (2007) is very critical of China’s “harmful” “rogue aid”, which unilaterally considers its own exclusive interests, China’s approach to multilateral aid is never unilateral.

The question is then whether China will continue to pursue its careful approach of “watching” multilateral aid. Reilly (2012, pp. 72–73) classifies the donor’s approach to norms into two types. The first of these approaches is for “norm-takers” to passively accept major international aid norms (Reilly 2012, p. 72). Despite its initiatives to
institutionalize a new multilateral aid mechanism, China has been carefully “watching” the operations of other donors. However, this stance is unlikely to realize its huge potential, and China will not realize the maximum benefits of its interests in AIIB, NDB and OBOR. The second approach of “norm-makers” is to actively promote their own alternative set of norms, derived from their own experiences and ideologies. By making and disseminating these alternative norms, China will be able to increase its normative power to maximize its interests through its new multilateral aid. Although its actions are supposed to be embedded in multilateral coordination, China might take full advantage of AIIB to potentially increase its “assertive” claims as it gains more experience and confidence as a leader of its own new multilateral aid.

The normative power of China seems to have been enhanced. China has succeeded in building a coalition with other emerging and developing countries to demand governance reforms of the World Bank and IMF. In 2009, the BRICS Group demanded that the Bretton Woods system (1) transfer 7 percent of votes from developed to developing countries, and (2) nominate two representatives from developing countries to the IMF management. Accordingly, the World Bank pledged to transfer 3.13 percent of votes from developed to developing countries in 2010 (Peng et al. 2016, p. 8). The IMF also prepared to undertake governance reform, although this was delayed due to the resistance of the US Congress (Gu 2017, p. 142). The normative power of Chinese multilateral aid has also increased as a result of the positive reactions of African countries. Some African countries—Ethiopia, for instance—have shown appreciation of the Chinese economic development model and unconditional aid, as well as the introduced state-led governance model of China, which is strikingly different from the Washington Consensus model. As a result, Africa perceives China to be “a reliable economic partner” (Peng et al. 2016, pp. 10–11).

In sum, China has been constructing its own multilateral aid on a global level. It not only has specific diplomatic, security and economic interests in institutionalizing its new multilateralism but it also has singular norms and power, which are widely accepted by recipient countries. While China demands more space and voices within traditional multilateralism, it is also establishing its own new multilateral aid mechanisms on a global level. This does not mean China is posing an immediate challenge to traditional multilateral aid—but it has that potential.

5. Conclusion

5.1 Findings

This paper has discussed the impact of emerging countries on multilateral aid. It found that, unlike the issues of trade and security, the issue of aid is not ruled by the dichotomous debate of “unilateralism or multilateralism”. Although unilateral responses to aid are also seen in some developed countries, they are neither attractive choices nor mainstream aid policy. The empirical cases of Gulf donors and China presented here illustrate that their approaches to multilateral aid differ according to timing and issues. Gulf donors, a culturally and religiously homogeneous group, find it relatively easy to share common norms. Those norms, prevailing among regional members, facilitate the development of their distinctive multilateral aid systems on a regional level (see Table 1). The Coordination Group is a specialized regional coordination mechanism for their aid, which may function in a similar way to DAC. Recently, Gulf donors have also been collaborating with the traditional multilateral aid. China, an emerging superpower, has its distinctive aid norms and the exceptional power to institutionalize its new multilateral aid structure on a global level. While it demands more space and a greater voice for emerging countries within traditional multilateral aid systems, it has succeeded in initiating a new multilateralism through AIIB, NDB and OBOR. It has huge potential to challenge traditional multilateralism. However, for some time, China has been taking a careful “watching” approach towards the operation of new multilateral aid institutions. The approaches and attitudes of emerging countries to multilateralism are diverse according to timing and issues, and they may be determined by what interests, norms and power donors have.
5.2 Implications

What are the implications of these findings? Firstly, although a debate on “unilateralism vs. multilateralism” would not be appropriate in the area of multilateral aid, new and diverse multilateralisms are obviously emerging. Unilateral aid is not undermining traditional multilateral aid. Instead, emerging diverse multilateralisms are repositioning the centrality of traditional multilateralism in aid. In 2009, BRIC countries—before the admission of South Africa in 2011—demanded the establishment of a multi-polar world order, alluding to “the more diversified international monetary system” (Wuthnow et al. 2012, pp. 283–284). Traditional multilateral aid institutions have also already anticipated this change; the ADB has welcomed “the competitive pluralism” in the international aid architecture (Stiglitz 2015). What should be noted is that the initiatives of emerging countries finally succeeded in creating their own multilateralism on a global level. Yet, as frequently mentioned, China has not developed any explicit challenges against the traditional multilateral aid system. Instead, it tries to supplement traditional multilateralism in aid.

Secondly, at a time when diverse multilateralisms in aid are emerging, it is appropriate that donors rethink the relevance and comparative advantages of individual multilateralisms. Donors need to critically consider traditional multilateral aid and revise the relevance and effectiveness of their approaches. This is particularly the case when as many as 250 existing multilateral institutions overlap in their mandates and objectives, resulting in inefficiency (North-South Institute 2011, pp. 5–6). Multilateralism in aid may be in crisis in the sense that some ineffective and inefficient multilateralisms may be sorted out through competitive “market selection”.

Notes
1 This work was supported by a JSPS KAKENHI Grant-in-Aid for Scientific Research (B) 26301016 and (C) 17K03578, and Grant-in-Aid for Challenging Exploratory Research 26590022.
2 Multilateral aid is thought to be more efficient since it facilitates large-scale projects, achieves scale economy and lessens transaction costs (Martens 2005, p. 649; North-South Institute 2011, p. 14).
3 It also implies that, if the power of hegemons declines and they fail to incur the costs of maintaining their international order, and if the benefits derived from international public goods such as international peace and free trade decrease, hegemons may weaken their commitment to the international regime. This may further lessen the provision of international public goods, leading to the destabilization of international politics and the economy (Yamamoto 2008, p. 75). The emerging US unilateralism may illustrate this point.
4 Original in Japanese, translated by the author.
5 As regards other Arab multilateral aid systems, the OPEC Fund for International Development (OFID), based in Vienna, offers development assistance for South-South solidarity. Of twelve OFID members, six members are from Arab nations, which together contribute 65 percent of the direct operations account (Tok et al. 2014, p. 597). The Organization of the
Islamic Conference (OIC) established its own Department of Humanitarian Affairs in 2008 to implement humanitarian assistance and policymaking, as well as engage in policy dialogues with humanitarian NGOs from OIC members (Binder et al. 2010, p. 10). The Gulf Cooperation Council (GCC), composed of Saudi Arabia, UAE, Oman, Qatar and Bahrain, is a “powerful union” to coordinate humanitarian responses among members (Center for Conflict and Humanitarian Studies 2017, p. 4). The Global Donors Forum, functioning as a biennial meeting forum for the World Congress of Muslim Philanthropists, invests in social sectors (Center for Conflict and Humanitarian Studies 2017, p. 4).

6 The Coordination Group is currently composed of the Abu Dhabi Fund for Development, the Arab Bank for Economic Development in Africa, the Arab Fund for Economic and Social Development, the Arab Gulf Program for Development, the Arab Monetary Fund, the Islamic Development Bank, the Kuwait Fund for Arab Economic Development, OFID, the Qatar Development Fund and the Saudi Fund for Development (OPEC Fund for International Development 2018).

7 Similar to its more collaborative approach to debt problems, China has faced criticism for its lack of commitment to environmental protection and aid transparency and has been gradually adjusting its approach. For example, the Export-Import Bank of China released guidelines for social and environmental impact assessment in 2008, and the White Paper on its external assistance was released in 2011 (Brautigam 2009, pp. 12, 303; Reilly 2012, p. 75).


9 Total demands from 2010 to 2020 are estimated at US$8 trillion.

10 NGOs are critical of the framework regarding its weak enforcement mechanisms and short-term and superficial consultations with stakeholders, for instance (Wang 2017, p. 116).

11 Namely, Brazil, Russia, India, China and South Africa.

12 By the end of 2016, more than 100 countries were supporting or participating in OBOR, while 39 countries and international organizations had concluded 46 collaboration agreements with OBOR (Fujimaru 2019, p. 173).

13 Votes of China increased from 2.77 percent to 4.42 percent in 2010 (Peng et al. 2016, p. 8).

14 China’s model is appreciated not only by recipient governments on the African continent but also by civil society (more than 60 percent of civil society groups evaluate China’s contribution as “high” or “to some extent”), and university students (74 percent understand that Chinese-style development provides a positive model for their countries) (Peng et al. 2016, p. 11).

15 The new multilateral aid systems could fill the gap with traditional systems by (1) providing more funds, (2) designing aid programs based on China’s experiences and know-how, (3) generating a deeper understanding of the context of partners, (4) taking broader approach to development, and (5) concentrating on aid for infrastructural and productive sectors (Davis 2008, p. 10).

References


Suzuki, Takashi. 2013. "Kokusai Enjo Shakai ni taisuru Chuugoku no Mikata to sono Gaikoutei Shatei." [Chinese View-


