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The Rise of Asian Emerging Providers: New Approaches to Development Cooperation in Asia?

Proceedings of AFD – TAF seminar,
November 2013

Sachin CHATURVEDI
Timothy GEER
Pooja JAIN
Eun Mee KIM
Elsa LAFAYE de MICHEAUX
Anthea MULAKALA
Tongquan SUN
Serge TOMASI
Siriporn WAJJWALKU

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Proceedings of AFD – TAF seminar, November 2013

COORDINATION:

Laetitia Martinet (AFD)

martinetl@afd.fr

Anthea Mulakala (TAF)

anthea.mulakala@asiafoundation.org

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Publications Director:

Anne PAUGAM

Editorial Director:

Alain HENRY

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1. Foreword

Jean-Yves Grosclaude,^[1] Head, Strategy Executive Directorate, AFD.

It is a great pleasure to open this meeting on a subject that has been a focus of AFD for quite some time. AFD is the French government's agency for development cooperation around the world. The emergence of new providers in Asia has been obvious for the past ten years, and is impacting significantly on our North-South approach to development cooperation. We are now moving towards a much more partnership-based approach to aid that involves exchange, dialogue and mutual understanding. Our modalities for intervention are also changing and diversifying.

All of these matters will be at the heart of discussions in this meeting, and AFD is extremely open to an approach that involves both financial and non-financial aspects. I would like to thank The Asia Foundation for helping to organise this meeting. Its contribution to our understanding is of great value to us at AFD.

Gordon Hein,^[2] Vice President, The Asia Foundation.

It is a great pleasure and honour for me to add my welcome on behalf of The Asia Foundation. We are delighted to co-sponsor and partner with AFD in this Seminar. I would like to thank you all for making the time available to join us in today's meeting.

To a certain extent, today's meeting has grown out of an ongoing series of dialogues on Asian Approaches to Development Cooperation that The Asia Foundation has been co-organising with the Korea Development Institute (KDI) since September 2010. The series brings together academics, government officials, researchers, aid practitioners in a forum for shared learning, new insights and policy recommendations from a range of emerging development providers and established donors from OECD-DAC countries.

Since the start of the series, we have had meetings in Korea, Malaysia, Sri Lanka, China, India and Vietnam, as well as Australia, the US and now Paris, France. We have covered a wide range of issues and in-depth analyses. The timing of this conference series has occurred in parallel to a

[1] Jean-Yves Grosclaude is an agronomist and engineer by training. In his current position, he manages all the actions associated with studies, research, accountability and training. He is also a member of the COP21 Ministerial Secretariat and pilots the process for AFD's climate strategy.

[2] Gordon Hein is concerned with strategy and operational issues related to our programmes, providing guidance to all of The Asia Foundation field officers. He has been a dedicated participant in the Asian Approaches to Development Cooperation series.

tremendous increase in the general awareness and interest in the important and growing role of new actors and approaches within the global aid system. Clearly, the emergence of new actors, new approaches, new modalities and new partnerships in international development cooperation is an idea whose time has come. We are therefore delighted to be partnering with AFD in advancing the discussion of these issues here in Paris.

The Asia Foundation sees its involvement in these issues as the logical outgrowth of our role as an on-the-ground development partner in Asia over the past 59 years since 1954. We are a private, non-profit international development organisation that is headquartered in San Francisco. We operate through a network of 18 permanent country offices throughout the region. I was in Myanmar last month for the official re-opening of our office there after an absence of 51 years!

Our programmes focus on 5 main areas:

- Governance and Law
- Women's Empowerment
- Environment
- Economic Reform
- Regional Cooperation.

We always work through local partners and operate in response to the changing needs and priorities of the countries in which we work. We try to calibrate our initiatives in line with local conditions. In that sense, it is natural that, as more countries in Asia achieve higher levels of growth and development, they want to share their expertise to help other countries in the region. We believe that with our network of 18 offices we are in a good position to facilitate this type of dialogue and promote the exchange of best practices.

In this regard, we are all encouraged to see the strong and growing interest expressed in Busan and the post-Busan dialogues: the renewed commitment to expanding South-South cooperation on all fronts and the search for new bilateral, multilateral and triangular mechanisms to support these kinds of horizontal partnerships. This offers great promise for future development cooperation.

I will conclude by again thanking AFD for arranging and hosting this timely gathering. Given the very important role that France plays in the global development field, we are extremely delighted to be here. I look forward to an extremely productive and stimulating day of discussions.

2. Introduction

On 15 November 2013, the French development agency AFD and The Asia Foundation convened a symposium, “The Rise of Asian Emerging Providers: New Approaches to Development Cooperation in Asia?” The event addressed emerging Asian donors and their approaches to cooperation in Asia. AFD hosted the event at its headquarters in Paris, France.

The guest speakers and presenters featured at the symposium included experts from China, India, South Korea and Thailand, scholars based in France, members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC), and employees from AFD and The Asia Foundation.

China, India and Thailand see themselves as actors in South-South cooperation; rather than the conventional term “donors,” they prefer to be called “development partners” or “Asian Southern providers,” to differentiate their approach and practices from those of traditional donors. South Korea enjoys a special place among regional providers, as a high-income country that has benefited from traditional aid and used it to rise to the ranks of OECD countries (and is now a member of the DAC). Although it is not an Asian Southern provider per se, South Korea also vaunts its approach to aid as differing from that of traditional donors – a synthesis of its recent experience as a developing aid recipient and the cooperation principles promoted by the OECD-DAC.

AFD and The Asia Foundation joined forces in producing this symposium, aiming to improve dialogue, share knowledge, and increase understanding between these non-traditional and traditional donors.

The symposium papers and proceedings compiled in this volume shed light on the specificities of development cooperation as practiced by these Asian providers, highlighting how their aid strategies often prioritise regional issues. India and Thailand, in particular, focus on countries in the Mekong River Basin area: Cambodia, Lao PDR, Myanmar and Vietnam (CLMV).

The aid strategies of Asian Southern providers tend to integrate foreign policy and trade goals, with a guiding principle of “mutual benefit.” Emerging Asian donors question the practices of traditional donors, particularly the logic behind aid supply-and-demand considerations. Indeed, in upper-middle-income Asian countries, traditional donors increasingly direct development funding toward protecting the environment, mitigating climate change, and alleviating social inequalities. In this, traditional donors seek to preserve global public goods, an approach often perceived or reductively presented as supply-side oriented. However, one should not overstate the differences in focus between traditional donors and the emerging Southern providers. The former fund develops projects in a given country only upon request, while heightening their attention to the impact of cooperation policy on their own economic interests. Meanwhile,

emerging Asian donors tend to develop increasingly sophisticated means to investigate, monitor and evaluate projects, and to expand their social aims.

The symposium aimed to foster discussions that would provide preliminary answers to some of these perceived issues, improve the poor state of dialogue between traditional donors and Asian Southern providers, and fill in gaps in mutual understanding – real needs in light of the infrequency of such meetings, given that Asian Southern providers do not attend traditional donor meetings in recipient countries. These discussions strive for improved mutual awareness, sharing of experiences, and the abolition of prejudices and clichés. Experience-sharing includes technical aspects, in accordance with the purview and competencies of aid implementation agencies; it also includes purely political aspects. The symposium allowed implementing agencies to identify common interests for discussion – and this, in itself, supplies a partial solution to the communications problem.

The various mechanisms and tools developed by traditional donors, such as statistics, evaluations, and so forth, may prove helpful to emerging Asian donors. Reciprocally, discussions about the future of aid now taking place within the traditional donor community could benefit from the voices of Asian Southern providers. The latter, by virtue of their respective development histories and their dual status as aid recipients and providers, base their cooperation on different principles; these could shed additional light on development issues worldwide.

The symposium took place as four roundtables. The introductory session provided an overview of the various development cooperation systems used by the emerging Asian donors in attendance. The second roundtable aimed to describe their approaches. The third situated emerging Asian provider cooperation in the larger context of development cooperation in Asia and examined interactions between traditional and emerging Asian donors in the region, assessing the scope of the latter's development activities. The final roundtable discussed how development projects sponsored by emerging Asian donors address the protection of human and natural capital.

The opinions expressed in the papers and proceedings of this volume are those of the authors and do not necessarily reflect the views of AFD or The Asia Foundation.

AFD wishes to thank The Asia Foundation for its essential support in producing this symposium and for mobilising experts based in Asia. We also warmly thank these experts and those from France who attended, whose excellent work has contributed so much to the quality of the symposium and this publication.

3. Session 1: International development systems of Asia's rising development providers

3.1. Introduction

Bernard Esnouf, Head, Strategic Steering Department, AFD.

This first session will be devoted to a general presentation of the organisation of financing systems for development cooperation in four Asia countries. This year, AFD is celebrating the 20th anniversary of its first interventions in Asia. In 1993, I was in fact the first AFD Country Officer appointed in Vietnam and I led AFD's first delegation to the Asian Development Bank in Manila. That marked the start of a long and fruitful collaboration with that Bank. In 2003, I welcomed our first intern/student from China who came to France to study the topic of risk management for sovereign credit at AFD.

The organisation of financing systems for international development cooperation is extremely diversified, arising from policy decisions, administrative traditions, and historical legacies. France has the reputation for having one of the most complex and confusing systems, which includes AFD.

We are privileged to welcome four renowned specialists from China, India, Korea and Thailand to open our discussions today.

3.2. A brief overview of Chinese development cooperation

**Dr Tongquan Sun, Associate Professor,
Rural Development Institute Chinese
Academy of Social Sciences (CASS)**

I am very pleased to have this opportunity to speak to you today. I hope that this exchange will help deepen the understanding between China and both emerging and traditional donors, especially given that, in recent years, Chinese aid has received much attention from the outside world.

There are three main objectives to China's aid:

- encouraging economic growth and development both in developing countries and in China.
- supporting China's position in international arenas.
- reinforcing China's role as an important and influential member of the international community.

There are five main strategies underlying China's aid:

- helping recipient countries build up their own development capacity.
- imposing no political conditions.
- adhering to equality, mutual benefit, and common development.

- remaining realistic while aiming for the best.
- keeping pace with the times by taking into account reforms and innovations.

There are three modalities for the financial resources provided: grants, interest-free loans and concessional loans, which are quite similar to what most other countries do. The forms of aid, however, may be quite different from those of other countries. They include complete projects (which make up the majority), goods and materials, technical cooperation, human resources development cooperation (which is increasing), medical teams, emergency humanitarian aid, overseas volunteers, and relief.

The Ministry of Commerce is responsible for foreign trade in China. By 2011, the cumulative amount of aid provided will reach RMB 350 billion. Grants account for 41% of all aid, followed by concessional loans and interest-free loans. In terms of the geographical distribution of aid, by the end of 2011, China had 116 developing country partners in Europe, Africa, Latin America, the Caribbean, Asia and Oceania, with the bulk being in Africa. The sectoral distribution of aid includes agriculture, public facilities, industry, economic infrastructure, education and capacity development, healthcare, and energy. The biggest percentage of aid is in economic infrastructure.

In terms of the institutional arrangement of China's aid, the highest power sits in the State Council. The Ministry of Commerce is responsible for foreign aid. The Ministry of Foreign Affairs and the Ministry of Finance are also involved in the decision-making process. The Ministry of Commerce provides concessional loans. Three institutions are directly affiliated with the Ministry of Commerce:

- the Executive Bureau of International Economic Cooperation
- the International Centre for Economic and Technical Exchanges
- the Academy of International Business Officials.

As well as these agencies, we have the Chinese embassies and consulates, and local commercial administrations. The Ministry of Education

also provides government scholarships, and the National Health and the Family Planning Commission provides medical teams. The State Development Reform Commission is in charge of science and technology cooperation. The Ministry of Finance and the People's Bank of China donates to the World Bank and some regional development banks. As well as these government agencies, we have an inter-agency mechanism that meets once a year.

There are very few NGOs in China compared to other countries. The Red Cross Society of China is the main force providing emergency aid. The International Poverty Reduction Centre is co-financed by the Chinese government, the World Bank and UNDP. The Chinese Youth Volunteers Association is affiliated with the Communist Youth League. The China Foundation for Poverty Alleviation is the biggest foundation in China with a long history in reducing poverty.



3.3. A brief overview of Indian development cooperation

**Dr Sachin Chaturvedi, Senior Fellow,
Research & Information System for
Developing Countries (RIS)**

The cooperation among emerging economy donors is largely confined to the principles that govern South-South cooperation. India's engagement with other developing countries is within the framework of that South-South cooperation. Many debates are underway as to what those principles are and how they differ from OECD-DAC principles.

India has been engaged in development cooperation for many years. The first conference attended by India was the Asian Relations Conference in 1946 in which 31 Asian countries participated. That commitment and solidarity has therefore been there from the beginning. An excellent book was published by New York University last year on India's philosophy of growth for all, inspired by Gandhi and advanced by Nehru. Under that philosophy, poverty, anywhere in the world, is a curse for all humanity.

Today, we are all exploring the concept of triangular development cooperation. However, in 1956 India and the United States developed a road construction programme for Nepal and Bhutan, a very early example of such triangular development programmes. Until you see the realities on the ground, in particular with partner countries, your programmes cannot work. A new programme was introduced by India in Nepal in 1993: Small

Development Projects. In a recent paper by RIS, we have tried to track down 455 projects in Nepal, none of which costs more than \$10,000. However, they have an enormous transformational impact on individual lives. Administering so many small projects is a complex task but this is an area where India has much expertise to share in the housing of such projects with the local communities. Responsibility has been shifted to the local level resulting in further empowerment and accountability.

Capacity building is considered as particularly important for post-colonial countries. Regarding the modalities of its development aid, India is following a development compact approach. That includes elements of grants, loans and capacity building as well as the idea of trade, investment and technology. That is extremely important if we want to ensure development with our partner countries. There is no point in having aid for agriculture while at the same time maintaining subsidies in our own economies that adversely affect agricultural output of the countries being aided. Policy coherence is extremely important. For example, India is now working with Ethiopia with respect to the Dutch-established sugar cane industry in that country. That industry is now outdated and a number of units have been closed down. India is therefore working to improve the quality of the sugar cane, to improve the processing units, to create a rail network to bring output to the ports, and to provide preferential market access.

2003 was a turning point in India's history of development cooperation. The Finance Minister announced that it was time for India to reinvigorate its commitment to poverty reduction around the world. To date, India has given approximately \$3 billion annually to different countries. The institutional framework is largely based in the Ministry of External Affairs. In 2005, we established a Development Partnership Division within that Ministry. In 2001, The Asia Foundation Seminar in Delhi was the first opportunity for our Secretary in the Ministry of External Affairs to announce the creation of the Development Partnership Administration (DPA) that now consolidates India's outgoing assistance to other countries.

Lastly, in terms of the engagement of other actors, RIS is a think tank within the Ministry

of External Affairs. In January 2013, we formed the Forum for Indian Development Cooperation which works with academics, civil society and the DPA. We hold a monthly seminar and have launched a European Report on Development by three leading European think tanks. That report lays out a road map for how diversities in development cooperation may play a complementary role in strengthening the development process. We have also just released a directory of approximately 100 Indian NGOs that work both inside and outside the country.

India's Centre for Science and Empowerment plays a crucial role in creating debates on development and environmental balance, and we recommend that as a partner in our lines of credit. We believe it is part of our responsibility to advance that roadmap.



3.4. A brief overview of Korean development cooperation

Dr Eun Mee Kim, PhD, Dean and Professor, Graduate School of International Studies; Director, Institute for Development and Human Security, Ewha Women's University

I will provide an overview of South Korean development cooperation. South Korea's story as an ODA donor or development partner starts with its history as a recipient. Korea was a major recipient of official development assistance from 1945 to 1995. However, we became an OECD Development Assistance Committee member in 2010, which is a remarkable case of rapid economic development and poverty reduction since WWII.

When we began as a recipient of ODA and until the 1960s, our country had a very low GNP per capita (less than \$100). In 2010 we hosted the G20 Seoul Summit Meeting where we introduced a development agenda. In 2011, we hosted the Busan High Level Forum on Aid Effectiveness. South Korea has become a poster child for foreign aid. We suffered from the colonial period and the Korean War. We have come a long way in a short period of time since then, in part thanks to foreign aid.

We received considerable grant aid from the US, Japan and the United Nations, starting from less than \$60 per capita GNP. From the 1960s we experienced rapid economic development with export oriented industrialisation. In the 1990s to the present,

we transformed ourselves from a major recipient to an emerging donor. Our GNP per capita was \$79 in 1960. Today, we are close to \$25,000. Our trade dependency was very low but we are now very much a trade dependent country. Our primarily agrarian economy is now a secondary and tertiary economy.

Unlike many countries that suffered from extreme poverty in the 1960s, we had a fairly high literacy rate. That is perhaps an ingredient of our success. ODA to South Korea amounts to about \$12.78 billion in the 50-year period. The bulk of this aid came during the early part of our history. Our dependency on aid was as high as 53% in 1957. As we were a major recipient of aid, that has coloured the way that we want to provide aid to others.

In terms of Korea as a donor, we began providing technical assistance as early as 1963. This is a trait we find over and over in Asian development partners: even when we are receiving assistance from other countries we are very quick to provide any support or knowledge sharing that we can. In 1987, we established the Economic Development Cooperation Fund that handles our concession loans under the Ministry of Strategy and Finance. In 1991, we established our Grant Aid Agency, which is responsible for 80% of our grant aid. We have now reached just over \$1.56 billion, which is still quite low compared to the average for OECD-DAC members. However, these figures do not include our assistance to North Korea, which is quite sizeable.

Our ODA has a strong focus on Asia. Our support for Africa has been increasing quite rapidly, however, and now amounts to about 18%. In terms of our country focus, two Asian countries are on the top of our recipient list: Cambodia and Vietnam. In terms of our sectoral distribution, we are doing more on social infrastructure, partly in response to OECD-DAC's peer review recommendations. We provide considerable assistance for the least developed countries, based on the needs of the recipient partner. In low and middle income countries, our national interests show slightly more strongly. Our current ODA institutional mechanism has the Prime Minister's Office at the top, followed by the Committee for International Development Cooperation, the Ministry of Strategy and Finance, and the Ministry of Foreign Affairs. 77% of our aid is bilateral as opposed to multilateral aid. The share between grants is 60-40.

ODA assistance has increased rapidly but is still low compared to the OECD-DAC member countries. We emphasise the humanitarian needs of developing countries and the need for global poverty reduction. However, our development cooperation funds tend to be used more for humanitarian needs-based development cooperation for the least developed countries. For more advanced developing countries our national interest in trade and investment tend to show more prominence.

For ODA grants, we do much in education, health, agriculture, forestry and fishing. This is quite different from some of our European counterparts whose support is more focused on governance and democracy. We do considerable concessional loans for economic infrastructure, which many European donors have moved away from.

South Korea is in an interesting position among Asian donors. On the one hand, we strongly agree with China and India on the development partnership philosophy. On the other hand, we also aspire to be a good global citizen and we try to follow the OECD-DAC recommendations. That means that we are a good bridge maker between different communities in the global development cooperation world.

South Korea's challenges include the need to increase volumes, provide more support for less developed countries, and provide more support for Sub-Saharan countries. South Korea's message as a new donor is that it has overcome poverty, war, political instability and a lack of resources that many developing countries still face today. Many developing countries therefore see South Korea as a successful and inspiring case. We have become a vision of hope for many developing countries that come to us for our cooperation. Going forward, we hope to play a very important role in the global community.

3.5. A brief overview of Thai development cooperation

**Dr Siriporn Wajjwalku, Associate Professor,
Faculty of Political Science, Thammasat
University**

Thailand is a small country that started providing aid in 2003/2004. We have quite a different rationale for that aid than India, China or Korea. In terms of our history, until 1993/1994 Thailand was a recipient of aid from major countries such as the United States. We embarked on the road of industrialisation and that required much capital and technology. In 1993/1994, our GNP (per capita) was approximately \$1,400 but we still required assistance for our major projects.

In the 1990s, we were both receiving aid and starting to provide aid ourselves. This was done in an informal manner through institutions linked to the Royal family. In 2000, and in particular in 2003, our former Prime Minister Thaksin had a vision of Thailand's position in the region. He delivered two very significant speeches, first on the New Era of Thailand's Foreign Policy and second on the Future of Asia. He tried to show that Asia should support Asia. Due to its geographical location, Thailand is in a good position to support its neighbouring countries.

Our first motivation in providing assistance to our neighbours is therefore the building up of cordial relationships. We have border issues with some of our neighbouring countries and we believe that providing assistance will be helpful in this area. At the same time, it is

necessary to focus on the Asian continent as a whole. In 2005, in order to further institutionalise this policy, the Neighbouring Countries Economic Development Cooperation Agency (NEDA) was set up.

Our second motivation is to make Thailand a leader in the region. From the economic point of view, Thaksin focused on the economic development of the country and the region. Bilateral economic cooperation is key here. The process of regional integration – in particular ASEAN integration – is moving very fast. By 2015 we aim to have achieved a regional community. We hope that these kinds of policies will support connectivity among countries in the region.

We share the same philosophy as China: we want to support our neighbouring countries to enable them to stand on their own feet after a few years. That is, we want to help them engage in self-help. At the same time, mutual benefit is essential for us. We believe that their development will also contribute to ours. When we get to the project level, we talk with our neighbouring countries in order to develop tailor-made projects. We have three different modalities: bilateral, multilateral and regional. Our main framework for development assistance is the bilateral one. In the multilateral framework, we have triangular programmes that include both North-South and South-South. The regional framework is the ASEAN framework.

Our priorities include Cambodia, Laos, Myanmar and Vietnam. Among these four countries, Thailand is a middle income country. Our sector priorities are agriculture, health, and education as these are the sectors in which we have expertise. We have two main institutions: TICA (which provides grants and technical assistance) and NEDA (which provides loans and technical assistance). TICA's technical assistance focuses on capacity building and human resources development. For NEDA, technical assistance means feasibility studies for the loans that NEDA will later provide or for the training of government officials once a project is completed. Development assistance is also provided through all the other government ministries, and managing these scattered organisations can be a challenge. TICA has tried to resolve

this problem by acting as a coordinator but has not been totally successful in this task.

TICA is now located within the Ministry of Foreign Affairs, which includes both diplomats and practitioners, and they sometimes have difficulty in understanding the way each other works. This is also a challenge for Thailand today. NEDA is a newer organisation that sometimes lacks experience.

Last but not least, we have the Office of Royal Development Projects Board, an organisation that has been quite successful, in particular in Laos. The assistance provided by the ORDPB may not be significant in terms of the fund volumes but is significant in terms of its success.



3.6. Question and answer session/discussion

Bernard Esnouf:

We have seen the differences that exist in these four countries but also the similarities. First, the involvement of both Finance and Foreign Affairs ministries in the assistance frameworks. Second, the complementarity between the use of loans and grants. Third, the regular recourse to reforms, reviews and re-organisations of aid frameworks, which is also the case for traditional donor countries.

I will now open the floor to questions to our Panel members.

Q. Vicki Paul, New Zealand DAC Delegate to the OECD

Australia and New Zealand being in the southern hemisphere, we are very much part of the Asia-Pacific region. Our perception is therefore that of a donor in the region even though we have been donors for a longer period of time. We have a partnership with China for a development project in the Cook Islands. We found China to be a much easier development partner to work with than many of our more long-standing donor partners, including Australia. We found we had many goals in common and our partnership is working very well. With respect to India, I agree that South-South cooperation is very important, as is the wealth of experience that India has to share. With respect to Korea, we have just undertaken a peer review of Switzerland with Korea. We learnt much from

them and saw the interest from recipients in learning of Korea's own development process. We also work closely with Thailand and have seen it make the transition from being a development partner to being a donor colleague.

Our volumes of ODA are not as high as those of European countries but the quality of our partnerships is very important. We also face difficulties when it comes to working with both our Foreign Affairs colleagues and our development technical experts. We have, however, over the past three years come to a common ground. Keep talking is therefore my advice in this area.

Q. San He Ong, Second Secretary, Korean Delegation to the OECD

What is your view of the position of emerging economies such as China and India in the changing global development context? Distinctions between North and South are becoming blurred, and intense discussions are underway on the post-2015 agenda. Once we agree on the new development goals, it may be necessary to discuss the financing of the new goals.

Q. Valerie Ongamar, Swiss Agency for Development Cooperation

Dr Kim mentioned some of the domestic challenges being faced, namely more ODA and coordination. What is the public perception in

Korea and in other countries with respect to overseas development cooperation?

**Q. Michael Laird, OECD Secretariat,
Development Cooperation Directorate**

I work on the relations between the DAC and countries that are not members of the DAC, three of whom are here today. The DAC has done much work recently to be more open and inclusive. Korea joined the DAC in 2010 and we have welcomed four new countries this year. We hope to welcome Slovenia as a member in December. We are also working more in collaboration with non-DAC countries such as China or Thailand. There is significant diversity among the non-DAC countries here today, within the DAC itself, and within South-South donors. Sachin Chaturvedi mentioned a reflection on the principles of South-South cooperation. Would you bring us up to date on some of these debates? To what extent should we continue to focus on North-South differences rather than on our similarities?

A. Eun Mee Kim

The public perception of development cooperation is very positive in Korea which has a very optimistic attitude to the issue. We conduct regular polls on this and they show that over 80% of people have a positive view on ODA. When the Haiti earthquake occurred, the government initially pledged \$1 million and this was more than matched by a civil society campaign. The government therefore increased its support for Haiti.

The government recently announced that it would produce the first ODA White Papers by the end of this year. The number of NGOs involved in development cooperation has

also increased. They are also very vigilant in ensuring that the Korean government fulfils its promise to increase ODA volumes relative to GNI.

A. Sachin Chaturvedi

Finding the right balance between External Affairs and Finance is also a challenge we face. The ongoing institutional evolution should bring some equilibrium here. In India, the grants and capacity building programmes are led by the Ministry of External Affairs but the loan component comes from the Ministry of Finance, which is also the agency for incoming assistance. Unfortunately, the linkage between the outgoing and incoming has not occurred to date. That is extremely important.

Regarding post-2015 financing, the Eminent Persons Report of the UN has also emphasised the role of South-South cooperation. That cooperation is demand driven. Expecting us to come forward in terms of setting out some global goals is not exactly South-South cooperation.

Regarding the issue of public perception, a recent report shows that public perception in India is embedded in the solidarity philosophy. No evidence that is critical to Indian engagement was found. The idea of mutual assistance underpins that entire engagement.

Finally, regarding the principles of South-South cooperation, Turkey will host a conference on this topic in December. A core group of 16 countries engaged in such cooperation will now try to evolve that framework and identify the indicators that are important for the formulation of the framework for cooperation.

A. Tongquan Sun

Regarding public perception of China's aid, public opinion is very contradictory. Some are very critical of the government assistance to other countries as they feel that domestic issues should first be resolved. Two years ago, after an accident involving a school bus in a rural area of China, it was announced that China had donated 23 school buses to a European country. That announcement led to strong criticisms of the government.

Civil society organisations in China have now become active in foreign aid. The China Association for International Exchanges of NGOs has regular contact with other international NGOs and has organised a network in China for smaller NGOs in the country. That activity is sponsored by a German foundation. The government is starting to pay attention to the work of such NGOs and is starting to explore the use of these NGOs in international development cooperation.

A. Siriporn Wajjwalku

I agree with the New Zealand speaker on the need for continued discussions between Foreign Affairs and Development Cooperation colleagues. Another critical matter is the issue of career paths which are quite different for diplomats and practitioners.

Regarding the financing of development, finance is clearly important for global issues that require large volumes of money. However, for Southern donors with limited resources, the lessons learned are also very important and they can be shared with our neighbouring countries. We share the same conditions and we can share our experience. In this area, I firmly believe in a division of labour. China and India, for example, have higher incomes and can perhaps contribute more. We can also contribute to specific issues in specific countries.

Bernard Esnouf

I would like to thank our speakers for their responses.



4. Session 2:

Asian emerging providers in Asia – specific approaches and strategies for development cooperation

4.1. Introduction

Laurent Amar,^[3] Deputy Head, Asia Department, AFD

The goal of this Seminar is to know each other better and shake off a number of stereotypes with respect to emerging providers – some of whom have in fact been involved in cooperation for a long time.

Regarding the main objectives of emerging providers, the following points will be explored in this session. First, what are the providers doing in Asia? Second, how important is regional cooperation in South-South cooperation? That could act as an inspiration to us all. Third, in what way is the approach of these providers specific and what added value do they bring to recipient countries?

These points are addressed by the following series of papers presented below. We first explore China's foreign policy development and study the Chinese contribution to international development cooperation by specifically looking at their aid work in Cambodia. The second paper studies the motives and challenges of Thailand's contribution to neighbouring countries and discusses the future prospects and challenges of the expansion of their activities beyond the region. India's engagement with Africa and Asia is then looked at, through an overview of the dynamics of their foreign policy and development cooperation framework. Malaysia's potential as an emerging donor, particularly in the field of technical cooperation, is discussed in the last paper which presents the country's foreign policies and past and current initiatives in the region. Review of these papers will provide greater perspective of how emerging providers are changing the development cooperation landscape.

[3] Laurent Amar is a career diplomat with 20 years of experience in European affairs and international negotiations. Since 2012, he has worked for AFD as Deputy Head of the Asia Department where he is in charge of Central and South Asia.

4.2. China's approaches to international development cooperation

A case study of its aid to Cambodia

By Sun Tongquan and Zhou Taidong^[4]

Abstract

This paper aims to unpack China's approaches to foreign aid by describing and analysing Chinese aid to Cambodia. It also seeks to address some of the concerns in the large existing literature on "emerging donors" in general and on China in particular. The paper starts with a brief overview of the evolution of China's foreign aid. It then highlights some of the basic guiding principles and modes of aid delivery to illustrate how Chinese aid approaches differ from those of the Western established donors. A case study on Chinese aid to Cambodia in the fourth section focuses on aid volume, sectoral distribution, and effectiveness and impacts in the country. The paper concludes with a summary of the research findings and a discussion of the challenges China faces in further expanding its foreign aid.

[4] Dr. Sun is an associate professor at the Rural Development Institute of the Chinese Academy of Social Sciences (CASS), and Mr. Zhou Taidong is a PhD candidate at Chinese Agricultural University and serves as senior program officer at The Asia Foundation China Office.

Introduction

China started its foreign aid efforts in the 1950s. Though often described as an emerging donor, China is in fact one of the oldest aid providers, even compared with some of the traditional Development Assistance Committee (DAC) members. However, it should be noted that China's aid program has only recently attracted much international attention. Reasons for this include China's rising economic and political power and the rapid increase of aid budget in recent years. Attention has also focused on how China's approaches to aid differ from those of traditional DAC members, and how these may impact development outcomes and existing international aid structures. Despite positive views of the new opportunities for economic development in recipient countries (for example, Woods, 2008, Brautigam, 2010), China's aid is often viewed with caution in the international donor community and regarded as a challenge to the established aid regime embodied by the DAC (Manning, 2006; Naím, 2007; Opoku-Mensah, 2009).

How does China approach international development cooperation? How do its efforts differ from those of traditional DAC donors? This paper will unpack these questions via a case study approach, by describing and analysing China's aid to Cambodia. The next section begins with a brief overview of the evolution of China's foreign aid. A third section highlights some of the basic principles guiding China's operation and delivery of foreign aid, since the authors see these as the features most distinct from those of DAC members. This will lead into the case study on China's aid to Cambodia. The paper concludes with a summary of the research findings and a

discussion of the challenges China faces in further expanding its aid efforts.

The authors selected Cambodia as the case study target for two reasons. On the one hand, China has given aid to Cambodia since the mid-1950s and most recently has become an important provider of development assistance to the country. On the other hand, as a least-developed country, Cambodia has seen increases in aid over the recent years, and more than 40 multilateral and bilateral donors currently operate aid programs in the country (CDC, 2010). This gives an excellent vantage point for a comparison of both Chinese and traditional DAC donor operations.

4.2.1. China's foreign aid—a brief overview

China's foreign aid history can roughly be divided into three phases. The first period extends from 1950, when China first provided material assistance to North Korea and Vietnam, to 1978, when China adopted its reforming and opening-up policies. During this period, Chinese aid sought to help post-colonial countries modernise and become self-reliant, increase the number of countries friendly to China, and gain international recognition. After 1978 and until the late 1990s, China adjusted the scale, arrangement, structure and sectors of its foreign aid, and shifted official policy toward mutually beneficial development projects. Budgets for grant aid were decreased in favour of exploring options for foreign aid using other funds and means. For example, in 1993, the Chinese government set up the Foreign Aid Fund for Joint Ventures

and Cooperative Projects to support Chinese SMEs seeking such partnerships in recipient countries. In 1995, China began to provide medium- and long-term low-interest loans to other developing countries through the Export-Import Bank of China. Institutionally, the Ministry of Foreign Economic Liaison, specifically responsible for China's foreign aid in its early stages, was relegated to agency status. In the meantime, the scale of technical training gradually enlarged. The turn of the new century witnessed the third stage of China's aid history: China's aid budget has increased rapidly, averaging 29.4% annually from 2004 to 2009 (IOSC, 2011). In addition to selecting aid projects through bilateral channels, China has also used various international and regional forums (such as the Forum on China-Africa Cooperation [FOCAC] and China-ASEAN Leaders Meeting) to announce its foreign aid policies.

China provides three main financial resources for foreign aid: grants, interest-free loans and concessional loans. The first two come from China's state finances and are managed by the Ministry of Commerce (MOFCOM), while concessional loans are administered by the Export-Import Bank of China, using subsidies from the foreign aid budget. Grants are often used to help conduct social welfare projects, such as building hospitals, schools and low-cost housing, and to provide technical assistance, assistance in-kind and emergency humanitarian aid. Interest-free loans, usually provided for a period of 20 years, help recipient countries construct public facilities and launch projects to improve people's livelihoods. Concessional loans mainly assist productive projects that generate both economic and social benefits as well as large and medium-sized infrastructure projects, or

else provide complete plant, mechanical and electrical products, technical services and other materials.

China offers foreign aid in eight forms, including complete projects, goods and materials, technical cooperation, human resource development, medical teams, emergency humanitarian aid, in-country volunteer programs, and debt relief. While complete projects are a major form of China's foreign aid, accounting for 40% of aid expenditure, China has recently and sizeably increased its expenditure in human resource development and emergency humanitarian aid. China also wrote off many mature debts from about 50 countries, amounting to RMB 255.8 million, at the end of 2009 (IOSC, 2011). Major sectors of China's aid include agriculture and rural development, industry, economic infrastructure, public facilities, education, medical and health care, and clean energy (hydropower, bio-gas, solar).

According to China's 2011 Foreign Aid White Paper (IOSC, 2011), Chinese aid mainly goes to Africa (45.7% in 2009) and Asia (32.8% in 2009), but also covers countries in Latin America and the Caribbean (12.7% in 2009), Oceania (4% in 2009) and Europe (0.3% in 2009). China provides aid mainly through bilateral channels, but also supports and participates in aid programs initiated by international organisations such as the United Nations. Most recently, China also cooperated with the United Kingdom and Australia on trilateral cooperation initiatives.

4.2.2. China's foreign aid – a model with its own characteristics

"Adhering to equality and mutual benefit, stressing substantial results, and keeping pace

with the times without imposing any political conditions on recipient countries, China's foreign aid has emerged as a model with its own characteristics."^[5]

In its 2011 White Paper on Foreign Aid (IOSC, 2011), China claims that its foreign aid has emerged as "a model with its own characteristics." What is this model and how does it differ from that of other countries? While there have been plenty of discussions in this regard, few have clearly answered such questions. This section seeks to examine this model through two perspectives – basic guiding principles and approaches of delivering aid – that the authors see as distinguishing Chinese practices from those of traditional DAC donors. This analysis aims to justify several aspects of China's aid policies and practices.

• Basic guiding principles for China's aid policy

China's aid strategies and policies are not static and have undergone great changes over the past 60 years. For example, ideologies and values were the dominant factors in the first phase of aid, but after the 1980s economic factors acquired greater prominence. However, the basic guiding principles for today's aid policy were actually formulated about half a century ago and remain largely unchanged. These principles include "equality and mutual benefit," "respecting the sovereignty of recipient countries and imposing no political

conditions," "self-reliance," and "substantial results." These are discussed in detail below.

The first of the "Eight Principles for China's Foreign Aid" declared by China's former premier Zhou Enlai in 1964 (see Appendix I for detail) explained that "[t]he Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual." In other words, China admitted from early days that aid is not a unilateral gift and that it aims to benefit both the recipient country and China. This is still the primary guiding principle of China's foreign aid policy to the present day. This principle is legitimate for China because it has been, and still is, a developing country facing many challenges: a large poor population, uneven development, weak social security schemes, and environmental degradation. Despite being the second largest economy in the world, China has a gross domestic product (GDP) per capita in 2012 of about USD 6100, according to the World Bank – even lower than some of China's recipient countries, such as Mauritius and Gabon in Africa.^[6] China also ranked 101st among 187 countries on the Human Development Index (HDI) in 2012.^[7] For such reasons, China finds it difficult or impossible to justify aid on totally altruistic grounds, at least to its own citizens (in fact, no country ever gives completely altruistic aid). This leads to China regarding itself as a typical South-South cooperation partner rather than as a donor,

[5] Information Office of the State Council (IOSC) (2011), China's Foreign Aid, Foreign Languages Press Co. Ltd, Beijing, p.1.

[6] In 2012, Mauritius' GDP per capita is about USD 8700 and Gabon is more than USD 11,400. See: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

[7] UNDP (United Nations Development Programme). (2013), Human Development Report 2013: The Rise of the South–Human Progress in a Diverse World, New York.

and emphasising mutual development over “donor-recipient” relationships.

China adheres to the principle of “respecting the sovereignty of recipient countries” and “imposing no political conditions.” China’s own development experience shows the importance of local experimentation in economic policy. Chinese officials and experts do not believe that outsiders know more about how to develop a country effectively than the country’s own citizens, given historical, cultural and political differences. Therefore, for China, “the path to successful development lies in a country’s independent choice of the path and mode of development suited to its actual national conditions.”^[8] “Conditionality,” often advocated and used by Western established donors, means an intervention in the internal affairs of a recipient country. Moreover, the specific “conditions” attached to aid are often inconsistent with the economic and political reality of a country and thus impede its sustainable development. China believes that aid without political conditions reflects its respect for recipients (echoing “equality”), gives those countries opportunities to develop their own strategy in line with their own political, social and economic conditions, and can thus reinforce the ownership of aid efforts in the recipient countries. China firmly believes that only the government of the recipient country can judge what reforms may be necessary for its own development, and that it should take the driver’s seat in identifying project needs and proposing requests. This explains why China’s aid is demand-driven and request-based.

China also attaches great importance to “self-reliance” and “substantial results.” The Eight Principles state that Chinese aid aims to “help recipient countries embark on the road of self-reliance and independent economic development.” When the former Soviet Union abruptly withdrew its aid from China in 1960, the Chinese leadership learned a severe lesson about aid dependence, and since then has advocated the spirit of “self-reliance and hard work” – later espoused as a key foreign aid principle as well. As the Foreign Aid White Paper states: “practice has proved that a country’s development depends mainly on its own strength” (IOSC, 2011, p.5). This coincides with the principle of “stressing substantial results.” China believes that aid should primarily promote economic growth in the recipient country: only once the economy has developed can one afford to address issues such as reducing poverty, improving education and health care, and building a clean government. Aid can help developing countries achieve economic independence through tapping the potential of their domestic resources, be they natural or human.

• Chinese aid approaches in delivery

Such key principles have impacts on the ground and help shape the ways China delivers its aid. To guarantee respect for state sovereignty and a mutually beneficial relationship, China provides aid on request from the recipient countries, while using tied aid for most of its programs. China either provides assistance in kind or requires that Chinese goods and materials be purchased

[8] Hu Jintao (2005). “Promote Universal Development to Achieve Common Prosperity.” Written statement by Chinese President Hu Jintao at the high-level meeting on Financing for Development at the 60th Session of the United Nations, New York, September 14, 2005.

or Chinese contractors be awarded any infrastructure contract financed by interest-free or concessional loans –often low cost, high quality and rapid. In delivering its aid, China also adopts a business-oriented management model and a so-called “trinity-style” approach, combining aid with other means of economic engagement, such as trade and investment. The business-based and joint-venture-based aid project management model introduced in the 1990s not only has the potential to enlarge aid finance and sustain aid programs,, but also provides Chinese companies with an entry to host markets, where they may bid for other independent commercial contracts and expand their businesses (Li, 2013).

In line with the emphasis on substantial results and self-reliance, China’s aid programs have prioritised economic growth in recipient countries. China concentrates most of its programs in economic infrastructure and production support, such as roads and bridges, agricultural demonstration centres, and local plants (e.g. paper mills, sugar refining plants, and textile and tobacco factories) that can draw on local materials and process them at low cost. This contrasts with cross-cutting programs on issues such as governance, democracy and gender equality, as emphasised by established Western donors. Economic infrastructure has become a key aspect of China’s aid, not simply because China has a comparative advantage in this area, but because it sees infrastructure as a primary bottleneck in recipient countries, one that impedes poverty reduction and economic development. As a common Chinese saying puts it: “If you want to be rich, build roads first.”

In the same vein, in contrast to the active roles of non-governmental organisations (NGOs) in

many DAC donor projects, China largely uses its own state-owned enterprises (SOEs) in designing and delivering aid projects. Though SOEs are not officially included in the aid policy formulation process, they do play roles in different stages of China’s aid program: helping recipient countries prepare aid requests, conducting preliminary project assessment, and implementing aid projects. The need to deepen economic interdependence has driven this SOE involvement: China believes that engaging for-profit enterprises in aid projects can generate resources and promote employment and economic growth for both sides.

4.2.3. China’s aid to Cambodia

Cambodia, as a least-developed country, still relies heavily on aid from other countries and multilateral agencies to finance its development. Foreign aid has contributed greatly to the country’s economy, especially since the General Election in 1993 (Chanboreth and Hach, 2008). In 2010, Cambodia received a total of USD 1.075 billion, equaling 9.4% of its GDP and USD 78 per capita, with Japan, China, Australia, USA and Germany being the first five largest bilateral donors (CDC, 2011). Currently, more than 40 multilateral and bilateral donors operate in the country. This section will look at China’s aid to Cambodia from the perspectives of aid volume, sectoral distribution, and effectiveness and impacts.

• Evolution of China’s aid to Cambodia

China started sending aid to Cambodia in the mid-1950s, when the countries signed their first economic aid agreement – 8 million pounds sterling in grants to provide materials and goods and to complete projects (such as a textile mill, plywood mill, paper mill and

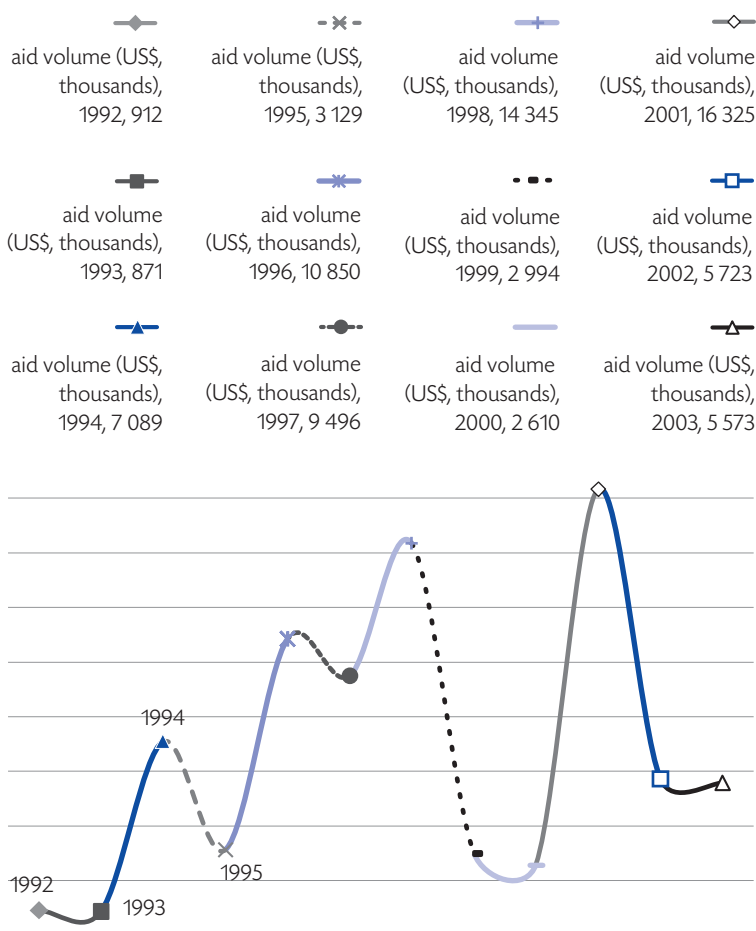
cement plant). From 1956 to 1989, China offered considerable military assistance to Cambodia, alongside economic and local development that did not anticipate economic returns (Xue and Xiao, 2011). China used a mechanism called “Ministry-in-Charge-of-Whole-Project System,” whereby the State Planning Commission designated a ministry

to take responsibility for implementing the projects in Cambodia.

Starting in the 1990s, Chinese aid to Cambodia shifted to the strategy of “mutual benefit,” which stressed foreign aid provision within the reach of China’s abilities and in accordance with its national conditions. An enterprise-

Figure 1

China’s Aid to Cambodia: Volume (1992-2003)



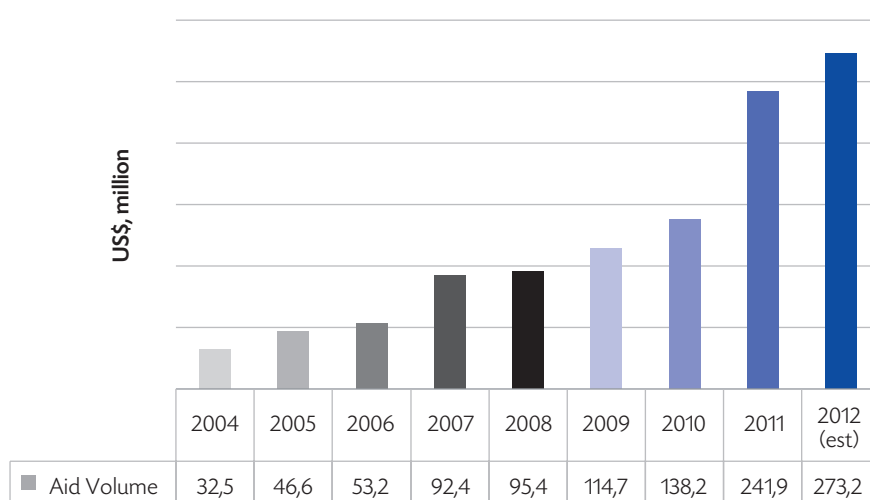
Source: Data from CDC (2008) and CDC’s ODA Database (2008); chart created by the authors.

contracting mechanism came into use for project implementation (Xue and Xiao, 2011). From 1992 to 2003, aid volumes from China to Cambodia fluctuated widely, ranging from USD 871,000 in 1993 to USD 16.3 million

in 2001 (see Figure 1). The reasons for such fluctuations are unclear, but might include such factors as changes of government in Cambodia, the Asian financial crisis in 1997, and the development of bilateral relations.

Figure 2

China's Aid to Cambodia: Volume (2004-2012)



Source: Data from CDC's ODA Database (2013); chart created by the authors

Since 2004, China has steadily and significantly increased its aid to Cambodia (see Figure 2) averaging about 32.9% annually from 2004 to 2012, with total support of USD 10.88 billion for this period. According to the Council for Development of Cambodia (CDC 2011), China's aid represented 12.8% of total flows to Cambodia in 2010 and is expected to reach about USD 211 million in 2011, making China the largest bilateral donor to the country.

(According to CDC's ODA Database China actually disbursed USD 241 million in 2011.) Estimates of China's aid to the country in 2012 are expected to total USD 273.2 million. Most recently, when Cambodia Prime Minister Hun Sen visited China in April 2013, the countries signed agreements allotting USD 500 million in soft loans and USD 48 million in grants to improve Cambodia's infrastructure.^[9]

[9] Prak Chan Thul (2013). "China Pledges USD 548 million in aid to ally Cambodia", Reuters, <http://www.reuters.com/article/2013/04/10/us-cambodia-china-idUSBRE93909D20130410>

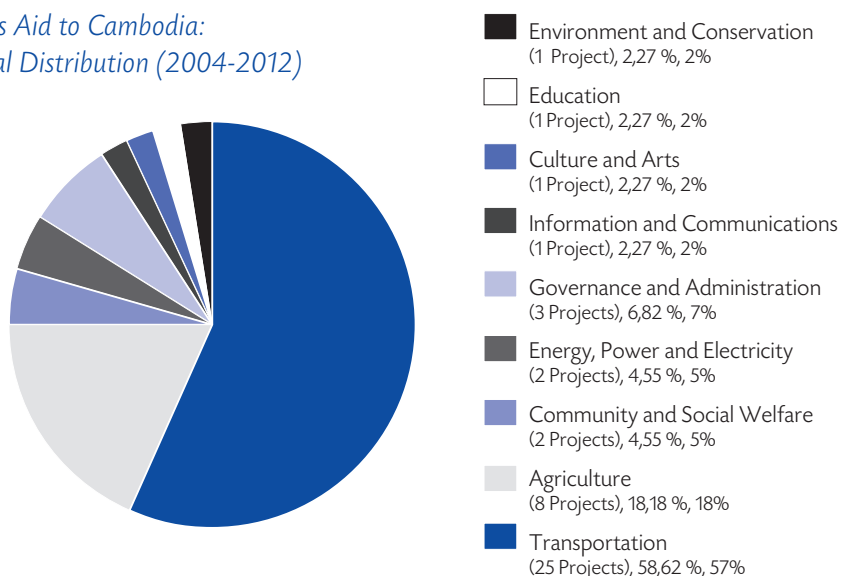
• Sectoral distribution

China has concentrated its aid to Cambodia in economic infrastructure, particularly in the transportation sector. Among the 44 projects published in the CDC ODA Database^[10] from 2004 to 2012, 25 are transport-related (see Figure 3), accounting for 57% of the total number of projects. According to Jin *et al.* (2010), China had a 50.26% share in the total disbursement (gross) of all official donors to Cambodia's transportation sector for 2005 to 2008. China's other aid projects – categorised by CDC in sectors such as agriculture, energy, power and electricity, as well as information and communications – also focus on economic

infrastructure. This contrasts sharply with DAC donor activity in Cambodia. Although economic infrastructure and services account for an average of 24.4% of their aid from 2008 to 2012 (largely because of Japan's contributions), DAC donors devoted most of their resources to social sectors such as health, education, and cross-cutting issues (see Figure 4). Nevertheless, China has tried to diversify its aid to the country in recent years. It has supported projects such as restoration work at the Chau Say Tevoda Temple of Angkor, and institutional capacity-building in anti-trafficking and anti-smuggling efforts, as well as in disaster management (see Appendix 2).

Figure 3

China's Aid to Cambodia: Sectoral Distribution (2004-2012)

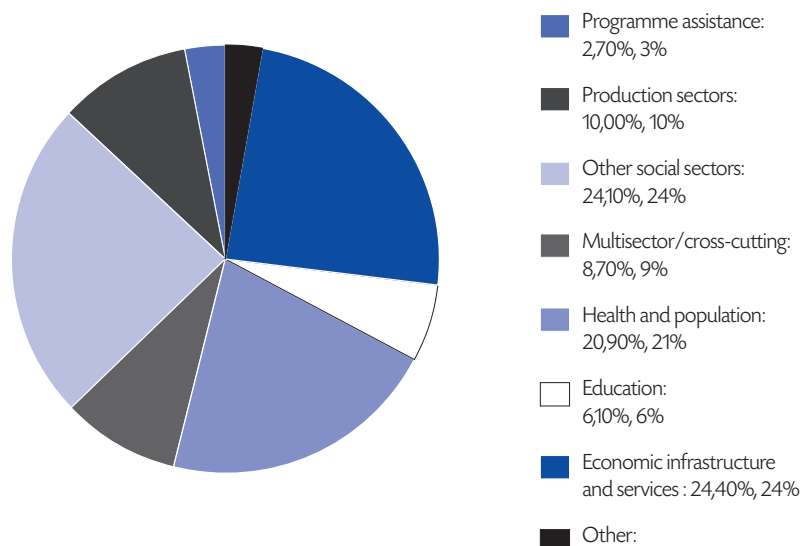


Source: Data from CDC's ODA Database (2013); chart created by the authors

[10] The ODA Database is developed and maintained on behalf of the Royal Government by the Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC). The ODA Database is an on-line Microsoft Access-based system, developed and improved over a number of years by the staff of CRDB/CDC. While the ODA Database is Government-owned and managed, the responsibility for entering data lies with development partners. See details at CRDB/CDC website: <http://www.cdc-crdb.gov.kh/database/index.htm>.

Figure 4

*Sector Distribution of DAC Donors in Cambodia:
five-year average (2008-2012)(2004-2012)*



Source: OECD/DAC (2013)

• Methods of delivery

As noted in the CDC's ODA Database, most of China's aid commitments to Cambodia take the form of concessional loans, and the grant element is relatively small. Among the 44 projects published in the CDC Database, only 6 are grants amounting to less than USD 4 million, in contrast with the other 38 projects financed by concessional loans with a total budget of about USD 2.7 billion.^[11] However, one should note that the project list on the ODA Database is not very complete. For example, the database does not include

the provision of security equipment before the opening of the 20th ASEAN Summit in 2012, as disclosed on China's Economic and Commercial Counsellor's Offices website.^[12] Therefore, one could expect that the actual grant expenditures might be larger.

Meanwhile, most of the projects funded by concessional loans take the form of complete projects, a major form of China's foreign aid: this refers to productive or civil projects constructed in recipient countries with the help of Chinese financial resources (IOSC, 2011). In these cases, China takes responsibility

[11] Numbers are calculated by the authors based on the "Project Personal & Additional Information" for projects funded by China available on the CDC website: http://cdc.khmer.biz/projectlist/project_list_readonly.asp?OtherDonor=29&status=0

[12] See Economic and Commercial Counsellor's Office of the Embassy of China in Cambodia (2012a): <http://cb.mofcom.gov.cn/article/zxhz/tzdongtai/201201/20120107934891.shtml>

for the whole project or parts of the process, such as feasibility studies, surveys, design, and construction. China also requires purchase of all or part of the equipment and building materials from China, and the use of Chinese engineers and technical personnel to organise and guide the construction. Therefore, concessional loan funds are fully or partially tied.

China provides Cambodia with other forms of aid, though on a smaller scale, such as goods and materials, humanitarian and emergency aid, human resource development, and debt relief. For example, in 2008 China provided office equipment and vehicles valued around USD 217,500 to the Senate of the Kingdom of Cambodia and the Ministry of Parliamentary Relations and Inspection (see Appendix 2). China also provided USD 1.5 million in cash support and RMB 50 million in goods and materials to support flood relief responses in 2011,^[13] and USD 500,000 in 2010 to assist responses to a stampede accident.^[14] In addition, from 2010 to 2012, more than 151 training programs were held in China for 494 officials, managers and technical personnel from Cambodia.^[15] Notably, China also cancelled all duly-matured debt once and for all in 2002.^[16]

China provides most of its aid through bilateral channels—direct discussion and

negotiation with the Cambodian government. However, China also works with multilateral organisations, such as the United Nations Development Programme (UNDP) and the Asian Development Bank (ADB), in delivering assistance in Cambodia. For example, since 2011 China has worked with UNDP in a trilateral effort to provide technical assistance in cassava cultivation—both in planting and improving quality standards and processing for cassava export products.^[17]

• Transparency and harmonisation

Various studies often point out that China seldom participates in aid coordination meetings and discloses very little official information regarding its development assistance activities at the country and project level (Strange *et al.*, 2013). Though this may remain generally true, our research shows that China's aid in Cambodia is an exception. Since 2007, China has participated in all sessions of the Cambodian Development Cooperation Forum (CDCF)^[18] held in 2007, 2008, and 2010. While the Chinese Embassy sent low-level officials for the first two meetings, the 2010 CDCF welcomed a delegation headed by Ambassador Mr. Pan Guangxue. China has also performed well in predictability of aid, and has transparently provided its statistical data on aid flows to Cambodia. For example, at the first CDCF in 2007, China disclosed its projected aid

[13] Economic and Commercial Counsellor's Office of the Embassy of China in Cambodia (2011a): <http://cb.mofcom.gov.cn/article/zxhz/tzdongtai/201111/20111107814500.shtml>, only available in Chinese.

[14] Economic and Commercial Counsellor's Office of the Embassy of China in Cambodia: <http://cb.mofcom.gov.cn/article/zxhz/tzdongtai/201011/20101107269370.shtml>, only available in Chinese.

[15] Economic and Commercial Counsellor's Office of the Embassy of China in Cambodia: <http://cb.mofcom.gov.cn/article/zxhz/tzdongtai/201303/20130300046144.shtml>, only available in Chinese.

[16] http://news.xinhuanet.com/newscenter/2002-11/03/content_616654.htm

[17] Economic and Commercial Counsellor's Office of the Embassy of China in Cambodia (2013), <http://cb.mofcom.gov.cn/article/zxhz/tzdongtai/201305/20130500135776.shtml>

[18] CDCF brings together Cambodia government, donors and non-governmental organisations (NGOs) to review progress in domestic reforms and discuss development strategies for the future.

disbursement for 2007 to 2009 and actually disbursed more than projected (CDC, 2008, p.18).^[19] China now also provides detailed information on aid projects it conducts in Cambodia, including start and finish dates, amount of money contributed, objectives of each project, implementing bodies, annual budget and annual expenditures, current status of each project, use of grants or loans, conditions of loan repayment, as well as whether projects are fully tied, partially tied or untied, as requested by the CDC.^[20]

China also performs well in overall harmonisation efforts in Cambodia, since its aid largely concentrates on the transportation sector, where projects are less prone to fragmentation and more readily harmonised. China's policy and practice of distributing aid to a limited number of sectors – a practice recommended among DAC donors to reduce the transaction costs incurred by fragmentation – has actually contributed to the division of labour among donors, though perhaps not intentionally. As De Haan (2010) pointed out, China's focus on infrastructure can actually allow other donors to concentrate their resources in areas where they hold the greatest comparative advantage.

• Effectiveness and impacts

Chinese aid has contributed greatly to Cambodian economic growth and poverty reduction. First, China's aid appears demand-driven and better aligned with the priorities

of the Cambodian government. By focusing on economic infrastructure and growth-promoting sectors, China's aid significantly serves the Cambodian development agenda. According to Cambodia's National Strategic Development Plan 2006-2010 (NSDP), infrastructure, including transportation, is the second-largest sector (after education and health) where Cambodia seeks heavy investment and rapid development.^[21] However, in 2006 the transportation sector proved one of the most underfunded in comparison to NSDP requirements. Aid to this sector was only USD 53 million (of which China provided USD 13 million) compared with the USD 138 million requirement in the NSDP (CDC, 2008). However, by 2008 aid to the transportation sector exceeded the NSDP requirement (USD 142 million versus a requirement of USD 138 million), largely because of the USD 87 million (or more than 61%) in contributions from China (CDC, 2010) (see Table 1). In fact, the Cambodian government, hoping to focus support primarily on economic growth, has been largely dissatisfied with the traditional donors' supply-driven concentration on social sectors, one that often exceeds Cambodian demand in terms of volume; meanwhile, the infrastructure sector has undergone a serious financing shortage (CDC, 2007, p.11; CDC, 2008, pp. 15-16).

During the decade from 2003-2013, China helped build 2,000 km (1,250 miles) of roads and seven bridges across rivers,^[21] providing

[19] In contrast, major traditional donors, such as Japan and the United States declined to provide longer-term commitments (Chanboreth and Hach 2008).

[20] Available on the CDC website: <http://www.cdc-crdb.gov.kh/>.

[21] Royal Government of Cambodia, National Strategic Development Plan (2006-2010), Available at http://www.cdc-crdb.gov.kh/cdc/aid_management/nsdp.pdf

Table 1 *Demand and Supply in Transportation Sector
(in USD Million)*

SDP Requirement (2006-2010)	Total Supply by 2006	China's Supply by 2006	Total Supply by 2008	China's Supply by 2008
138	53	13	142	87

Source: Cambodia Development Council: www.cdc-crdb.gov.kh

ease of transportation to the Cambodian people. Chinese aid and investment in hydropower plants supplies cheap electricity not only to industrial zones but also to rural Cambodia. Infrastructure improvement and increase in electricity supply create conditions for Cambodia's sustainable development. In addition, aid in combination with investment and trade promotes employment and poverty reduction, and contributes to increasing national revenues. Such approaches have been recognised by the Cambodian government, with Cambodia's Prime Minister Hun Sen publicly mentioning that the country's strong economic growth in past years owes a great deal to China's steady technical and financial assistance.^[23]

Second, China delivers aid faster and at lower cost. China has proven efficient both in decision-making (with a short time between the Cambodian government's requests and the signing of economic and technical cooperation agreements) and implementation. For example, with the previously-mentioned security inspection project for the 2012 ASEAN summit,^[24] China

delivered the equipment in less than three months. When interviewed, some Cambodian government officials pointed out that by the time traditional donors would start building, China would have already completed a given project (Greenhill *et al.*, 2013, p.27). With regard to project cost, calculations conducted by Sato *et al.* (2010, p. 33) showed that China spent less than half the outlay of the Asian Development Bank (ADB) and Japan in per-unit costs for rehabilitating one kilometer of road.

Offered such features of demand-driven, cost-effective and timely delivery, the Cambodian government has warmly welcomed Chinese aid. Empirical study conducted by many Western researchers (in interviews with Cambodian government representatives and with in-country bilateral and multilateral aid agencies) indicates a generally positive perception of China's aid activities (Sato *et al.*, 2010; Schuller *et al.*, 2011). Leaders of Cambodia have publicly praised China for such approaches on many occasions (Greenhill *et al.*, 2013).

[22] Thul (2013). "China pledges USD 548 million in aid to ally Cambodia", <http://www.reuters.com/article/2013/04/10/us-cambodia-china-idUSBRE93909D20130410>

[23] Xinhua (2012), "China's aid greatly contributes to Cambodia's economic growth", http://www.chinadaily.com.cn/bizchina/2012-02/02/content_14524531.htm

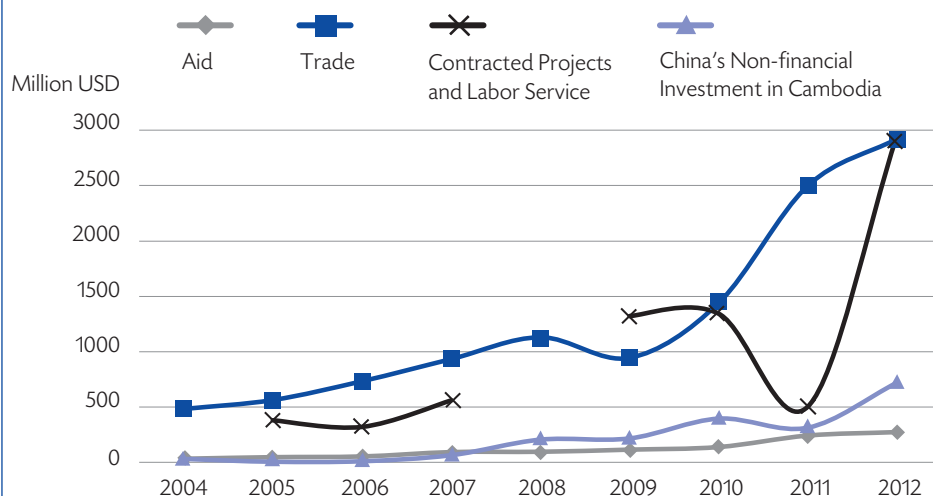
[24] Economic and Commercial Counsellor's Office of the Embassy of China in Cambodia (2012): <http://cb.mofcom.gov.cn/article/xzhz/tzdzongtai/201201/20120107934891.shtml>

Third, China's aid also benefits China itself: it has bolstered investment in and bilateral trade with Cambodia since the 1990s, as Xue and Xiao (2011) have argued. Schuller *et al.* (2011, p. 17) have pointed out that since 2004, China's trade volume with Cambodia has increased very quickly, a fact attributable to the mixture of aid, trade and investment. According to China's Ministry of Commerce (2013), Chinese non-financial investment in Cambodia totaled USD 720 million in 2012, an increase of 131% from 2011.^[25] Currently, more

than 3,000 companies invest in Cambodia, concentrated in such sectors as textiles, hydropower energy and agriculture. In 2012, bilateral trade between China and Cambodia reached USD 2.923 billion, an increase of 17% from 2011.^[26] In addition, China's contracted projects and labour services in Cambodia have also seen rapid growth, reaching USD 2.955 billion in 2012.^[27] Though limited data make it hard to determine the exact role of aid in promoting investment, strengthening the trade relationship, and increasing labour exports,

Figure 5

China's Aid to Cambodia: Sectoral Distribution (2004-2012)



Note: Data for contracted projects and labor service for 2004 and 2008 are unavailable.

Source: Aid data from CDC Database; Trade, Investment and Contracted Projects and Labour Service data from China Ministry of Commerce website.^[28]

[25] Economic and Commercial Counsellors' Office of the Embassy of China in Cambodia (2013), <http://cb.mofcom.gov.cn/article/zxhz/sbmy/201303/20130300045535.shtml>; Also see, Xinhua (2012a), "Cambodia-China ties in trade, investment and tourism look better: commerce minister", Global Times, <http://www.globaltimes.cn/content/748178.shtml>

[26] Economic and Commercial Counsellors' Office of the Embassy of China in Cambodia (2013), <http://cb.mofcom.gov.cn/article/zxhz/hzjj/201303/20130300045531.shtml>

[27] Economic and Commercial Counsellors' Office of the Embassy of China in Cambodia (2013), <http://cb.mofcom.gov.cn/article/zxhz/tzwl/201303/20130300045537.shtml>

[28] Ministry of Commerce, National Bureau of Statistics, and State Administration of Foreign Exchange (2011), Statistical Bulletin of China's Outward Foreign Direct Investment, Beijing

China has been able to rapidly expand these relations with Cambodia along with its increase in development assistance (see Figure 5).

China's approaches to aid, though distinctive, do not necessarily cause conflicts. From the perspective of Western DAC donors' national interests, Chinese aid may pose a challenge. However, if one takes the perspective of Cambodia's needs and development, Chinese aid has proven positive in many ways: first, it means more financial resources and exposure to wider policy options (CDC, 2011, p.10); second, it can complement Western DAC donors in sectoral distribution; and last, it provides an alternative that enables Cambodia to choose its development partners and to exert more influence over international aid priorities and practices.

4.2.4. Conclusion and challenges

• Conclusion

Like many of the Western DAC donors, China has distributed aid for a relatively long time. Unlike them, China is still a developing country, with arduous and long-standing tasks to fulfil in poverty reduction and comprehensive development. Such factors underpin China's aid approaches and shape thinking about promoting development abroad. China does not regard itself as a donor, but rather as a South-South cooperation partner. In the process of delivering aid, China emphasises key principles such as "equality and mutual benefit," "respecting state sovereignty and non-interference," "self-reliance," and "substantial results." These principles have existed for more than half a century, and still play important guiding roles in China's aid policy-making and delivery. "Mutual benefit" stresses that aid projects should benefit

both the recipient country and China, which explains the large concentration of China's aid in economic infrastructure projects with the use of Chinese contractors and materials and equipment from China. "Non-interference" ensures project ownership by the recipient country and makes China's aid more responsive and rapid. In the end, it is these characteristics that make the Chinese approaches to aid a model of their own and attractive for recipient countries.

Chinese aid to Cambodia has fallen largely in line with China's overall aid policy and practices, meeting Cambodia's top development needs and benefiting the Chinese side of the partnership. China's focus on economic infrastructure in general and the transportation sector in particular demonstrates its alignment with Cambodia's needs and its complementarity with other donors. China has been transparent in providing project-level information in Cambodia and has participated in different aid coordination meetings. Notably, China has worked with multilateral agencies such as UNDP and ADB in conducting assistance in-country, which to some extent shows its open-mindedness – and its willingness to cooperate, to share knowledge and experience with traditional DAC and multilateral donors.

Non-interference and demand-driven approaches, efficient decision-making, swift implementation and low cost – all are reasons that the Cambodian government has warmly accepted Chinese aid. While contributing strongly to the good performance of Cambodia's economy, China's aid also appears to have helped consolidate friendly relations, expanding and enhancing the business relationship between the two countries.

• Challenges

Nevertheless, Chinese aid policies and practices in general, and aid to Cambodia in particular, also face many acute challenges. First, along with rapid economic development comes a rising expectation of more aid from China. But domestically, China faces many of its own severe development problems, such as inadequate social security, a large population in poverty, environmental degradation, unemployment, unbalanced regional development, and urbanisation. In this context, justifying foreign aid to its own people poses a real challenge for the Chinese government, over and beyond increasing aid volume.

Second, as stated in the 2011 White Paper on Foreign Aid, China still needs to optimise its aid management structure and delivery mechanisms. To improve predictability and aid effectiveness, China will need to strengthen pre-project study and planning, as well as monitoring and post-project evaluation. China will also need to devote more efforts to untie its aid and increase transparency, to comply with the operational practices of the

international development community. All of these will require changes and reform of the current regulation and management system.

Third, in contrast to its emphasis on economic activities and physical infrastructure, China's aid remains modest in social and human sectors that directly benefit citizens in recipient countries. China needs to diversify its aid, build more livelihood-improving projects – such as hospitals, schools, water supply and clean energies – and increase involvement of local citizens in project identification and implementation.

Finally, the over-reliance on profit-oriented enterprises and the lack of non-governmental organisations in aid project implementation have raised concerns about environmental and social safeguards, as well as responsiveness to local residents and civil society. To address such problems, China will need to strengthen supervision of its aid contractors to carry out more social responsibilities, and build partnerships with non-profit organisations in implementing aid activities.

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Appendix I:

China's Eight Principles for Economic Aid and Technical Assistance to Other Countries

- 1) The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual.
- 2) In providing aid to other countries, the Chinese government strictly respects the sovereignty of recipient countries, and never attaches any conditions or asks for any privileges.
- 3) China provides economic aid in the form of interest-free or low-interest loans, and extends the time limit for the repayment when necessary so as to lighten the burden on recipient countries as far as possible.
- 4) In providing aid to other countries, the purpose of the Chinese government is not to make recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.
- 5) The Chinese government does its best to help recipient countries complete projects which require less investment but yield quicker results, so that the latter may increase their income and accumulate capital.
- 6) The Chinese government provides the best-quality equipment and materials manufactured by China at international market prices. If the equipment and materials provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them or refund the payment.
- 7) In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master the technology.
- 8) The experts dispatched by China to help in construction in recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities.

Appendix II:

Table 2 *China's aid projects in Cambodia (2004-2012)*

Top of Form No	Bottom of Form	Official Title	Used Currency	Start Date	Completion Date	Budget (USD)	Own Resources 2011	Own Resources 2012	Own Resources 2013	Sector
1		Construction and Rehabilitation of National Road No. 78 from O Pong Moan (Stung Treng Province) to Ban Lung (Ratanakiri Province)	CNY	18-Nov-09	17-Apr-13	82,769,405.28	23,672,331	16,178,967		Transportation
2		Construction of NR 41 from the junction NR4 Thnal To-teung-Chum Kiri (Kampot)	USD	29-Jun-11	29-Jun-15	44,992,000.00	8,787,500	11,248,000	11,248,000	Transportation
3		Construction of the Prek Kdam Bridge (975m)	USD	11-Jun-07	30-Sep-10	28,783,664.00				Transportation
4		Construction of the Prek Tamak Bridge (1060m)	USD	6-Jun-07	30-Sep-10	43,503,619.00				Transportation
5		Design & Construction of National Road No. 62 from Tbeng Meandhey to Prasat Preah Vihear & Road No. 210 from Thanl Bek Village, the Junction of NR No. 62 to Srayang-Koh Ker	USD	5-Apr-08	31-Dec-11	57,800,000.00	15,413,333			Transportation
6		Design-Build of National Road 3762 Rehabilitation Project	USD	1-Sep-10	1-Dec-12	15,228,192.00	6,091,277	6,091,277		Transportation
7		Development of Design-Build Stung Pursat Dam	USD	20-Jun-11	20-Jun-15	63,134,700.00	12,626,944	15,783,675	15,783,675	Agriculture
8		Disaster management and anti-terrorism	CNY	20-Aug-11	20-Aug-15	202,560,362.99	63,971,503	65,527,083		Community and Social Welfare
9		Enlargement of National Road No. 6A	USD	20-Dec-11	20-Dec-15	68,392,600.00	13,678,520	17,098,150	17,098,150	Transportation

Top of Form No	Bottom of Form	Official Title	Used Currency	Start Date	Completion Date	Budget (USD)	Own Resources 2011	Own Resources 2012	Own Resources 2013	Sector
10		Feasibility Study of the Missing Link Section of Trans-Asia Railway in Cambodia	USD	1-Dec-08	30-Dec-09	2,898,500.00				Transportation
11		Kampong Trabek River Flood Control Project in Prey Veng Province	USD	24-Nov-10	24-Mar-14	31,014,469.00	77,53,617	77,53,617	6,202,894	Agriculture
12		Kanghot Irrigation Development Project - Phase II	CNY	1-Nov-12	1-Nov-16	33,868,092.69		13,149,579	5,103,450	Agriculture
13		Kanghot Irrigation Development Project in Battambang Province	USD	26-Nov-10	24-Mar-14	49,911,971.00	12,477,993	12,477,993	9,982,394	Agriculture
14		Multipurpose Dam Development Project in Battambang Province	USD	13-Jun-12	13-Jun-17	99,283,600.00		19,374,300		Agriculture
15		National Road No. 5 of Cambodia	USD	31-Mar-12	31-Mar-17	55,309,000.00		11,061,800		Transportation
16		National Road No. 62 (South Section) & Extension Roads No. 8-1 & No. 8-2 Project	USD	28-Dec-09	28-Apr-13	68,363,120.00	20,508,936	13,672,624		Transportation
17		NR.61 (Prek Kdam-Thmol Keng NR.6A)	USD	28-Jun-11	28-Jun-14	9,494,528.00	1,854,400	4,272,538	1,468,685	Transportation
18		Phnom Penh Loop Line Transmission System	USD	21-Sep-10	21-Sep-14	79,880,000.00	19,970,000	19,970,000	15,976,000	Energy Power & Electricity
19		Phnom Penh Port New Container Terminal Project	USD	20-Jun-11	20-Jun-15	27,452,416.00	12,064,050	5,490,483	4,392,387	Transportation
20		Prek Stung Keo Water Resources Development Project in Kampot Province Project	CNY	5-Jan-11	5-Jan-15	47,156,052.50	17,902,421	9,217,612	7,073,408	Agriculture

Top of Form No	Bottom of Form	Official Title	Used Currency	Start Date	Completion Date	Budget (USD)	Own Resources 2011	Own Resources 2012	Own Resources 2013	Sector
21		Design-Built Project for New Chroy Changvar Bridge in Phnom Penh	USD	30-Jun-11	30-Jun-15	26,752,000.00	5,225,000	6,688,000	6,688,000	Transportation
22		Project for Extension of National Road 76	USD	2-Feb-12	2-Feb-17	89,273,400.00		18,181,290		Transportation
23		Project for National Road No. 214 and construction of Mekong River Bridge	USD	15-Apr-12	15-Nov-15	113,441,875.00		22,688,375	49,914,425	Transportation
24		Project for New Council of Ministers Building of the Kingdom of Cambodia	CNY	28-Dec-05	31-Dec-08	36,472,208.72				Governance & Admin- istration
25		Purchasing Equipment for Sup- pression of Smuggling and Drug Trafficking	CNY	4-Jul-05	31-Dec-07	81,024,145.20				Community and Social Welfare
26		Reconstruction NR6 of Cambodia (The Section from Thnal Kaeng to Ang Kroeung)	USD	13-Jun-12	13-Jun-17	242,269,000.00		48,453,800		Transportation
27		Project of Rehabilitation NR44	USD	13-Jun-12	13-Jun-17	78,192,000.00		15,638,400		Transportation
28		Project of Rural Grid Extension and Implementation (22Kv) in Kampong Cham, Prey Veng, Kam- pong Speu and Preah Sihanouk	USD	21-Jul-11	21-Jul-15	50,883,600.00	10,176,720	12,720,900	12,720,900	Energy, Power & Electricity
29		Project of Takinmao Bridge over Tonle Bassac River and its Con- necting Road	USD	29-Jun-11	29-Jun-15	31,995,392.00	6,249,100	7,998,848	7,998,848	Transportation

Top of Form No	Bottom of Form	Official Title	Used Currency	Start Date	Completion Date	Budget (USD)	Own Resources 2011	Own Resources 2012	Own Resources 2013	Sector
30		Project of the Construction of Greater Mekong Sub-region Information Superhighway Cambodia Section	CNY	1-Jan-06	31-Dec-07	21876,51920				Information and Communications
31		Project Restoring the Chau Say Tevoda Temple of Angkor in Cambodia	CNY	9-May-06	31-Jul-07	72927231				Culture & Arts
32		Project Rehabilitating the National Road No.8 from Ksach Kandal to Vietnam Border (109 km)	USD	15-Mar-07	30-Jun-10	71,512,71700				Transportation
33		Project Rehabilitating the National Road No.76 Junction of the NR No.7 at Snoul to Semmonorom Mondolkiri (127 km)	USD	14-Feb-07	30-Jul-10	51,900,000.00				Transportation
34		Provide Electronic Library for the Royal Academy of Cambodia	USD	16-Jan-09	31-May-09	80,810.00				Education
35		Provide Office Equipment and Vehicles for the Senate of the Kingdom of Cambodia	USD	1-Sep-08	30-Dec-08	145,000.00				Governance & Administration
36		Provide Office Equipment and Vehicles for the Ministry of Parliamentary Relations and Inspection	USD	1-Jan-08	22-May-08	72,500.00				Governance & Administration
37		Rehabilitation of the National Road No. 7 of Cambodia from Kratie to Trapeang Kriel	USD	1-Oct-04	31-Dec-07	2,430,000.00				Transportation

Top of Form No	Bottom of Form	Official Title	Used Currency	Start Date	Completion Date	Budget (USD)	Own Resources 2011	Own Resources 2012	Own Resources 2013	Sector
38		Rehabilitation of the National Road No. 7 of Cambodia from Kratie to Trapeang Kriel	USD	1-Oct-04	31-Dec-07	60,980,000.00				Transportation
39		Steng River Basin Water Resources Development Project	USD	9-Sep-11	9-Sep-15	52,045,000.00	10,409,000	13,011,250	13,011,250	Agriculture
40		Survey of the National Botanical Garden of the Kingdom of Cambodia	CNY	8-Apr-06	8-Apr-07	4,861.45				Environment and Conservation
41		Rehabilitation of National Road No. 57 Project, 144km, from Battambang to Pailin (Cambodia and Thailand Border)	USD	26-Mar-08	30-Jul-11	41,880,000.00	6,282,000			Transportation
42		Rehabilitation of National Road No. 57B	CNY	29-Jun-10	29-Jun-14	101,943,248.58	38,419,256	19,926,886	10,672,184	Transportation
43		Rehabilitation of National Road No. 59 -- Kamrieng-Phnom Prik -- Sampov Loun -- Malay -- Kaun Damrey	CNY	15-Feb-11	15-Mar-14	82,578,789.66	15,745,210	24,212,562	24,773,637	Transportation
44		Vaico Irrigation Development Project - Phase I	USD	2-Feb-12	2-Feb-17	99,303,000.00		20,086,794		Agriculture

Source: <http://cdc.khmer.biz/>

4.3. Thailand's development cooperation with neighbouring countries: cordial relations and economic integration in the Mekong sub-region^[29]

*Siriporn Wajjwalku, Associate Professor, Faculty of Political Science,
at Thammasat University in Bangkok, Thailand.*

Abstract

Siriporn Wajjwalku presents Thailand's foreign aid goals, noting their primary focus on four ASEAN-member neighboring countries – Cambodia, Lao PDR, Myanmar and Vietnam (collectively CLMV). The article highlights the clear regional aspect of Thai development cooperation: it aims to improve Thailand's own economy through working with countries in the sub-region, to strengthen trade, and to affirm Thailand's leadership role in Southeast Asia.

The author also outlines the challenges facing Thailand's foreign aid effectiveness, stemming from its multiple aid agencies and its dual and sometimes contradictory political and economic goals.

The article addresses Thailand's position vis-à-vis other donors, especially traditional donor-members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC). The author expects this position to evolve as the country's aid agencies gradually expand their activities beyond the region, furthering Thailand's ambitions for international influence.

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Introduction

Since 2003, the Thai government has promoted development cooperation policy as a new direction and practice of its national foreign policy. The former Prime Minister Thaksin Shinawatra institutionalised Thailand's donor policy in 2003 by reorganising two existing organisations, namely the Department of Technical and Economic Cooperation (DTEC) under the Prime Minister's Office and the Neighboring Countries Economic Development Fund (NEDF) under the Ministry of Finance, and turning them into the Thailand International Cooperation Agency (TICA) and the Neighboring Countries Economic Development Cooperation Agency (NEDA), which took responsibility for aid provision in 2004 and 2005 respectively (NEDA, 2006; TICA, 2009). This policy has continued to the present with several changes in direction, implementation process, and institutional involvement, the result of both positive and negative comments from within the country as well as from the developing partners.

This article will provide the historical background and the evolution of Thailand's development cooperation policy. It will also explain the objectives, principles, modalities, and approaches of the aid provision process. The discussion will focus on the two main aid institutions and their functions as providers and conductors of development projects. The article will conclude by assessing what challenges and prospects Thailand faces in development cooperation, given its newcomer donor status.

4.3.1. History: from recipient to donor status

Thailand has been an aid recipient since the end of the Second World War – particularly after the adoption and implementation of the First National Economic Development Plan in the early 1960s, which created a huge demand for industrial capital and technology (NEDB, 1961). By the 1990s, when the country's economy had developed to a middle-income level, some types of aid from certain donors were terminated. Concurrently, Thailand also started providing aid to other developing countries, particularly its neighbours in the region (MFA, 2013). However, neither TICA nor NEDA conducted aid provision during that period.

In fact, Thailand has provided assistance to its neighbouring countries since 1991 through the Royal Development Project Board, overseen by its own Office (ORDPB), with the main objectives of promoting cordial relationships and reducing poverty. The Lao People's Democratic Republic (Lao PDR), with its geographical proximity and shared historical background, ethnicity and kinship, holds the favoured position in Thailand's foreign policy. Accordingly, the ORDPB assisted Laos to set up two development projects in Vientiane, namely the Agricultural Development and Service Center Km. 22 and the Cultural School for Orphan and Ethnic Minorities Km. 67 (ORDPB, 1996; 1996a).

Since the 2000s, Thailand's development cooperation policy has significantly shifted and become more institutionalised. Former

Prime Minister Thaksin Shinawatra twice announced a decisive policy change towards donor status in his speeches, first in March 2003 (titled “Forward Engagement: The New Era of Thailand’s Foreign Policy” [MFA, 2006a]) and again in June 2004 (titled “The Future of Asia” [MFA, 2006b]). Later in 2004, he followed up these statements by creating the above-mentioned Thailand International Development Cooperation Agency (TICA), a new agency under the Ministry of Foreign Affairs (MFA). TICA was established by Royal Decree to serve the Royal Thai Government, and charged with managing development cooperation policy and coordinating projects, particularly grants and technical cooperation (TC) (TICA, 2007). In 2005, Thaksin also reorganised the Neighboring Countries Economic Development Fund (NEDF) under the Fiscal Policy Office, Ministry of Finance (MOF), and renamed it the Neighboring Countries Economic Development Cooperation Agency (NEDA). NEDA holds responsibility for loan provision to developing partners, targeting neighbouring countries.

4.3.2. Objectives and principles

We have noted that the establishment and institutionalisation of Thailand’s development cooperation policy resulted from Prime Minister Thaksin’s political will and decisive action. The objectives of this policy can be understood from two perspectives. In terms of political purpose, information from documents and interviews confirms that the policy aims to promote and strengthen cordial relations between Thailand and its neighboring countries, particularly those in the Mekong sub-region. Concurrently, this policy aims to bolster Thailand’s active foreign engagement, demonstrating its role as a regional leader.

From an economic perspective, the policy fosters cooperation with developing partners in the Mekong sub-region by bridging the economic development gap, eradicating poverty, and expanding trade and investment between Thailand and those countries (TICA, 2009). In addition, since members of the Association of South East Asian Nations (ASEAN) have agreed to achieve the ASEAN Community by 2015, the Thai government has utilised its cooperation as a tool to support the regional integration process. In practice, this entails three levels of connectivity among ASEAN members: physical, institutional, and person-to-person, expressed in support for infrastructure, trade facilitation, and capacity-building (ASEAN, 2011). Thailand has realised that the economic development of its neighbours will contribute to its own as well (TICA, 2007).

As for its guiding principles, the Thai government has adopted the philosophy of self-help, meaning helping partner countries to help themselves or to stand on their own feet. This reflects a belief that Thai cooperation will help developing partners to achieve sustainable economic growth and social development. In addition, from its own experiences as a recipient, Thailand believes that mutual benefits and trust are key elements, ensuring the partnership between developed and developing partners and leading to sustainable project outcomes (TICA, 2010).

4.3.3. Types and volume

In general, Thailand has provided three types of assistance to its developing partners, namely grants, loans, and technical cooperation (TC). Grants and TC are provided by both TICA and NEDA while loans are provided by NEDA. However, according to both agencies’ reports,

they appear to have different definitions or criteria for types of aid, particularly grants and TC. NEDA provides three types of financial assistance, namely concessional loans, grants, and mixed loan-grants. The latter are considered a separate category, but in fact chiefly fund feasibility studies for loan projects prior to approval. In other words, they support loan programs rather than capacity-building (NEDA, 2009). NEDA also provides technical assistance (TA), which includes both concessional loans and grants (NEDA, 2010). There is no clear definition of or distinction between these two types of TA in the NEDA reports, but they seem to differ from TICA's definition of TC, which gives priority to capacity-building through training programs and scholarships (TICA, 2009). In addition, it appears that NEDA-defined TA includes training programs as well as study trips for officials of neighbouring countries. However, the content of these programs and trips always relates to loan projects that NEDA has approved and supported (NEDA, 2009).

In terms of aid volumes, the statistics show that the total amount of loans, grants and TC increased from 2005 to 2008 (from THB^[30] 874.28 million in 2005 to THB 1,515.18 million in 2008), but has declined since 2009 (see Appendix). In 2011, the amount of aid decreased sharply. The total amount was THB 714.87 million, less than the total for 2005 (see Tables 1-3 in the Appendix). Factors apparently contributing to the decline of aid include the economic crisis, impacts from natural disasters such as the 2011 tsunami, and lack of leadership at the policy level.^[31]

4.3.4. Destinations and sectors

Thailand's development assistance primarily goes to the four neighbouring countries of the Mekong sub-region, namely Cambodia, Lao PDR, Myanmar, and Vietnam (collectively CLMV). Other ASEAN members and developing countries in South Asia also receive development assistance from Thailand, particularly from TICA in form of TC. Data shows that approximately 60% of TICA's assistance goes to CLMV, as do almost all of NEDA's loans (see Tables 4-5 in the Appendix). Although the geographical scope of aid receivers has recently expanded to Central Asia and Africa, the assistance provided (in number of projects and budget totals) remains small compared with that for CLMV and Asian countries (TICA, 2009; NEDA, 2009a). And among these four countries, Lao PDR received the largest amount of development assistance from Thailand from 2001 to 2010, in terms of grants, TC, and loans (TICA, 2009; NEDA, 2011).

Regarding sectors, TICA has given priority to agricultural development, public health, and education, in order to optimise Thailand's own expertise in these areas. Capacity-building and human resources development are the core of TICA activity (TICA, 2007a). In particular, government officials in partner countries benefit from knowledge transfer and technical know-how, in fields where Thailand offers expertise and technology appropriate to local conditions and absorptive capacity.^[32] On the other hand, NEDA's development assistance program focuses on infrastructure

[30] THB is the acronym for Thailand's currency, the baht.

[31] Source: Focus group discussion with TICA officials, Bangkok, March 2013; Author interview with TICA officials, Bangkok, July 2013.

[32] Source: Author interview with TICA official, Bangkok, March 2011; Focus group discussions with TICA officials, Bangkok, March 2013; August 2013.

construction, and within this sector, road construction receives priority, thus supporting regional connectivity and transportation networks (NEDA, 2009a).^[33]

4.3.5. Aid modalities, approaches, and institutions

Both TICA and NEDA have adopted a demand-driven approach and a principle of mutual benefit in formulating development cooperation projects. To ensure that they recognise the needs of developing partners and transform them appropriately into action, TICA and NEDA have encouraged partners to participate in all levels of project management, including planning, formulation, implementation and evaluation. The process utilises various aid mechanisms and tools, such as needs assessment, brainstorming seminars, preparatory workshops and so forth (TICA, 2007; NEDA, 2009).

As noted above, the Thai government established TICA and NEDA to achieve donor status and initiate aid provision. However, as an interview with TICA officials reveals,^[34] specific aid responsibilities are allocated to different institutions. While TICA remains responsible for grants and TC, NEDA oversees loans. In addition, Thailand's EXIM Bank has provided trade support to some developing partners (TICA, 2007). TICA's report (TICA, 2009) shows that 16 ministries are involved in aid provision in some way (see Table 6 in the Appendix). Apart from government agencies, non-governmental organisations (NGOs) have also

provided assistance to developing partners, especially the neighbouring countries. These include *inter alia* the significant contributions of the Royal Development Projects conducted by ORDPB, particularly for efforts in Lao PDR.

The foregoing allows us to infer that aid architecture in Thailand is fragmented. This situation leads to duplication, inefficiency and ineffectiveness in the aid process. Aid officials, particularly those of TICA, debate whether all agencies involved in the aid process should be consolidated; others doubt the value of a unified institution with centralised authority, given the nature of different types of aid and other domestic conditions, particularly organisational culture.^[35] Thus, the institutional arrangement for aid provision remains a principal question if Thailand wishes to continue its donor policy and utilise its development assistance efficiently.

Among project types under the grant and TC umbrella, we find that all Thai granting agencies (TICA, NEDA, EXIM Bank, ministries, NGOs) have training courses as a common activity (TICA, 2009).^[36] This leads to two interesting consequences. First, from the donor perspective, training is the most simple and modest activity in method, content and budget; and second, given a large number of uncoordinated training courses offered by different organisations, discrepancies may arise in content and trainee targets. However, the recipient point of view may qualify this picture: data from interviews show that officials from neighbouring countries appreciate the large

[33] Source: Focus group discussion with NEDA officials, Bangkok, August 2013.

[34] Source: Author interviews, Bangkok, March 2011; July 2013.

[35] Source: Workshops with TICA and NEDA officials, Bangkok, December, 2013.

[36] Source: Focus group discussions with TICA officials, Bangkok, March 2013; August 2013.

number of training courses because they provide more opportunities for different groups of trainees.^[37] This holds particularly for a newly-opened country such as Myanmar, with a large demand for technical know-how to help it “catch up” developmentally. Thus, the key question for aid providers is not the number of training courses but their quality – in other words, designing them to accommodate and absorb the needs of the developing partners.

4.3.6. TICA and its aid provision

TICA now is a department under the Ministry of Foreign Affairs (MFA). At the instigation of former Prime Minister Thaksin, as noted above, a focal agency for administrating Thailand’s development cooperation policy was established by a 2004 Royal Decree. In fact, TICA is not an absolutely new agency; it is a successor to the Department of Technical and Economic Cooperation (DTEC), established in 1963 under the Prime Minister’s Office with the mandate to manage the inflow of foreign technical assistance aid. This agency was dissolved in 2002 in accordance with bureaucratic reform measures, and its duties, responsibilities and staff were transferred to the newly established agency, namely TICA. With the redesign of its structure and mission, TICA has focused on aid provision rather than aid reception.

TICA aims to become a leader in development aid, with strong expertise in managing regional cooperation that enhances socio-economic

development, along with cultural and technical ties with other developing partners. The agency’s chief purpose is to prepare the country’s integrated strategic plan and to administrate aid under bilateral, multilateral, and regional cooperation frameworks. In accordance with this mission, TICA formulates the integrated development cooperation plan, administers programs, and coordinates with other development organisations and partners. Within this task scope, TICA has functioned as a policy decision-maker, policy implementer, grant provider and project coordinator.^[38]

Although TICA is a department within the Ministry of Foreign Affairs, its organisational structure differs from other ministry sections. Notably, while the Director-General and Deputy Director-General are diplomats recruited by the MFA, the TICA staff is composed of former officials of DTEC with development practitioner experience. It appears that to some extent, the different background of these two factions has impeded the organisation’s strength and progress. Data from interviews of these two groups, diplomats and development practitioners, suggests that they do not understand the nature of each others’ jobs.^[39] While diplomacy involves policy formulation and decision-making, and MFA’s diplomats therefore act as policy-makers, development cooperation is practice-oriented, and TICA’s officials function as coordinators and practitioners. These distinct functions, along

[37] Source: Author interviews with TICA officials, Vientiane, September 2011; Yangon, August 2013; Author interviews with Myanmar officials and professors, Yangon, January 2013; August 2013.

[38] Source: Author interviews with TICA officials, Bangkok in March 2011 and July 2013; Workshop with TICA officials, Bangkok, December 2013.

[39] Source: Author interviews with diplomats, Bangkok, March 2011; Vientiane, September 2011; Yangon, January 2013.

with poor organisational communication, lead to misunderstandings within the agency. While the diplomats consider TICA's activity inefficient, as evinced by largely invisible and apparently unproductive outputs, TICA's officials argue that development is a long-term process calling for long-term investment and mutual trust.^[40] In addition, the incomplete state of organisational transformation creates uncertain career paths and promotions for officials transferred from DTEC to TICA. This, to some extent, has discouraged TICA officials from identifying with the new organisation. Our research found that some had retired early while others have continued working, albeit with frustration.^[41]

At the implementation level, the new organization – as a department under the ministry – has turned TICA into a policy and project coordinator, not a project conductor as in the past. At the same time, TICA's reports show that it has recently proposed overseas offices to facilitate projects with developing partners;^[42] in 2013, these included the three neighbouring countries of Cambodia, Lao PDR, and Myanmar. Due to limited resources, the offices will be attached to the embassies. Although it seems that TICA's scope and activity have expanded, the agency must still clarify one critical question: its institutional status, role, and responsibilities. Specifically, TICA needs to reconsider what type of organisation and mandate it wants to embody – a policy and project coordinator as it is now, a project conductor as in the past, or as both a coordinator and conductor as is expected in the future.

• TICA's bilateral aid program in CLMV

Within its present mission and mandate, TICA has provided assistance to regional developing partners under the Economic Partnership Framework, on a bilateral basis between Thailand and Cambodia, Lao PDR, Myanmar and Vietnam. These countries receive technical cooperation as their principal form of aid in three main sectors, namely agriculture, education and public health. In Cambodia and Myanmar, there are three types of cooperation: TC projects, fellowships, and study visits, while in Lao PDR and Vietnam, the cooperation scheme consists of TC projects and fellowships alone.

The development of a Masters Degree Program in International Development Studies at the National University of Laos is an example of TICA-supported bilateral cooperation. It is a five-year collaborative project, begun in October 2009. The project addresses an increasing awareness of (and anxiety about) the speed of regionalisation and its effects on Laotian society, culture and environment. While trade and investment have expanded and transformed lifestyles and standards of living, economic development and modernisation have also generated various problems: urban–rural disparity, degradation of natural resources and the environment, and changes to local livelihoods. To address the development problems in Lao PDR, the National University of Laos (NUoL) has collaborated with Chiang Mai University in creating the new Masters program; it will emphasise Laotian training in human resources in the field of development studies.^[43]

[40] Source: Author interviews with diplomats, Bangkok, March 2011; Vientiane, September 2011; Yangon, January 2013; Focus group discussions with TICA officials, Bangkok, March and August 2013.

[41] Source: Author interview with TICA officials, Bangkok, July 2013; Workshop with TICA officials, Bangkok, December 2013.

[42] Source: Focus group discussion with TICA officials, Bangkok, August 2013; Workshop with TICA officials, Bangkok, December 2013.

[43] Source: Author interview with director and professors of Chiang Mai University, Chiang Mai, September 2011; August 2013.

Through the Regional Center for Social Science and Sustainable Development (RCSD), Chiang Mai University assisted NUoL in developing a TICA proposal and creating a curriculum in development studies. The RCSD also has co-taught in this program during its first five years and supervised student theses, which should focus on issues related to Laotian development. The project comprises two components, scholarships and the Master of Arts (M.A.) program itself. To support long-term capacity-building for this project, TICA provides a total of 21 scholarships (seven scholarships per year for three consecutive years) for Laotian lecturers to study at the M.A. Program in Sustainable Development at the RCSD in Chiang Mai University. Out of seven scholarships, three are allocated to NUoL faculty, two to Champasak University, and two to Souphanouvong University. For the M.A. program in International Development Studies, Chiang Mai University provides academic assistance during the first five years – developing the curriculum, teaching courses in areas where NUoL may lack expertise, and supervising theses. For the last two years, Chiang Mai University will act as a consultant for the program (see Tables 7-9 in the Appendix). The initiative aims to produce fifteen graduates every year. Both TICA and the M.A. program of NUoL share a primary concern, the means to ensure the program's sustainability. Human resources development is therefore critical to the project's success.^[44]

• TICA's trilateral aid program in CLMV

TICA has also recently implemented a trilateral aid program under the Partnership

Strategic Framework, which promotes global aid alliances, regional and sub-regional integration, and public-private partnerships. This initiative aims to bring the knowledge and experience gained through bilateral cooperation with traditional donors into new countries, while maintaining the older donor relationships. The main principles of this program are "joint initiative[s], joint efforts, and shared responsibilities".^[45] In keeping with these aims and its demand-driven approach, TICA emphasises mutual consultation and cost-sharing, in order to create and assure the partnership and ownership required for sustainable project outcomes. To facilitate the operational process, Thailand and its development partners co-sign memoranda of understanding (MoU); for example, MoU between Thailand and Japan were signed in 1994 and 2003 (see Table 10 in the Appendix).^[46] One should note that the trilateral program focuses on sectors where Thailand has expertise and where demand from the developing partners exists as well – namely, agriculture, public health and education.

According to data from focus-group workshops, held in Bangkok on 19 August 2013, between TICA and officials from Lao PDR and Vietnam, Japan-Thailand cooperation has proven a successful instance of TICA-conducted trilateral aid. Japan and Thailand signed the MoU for the Japan-Thailand Partnership Program (JTPP) Phase I in August 1994, and for Phase II in December 2003. These MoU agreed that Japan and Thailand would transfer knowledge, experience and relevant expertise to developing partners,

[44] Source: Author interview with Laotian students in Chiang Mai University, Chiang Mai, August 2011; at NUoL, Vientiane, September 2011; Author interview with Laotian professors at NUoL, Vientiane, September 2011.

[45] Source: Focus group discussion with TICA officials, Bangkok, August 2013.

[46] Source: Focus group discussion with TICA officials, Bangkok, August 2013.

particularly those in the Mekong sub-region. There are three types of programs under this cooperation plan: the Third Country Training Program (TCTP), the Third Country Expert Program (TCEP), and the Regional Cooperation Project. The TCTP serves CLMV, providing knowledge related to agriculture (post-harvest practices and reforestation), health care, environment and energy; it operates on a basis of shared costs between Japan and Thailand, with a 70% - 30% proportion for the first year, 60% - 40% for the second year, and 50% - 50% for the third year and after. During the Japanese fiscal year (JFY) 2012 (April 2012-March 2013), nine training courses under TCTP had been completed.^[47] In addition, the TCEP dispatches Thai experts to CLMV while conducting several regional cooperation projects: the Asia-Pacific Development Center on Disability (APCD), the ASEAN University Network/Southeast Asia Engineering Education Development Network (AUN/SEED) and the Animal Disease Control Project in CLMV and Thailand.^[48]

Although the trilateral cooperation program seems successful and has become popular among both development partners and Northern and Southern providers, TICA has raised some concerns about it. First, not every partner has treated the MoU as binding, and its existence does not in itself ensure successful cooperation. Second, even where a MoU exists, the lack of joint mechanisms and regular dialogue remain obstacles to program success. Third, long-term aid predictability and project continuity remain doubtful owing to uncertain conditions – for

example, political will, policy changes, budget constraints and bilateral relations. Lastly, as a new, not-yet-institutionalised mode of aid, trilateral cooperation programs face critical challenges; these include aid effectiveness and duplication of resources spent on other existing frameworks, particularly the bilateral one.^[49]

4.3.7. NEDA and its aid provision

NEDA was officially established in May 2005 as a public organisation under the supervision of the Ministry of Finance. NEDA acts as Thailand's international development aid agency; its functions include grant provision, project coordination and execution, and resource and information gathering, in particular for Cambodia, Laos PDR, Myanmar and Vietnam (CLMV) (NEDA, 2013). Following the formation of the Greater Mekong Sub-region in 1992, the Thai government realised the importance of CLMV and of development at the sub-regional level; in 1996, the government therefore established the Neighboring Countries Economic Development Fund (NEDF) under the Fiscal Policy Office of the Ministry of Finance, charged with providing financial support to Thailand's neighbors (NEDA, 2013). After Thailand's switch to donor status in 2003, the NEDF was restructured and, in 2005, renamed NEDA, keeping its responsibility for aid provision, particularly loans to neighbouring countries. Apart from financial assistance, NEDA also provides technical assistance, a new responsibility (NEDA 2013).

[47] Source: Focus group discussion with TICA officials, Bangkok, August 2013).

[48] Source: Unpublished presentation by TICA, Laotian, and Vietnamese officials, focus group discussion, Bangkok, August 2013.

[49] Source: Focus group discussion with TICA officials, Bangkok, August 2013; Workshop with TICA officials, Bangkok, December 2013.

NEDA identifies its objectives as enhancing mutual relationships, understanding and trust; supporting and promoting investment and trade expansion; bolstering connectivity of transportation networks; and promoting a greater role for the Thai private sector in neighbouring countries. To accomplish this mission, NEDA has provided loans and coordinated and conducted projects (NEDA, 2011).^[50] Concurrently, NEDA has set up three strategies to implement its activities: first, the network of partners, enhancing cooperation and sustainable economic development at bilateral and sub-regional levels; second, efficient fund accumulation and capital management; and third, organisational management based on principles of good governance (NEDA, 2009; 2010). NEDA's status as a public organisation, it is believed, gives it more flexibility and efficiency.

A number of recent trends in NEDA efforts are worth noting. First, geographic coverage: NEDA plans to expand its activity to three new countries – the Kingdom of Bhutan, the Democratic Socialist Republic of Sri Lanka, and the Democratic Republic of Timor-Leste. Second, technical assistance and training: NEDA will organise training for officials of neighbouring countries on knowledge related to NEDA-supported loan projects. These include training programs in road safety and airport management, following completion of relevant loan projects. And third, organisational improvement: discussions continue on re-engineering NEDA into a more professional organisation, as a lender and lender's representative (NEDA, 2011).^[51]

• NEDA's bilateral aid program in CLMV

Financial support is NEDA's chief form of assistance to neighboring countries. For project selection, NEDA applies two criteria; the project must be classified as the country's top priority, and it must be in line with Thailand's economic cooperation policy and strategies. In general, NEDA provides concessional loans to the developing regional partners, with long return and grace periods and low interest rates as well (see Tables 2-3 in Appendix; NEDA, 2013). However, NEDA requires three additional conditions for potential recipients. First, goods, equipment and services procured under the NEDA loan program must be at least 50% Thai. Second, contractors and consultants must also be Thai entities. And third, rules and regulations of the recipient countries will apply to procurement procedures (NEDA, 2009; 2010). These practices signify that development assistance provided by Thailand, particularly loans from NEDA, is tied aid.

Potential development partners eligible to receive NEDA assistance must be on the list indicated in the Royal Decree (NEDA, 2009; 2010). According to NEDA's reports, the agency has to date supported a total of 17 projects in four neighbouring countries. Eleven projects entailed road construction and improvement in Lao PDR and Cambodia; two projects concerned airport improvement in Lao PDR; two projects constructed railroads connecting Thailand and Lao PDR; and the last two projects built drainage pipelines in Vientiane, Lao PDR (NEDA, 2011). One may

[50] Source: Workshop with NEDA officials, Bangkok, December 2013.

[51] Source: Workshop with NEDA officials, Bangkok, December 2013.

note that no NEDA loan program as yet exists in Vietnam, a point to which we will return; in Myanmar, NEDA has recently considered support for construction of the Dawei Deep Sea Port and the Special Economic Zone in the area (NEDA, 2011). NEDA has concurrently sought private-sector engagement in development projects, both in Thailand and in neighbouring countries

Although NEDA's programs and activities have increased and expanded, several concerns have arisen regarding loan programs in CLMV. Moreover, according to focus group discussions held in Bangkok between TICA, NEDA and researchers of Thammasat University (on 19 August 2013 and 19 December 2013), NEDA officials have found it hard to formulate efficient CLMV projects because of the Royal Thai government's politically-motivated interventions. In addition, the officials have concerns about aid effectiveness, in the absence of properly conducted in-country evaluations. Second, NEDA has to deal with unpredictable conditions in neighbouring countries in general, due to their political situations and uncertain policies. These affect the efficiency and effectiveness of NEDA aid, both in quality and project completion periods. And finally, NEDA has realised that coordination among Thai aid-granting agencies is critical in order to avoid duplication and to improve NEDA professionalism.

4.3.8. ORDPB and its aid provision

The present ORDPB was established in 2002 with the approval of Article 46 (4) of the B.E. 2545 Bill for the Amendment of Ministries and Departments; this made the ORDPB a department under the direct supervision of the Prime Minister. In fact, the ORDPB has a long history going back to the 1980s.

In 1981, the Secretariat of the Coordinating Committee for Royal Development Projects was created, an agency within the Economic Preparedness Planning Division under the Office of the National Economic and Social Development Board (NESDB). Later in 1992, when the activities of RDP had expanded, the cabinet agreed to separate the ORDPB from the NESDB, and made it a department within the Prime Minister's office; in 1993, the ORDPB became a permanent section of this office with its own secretariat. The ORDPB continued in this form until 2002, and was then reorganised as the present institution (ORDPB, 2011).

The ORDPB's mission is to promote sustainable development through Royal Development Projects initiated by His Majesty King Bhumibol. In principle, the ORDPB pays close attention to development projects within Thailand, particularly in remote areas with inadequate public facilities and utilities. However, as Lao PRD has held a special position in Thailand's foreign policy and with the Royal Family, the ORDPB has extended development projects and assistance to this country since the early 1990s. The ORDPB's activities in Laos, as reflected in its principles and background, aim to promote cordial relations between the two countries and support poverty reduction through human resources development and capacity-building. To date, the ORDPB has conducted two projects in this country, both widely appreciated by the Laotian people, as we shall see below.

- **The Royal Development Study Center: the Agricultural Development and Service Center**

This project was born from the good relationship between Thailand and Lao

PDR, particularly between His Majesty King Bhumibol of Thailand and His Excellency Mr. Kaysone Phomvihane, president of Lao PDR. The Center officially opened in 1994, in accordance with the guidelines of the Royal Development Center at Sakon Nakhon Province in the Northeastern part of Thailand. The Center has three main objectives: enhancing a good relationship between Thailand and Lao PDR through assistance and technological transfers; serving as a demonstration site for various agriculture-related activities, taking into account local environmental and topographical conditions; and finally, promoting and upgrading the standard of living of the Laotians who live near the project area.

Several activities have taken place in keeping with these objectives, such as development of infrastructure, water sources and land, agricultural products, livestock, and fisheries, model farming and, through training courses, academic qualifications and technology transfers. The ORDPB functions as the coordinating entity, while the implementing agencies consist of both Thai and Laotian organisations: the Royal Thai Embassy at Vientiane and Ministry of Agriculture and Cooperatives (MOAC) for the Thai side, and MFA and Ministry of Agriculture and Forestry (MOAF) for the Laotian side.^[52]

- **The Cultural School for Orphan and Ethnic Minorities**

This school was established by the Laotian government in 1976 with the cooperation of various international organisations. Its primary purposes were to help orphans who

had lost their parents during the 1960s-1970s war, and to provide opportunities for ethnic minorities as well. Owing to a limited budget, it had inadequate dormitories, food and water. Since 1990, Her Royal Highness Princess Maha Chakri Sirindhorn has provided financial support for dormitory construction and food products for students. Recently, the school's activities have expanded to include training courses in specialised skills, over and beyond the compulsory course load.^[53]

4.3.9. Future prospects and challenges

During the past 10 years, Thailand has made remarkable strides in cooperation policy and sub-Mekong project implementation, through the efforts of TICA and NEDA as well as the ORDPB. This has led to mixed positive and negative results. In fact, Thailand faces a number of challenges in giving visibility to aid policies and winning public attention and understanding, both within and outside the country.

In terms of purpose and direction, some changes in Thailand's aid policy have become apparent. While TICA's early aid provision stressed good relations with neighbours and had some concern with bilateral economic benefit, the importance of the latter has grown; now both TICA and NEDA emphasise bilateral as well as regional cooperation. However, due to a lack of understanding about development cooperation and assistance, policy-makers as well as the public remain confused; this results in a non-integrated, non-comprehensive policy. According to TICA and NEDA officials, although aid policy is understood and accepted

[52] Source: Author interview with Laotian project coordinator, Vientiane, September 2011.

[53] Source: Author interview with Laotian school teachers, Vientiane, September 2011.

as a means to promote political and economic goals in tandem, their relative priority needs clarification; this would streamline policy and focus implementation, both in content and budget. To be precise, aid policy should promote economic cooperation, rather than simply campaign for cordial political relations.^[54]

In other words, Thailand should perform as a professional donor rather than as a “big brother;” good-neighbour relations should arise as a complementary outcome rather than a primary aim. In addition, supporting sustainable development and strengthening the relations on both sides require both TICA and NEDA to align their development schemes with the plans and priorities of their neighbors. Thai aid should realise truly “mutual benefits,” explicitly favouring both sides.

A second challenge concerns aid architecture. Thailand’s development aid is managed and provided to its partners by several organisations, resulting in fragmentation of aid efforts. Since traditional wisdom holds that this leads to aid inefficiency and ineffectiveness, the key challenge for the Thai government will be an institutional design that can reduce aid fragmentation and avoid duplication. In concrete terms, this has led to debates (particularly among TICA officials) about consolidating all agencies involved in the aid process, with TICA playing the role of a coordinating agency. However, this suggestion will affect the authority and budgets of other agencies/ministries, who have understandably

not responded positively. In addition, two agencies now hold responsibility for aid delivery, TICA and NEDA; while they appear to observe a division of labour, they urgently require further coordination to avoid duplicating efforts. The agencies’ different definitions of aid, aid program, and aid disbursement, also need clarification to lessen confusion and promote support among policy-makers and the public.

Finally, on the issue of aid restrictions, Thailand currently provides tied loans to neighbouring countries through NEDA, based on the principle of mutual benefit; the broader donor community, on the other hand, has widely promoted untied aid. Thailand is not a member of the Organisation for Economic Co-operation and Development’s Development Assistance Committee (OECD-DAC) and has no obligation to comply with the international aid regime. In addition, mutual-benefit tied aid between emerging and developing partners is common practice among Southern providers. However, one may question whether the Thai government should reconsider this practice in order to further aid effectiveness. In fact, this argument relates to a fundamental question that Thailand faces – the question of its position in the donor world. Precisely speaking, Thailand must consider whether it wants to join the OECD-DAC and comply with international aid norms, or continue its current course as a Southern provider.

[54] Source: Focus group discussion with TICA and NEDA officials, Bangkok, August 2013; Workshop with TICA and NEDA officials, Bangkok, December 2013.

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Appendix

Table 3 *Grants and TC for NEDA and TICA combined
(Unit: Million Baht)*

Fiscal Year	Grants and TC ^[1]	Loans ^[2]	TOTAL
2011	330.20	384.67	714.87
2010	396.73	485.76	882.49
2009	519.35	797.03	1,316.38
2008	433.11	1,082.07	1,515.18
2007	644.45	881.15	1,525.60
2006	425.41	922.40	1,347.81
2005	324.76	549.52	874.28

Note^[1] Grants and Technical Cooperation (TC) are provided by both NEDA (Neighboring Countries Economic Development Cooperation Agency) and TICA (Thailand International Development Cooperation Agency);

^[2] Loans are provided by NEDA.

Source: NEDA 2005-2011 (for loans and part of grant total) and TICA 2005-2011 (for grants)

Table 4 *Grants and TC with NEDA and TICA breakdown
(Unit: Million Baht)*

Fiscal Year	TICA's Grants and TC ^[1]	NEDA's Grants	NEDA'S LOANS ^[2]	TOTAL
2012	n/a	80.40	255.45	N/A
2011	272.98	57.22	384.67	714.87
2010	374.53	22.20	485.76	882.49
2009	468.62	50.73	797.03	1,316.38
2008	374.75	58.36	1,082.07	1,515.18
2007	325.30	319.15	881.15	1,525.60
2006	320.24	105.17	922.40	1,347.81
2005	209.01	115.75	549.52	874.28

Note: Does not include the Third Country Training Program (TCTP)

Source: NEDA 2005-2011 (for loans and part of grants) and TICA 2005-2011 (for grants)

Table 5 *Value of NEDA loans provided for construction projects in CLMV countries (Unit: Million Baht)*

FY	Value
2001	113,036
2002	117,540
2003	192,105
2004	170,474
2005	209,008
2006	320,242
2007	325,307
2008	374,758
2009	468,624
2010	374,532.7

Source: TICA 2001-2011

Note: At the October 2013 exchange rate, 1 USD is equivalent to 31.17 BHT

Table 6 *Value of NEDA technical assistance provided for projects in CLMV countries (Unit: Million Baht)*

Year (Contract Signing)	Project	Country received	VALUE
2009	Feasibility study and preliminary detailed design for road development project: Si Kai Junction – Baan Namsang and Baan Paktow Saengthong city – Baan Nasa	Lao PDR	8
2009	Detailed design and preparation of bidding documents for the railway construction project: Tha Nalang – Vientiane	LAO PDR	10
2010 (IN PROCESS)	Feasibility study and detailed design for road construction project: Poo Doo (Uttaradit Province) – Pak Lai	LAO PDR	8

Source: NEDA 2009-2010

Table 7 *Value of Thailand International Cooperation Program 2001–2010 for CLMV (Unit: Million Baht)*

FY	Cambodia	Lao PDR	MYANMAR	VIETNAM
2001	22,153	36,650	3,950	21,490
2002	30,494	29,238	2,709	13,272
2003	69,614	31,209	2,912	15,852
2004	30,536	47,869	5,544	17,574
2005	36,660	48,247	11,766	31,601
2006	36,349	63,694	13,807	22,750
2007	51,580	71,259	26,887	19,840
2008	56,507	87,485	36,805	22,858
2009	95,263	101,590	45,254	22,027
2010	40,722.1	121,239.4	43,101.4	18,864

Source: TICA 2001–2010

Table 8 *Disbursement of Grant ODA by Line Ministries*

Ministry or Agency	Priorities	ODA SUPPORT PROVIDED
Ministry of Agriculture and Cooperatives	Irrigation, Flood Management system, avian flu, hybrid seed production, animal husbandry and fisheries. Grant support to Food and Agriculture Organization (FAO).	Technical assistance, field tests in recipient countries, provision of equipment, study visits, international meetings and fellowships, support for international organisations.
Ministry of Commerce	Foreign trade, trade negotiations and export promotion.	Fellowships, training and study visits
Ministry of Education	Vocational education, teacher training, Thai language education, educational quality and equality, grant support to UNESCO	Workshops, international meetings, study visits scholarships and training. Support for international organisations.
Ministry of Energy	Hydro Power, Solar power, biofuels, biomass generation of electricity and wind energy	Field projects, training, international meetings and seminars
Ministry of Finance	Tax management and research	Training

Table 9 *Disbursement of Grant ODA by Line Ministries (cont.)*

Ministry or Agency	Priorities	ODA SUPPORT PROVIDED
Ministry of Public Health	HIV/AIDS, Maternal and Child Health, Dengue Hemorrhagic Fever, Pharmaceutical Quality Assurance and Quality Control.	Technical Assistance, training fellowships, study visits and international meetings
Commission of Higher Education of Higher Education	Higher education in public health, science and technology, agriculture and animal husbandry, Thai language and culture, energy, hospitality and tourism, and faculty training and development	Scholarships, faculty exchanges, joint research programs, provision of software, training and study visits
Ministry of Interior	Community development, sufficiency economy, rural and provincial electrification	Technical Assistance and training
Ministry of Justice	Legal and judicial development and narcotics control. Grant support to UNODC	Contributions to international organisations, study visits, training, and international meeting, Support for international organisations.
Ministry of Labor and Social Welfare	Social Security, industrial rehabilitation and training	Field projects and study visits
Ministry of Natural Resources and Environment	International water resources cooperation, ground water resource development and conservation, mineral resources, and ASEAN wildlife enforcement and conservation	Study visits, provision of equipment, building of schools and water systems, field projects and training
Office of the Prime Minister	Public relations (radio), civil service, management and leadership development	Fellowships and study visits, international meetings
Ministry of Science and Technology	ICT, genetic engineering and biotechnology	Technical assistance, fellowships, international meeting, training and study visits
Ministry of Social Development and Human Security	Disabilities, social welfare, prevention of human trafficking in the Greater Mekong Sub-region	Training and international meetings
Bank of Thailand	Banking practices, auditing, stock exchange development, calculation and forecasting of core inflation, foreign exchange management, and foreign investment flows	Technical assistance, fellowships, study visits
Ministry of Tourism and Sports	Physical education and tourism development	Fellowships and International meetings
Ministry of Transport	Airlines and railroads	Seminar and training

Source: TICA Annual Report 2007–2008

Table 10 *CMU – NUOL Teaching Contribution (%)*

University	2009	2010	2011	2012
CMU	100	75	50	75
NUOL	-	25	50	25

Source: Author interview with RCSD Director

Table 11 *Number of M.A. Students in International Development Studies (IDS) Program*

Year	Enrolled			Drop Out	Graduated
	Lao	Non-Lao	Total		
2009	14	1	15	2	12
2010	13	4	17	-	3
2011	7	3	10	4	-
TOTAL	34	8	42	6	

Source: Author interview with RCSD Director

Note: As of March 2013, the process of enrollment for year 2012 is ongoing

Table 12 *Number of Lao Students admitted to the RCSD's M.A. Program*

University	2009	2010	2011	2012
NUOL	1	2	1	1
Souphanouvong	1	1	-	-
CHAMPASAK	1	2	1	1
TOTAL	3	5	2	2

Source: Author interview with RCSD Director

Table 13 *MoU on Trilateral Cooperation between Thailand and donor countries*

Country	Year
Canada	1991 – 1995
Japan	1994 – 2003
Singapore	1997
Luxembourg	2000
Australia	2002
Hungary	2004
France	2004, 2010
Sweden	2005
Germany	2008
Brazil	2012

Source: TICA presentation in workshop, Bangkok, 19 August 2013.

4.4. Interplay of motivations in India's engagement with Africa and Asia

By Pooja Jain, Phd candidate, CERI Sciences Po Paris

Abstract

Pooja Jain describes the differences in India's foreign aid practices in Asia versus sub-Saharan Africa. She particularly emphasises how Indian regional cooperation has a stake in stability and security. This article presents the "big picture" of India's foreign aid: international relations, economic trade, soft power, and "cooperation" as defined by the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC). The author also shows how India uses international platforms that allow countries to multiply partnerships, such as the Non-Aligned Movement, the Commonwealth, the BRICS (Brazil, Russia, India, China, South Africa) or IBSA (India, Brazil, South Africa Forum).

Introduction

International cooperation implies fulfilling mutual interests while pursuing common ones. The interplay of interests and shared values comes to the fore in India's policies and practices in Africa and Asia, within the framework of South-South cooperation. India's motivations in both regions have underlying commonalities, as illustrated by its statements at Asian and African cooperation forums. At the 8th East Asia Summit in 2013, India stressed the realisation of common goals through cooperation, collaboration and collective action (GOI, 2013). At the second Africa-India Forum Summit in 2011, India reiterated its stance on cooperation, partnership for mutual benefit, and common positioning on international issues with Africa (GOI, 2011).

However, in spite of similarities in principle, differences arise in practice. While India insists on mutual benefits, common development challenges, distributive justice, history, shared values and partnership, the economic and political status of the partners does influence the nature and practice of its cooperation. This is demonstrated by India's activity within the new Development Partnership Administration, an agency created in January 2012. While partnerships with Africa tend more towards concessional lines of credit and the private sector, partnerships with neighbouring countries and others in Asia largely rest on grant-assisted projects (GOI, 2013a).

This study shall look at the divergences and commonalities in India's engagement

with Africa and Asia, assessing their possible directions for the future. It will demonstrate how context and the partner affect variations in policy and practice. The analysis in this paper largely draws upon speeches, official statements, and publications disseminated by India's Ministry of External Affairs. Its arguments are supported by media reports, official and international statistics, and secondary literature on the subject. What emerges is at least a partial picture of how India's aid differs contextually and how it serves different aspects of the policy agenda according to aid type and place.

The first section will examine how cooperation in trade, infrastructure and culture is influenced by the level of integration and the geographical distance between partners. The second section will address the security concerns that influence India's partnerships, with Asia and Africa in our case. This section will also look at the domestic concerns that may shape a common international policy. The third section will study the way India engages with its partners in international organisations. The last section will analyse external policy influences on India's development cooperation.

4.4.1. Continental and regional considerations

While countries in both Asia and Africa belong to several regional organisations, Africa is home to continent-wide groups, such as the African Union^[55] and the New Partnership for Africa's Development (NEPAD).^[56] Asia does not boast similar organisations at the continental level.

[55] See more about the African Union on its website: <http://www.au.int/en/> (last accessed October 16, 2013)

[56] See more about NEPAD on its website: <http://www.nepad.org/> (last accessed October 16, 2013)

This is likely to have important repercussions for the way India engages with the two continents.

• Hard and soft infrastructure

Regional and inter-regional cooperation requires connectivity in the form of transport and communication. In forums such as the Association of Southeast Asian Nations (ASEAN)^[57] and the 8th East Asia Summit, India has insisted on building regional infrastructures that could broaden the horizons of the sub-regional groups (GOI, 2013c). Indeed, connectivity in the form of “hard” and “soft” infrastructure forms an integral part of India’s regional agenda, as does enhancing exchange in trade and services. India has committed to signing the India-ASEAN Free Trade Agreement on Services and Investment by the end of 2013 (GOI, 2013).

Trade support through infrastructure has proven an important means of enhancing cooperation. The Confederation of Indian Industry (CII) and Federation of Indian Chamber of Commerce and Industry (FICCI) have been active in both Asia and Africa to promote and cement trade, investment, and economic relations, roles directly solicited by the Indian government. However, FICCI^[58] has proven more active in India’s business relations with Asia. CII seems to be more present and visible in Africa, through the CII-Exim Bank India-Africa Business Conclaves.

Notwithstanding this activity, the 2013 India-Africa Trade Ministers meeting highlighted the need to enhance trade in services (over and beyond the currently-dominant trade in goods) (SAFPI, 2013). In both Africa and Asia, India has drawn upon its renowned IT sector to build partnerships through training, as well as building soft infrastructure in the form of the Pan-Africa e-network programme^[59] (GOI, 2013c). Africa’s continental-scale organisations could facilitate dialogue and soft infrastructure spanning the entire continent. In addition, India has supported tertiary educational institutes in Africa, now said to be the largest beneficiary of the Indian Technical & Economic Cooperation (ITEC)^[60] programmes in education, training, feasibility studies and consultancy services (Desai, 2009: 419).

Though the scale of its activities differs in magnitude between the two regions, India has made efforts toward convergent and coherent policies. According to reports, it provides around 1,102 scholarships to ASEAN member states annually through ITEC. The Indian Council for Cultural Relations (ICCR) has provided 200 scholarships to ASEAN students each year for bachelors, masters and doctoral programmes in premier Indian Institutes. Telecommunications Consultant India Ltd (TCIL) assists with e-networking projects in telemedicine and tele-education, in Africa as well as Asia (GOI, 2013d). However, in South Asia, India has concentrated on trade in goods and not services, possibly due to strategic issues within that region (Bhat, 2012: 84).

[57] India’s relationship with south-east Asia and ASEAN have been part of its ‘Look East’ policy which commenced in the early 1990s (GOI, 2013b).

[58] FICCI convened the 3rd ASEAN-India Business Council (AIBC) Meeting (GOI, 2013d).

[59] For information on India’s e-network project in Africa, see <http://www.panafricanenetwork.com/> (last accessed October 16, 2013).

[60] ITEC though, essentially bilateral in nature, has been active in cooperation programmes at regional and inter-regional context (ITEC, 2013).

• Soft power diplomacy

Infrastructure does not in itself suffice to enable cooperation and communication; we turn next to the ways that “soft power” may enhance both. The exercise of soft power in Asia and Africa is nuanced by cultural considerations. Summit speeches (e.g. in 2002 and 2013) have highlighted parallels in history and civilisation, and, in the case of Asia, a common architectural and religious heritage (GOI, 2013e 2013f). But India has also claimed religious commonalities with Africa. For example, membership in the Islamic Organization for Cooperation has formed part of India’s diplomacy with Islamic African states.

Soft power (Tharoor, 2007; Nye, 2011) in the form of Bollywood has also become part of India’s charm offensive. Tharoor (2007) points out that India’s film and television industry is an asset that, judiciously used, could enhance the country’s “intangible standing,” i.e. its perceived prestige and cultural clout. Such “soft” diplomacy brings us to Melissen’s (2005) “new public diplomacy,” which not only targets nation-states but the general public and other non-state actors. However, for this diplomacy to be effective, it must be “humble,” communicative and receptive to differences and limitations (Melissen, 2005). A continent-level characterisation of Africa, combined with lack of knowledge and information flow on India’s end, could distort communications, leading India to over-emphasise similarities among the countries making up the continent (Desai, 2009: 426).

Still, there are signs that counter this danger: India also belongs to organisations such as the regional economic committees within the African Union. TEAM 9 was created to

boost ties with the West African region, which had been largely overlooked in India’s Africa initiatives. In 2001, Southern Africa accounted for nearly 60% of exports to India, while West Africa accounted for just above 16%. In 2011, West Africa was the largest supplier with a share of 40%, while the share of Southern Africa had fallen to 24% (CII-WTO, 2013: 15).

In addition, India-provided English language courses seem to be one of the attractions of its training programs with both Africa and Asia. At the ASEAN-India summit held in Thailand in October 2009, the Prime Minister of India, Dr. Manmohan Singh announced that, given the volume of requests, India would consider increasing the number of Centres for English Language Training (CELTS) in some ASEAN member countries (GOI, 2013d).

Since 2006, India’s Foreign Service Institute (FSI) has conducted a special training course for around 50 ASEAN diplomats on an annual basis. A similar program for the African region diplomats has yet to be initiated (GOI, 2013d; 2013g). Flexibility in Asian and African visa procedures could have an impact on international mobility at the regional and inter-continental level, and facilitate further efforts along these lines. For instance, India has extended visa-on-arrival facilities to seven ASEAN countries (Lao PDR, Cambodia, Vietnam, Myanmar, Singapore, Indonesia and the Philippines) (GOI, 2013b). Similar visa flexibility procedures for African countries could enhance mobility and induce greater participation in training and exchange programmes.

All these “soft power” initiatives play an indirect but important role in Indian prestige and influence, and have implications for the development of other partnerships. We turn

next to the question of security and how it shapes India's choice of strategic partners and preferred modes of cooperation.

4.4.2. Immediate and extended neighbourhood

It would be fair to assume that India's security concerns more directly affect relations with its immediate neighbours than with its extended ones. A 2013 ASEAN statement named political security, along with economics, society, and culture, as the chief pillars of ASEAN collaborative action (GOI, 2013d). Indeed, one might assume that the geographical distance between India and Africa would favour greater cordiality, compared to the immediate neighbourhood with its persistent frontier disputes and mutual suspicions. In speaking of Africa, however, India's first Prime Minister, Jawaharlal Nehru, noted that "though separated by the Indian Ocean from us, it is in a sense our next-door neighbour" (cited in Desai, 2009: 415). In this section we shall focus on security and demography as factors influencing forms of cooperation.

• Forms of engagement around security issues

India has signalled the role of humanitarian efforts in fostering Asian confidence and regional cooperation, especially in cases of natural calamities. Prime Minister Singh has also pointed out the role that regional economic integration could play in promoting growth and accelerating development, while enhancing "mutual stakes in regional stability and security" (GOI, 2013). In the case of ASEAN, a wider perspective on climate change has become evident, one that stresses sustainability and acknowledges the region's vulnerability to climate disasters (GOI, 2013d).

India's cooperation with Africa and South Asia also rests on their climate-change stance, emphasising common but differentiated responsibilities according to differing capacities – a formula enshrined in the UN Framework Convention on Climate Change (SAARC, 2010). India's talks with Africa have prioritised the reform of international organisations and the UN Security Council, to a greater degree than has been the case in its sub-regional Asia discussions. Indeed, Africa, – constituting more than a quarter of the UN membership – represents a huge potential vote bank for India on global issues (Desai, 2009: 413).

It is worth noting here that, with trade between India and Africa increasing, piracy in Indian Ocean waters assumes greater importance. The Indian Ocean Rim Association (IORA) has taken on new importance with the growth of pirate attacks off the Somalian coasts (GOI, 2011). In fact, within the South Asian Association for Regional Cooperation (SAARC), as Desai notes, the "East African seaboard, from the Horn of Africa to South Africa, falls within India's maritime strategic neighbourhood" (Desai, 2009: 413), colouring several facets of Indian-African relations.

India's security concerns in Africa go beyond international piracy. As an important contributor to UN peacekeeping forces in Africa, India has participated in maintaining internal security in some of the most conflict-ridden parts of Africa (Van Rooyen, 2010). Indeed, India has actively provided military training through ITEC, especially in Anglophone Africa. According to reports, between 1990-1991 and 2000-2001 India provided training to around 800 officers and Junior Commissioned Officers (JCOs) from twelve African countries (Botswana, Burkina Faso, Ghana, Kenya, Mauritius, Nigeria,

Senegal, Madagascar, Seychelles, South Africa, Tanzania and Uganda) (Desai, 2009: 419-420).

However, energy security, food security, human resource development and capacity-building figure in India's cooperation discourse with Asia and Africa alike. Indeed, India's agenda with East Asia has included piracy, maritime security, and peaceful settlement of South China Sea disputes to increase the flow of goods and services (GOI, 2013). India has insisted on developing a south-Asian identity through engagement within SAARC. With its immediate neighbours, India asserts win-win partnerships along with asymmetric engagements. A pacified set of borders appears as India's core strategy for domestic development goals and regional prosperity (GOI, 2013h).

One should note here that the notion of "asymmetric engagement" does not arise in India-Africa relations, even in the case of preferential duty-free tariff schemes (DFTP) for the least-developed countries.^[61] Rather, India has stressed mutual benefits, win-win cooperation, and equal partnerships. This suggests that the two regions hold different strategic roles in India's policy objectives (Narlikar, 2010: 45).

• Demography as a binding factor

India and its partners alike view growing population in South Asia and Africa as a challenge and opportunity. The sheer number of people in these parts of the world adds weight to their collective concerns: addressing development needs, common strategic

and economic positioning, and greater representation in international organisations.

In South Asia, the SAARC member countries – responsible for the needs of one-fifth of the world's population – have repeatedly pledged their commitments to people-centric development (SAARC, 2010). The challenges entailed have played out in discussions about climate change and demographic pressures. At the 16th SAARC Summit in 2013, the leaders of the member countries pointed out the need for equitable and shared but differentiated responsibility in climate change negotiations. They argued that the South Asian region has had to bear the brunt of adverse climate change effects, despite having done little to create them. Population has also been cited as a major source of economic growth in Asia, leading to cooperation demand in the fields of health and education. However, in Asia as a whole, concerns have arisen about the needs of ageing populations, calling for appropriate strategies for rural and urban development (GOI, 2013h).

The importance of demography is not limited to Asia alone, but forms yet another bond between India and Africa. This is understood by private companies seeking new markets and by the nation-partners on both sides: for them, demography lends credence to collective and common demands in global governance as well as development. Desai (2009: 426) has pointed out how interaction between India and Africa – whether in agriculture, trade, infrastructure, energy, science and technology, or cultural exchange –

[61] The DFTP scheme offers duty-free access on 94% of India's total tariff lines, with implementation over the next five years. This provides preferential market access on tariff lines amounting to 92.5% of the total exports from the least-developed countries (LDCs). The products of immediate interests to Africa include cotton, coco, aluminium ore, leather, fish fillets, non-industrial diamonds, garments, sugar cane and cashew nuts (Department of Commerce, 2013).

has the potential to transform the lives of over one-third of humanity. Indeed, this suggests that demography may itself justify and legitimise continued cooperation. Africa, with its youth population and expanding middle class, represents a growing market for Indian entrepreneurs (CII-WTO, 2013: 15).

4.4.3. Blurred frontiers/common platforms of cooperation

The earlier sections have reviewed how India's policies and practices differ and converge in Asia and Africa. In some cases, however, such differences and similarities are muted in common policy statements, issued in inter-regional and international forums such as the Commonwealth^[62] or the even larger non-aligned movement (NAM). Even within these international organisations, one region may assume greater significance over the others, depending on India's current issues and interests, as the present section will demonstrate.

• Revitalising NAM

Organisations like the NAM have symbolised the collective demands and aspirations of the global South. NAM itself has also been a platform for value-based engagement. In 1986, it established the "Africa Fund" to assist frontline states and liberation movements in southern Africa and Namibia (see Jamal, 1992: 84; Desai, 2009: 417). However, while the NAM once represented bargaining solidarity vis-à-vis developed nations, its relevance declined after the dissolution of the U.S.S.R in the 1990s (Braveboy-Wagner, 2003: 4). Nevertheless, NAM still thrives: its new agenda includes equitable representation, return of cultural

properties, compensation for loss of life and property during the colonial period, and other economic and social measures (Braveboy-Wagner, 2009: 21-22).

As one of the founding members of NAM, India has espoused the above-mentioned new NAM agenda; as Prime Minister Manmohan Singh noted in 2006, "Non-alignment is a state of mind, to think independently about our options, to widen our developmental choices" (cited in Braveboy-Wagner, 2009: 24). In his 2010 address at NAM, India's foreign minister, S.M. Krishna, called for collective efforts on the part of member states to create an equitable and democratic international architecture. He further reiterated the NAM's commitment to Africa in light of its pressing development challenges. (Bhasin, 2010). This suggests that India sees Africa as central to its calls for collective international reform, on issues of development, climate, finance and even security.

Organisations like NAM may also serve at times as relatively neutral platforms for airing sensitive issues. For example, as a sidebar to the NAM summit on July 17, 2009, India's Prime Minister Manmohan Singh expressed concerns about the welfare of Sri Lankan Tamils and its bearing on India's relations with Sri Lanka (Bhasin, 2010). Similarly, at a 2010 NAM meeting in New York, India supported a peaceful resolution in the Mideast that would lead to a United State of Palestine (Bhasin, 2010). In addition to its NAM role, India was one of the founding members of the Asian-African Legal Consultative Organisation, for cooperation on matters regarding international law – another instance of its leadership in South-South relations (AALCO, 2013)

[62] For more about the Commonwealth, see <http://www.thecommonwealth.org/>

• Continuing the heritage of the Commonwealth

India's links to Africa include a shared colonial heritage. The Commonwealth has had its own role to play as an organisation linking the former colonies to the former colonial power. It has also been a springboard for claims and assertions of equity and justice. For example, in 1958 the United Kingdom (UK) had to back off from its position of no aid after independence: faced with exacerbated economic problems in India and its former African colonies, it acceded to their demands for assistance. As the largest non-communist developing country, India also had a crucial strategic importance in British policy (Lancaster, 2007: 29). This history suggests that the collective effort of the Commonwealth could have a strong impact on the UK, and serve as a platform for mobilising opinion and support on issues of common interest. In 2010, Prime Minister Manmohan Singh invoked the Commonwealth Climate Change Action Plan to reiterate its stance on common and differentiated responsibility (Bhasin, 2010), further underscoring the platform's potential for airing critical issues.

In addition, the Commonwealth is home to 2.2 billion citizens, of which over 60% are under the age of 30 – meaning that it has demographics in its favour. As noted above, India and its partners view this as both challenge and opportunity. Demography also augurs well for enhanced and continuing cooperation. Indeed, India has provided training, capacity-building programs and assistance to Commonwealth African countries through the ITEC counterpart, the Special Commonwealth Africa Assistance Programme (SCAAP) (ITEC, 2013). India is also a member of the Colombo Plan for Cooperative and Economic Social

Development in Asia and the Pacific, a regional inter-government initiative established in 1951 to enhance development efforts in the region.

India's participation in such international forums and projects further colours its positioning as a global political actor; as the next section will demonstrate, this has a strong impact on its relations with other powers, and on its actions in Africa and Asia.

4.4.4. External policy influences

India's links with Africa and Asia are also influenced by relations with other dominant actors on the international scene. As Braveboy-Wagner (2009: 183) justly explains, "Although Asian nations led the struggle for decolonization, the purely Asian solidarity movement was quickly sidetracked into the broader Afro-Asianism and non-alignment [*sic*] [movement], which permitted the leaders of China, Egypt, India and other proactive states to gain prestige and influence on the world stage." In this wider field of non-aligned competition and cooperation, one may usefully compare India's actions with those of China, both within Asia and with other Southern partners. Hence, while China and India principally compete for influence in Asia, that competition may also affect the broader and more neutral platforms of the non-aligned movement and inter-regional cooperation – platforms that, in their freedom from regional disputes offer both nations greater opportunities to lead. In this section, we address the ways such competition could affect India's policy in Africa and Asia. As we will demonstrate, China is not the only external influence that shapes India's cooperation policies.

- **On competition and complementarity with China**

Both China and India made successful state visits to Indonesia and the 2013 ASEAN Summit. With America missing the meeting due to domestic budgetary concerns, China announced the creation of an Asian Infrastructure Bank (Bali, 2013). China is the second largest export market for Africa while India is fourth (see CII-WTO, 2013: 18; Banerjee, 2013).

Both China and India are huge energy consumers. Their burgeoning economies and growing middle classes, coupled with Middle East unrest, have made Africa their pivotal energy supplier (Pandey, 2011; Desai, 2009: 413). Moreover, African oil, especially from the Gulf of Guinea, is high in quality because of low sulphur content. The bulk of oil discoveries in Africa have appeared offshore, away from conflict zones. With the exception of Nigeria, African oil-producing countries are not Organization of Petroleum Exporting Countries (OPEC) members, and thus face fewer limits on output while permitting greater foreign participation (Desai, 2009: 424).

Crude petroleum is India's major import from Africa, accounting for 68.8 per cent of total imports in 2007-2008, followed by gold at 9.9 per cent. Inorganic chemicals made up 4.4 per cent of that year's total. Nigeria is India's fourth-largest source of crude petroleum, accounting for 9.4 per cent of India's total imports. South Africa is the fourth-largest exporter of gold to India, with 11.5 per cent of India's global gold imports, while Morocco, South Africa and Senegal supply much of India's imported inorganic chemicals (Desai, 2009: 423). India faces competition from

China among other countries in all these resource markets. In Asia, on the other hand, hydro-electricity dominates China-India resource competition, with the Himalayan headwaters in Bhutan a coveted water and energy source for both nations (Balakrishnan, 2013; Daly, 2013).

Nevertheless, competition with China is not the sole determinant of India's African policies; the two regional powers also share collaborative strategies. The African Union has continent-to-country partnerships with both China and India (African Union, 2013). For instance, one analyst has suggested that in Sudan, China and India have adopted cooperative energy diplomacy to avoid confrontation (GOI, 2013h; Pandey, 2011: 389). Krishna (2009: 347) and goes on to note that China is India's largest trading partner, and though differences persist on a bilateral level, the two countries share views on many global issues.

Additionally, some Indian companies have built market bases in Africa in order to benefit from the U.S. government's African Growth and Opportunity Act (Dabo, 2013; USG, 2013). This suggests that, though less discussed, external factors beyond China may also influence the practice of cooperation.

- **Beyond China**

China notwithstanding, Asia was India's highest export destination in 2010 with nearly 55 per cent of the total (Bhat, 2012: 79-80). Sub-Saharan Africa accounted for around eight per cent of India's total exports in 2012-13. On the imports side, Sub-Saharan Africa supplied approximately seven per cent of India's total in 2012-13 (GOI, 2013j). This may explain the growing use of concessional credit lines (LoCs, via the Exim Bank): they offer a policy tool for

increasing Africa's share in India's total trade. In fact, according to the Ministry of External Affairs' Annual Report 2012-13, a total of 164 LoCs have received USD 9.2 billion over the last decade, of which USD 5.3 billion went to Africa and USD 3.9 billion to non-African countries (GOI, 2013k).

Nevertheless, even within Asia, India's trade share with certain regional blocks is comparable to that with Sub-Saharan Africa. Though trade volumes and investment flows between ASEAN and India have increased, they remain relatively low compared with those of ASEAN's other dialogue partners.^[63] According to the latest ASEAN Trade Statistic Database, bilateral trade in 2011-2012 grew by 4.6%, from USD 68.4 billion in 2011 to USD 71.6 billion in 2012. ASEAN's exports were valued at USD 43.84 billion, and imports from India amounted to USD 27.72 billion in

2012 (ASEAN, 2013). At the 10th ASEAN-India Summit in November 2012, the leaders set a 2015 target of USD 100 billion for ASEAN-India trade. Foreign direct investments (FDI) from India rebounded from negative USD 1.7 billion in 2011 to USD 2.6 billion in 2012 (GOI, 2013d). On the other hand, the 2013 India-Africa Trade Ministers' dialogue revised the 2015 bilateral trade target to USD 90 billion (from USD 70 billion, set during the first dialogue in 2011). The value of bilateral trade jumped from USD 5.3 billion in 2001 to USD 12 billion in 2005, and to USD 63 billion in 2011 (CII-WTO, 2013: 15).

For all the importance of China as competitor, then, other factors and actors influence India's position in Asia and beyond; the increasing trade volumes passing between India and both African and Asian partners may be expected to shape future policies, including the direction of bilateral cooperation.

[63] ASEAN has ten Dialogue Partners: Australia, Canada, China, European Union, India, Japan, New Zealand, South Korea, Russia and the United States. The United Nations Development Program (UNDP) also has dialogue status (Australian Government, 2013).

Conclusion

The network of regional, continental and international organisations does not necessarily supersede the selective nature of cooperation on a bilateral level. For example, South Africa is the largest economy in Africa, and as a member of the so-called BRICS (Brazil, Russia, India and South Africa) and IBSA (India, Brazil and South Africa) Dialogue Forum, frequently engages in dialogue with India. Mauritius has proven one of India's most important investment partners due to favourable tax agreements – which, however, are now due for revision. Such partnerships and dialogues necessarily remain works in progress.

The heterogeneity and complexity of India's relationship with Asia, Africa and other international partners will provide future areas of study. India is a member of the BRICS and IBSA forums, but also of the G4 (Brazil, Germany, India, and Japan). Although member countries align along certain common interests, they differ on others. Foreign policy endeavours around collective pursuit of common interests lend themselves to various groupings and sub-groups. One may see this as a form of policy dexterity, in which multiple goals and organisations allow for a sort of trial-and-error manoeuvring. Axelrod (1997) has noted the greater likelihood of errors in complex environments; applying the insights of game theory, he argues that reciprocity will work as long as principles of "generosity" and "contrition" remain in play (Axelrod, 1984; 1997). Both for India and its partners, multiple channels of cooperation may leave more room for "forgiveness" of the errors such a system produces.

The recent growth trends in Africa, the vote bank it provides in international organisations and its distance from border disputes make it a desirable partner for India. Yet given India's wider needs and interests, one might argue that it should make greater efforts toward multiple engagements. India should not neglect one region for another but rather seek complementarity in balancing cooperation with all. The role of demographics in development has been mentioned at several points in this paper. Moreover, India has its own development challenges to face. The 2013 United Nations Human Development Report (Malik, 2013) points out that outside the member-states of the Organisation for Economic Cooperation and Development (OECD), Brazil, China and India are the largest donors. However, the Human Development Index for 2012 ranks India at number 136 in a pool of 187 countries. India thus shares its rank with Equatorial Guinea: it faces development challenges equal to, if not more severe than those of its partners. This makes it all the more important for India to maximise its engagement with cooperative partners in Africa, Asia and the world – to benefit its own people and to achieve the Millennium Development Goals.

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4.5. Malaysia as a rising donor in Asia? A long-lasting role in technical cooperation from a South-South perspective

*Elsa Lafaye de Micheaux, Senior Lecturer, University of Rennes 2,
School of Social Science Economist and Malaysian Specialist*

Abstract

Elsa Lafaye de Micheaux addresses the question of whether Malaysia can be considered as an emerging donor. The author argues that Malaysia, deeply involved in the early days of the Colombo Plan and the Non-Aligned Movement (NAM), helped define what would become known as South-South cooperation. Today, Malaysia focuses its development cooperation efforts on technical assistance, funding vocational training programmes, or cofinancing projects with Japan. Lafaye de Micheaux also points out how Malaysia, like many other Asian Southern providers, links cooperation with the expansion of its companies' commercial and investment activities. This follows the "Malaysia, Inc." foreign policy crafted by the government of former Prime Minister Mahathir bin Mohamad. From this perspective, Malaysia does indeed participate in the distinctively South-South cooperation typical of Asian partners.

The author concludes with the challenge South-South cooperation offers to traditional foreign aid models: what kind of funding will make development work? This question ultimately links the activities of emerging Asian and traditional donors: both seek, above all, development effectiveness.

Introduction:

Can Malaysia be considered as an “Emerging” donor?

Malaysia is indisputably an emerging country: In 2011, its GDP per capita amounted to \$16,000; measured in purchasing power parity, this is nearly half of Korea’s standard of living of \$30,000, and exceeds Thailand’s by 1.7 times. Malaysia’s Human Development Indicator rank is 61, behind Korea (15) and Singapore (26), but far ahead of Thailand (103) or Indonesia (124). Can Malaysia be viewed as an emerging donor? Malaysia has been involved in development cooperation since the early fifties – in this respect, demonstrating the same continuity as China or India, *i.e.* prolonging rather than establishing a policy. Moreover – and this is the key point – it is not a donor in the traditional sense, and in fact is unlike most of the so-called Southern providers (China, India or Thailand). Malaysia falls outside the standard definition for two reasons. Its aid takes the form not of grants or loans – the canonical forms of official development assistance – but technical cooperation alone (like Singapore), and it does not inscribe itself in the asymmetrical relation between donor and recipient: Malaysia always refers to mutual help and to South-South cooperation. As Kondoh *et al.* have noted, “With historical roots that emphasise non-alliance, Malaysian aid officials do not like [Malaysia] to be referred to as an emerging donor. They see their aid as South-

South Cooperation and not aid,” according to Kondoh, Kobayashi, Shiga and Sato (2010: 76).

Malaysia figures in some of the literature about the “new donors” (Manning 2006; Kondoh *et al.*, 2010). But since Malaysia does not declare the value of its cooperation, the country does not appear in official statistics on aid – neither in the broad official development assistance (ODA) statistics (OECD, 2012: 268), nor more specifically among providers who are not members of the Organisation for Economic Co-operation and Development (OECD) (OECD, 2012: 257-263). In 2005, Malaysia expressed the desire to become an OECD Development Assistance Committee (DAC) member, but “at the time the answer was no” according to Manning (2006). How, then, may one most accurately describe Malaysia’s current donor status? If it is not a donor in the traditional sense, what does development cooperation mean in a Malaysian context? This paper will address these questions by describing Malaysia’s current-day operations, presenting the origins of Malaysia’s policy and practice in this field, and framing a historical perspective on Malaysian cooperation. Since two important movements prefigured what is now called the South-South perspective in cooperation, we will go back to the first and

seminal Malaysian experience in the 1950s: the creation of an international organisation, the Colombo Plan for Cooperation and Development for Asia (Colombo Plan).^[64] We will next examine the more nationalistic turn of the Non-Aligned Movement (NAM) of the late 1970s. We will then highlight the prominent role currently given to technical cooperation (TC) as recognised by UNESCO through the International Centre for South-South

Cooperation for Science, Technology and Innovation (ISTIC) and which defines much that is distinctive about the Malaysian approach. We conclude by looking at the extraordinary continuity of Malaysia's cooperation over the years, despite the economic changes the country has experienced, and by examining the distinctions between Africa and Asia in Malaysia's policy and practice.



[64] Founded in 1951, the “Colombo Plan for Cooperative Economic Development in Asia and Southeast Asia” (Colombo Plan) is an international organisation with regional scope and multilateral governance. Planning was the main tool to guide capital investments and technical cooperation for development among members. The organisation's slogan is: “Planning Prosperity Together”. Today, the Colombo Plan has 26 members from the broader Asia-Pacific Region, ranging from Afghanistan and Iran to Papua New Guinea (Colombo Plan Secretariat, 2011).

Methodology

This picture of Malaysian cooperation will be more qualitative than quantitative, compared to analyses dedicated to Chinese, Korean, Indian, or even Thai international assistance, because the subject lacks hard data and no consistent or official source exists for statistics. The evidence cited in this paper comes from scattered training and technical programmes, from various Malaysian Five-Year Plans, and from the Malaysian Prime Minister's Economic Planning Unit (EPU). The EPU oversaw the Malaysian Technical Cooperation Programme (MTCP) for 30 years, until 2010, when the Ministry of Foreign Affairs took over. The Colombo Plan data originates in a fieldwork study that we conducted at the Colombo Plan Secretariat in 2011.^[65] Should Malaysia receive its wish of becoming an OECD member, more official aid statistics would become available for analysis.

4.5.1. Commonwealth, Third-Worldism and the origins of Malaysia's assistance

- **Back to the Colombo Plan: the seminal involvement in "mutual help"**

A fruit of the common strategy for South and Southeast Asia conceived in 1950 and promoted by (then-)Ceylon and Australia (Oakman, 2010), the July 1951 Colombo Plan was established in Colombo, the capital of Sri Lanka, by seven Commonwealth countries: India, Pakistan, Ceylon, Great Britain, Canada,

Australia and New Zealand. The young organisation aimed to provide a new channel of international and economic relations between the United Kingdom (UK) and its former Empire in Asia (within the Commonwealth) (Benham, 1954; Basch, 1955). At the start, the organisation aimed to develop economically backward Asia in the spirit of mutual help. The reciprocal political agenda of Australia, Canada and the United Kingdom sought to contain the spread of communism in Asia by accelerating and materialising rapid social and economic progress in the former colonies. In a context of decolonisation that favoured the expression of these young Asian nations' interests, these changes were implemented through five-year plans ratified by each country. The anti-communism objective inspired the United States to join the Colombo Plan in 1951, just after its official launch; however, the country was compelled to keep a politically low profile by the nationalistic and socialist political leaders of India and Ceylon/Sri Lanka.

As a British possession at the time of its inception, Malaysia has taken part in the Colombo Plan since its 1951 launch. It was an early recipient of and partner in the "mutual help" that gave the Plan its *raison d'être*; in the same spirit, it also provided aid in the form of training. As a recipient country, Malaysia benefited from the Plan investments for replanting rubber-tree plantations after the Japanese occupation (Colombo Plan, 1951). But like the other members of the Plan,

[65] All statistics and information presented in this article comes from archives, interviews and information collected through the Secretariat. Unless the data are cited as coming from the Colombo Plan Secretariat's recent publication, *A Legacy of Excellence* (2011), the data have not been published before.

Malaysia also provided technical assistance within the multilateral organisation. The country had specific involvements in the fields of administration, transportation and telecommunication, food, agriculture and forestry. The “Technical Cooperation” division of the Colombo Plan trained over 32,000 people from 1950 to 1964, including 4,551 trainees in 1964 alone. Consistent with the principle of “mutual help,” Malaysia provided training for 300 people from other Colombo Plan member countries during that same period (Colombo Plan Bureau, 1964). This experience would prove very influential for the future of Malaysia’s cooperation.

- **Initiating its own cooperation programme: MTCP, 1980**

The history of the Malaysian Technical Cooperation Programme (MTCP) begins at the First Commonwealth Heads of States meeting in Sydney in 1978, where the idea was first conceived. The MTCP official launch came in 1980 at the Commonwealth Heads of State Meeting in New Delhi, under the auspices of the South-South movement. This conception of technical cooperation first saw expression at the Bandung Conference in 1955, and gained force with the Non-Aligned Movement (NAM) in 1961 – a collective resistance to imperialism, neo-colonialism and the Cold War bipolarisation of the world. Initially created to implement technical cooperation in developing countries, the MTCP became politicised during Mahathir’s premiership (1981-2003). Its ideological rationale could

be described as a syncretism between Third-Worldist^[66] and “pan-Asian” perspectives (as manifested in Malaysia’s “Look East Policy” with Japan in 1983), combined with the promotion of a modernist Islamic ideology. The Look East Policy reflected the renewed politicisation of Islam Malaysia and had a great impact on the direction of mutual assistance: the policy fomented a vibrant discourse against the West and the post-colonial British, as Mahathir expressed it in 1987: “Whatever you used to do before with the West, I think you should also do it with the East. That is the “Look East” policy” [...] If you have learnt the bad work ethic of the West before, it’s about time you learnt some of the good work ethics of the East” (Jomo, 2003: 41). This attitude culminated in an official “buy British last” directive in the mid-1980s; at the same time, Prime Minister Mahathir even threatened to take Malaysia out of the Commonwealth, calling it “a creature of the past.” (Jomo, 2003: 41). Diplomatic priorities had changed, and technical cooperation would follow the new trend toward Third World solidarity against the West.

Moreover, since the 1980s, Prime Minister Mahathir has encouraged a populist mistrust about Western donor motivations, criticising the North’s paternalism, the insincerity and manipulation of rich, industrialised nations, and the information imbalance between developed and developing countries. Mahathir was also cynical about trade unions, which he thought had showed no concern for “the

[66] We aggregate under the name of Third-Worldism a variety of collective claims for national sovereignty and for self-sustaining development among Third World countries. Most observers believe that the concept of Third-Worldism was first expressed at the Bandung Conference of 1955, but this spirit was already very present at the creation of the Colombo Plan. The Non-Aligned Movement (NAM) began in 1961 and expanded on the Bandung Conference. The UN Group of 77 created at the first United Nations Conference on Trade and Development (UNCTAD) session in 1964 also belongs to this movement. On the legacy of Bandung and on the contemporary meaning of Third- Worldism, see e.g., Cho and Chen (2005).

fate of our worker[s] badly exploited” during colonial times, but “who [later] become our saviours, urging them [workers] to demand better conditions and higher wages,” even if it might weaken Malaysian competitiveness (Khoo, 1995: 76). The same cynicism could be imputed, according to Malaysia’s Premier, to Western environmental groups, whose sudden desire to preserve tropical forests (after exploiting them mercilessly during colonisation) could be seen as a way to trap developing countries in poverty (Khoo, 1995: 77). This discourse against Western values^[67] logically frames the political choice to promote South-South cooperation between Southern countries; in Malaysia’s view, genuine development aid could flourish only outside of the developed powers’ orbit.

Furthermore, as Prime Minister of a “latecomer” country, Mahathir adopted a kind of Modernist trust in capital-P Progress deriving from shared knowledge and technology; this belief holds that the development of a country depends on the level and quality of its human resources. From this perspective, technical cooperation has had the dimension of a political project in Malaysia. Until 2007, the Economic Planning Unit was the national focal point for all technical cooperation: since the 1940s, Malaysia’s EPU had been responsible for the administration and coordination of MTCP activities.

- **From the Colombo Plan’s mutual help to MTCP: the evolution of the geographical scope and philosophy of Malaysia’s assistance programme**

One may argue that Malaysia’s commitment to development cooperation has followed the contours of the country’s foreign relations (MFAM, 2013a):

- framed by the Colombo Plan, it initially addressed Asian-Commonwealth countries within an anti-communist ideology. This lasted from 1951, the beginning of the Colombo Plan while Malaysia remained under British rule, to independence in 1957, and continued from 1974 to 1976 under Prime Minister Tun Abdul Rahman, who aligned with British interests and favoured ties with the Commonwealth.
- under Prime Ministers Tun Abdul Razak and Sir Onn bin Ja’afar (1976-1981), Malaysian foreign relations became more critical toward western countries; non-alignment became the core definition of assistance. This new era of international relations led to the first official aid policy: MTCP.
- Prime Minister Mahathir reinforced the shift to non-alignment in the 1980s: MTCP gave increased priority to regional development with the Association of Southeast Asian Nations (ASEAN), and strengthened solidarity with the Organization of the Islamic Conference (OIC, now the Organization of Islamic Cooperation) and the Southern-non-aligned countries, known as the G-15, in 1989.^[68] The technical assistance programmes were offered (by order of priority) to (1) ASEAN, (2) Islamic and non-aligned countries, and (3) Commonwealth countries.

[67] This discourse is mainly directly toward the Premier’s internal audience. One must not forget that at the time of these statements, and in fact since the New Economic Policy (1971), Malaysia has relied heavily on foreign investments to industrialise the country and promote its exports (noticeably in the electronic sector driven by US firms) (Lafaye de Micheaux, 2012).

[68] The G-15 are now the 18 members or observers of the NAM: Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela, and Zimbabwe.

- in keeping with Mahathir's Look East Policy, the so-called "Malaysia Inc." symbiosis between public and private interests paved the way for Malaysia's economic integration with the global and African scenes via foreign direct investment (Jomo, 1993). This symbiosis connected Malay government-linked corporations (GLCs) with foreign policy (Lauseig, 1999). In African countries, industrial and commercial development (led by the GLCs) was blended with technical assistance. South Africa acted as a mediator, assisting these forays into Africa.

Malaysia has been involved in technical assistance in very distinct areas, from the governance of a multi-ethnic population to rural and urban development, including petroleum activities as well (in Ghana 1999; in Nigeria since 2002, and Sudan, Zimbabwe and other sub-Saharan countries more recently). According to the United Nations Development Program, in the early 2000s, Malaysia allocated more than 30 percent of its "South-South" cooperation assistance to Africa, a far larger percentage than any other Asian country contributed (UNDP, 2009). Malaysia's assistance has appeared officially as "South-South cooperation" in venues such as INsouth, an intellectual network for the South (see Appendix).

This expanding form of hybrid public-private involvement in underdeveloped economies is outside the scope of this paper, but it explains why Malaysian investments in Africa surpassed those of the Chinese in 2013, and are expected to increase in volume and political significance. Ultimately, the public-private Malaysian aid model may intersect with Malaysia's deployment of technical assistance elsewhere,

and modify the definition of "mutual aid," a point to which we will return.

4.5.2. Malaysian cooperation for development: 100% technical?

• Expanding MTCP's orientations

In January 2010, the Ministry of Foreign Affairs MTCP Unit took over the administration and coordination of MTCP activities. In 2013, MTCP rhetoric shows the footprint of the past and seems largely unchanged from its early days:

"In line with the spirit of South-South Cooperation, Malaysia through the MTCP shares its development experiences and expertise with other developing countries. The programme forms part of the commitment of the Malaysian Government towards the promotion of technical cooperation among developing countries, strengthening of regional and sub-regional cooperation, as well as nurturing collective self-reliance among developing countries." (MFAM, 2013)

We should note the reference to South-South cooperation in this passage: the official presentation of the programme refers to its historical origins but remains very concise on the details of its achievements. We know, however, that since its inception, the Malaysian Technical Cooperation Programme (MTCP) has expanded in scope and coverage, with an emphasis on the exchange of development experience and the fostering of self-reliance among developing countries. We should also stress that both aims appear within the Colombo Plan Secretariat, where the focus centres on pragmatic orientations and the decisive role of knowledge-sharing in

achieving sovereign development. According to the UNPD Study, since the inception of the MTCP, a total budget of MYR^[69] 600 million has been allocated for the Programme. Of this, 75 percent of the budget has been allocated for human capital development (UNPD, 2009: 103).

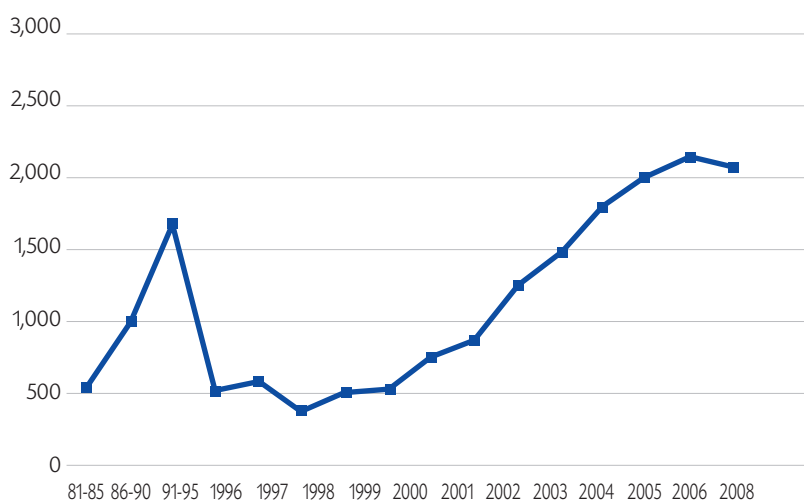
The MTCP emphasises the development of human resources through the provision of training in several areas: public administration, good governance, health services, education, sustainable development, agriculture, poverty alleviation, investment promotion, banking, and information and communication technology.

The type of assistance provided by MTCP is diversified, from short-term specialised courses to long-term courses, scholarships,

study visits and practicums, expert services, socio-economic development projects, and equipment and materials. After a slow period in the mid-1990s caused by the 1997-1998 financial crisis, the programme has gained momentum in the past decade. The number of participants in such courses increased from fewer than 500 in 1998 to more than 2000 in 2008 (see Figure 1). At the beginning of the 2010s, on average, more than 2,000 participants from 138 member countries come to Malaysia annually for training under the MTCP, according to Malaysia's Ministry of Foreign Affairs (MFAM, 2013). Since events, grants and concessional loans do not form part of the Malaysian assistance toolkit, development cooperation must be evaluated primarily in terms of training programme participants.

Figure 6

MTCP Course Participants 1981-2008



Source: UNPD (2009:105)

[69] Currency sign refers to Malaysian Ringgit.

About 150 short-term specialised courses are offered each year by more than 50 MTCP training institutions, making it difficult to give a comprehensive view of the curricula. The most important and famous venues are two governmental institutions: a high-level public administration centre, the Institut Tadbirin Awam Negara (INTAN), and the Institute of Diplomacy and Foreign Relations (IDFR). Many other Malaysian institutions can be considered centres of training excellence in Southeast Asia; they do not have equivalents elsewhere in Southeast Asia or in the Islamic world. More than 25,000 students have already received training through technical cooperation programs and these institutions since 1980. Yet in financial terms, sums spent for the MTCP have been very low, according to the Malaysian Economic Planning Unit (Kondoh *et al.*, 2010; UNDP, 2009) (see Table 1).

• Deepening involvement in the Colombo Plan training programmes

In 2013, the Colombo Plan is still operating and, as this section will show, significantly draws on Malaysia's expertise. The objectives of the Colombo Plan fully dovetail with Malaysia's own policy for Asian cooperation. The current Colombo Plan objectives are stated clearly in the Plan Secretariat (2011a); in addition to promoting Asia/Pacific economic development, it emphasises technology transfer as a means of rebalancing the information divide between North and South: "technical cooperation between the member governments, multilateral and other agencies... accelerating development through cooperative effort... with emphasis on the concept of South-South cooperation" (Colombo Plan Secretariat, 2011a).

Table 14 MTCP Average Annual Training Expenditures 1980-2011 (in MYR)

1980-85	1986-90	1991-95	1996-2000	2000-2005	2006-2011 (9th Malaysian Plan)
9 million	9 million	12.8 million	18.8 million	32.8 million	40 million

Source: Malaysia Economic Planning Unit cited in Kondoh *et al.*, 2010; UNDP, 2009.

Malaysia's involvement in the Colombo Plan started at the highest governance level: the General Secretary of The Colombo Plan from 2007 to 2011 was a Malaysian woman from the Economic Planning Unit, Mrs. P. Chiaw, who has left a dynamic and highly professional footprint on the Secretariat. Mr. Tay Bian How, the Drug Advisory Programme (DAP), director from 2000 to 2004, was an illegal-drug demand-

reduction specialist from Malaysia. He now works as second-in-command of the DAP, closely linked to the US State Department. In addition, Malaysia plays a prominent role in the public administration training programmes provided by the Colombo Plan through its most famous national training institutes (e.g. INTAN, IDFR).^[70]

[70] Source: Author interview, Mr. Tay, Colombo, 29 June 2011.

An institution with its own history, the Colombo Plan became very weak at the end of the 1980s – especially after the end of the Cold War, when the UK and Canada, two of the seven founding members of the Plan, left the organisation in 1991 (Colombo Plan Secretariat, 2011a). The Colombo Plan had been launched in part to combat the spread of communism in post-colonial Asia, shortly after the Communist party had gained victory in China. After the fall of the Berlin Wall and the end of the Cold War, the British and Canadian reasons for participating in the Plan vanished. After a few years, Japan and South Korea proposed continuing it, restricting its focus to technical assistance: they supported training coursework in the field of public administration and private sector development, to build

neighbouring countries better able to integrate regional divisions of labour. The organisation called this 1995 turn of events a “revitalisation of the Colombo Plan” (Colombo Plan, 2011a).

Since 1995, the Colombo Plan multilateral structure consists of four major programmes: the Drug Advisory Programme, the Programme for Public Administration and Environment, the Programme for Private Sector Development (strongly supported by Korea; Colombo Plan, 2007b: 5) and a small, residual Long-Term Scholarship Programme (Colombo Plan Secretariat, 2011a). We can measure the respective importance of each either by the number of sub-programmes it has run since 1995 or by the number of participants (see Table 2).

Table 15 *Number of Programmes and Sub-programmes at the Colombo Plan 1995-2011*

	Colombo Plan Programmes 1995-2011	Number of Sub-programmes
1	Drug Advisory Programme (DAP)	241
2	Programme for Public Administration and Environment (PPAE)	219
3	Programme for Private Sector Development (PPSD)	99
4	Long-Term Fellowship Programme (LTFP)	38
	Total Sub-programmes	597

Source: Colombo Plan Secretariat, 2011a.

Funding for the four major programmes is completely unequal and reflects distinct policies, partnerships and challenges. For example, the Drug Advisory Programme,

begun in 1973 (CPDAP 2004), is more than twenty times richer than the other programmes.^[71] Since 2003, DAP has focused on capacity building for reducing drug demand

[71] The author gathered this data on the funding of the Colombo Plan in 2011 during fieldwork conducted while under a short-term research assignment at the Colombo Plan, from 28 June to 7 July 2011, in Colombo, Sri Lanka. Information was gathered through interviews and publicly unpublished documents available at the Colombo Plan Secretariat Library, 31 Wijerama Road, Colombo 07, Sri Lanka. The author wishes to acknowledge the librarian, Mrs. Soma de Silva, for her dedication to the library and for her patient and kind help.

in Asian countries, especially in Afghanistan. This rather autonomous department of the Colombo Plan relies heavily on specific grants from the US State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL); grants increased to high levels after 9/11 and the 2003 invasion of Afghanistan.^[72] In 2011, the DAP was able to collect about \$12 million from INL, and received another grant of approximately \$2 million from the US Department of State for anti-terrorism efforts in Afghanistan (Colombo Plan, 2006).^[73] In Afghanistan, among the 40 drug treatment centres funded by the United States in 2011, the Colombo Plan DAP runs 26 (US State Department, 2010). The centres offer long- and short-term training programmes in drug-demand reduction for Afghan social workers, medical workers, coordinators, healthcare workers, and so forth. Locally, the Colombo Plan tries to draw upon related efforts carried out by faith-based organisations, religious leaders and scholars. It also organises the Afghan Youth Congress for long-term projects. The Colombo Plan also collaborated with Indonesia's Central Board of Ulama and the National Narcotics Board of Indonesia to strengthen the role of Islamic religious leaders in fighting illegal drug consumption in Afghanistan. This mediation by Islamic and Asian countries helped local Islamic religious leaders accept the US/INL-funded initiative. Malaysia has lent its expertise and has been closely involved in the effort to integrate

Islamic values into drug-demand reduction programmes (Colombo Plan, 2006).^[74]

The other programmes are financed by membership fees, which amounted to less than \$20,000 per country per year in 2009: the 26 members of the Colombo Plan contributed less than the \$500 million needed for the Secretariat's budget. This amount funds the Programme for Public Administration and Environment (PPAE) and the Programme for Private Sector Development (PPSD); the latter may be considered a modern form of technical cooperation. It offers human resources training to civil servants, aimed at modernising Asian bureaucracies (Colombo Plan Secretariat, PPCS Statistics Department, 2011 [unpublished]). Colombo Plan scholars, of which there were 106 between 2005 and 2011, used to be as famous as Fulbright scholars in Asia (especially in Australia), but their fame has greatly weakened in recent decades (Colombo Plan Secretariat, 2010). Additionally, over three years from 2005 to 2007, Thailand provided a voluntary contribution to finance a so-called Environment Programme,^[75] it has benefited 139 participants from the Asia-Pacific Region and has been integrated into the PPAE.^[76]

Malaysia has a modern bureaucracy with civil servants proficient in English and numerous public agencies devoted to technology, productivity, planning and so forth; its training institutions can therefore provide courses in economic planning, management, and

[72] Source: Author interviews, Mr K. Quero-Mentz, US Embassy, Colombo, 5 July 2011; Eastor Su, Demand Reduction Advisor, Colombo, 29 June 2011.

[73] Source: Author interview, W. Zender, US State Department, Colombo, 2 July 2011.

[74] Source: Author interview, Mr. Tay, Colombo, 29 June 2011.

[75] These include capacity-building programmes on subjects such as tropical wetland management, hazardous waste management, environmental toxicology, coastal zone management, and so forth (Colombo Plan Secretariat 2007: 4).

[76] Source: Author interviews, Colombo Plan Secretariat Secretary-General P. Chia, July 2011; PPA Officer Ms. Savini Sirikumara, 4 July 2011; PPCS Programme Officer De Vika, 6 July 2011, Colombo.

diplomatic bilateral or multilateral negotiations. Colombo Plan programmes to modernise Public Administration within Asia de facto mostly rely on Malaysian and Singaporean institutions. Malaysia offers the most training sessions, with 80 programme participants in 2011, compared with only 20 in Singapore; attendees were hosted by MTCP, the National Institute of Public Administration (INTAN), Institute of Diplomacy and Foreign Relations (IDFR), Small and Medium-sized Enterprise Corporation (Malaysia), SEAMEO (Sciences and Mathematics), as well as public universities and other similar institutions (Colombo Plan, 2011a).

To summarise, it is fairly well established that Malaysia has chosen a clear orientation toward technical cooperation, as Singapore has. The Malaysian programmes provide various forms of technical cooperation in areas where the country has experience and expertise. Its technical cooperation is conducted through many local training institutions and hundreds of short-term specialised courses.

• Obtaining international recognition (ISTIC UNESCO/2008)

Other specific efforts also provide reasons for considering Malaysia a rising donor – for example the International Centre for South-South Cooperation for Science, Technology and Innovation (ISTIC), established in 2008 and hosted by the Academy of Sciences in Kuala Lumpur. The centre is a platform for sharing knowledge and capacity-building under the auspices of the United Nations Educational, Scientific and Cultural Organization (UNESCO). Its origins lay in the 2005 Second South Summit of the Group of 77 in Doha, China, and in the ensuing Plan of Action that asked UNESCO to support South-

South cooperation. ISTIC has also received endorsement from the Organization of Islamic Cooperation (ISTIC, 2013). This institution is thus a Malaysia-UNESCO cooperation programme in charge of training and capacity-building in sciences, technology and innovation. According to the ISTIC website, its official objective is to help countries integrate a developmental approach into their national science, technology and innovation policies. It also aims to build capacity in sciences and technology through policy advice and exchange of experience and best practices. ISTIC also supports the exchange of students, researchers, scientists and technologists among developing countries (ISTIC, 2013).

ISTIC partner organisations come from both the developed and developing world, such as Italy's InterAcademy Panel Science Education Programme. ISTIC also works in Africa with the future University of Sudan: the first training programme for African science teachers was held over five days in April 2013 in Khartoum with trainers from Malaysia. Its outcomes included a commitment from Sudan to establish a teacher's academy for mathematics and science, in order to continue the educators' professional development (New Straits Times, 2013).

ISTIC conducts several programmes: STEM, which stands for innovative Science, Technology, Engineering and Mathematics; IBSE, a hands-on approach known as Inquiry-Based Science Education; and workshops, resources and support for developing countries' educational authorities and science teachers, via a website of the French "Main à la Pâte" Foundation (LAMAP). ISTIC's efforts involve educating high-level decision makers and middle managers on science, technology and innovation policy (KISTEP-ISTIC, 2013).

Acknowledging that the seeds of Malaysia's cooperation system are deeply rooted in sharing knowledge and ensuring political sovereignty, UNESCO has chosen Malaysia as ISTIC's host country. The institution has an explicit double role as facilitator and ethical advisor, providing "stronger interface between science and policy, identifying development enablers and deeper consideration of the ethical dimension of development" (UNESCO, 2013).

For Malaysia, ISTIC represents a symbolic recognition of its singular political position and the quality of its training institutions among myriad innovation-oriented governmental agencies – from small and medium enterprises (SME) to local government administrations. Malaysia's prominence also proves strategic for UNESCO: the country is an excellent interlocutor for multilateral cooperation with the South. Malaysian cooperation activities have always taken place at the crossroads of the Islamic world, through the OIC, ASEAN and the Non-Aligned Movement. At the same time, the country has joined Japan in "triangular cooperation" efforts, such as those between Japan-Zambia-Malaysia to facilitate Zambian trade and investment development in 2005 through 2009. According to UNESCO's Director General, I. Bokova, "Malaysia has made science, technology and innovation a cornerstone of its development strategy" (UNESCO, 2013). UNESCO's global recognition of Malaysia's distinctive South-South cooperation has great value for this emerging country: it has tried since 1991 to escape the middle-income-country trap, and seeks "fully developed" status as part of its "Vision 2020" (Mahathir, 1991). "We are small, but we continue to harbour very big dreams," commented Dr Lee Yee Cheong,

Chairman of the governing board of ISTIC at the institution's fifth anniversary ceremony in May 2013 (UNESCO, 2013).

4.5.3. Conclusion: Has Malaysia's cooperation remained unaltered or has it evolved?

This paper has drawn a sketch of Malaysia's technical cooperation from the Colombo Plan (1951) to ISTIC/UNESCO (2008), highlighting how this emerging country has maintained a remarkable South-South continuity through technical cooperation activities. Leaving aside the growing foreign direct investment trend since the 1990s – one in which Malaysian multinational corporations combine political, technical and economic cooperation in Africa – this continuity is striking and underscored by Malaysia's Ministry of Foreign Affairs and the MTCP itself. Such an unaltered policy and philosophical continuity may seem surprising for a country that has experienced huge changes in its own social and economic history. This discrepancy between high levels of achievements in the economic field and a somewhat static mode of cooperation may appear puzzling. Expenditures have remained small relative to Malaysia's economic growth and capacities, and compared to the practices of neighbouring countries, particularly Thailand, which spends ten times more as a percentage of gross national product (GNP). If we try to compare Malaysia's amount of aid to its expected 0.7% gross national product (GNP), or to the actual 0.31% given by Development Assistance Committee (DAC) donors in 2011, it reaches less than 0.005% of GNP (0.06% of Thailand's in 2008). Nonetheless, we can identify some key elements that may account for the continuity of Malaysia's cooperation model:

1. Malaysia does not share the same regional geopolitical ambitions as China and India, the most prominent regional examples of rising donors. As a small country, Malaysia does not expect to change how the world is run, nor does it expect to shape its neighbours' development with its own model. That may prove one of the reasons for Malaysia's relatively modest contribution to cooperation, compared to other new Asian donors.

2. Foreign aid did not contribute much to Malaysia's historical experience of development cooperation, compared with more determining factors: government spending and foreign direct investment in the 1970s and 1980s. Thus, post-war official development assistance (ODA) did not play the same role in Malaysia (or in Singapore) as it played in South Korea, where it was essential. Hence, the concept of ODA as a solidarity tool that can support and change the destiny of a country does not fit Malaysia's foreign policy or public expectations. The country does not sense a debt to international solidarity (Lafaye de Micheaux, 2012). For instance, during the five years of the Fifth Malaysian Plan (1986-1990), the country benefited from MYR 531 million in bilateral (75%) and multilateral (25%) assistance; this represented only 0.4% of GDP in 1990 (EPU, 1990). Compared to this, assistance provided by Malaysia as a Southern provider through MTCP during the Fifth Malaysia Plan (MYR 29 million) accounted for less than 5.5% of aid received (EPU, 1990). A balance between received aid and provided assistance was never reached; the Malaysian aid "effort" is desperately low.

3. This assertion about foreign aid's relatively low impact on Malaysia must be nuanced by the fact that, as a developing country, Malaysia did benefit from foreign aid after decolonisation

(OECD 2013a). Japan has been Malaysia's most generous and influential cooperation partner. Japan-Malaysia cooperation began in 1956. Since then, 2,700 Japanese experts and 1,800 volunteers have come to Malaysia while about 10,000 Malaysians have trained in Japan (JICA, 2013). It has been shown that Japan, through the Japan International Cooperation Agency (JICA), has actually contributed to Malaysian economic development and poverty reduction (Kohama, 2010). This long-lasting experience as a recipient country had recently been transformed into a more balanced partnership relationship. JICA now teams with Malaysia on development projects in ASEAN and in Africa in the form of triangular cooperation (TT-SSC, 2013).

4. Malaysia's behaviour in Asia differs from its actions in Africa (Stark, 2012). In Asia, relationships are more strictly handled through technical cooperation only; in Africa (especially in Islamic countries like Nigeria or Sudan) aid modalities appear more mixed. As we have seen, the aid landscape is more heterogeneous because technical cooperation emerges within economic cooperation involving government-linked companies. In Africa, large Malaysian government-linked corporations and multinationals operate in various fields. Among these, natural resource extraction is prominent, as it is in Sudan. As noted above, since the "Malaysia Inc." turn of Mahathir's foreign policy, Malaysian GLCs do link elements of technical cooperation to commercial and industrial contracts overseas. The political dimension of the state-to-state negotiations is crucial in obtaining the contracts and concessions (Lauseig, 1999).

This political involvement could lead to a relationship between Malaysia and Sudan for technology transfers in the petroleum field,

as it did in 1997, when Malaysian assistance was linked to Sudanese oil supply. Such a relationship may also involve food security, Islamic finance and banking. The Malaysia-Sudan Trade and Investment Forum held in Khartoum in November 2012 served as a recent illustration of such hybrid cooperation (Sudan News Agency, 2013). Though this initiative did not involve the official actors and objectives that have characterised ODA, it allows us to think that Malaysia can use foreign assistance as one instrument among others, deeply linked with foreign policies and commercial objectives. The complex articulation of technical cooperation provided by government-linked corporations, and the commercial and political benefits that arise, lead to a new way of conceiving (and later evaluating) what we should properly call Malaysia's development assistance. This conception in turn may nurture shared thinking and current debates about new

international cooperation actors, the blended nature of aid – public, private, hybrid – and its complexity: ODA, international development enterprises, migrant remittances, and so forth. This conception may also help us understand precisely which resources directed to developing countries do the most to make development possible and should be included in a comprehensive reading of international aid.^[77]

The apparently static character of Malaysian cooperation therefore only tells part of the story. Malaysia's broader and more hybrid foreign engagements also draw upon its technical capacities, and more fully illustrate the principle of "mutual aid" with which we started – a modality that characterises much current South-South cooperation and has much broader implications for Malaysia's political and economic development than does its traditional assistance.



[77] For a discussion of the methodology, see OECD (2013).

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Appendix:

Malaysian Key Projects for South-South Cooperation

Table 16 *MoU on Trilateral Cooperation between Thailand and donor countries*

MTCP – ASEAN Japan Tripartite	The MTCP, in cooperation with the ASEAN-Japan Tripartite Joint Development Project, aimed at accelerating the pace of reconstruction and rehabilitation in Cambodia. From 1994 till 2001, Malaysia dispatched 53 Malaysian technicians from GIAT-MARA. These technicians provided skills training to war veterans and displaced persons in three Cambodian districts for electrical installation, motorcycle repair, metal fabrication, brick-laying, tiling, carpentry and plumbing. With these skills, the recipients were expected to work in income-generating activities and thus assist in poverty alleviation.
MASSCORP	The Malaysian South-South Corporation (MASSCORP) was established in 1992 as a consortium comprising 85 Malaysian shareholders. It disseminates business information to enhance relationships among the G15 and African countries. It also plays an important role as a link between Malaysia and countries in the Global South. MASSCORP has established the Malaysia-Chile Business Council and the Malaysia-South Africa Business Council in Malaysia, as well as the Malaysian Business Centre in Kampala.
ASEAN-Mekong Basin Development Cooperation Programme	Under the ASEAN-Mekong Basin Development Cooperation Programme, the MTCP provided training and human resource development for groundwater resource management in the CLMV countries. Based on Malaysia's experience, from 1999 through 2001, the MTCP also provided special training courses for D-8 member countries (Bangladesh, Egypt, Indonesia, Iran, Nigeria, Pakistan and Turkey) in the administration of central banking, development of capital markets, and management of privatisation.
Agriculture	Malaysia shares its knowledge and experience about the development process; especially in niche sectors, where the country has gained expertise through many years of research and development: oil-palm plantation management, agricultural development and veterinary services management. In 2002, the Malaysian Agriculture Research Institute (MARI) sent technical experts to Malawi to work on a two-year project to set up a Project Management Office (PMO) and to train the locals in the various aspects of integrated farm management. Malaysia has conducted other projects with Nigeria for agricultural and rural development, in 2002 and 2010-2011.

Education and Training	<p>MTCP education and training activities include short-term courses of less than three months' duration. On average, these courses run for four weeks. This short-term training covers various areas where Malaysia has acquired expertise: 66 scheduled courses are currently available annually, in 22 training institutions and government agencies. These courses cover a variety of subjects: public administration and management, productivity improvement, civil aviation, ICT, central banking, agriculture management, veterinary services, fisheries, radio broadcasting and TV production, investment promotion, property valuation, tax administration, cooperative management, palm oil plantation management, fire-fighting and English-language arts. Malaysia's technical cooperation for training programmes especially target economies in transition and countries that are in the throes of reconstruction, such as Cambodia, Laos, Myanmar and Vietnam (CLMV), Bosnia and Herzegovina, East Timor, and Afghanistan.</p>
Study Visits	<p>The MTCP also organises study visits and practicums for many countries that request assistance. Study visits and fellowships form the second major component of the MTCP. They are designed to enable practitioners in the field and staff at various levels in public agencies to acquire practical knowledge. Study visits and practicums entail observation of work methods, procedures and techniques, visit to sites and projects, formal training, case studies, and involvement in real work situations. The study visits usually last one to two weeks while practicums last slightly longer. From 1981 to 2002, Malaysia hosted 1,398 participants in these programmes, which provided participants with Malaysia's experience in a wide range of areas, such as poverty eradication, development planning, privatisation, public administration, investment promotion and project planning.</p>
Expert Missions	<p>Since 1992, the MTCP has sent experts in agriculture, banking, anti-corruption efforts, energy, legal advice and technical matters to, respectively, Oman, Namibia, Fiji, Tanzania, Kazakhstan and Cambodia. Three micro-credit experts from USM and Amanah Ikhtiar Malaysia (AIM) were also dispatched to South Africa to assist the Women's Development Bank.</p>
Trade and Investments	<p>Malaysia is a key trade partner in ASEAN, creating trade opportunities for many developing countries in the region and other parts of the world. The Malaysian government has encouraged, through its "prosper-thy-neighbour" policy, local firms to invest in other developing countries. Malaysia is also working to promote mutually beneficial trade and investment relations with other countries in the South. Total government investment in other developing countries amounted to \$4.8 billion in 2006. In addition, Malaysia has signed 56 investment-guarantee agreements with other Southern countries to encourage and foster the flow of investments between developing countries. Malaysia's total overseas investment increased from \$3 billion in 2005 to \$5.9 billion in 2006.</p>

Sources: Ministry of Foreign Affairs of Malaysia (2013); Economic Planning Unit (1981; 1990; 2006)

4.6. Question and answer session/discussion

The questions and discussion from the conference are presented here thematically under the respective subheadings.

Future Prospects and Relations Among Partner Countries

Q: Alice Jones, Norwegian DAC Delegate

There are clearly differences in the objectives of development cooperation in your respective countries. When it comes to Thailand, there has been a shift from political relations with neighbouring countries to a stronger focus on economic cooperation. For China, the political dimension is still clearly an objective, confirming China's role in the international landscape. What kind of dialogue do you have with your partner countries? For example, what kind of dialogue did China have with Cambodia during the period of political instability? How do you communicate and what kind of conversations do you have at the domestic level?

A: Siriporn Wajjwalku

You will be aware that we have a political problem with Cambodia but that does not impact on our development cooperation. When it comes to domestic perceptions, development cooperation is a relatively new policy for Thailand and the general population does not understand it well. At the same time, the civil sector and the private sector consider development cooperation policy as having value. Overall, the perception of these policies is quite positive, although not 100% positive.

A: Tongquan Sun

With respect to your question on the China-Cambodia relationship, I am not an expert in international politics. However, during the period 1992-2000 Cambodia's domestic politics were not stable. At that time, some Cambodian parties were collaborating with Taiwan and that is something that China can never accept.

Q: Gordon Hein

The Asia Foundation has been directly involved with both Malaysia and Singapore in technical cooperation programmes, particularly with respect to the provision of training. Why has Malaysia not expanded its technical cooperation more significantly? It appears to be frozen at the same level as it was 20 to 30 years ago. Some of the earlier nationalist rhetoric related to South-South cooperation appears to be continuing. However, Malaysia has excellent relations with many Western countries, including the United States. It has also achieved a high level of growth and international standing. It therefore seems surprising that it has not used the development

cooperation programme more significantly as a tool for its own foreign policy and in promoting South-South cooperation.

A: Elsa Lafaye de Micheaux

As to the rather provocative statements made by Prime Minister Mahathir, I did not deny that Malaysia has always been very close to the US – it was the main source of aid for Malaysia in the 1990s. The place of China is also growing. You stated that Malaysia's aid was frozen in a 30-year old model, and indeed I would agree that Malaysia is not using aid sufficiently.

Motivations and the Colombo Plan

Q: Sachin Chaturvedi

What evidence do you have for referring to external influence, in particular by China, in Africa? Second, Western literature has emphasised China's and India's presence in Africa for purposes of extraction. I have emphasised the role played by mutual gain but you seem to be taken only one side of the story into account. Third, you stated that the objective of the Exim Bank lines of credit were to promote exports from India. However, that is the objective of the institution. Fourth, you noted that India aspired to become a member of an Islamic group. What were you referring to? Finally, reference was made to the Colombo Plan becoming an empty shell. However, in 1997, India decided that the Plan would be nationalised and Colombo participants are part of India's own technical and economic cooperation programme.

A: Pooja Jain

I agree that motivation is a strong term and that is why I insisted on the word "assumption" throughout my presentation. Second, I did not say that resource extraction was the only motivation for India and China; I also mentioned capacity building, for example. Third, regarding lines of credit, my comments were not a criticism; I simply stated that there was a greater focus on Africa compared to other regions. Finally, the comment on the Islamic organisation was something I learnt about in my field trip to Senegal, which supports India's candidacy to this organisation.

A: Elsa Lafaye de Micheaux

I would love to have the Indian statistics on the Colombo Plan as I would like to understand more about what India knows with respect to the Plan. In 1991, Great Britain and Canada were the great providers of the Colombo Plan. They have since drawn away from this mechanism after the collapse of the Berlin Wall. Without Japanese and South Korean intervention, the Plan could have disappeared. I believe that the Colombo Plan is in the process of losing its motivation and objectives but we are now giving it a new direction.

Trilateral Cooperation and NEDA

Q: Folashadé Soulé Kohndou, PhD Candidate, CERI Sciences Po Paris

Regarding your presentation on trilateral cooperation, would you provide more information on the role played by loans in such cooperation? Is NEDA involved in triangular cooperation? How does that cooperation fit into the objective of moving development cooperation from a political focus to a more economic focus?

A: Siriporn Wajjwalku

To date, NEDA has not been involved in triangular loans. There has indeed been a shift from politics to economics, as people fully believe that economic development will contribute to the strength of the region as a whole, including Thailand.

Millennium Development Goals

Q: Name not provided

Given that we are coming up to 2015 very soon, I was surprised not to hear more on the achievement of the Millennium Development Goals. How will that drive the policy dimensions of your different countries?

A: Tongquan Sun

The Millennium Development Goals are used by China in developing its policies. We consider them as a priority.

A: Siriporn Wajjwalku

The Millennium Development Goals are discussed among policy makers and academics in Thailand. However, I am not sure to what extent they are really taken into account. The government believes that moving forward on industrialisation and regional integration is the solution to poverty issues in our country. Inclusive growth is also important to ensure a reduction in inequalities.

A: Pooja Jain

I believe that the Millennium Development Goals are more of a domestic challenge for India.

A: Elsa Lafaye de Micheaux

Malaysia is an excellent model for developing countries as it has reduced its poverty and inequality levels very rapidly.

A: Laurent Amar

This morning's session was aimed at presenting concrete examples of cooperation policy in various countries. However, the Millennium Development Goals are also a key subject that we should address.

5. Session 3:

What evolution of aid in the Asian century?

5.1. Introduction

Gordon Hein, Vice President, The Asia Foundation

This morning we heard general presentations of development cooperation programmes from four Asian providers: Korea, China, India and Thailand. We heard of their history, volume, organisational structure and modalities, as well as the sectoral and geographical priorities of their respective programmes.

In the second session we zeroed in on a more detailed look of the actual experience and practice of different Asian providers.

This third session will zoom back out again for an overview of the rise of Asian providers in the context of the overall aid system, in particular in Asia. How are established aid donors responding to these new actors and new approaches? What types of new frameworks and partnerships will emerge to accommodate these changes? To what extent are countries in Asia focusing on regional issues and regional approaches as they advance their development cooperation?

Such questions and issues require much discussion, and are addressed in the following papers. The first paper studies South Korea's historic path to growth and development and their model of development cooperation. The second paper then explores the rise of non-DAC providers in East Asia, highlighting the opportunities they bring and challenges they face. Moreover, this rise of non-DAC providers brings to light the implications for DAC donors, and how building relations between the two may prove rewarding to both parties.

5.2. Asian solutions to Asian problems: reflections on South Korea's development and development cooperation^[78]

Eun Mee Kim, Pil Ho Kim, and Jinkyung Kim

Abstract

Eune Mee Kim and her co-authors explore a distinctively Asian response to Asian problems in the case of South Korea. They begin by giving context to South Korea's phenomenal economic growth; in fifty years, the country has risen from a low-income developing country to a high-income member of the Organisation for Economic Co-operation and Development (OECD). The authors present the South Korean mode of international development cooperation, which simultaneously integrates lessons Korea learned as a developing country, aid principles promoted by the OECD Donor Assistance Committee, and the specific circumstances of developing countries. This integration constitutes one of the distinctive features of the South Korean model, which also rests on strong "country ownership" of foreign aid. According to the authors, this last element makes South Korea an especially attractive partner for aid-recipient countries.

[78] This is excerpted from Eun Mee Kim, Pil Ho Kim, and Jinkyung Kim, 2013, "From Development to Development Cooperation: Foreign Aid, Country Ownership, and the Developmental State in South Korea," *The Pacific Review* 26(3): 313-336. Eun Mee Kim, Graduate School of International Studies, Ewha Womans University; Pil Ho Kim, Institute for Development and Human Security, Ewha Womans University; and Jinkyung Kim, Graduate School of International Studies, Ewha Womans University. Please send comments and feedback to Eun Mee Kim at emkim@ewha.ac.kr.

Introduction

South Korea's phenomenal economic development in the second half of the twentieth century propelled it from one of the poorest to the thirteenth largest economy in the world, leading South Korea to a new role in the world of development cooperation. In January 2010, South Korea became the twenty-fourth member of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC), signaling its growing role as a major donor of foreign aid. In November 2010, Seoul successfully hosted the first Group of 20 (G20) summit to ever take place in Asia, and introduced the "Development" agenda. In November 2011, the fourth and final High-Level Forum on Aid Effectiveness (HLF-4), hosted by the OECD and the World Bank, took place in Busan, South Korea.

The South Korean government, searching for a new, responsible global role in the twenty-first century, announced that it will provide foreign aid with what it calls a South Korean model of development cooperation, based upon its own development experience (Jung, 2010). This ambitious announcement prompts two questions: what were the distinct, if not unique, characteristics of South Korean development in the twentieth century? if such characteristics can be identified, how do they fit into twenty-first century global development-cooperation norms? This paper aims to answer these two questions by revisiting the South Korean development experience in light of today's standards. At the risk of making a retroactive rationalisation, we will focus on what is called the "country ownership" of foreign aid (official development assistance

[ODA] in today's terminology). This notion of country ownership was embodied in the Paris Declaration on Aid Effectiveness (OECD 2005) in 2005, and now plays a central role in the twenty-first century development paradigm shift from foreign aid to development cooperation. This shift in thinking encourages recipient governments to take ownership of development policies and aid activities in their country, to establish their own donor-coordination systems, and to only accept aid that suits their needs. We will explore how, what is widely recognised as the South Korean "developmental state" (Amsden, 1989; E.M. Kim, 1997; Woo, 1991; Woo, 1999), broke new ground when it effectively took ownership of the aid it received and guided its phenomenal economic development.

South Korean officials demonstrated this sense of strong ownership in their tough negotiations with major donors. The South Korean developmental state was not only a strong state in the domestic context, but was also a strong negotiator with foreign governments when it came to major decisions regarding the country's economic development.

In this paper we will briefly review the key characteristics of the South Korean developmental state as it fostered rapid economic development and reduced extreme poverty in record time. Then we will focus on how the developmental state negotiated its space *vis-à-vis* major ODA donors as a major recipient, putting the ownership principle into practice a few decades earlier than it was formulated in theory. We will also

critically examine how twenty-first century global political and economic conditions and domestic political situations differ from those of the twentieth century; these differences may well limit the relevance of the South Korean experience for other developing countries.

These are timely issues: many poor nations look to emerging countries, such as South Korea, for effective, alternative poverty-reduction-and-development models. Broadly speaking, South Korea's development can be relevant for countries faced with the triple challenge of (1) poverty, (2) lack of democratic governance, and (3) fragile security. Throughout this paper, we will develop what we conceive of as a South Korean "alternative" rather than a "model" because the term "model" is based on the very problematic idea of "one-size-fits-all" – a singular mode of development. Such a single solution does not match global foreign aid and development cooperation norms that recognise the varied developmental contexts of recipient nations. Before describing the South Korean alternative, however, we first need to establish a theoretical link between the developmental state – a concept that addresses national economic development – and the ownership principle of international development cooperation.

5.2.1. The developmental state and the ownership principle

Ever since Johnson (1982) coined the term "developmental state" to explain Japan's economic development during the pre- and post-World War II period, the theoretical framework has been applied to other East Asian cases, such as the original "Four Tigers" (South Korea, Taiwan, Hong Kong, and Singapore), and has spread to Latin America,

South and Southeast Asia, Africa, and even Western Europe (Haggard, 1990; Evans, 1995; Robinson and White, 1998; Woo-Cumings, 1998; Leftwich, 2000; Mkandawire, 2001; Chibber, 2003; Kohli, 2004; Edigheji, 2010). The state-centered approach enriched developmental-state literature with two key concepts: state autonomy and state capacity (Evans, Rueschemeyer and Skocpol, 1985). In return, the literature provided ample evidence of strong bureaucratic states in East Asia ruling efficiently over relatively a weak civil society, private interests, and social classes (Amsden, 1989; Johnson, 1982; Woo, 1991; E.M. Kim, 1997; Wade, 1990); this reinforced the idea that the state plays a central role in national political economy. Whether one examined democratic Japan or authoritarian South Korea and Taiwan, one could easily identify the locus of state autonomy and capacity: the well-trained civilian bureaucracy responsible for economic planning and industrial policy. Evans (1995) later revised the original formulation of the developmental state's autonomy into what he calls "embedded autonomy." Evans argues that the state bureaucracy becomes autonomous not by detaching itself from society at large, but by further embedding itself in a "dense network of social ties" with private actors and thereby enhancing its capacity to achieve industrial transformation.

The OECD-DAC provides policy guidelines for ODA, and considers building and developing capacities a priority for national development and a key factor for an aid recipient country's successful leadership and ownership in the development process (OECD, 2009c). The guidelines identify six priority areas necessary for capacity development: (1) country systems capacity, (2) enabling environment for capacity development, (3) capacity development in

fragile situations, (4) integrating capacity into sector/thematic strategies, (5) role of civil society and the private sector in capacity development, and (6) relevance, quality, and choice of capacity development support (OECD, 2009b; OECD, 2009d; Pearson, 2010).

The emphasis on political as well as economic development distinguishes the OECD-DAC guidelines from twentieth-century developmental state practices. In terms of political development, the OECD-DAC highlights good governance and the participation of civil society organisations (OECD, 1995; 2009b). It also encourages private sector involvement and women's empowerment in the national development process, since the active involvement of women is critical for social, political and economic development (OECD, 1999; OECD, 2009b; OECD, 2010).

The OECD-DAC guidelines draw on the 2005 Paris Declaration on Aid Effectiveness, the result of a major international effort to improve aid effectiveness, with more than one hundred signatory donors and partner countries committing to major reforms in aid delivery. They agreed on five principles: ownership, alignment, harmonisation, managing aid for results, and mutual accountability. They also came up with twelve indicators to measure aid effectiveness (OECD, 2005).

Quite tellingly, the ownership principle is located at the top of the aid effectiveness pyramid, suggesting that ownership is the most important of all five principles. This impression was reinforced by the 2008 Accra Agenda for Action where "Strengthening Country Ownership over Development" again topped the list of priorities (OECD, 2009a). The ownership principle suggests

that developing countries take a leading role in holding country-level meetings on development policy. It also underscores recipient countries' need to exercise their leadership in broadening policy dialogue. But, from our perspective, the ownership principle's indicator – national development strategies – is its most interesting aspect.

From the donors' perspective, whether or not the ownership principle is intended to bolster the recipient country's autonomy *vis-à-vis* international donors is unclear. Fritz and Rocha Menocal admit that the "goal of promoting country ownership is far from straightforward," and yet the "expectation is that national development strategies will provide a strategic policy framework oriented towards results that donors can support" (2007: 545). Nevertheless, if the ownership principle boils down to a country establishing a successful development strategy in practical terms, then it looks like an important endorsement of South Korea's development experience and the way it transitioned from an aid-dependent country in the 1950s to a developmental state with a clear-cut development strategy in the 1960s. In effect, the South Korean developmental state managed to deliver the desired results, even though donors to South Korea sometimes disagreed with the specifics of the state's development strategy and means of deployment.

5.2.2. The role of foreign aid in South Korean development

- The development of the South Korean developmental state

South Korea is one of only a handful of countries that successfully overcame extreme poverty by the early 1980s. Scholars of various

theoretical persuasions saw South Korea's economic development as a success. For example, modernisation scholars saw in it how new and revised Confucianism contributed to record-level economic growth, and were ready to embrace South Korea's culture as a key cause of its economic development (Tu, 1984). For very different reasons, Dependent Development theorists embraced the South Korean case as having solved the ill effects of dependency (Deyo, 1987; Gereffi and Wyman, 1990). Latin Americanists envied how South Korea was able to attain rapid economic development despite heavy dependence on foreign trade, capital and technology and without increasing income inequality or subjugating its aspirations to the First World (Gereffi and Wyman, 1990). Scholars who focused on the developmental state as the key to explaining Japan's economic development,

and that of the Four Asian Tigers, led a series of interesting debates about institutionalism in the social sciences more broadly, and about the role of the state versus the market in these nations' economic development (Johnson, 1982; Lim, 1987; Amsden, 1989; Wade, 1990; Kim, 1997; Woo-Cumings, 1998). Table 1 summarises the key institutions and actors from the early phase (1960-1970) of South Korea's development. It shows that an economic bureaucracy, the Economic Planning Board (EPB), was at the helm of South Korea's economy; it worked closely with the Ministry of Finance and the Ministry of Commerce and Industry. The EPB had two critical functions: planning and budgeting. The EPB chairman had the rank of deputy prime minister, and strong coordination capacity among the government ministries.

Table 17 *South Korea's Development – Key Institutions: 1960-1980*

Key Institutions	Policies/Instruments	Distinct Features
Developmental State: Economic Planning Board Ministry of Finance Ministry of Commerce and Industry	Long-term comprehensive planning and projection Provider and intermediary for capital and technology Provider of indirect assistance and subsidies Export-oriented industrialisation	Sustained economic development Low income inequality Low inflation High employment
Authoritarian State	Military, police, tax, and intelligence used; limited civil liberties. labour oppression	Collusion with <i>chaebol</i> * for heavy and chemical industrialisation
Local Capital: Large business groups (chaebol)	Heavy and chemical industrialisation Trading company (chonghap sangsa)	The state- <i>chaebol</i> partnership for development
Foreign Capital: ODA grants Concessional loans	Grants and loans over FDI State-guarantees for repayment for loans	Foreign capital (grants/loans) behaving like domestic capital

Source: Kim (1997: 27-94).

Note: *Family-owned and -managed private business groups in South Korea

In the industrialisation process, large family-owned and -managed business conglomerates (chaebol) built close partnerships with the developmental state. Foreign capital, in the form of grants and concessional loans, was very important in the earlier phase; the developmental state used such aid more like domestic capital than foreign direct investment. The South Korean government directed aid and concessional loans to its development projects, particularly to strategic heavy and chemical industrialisation (HCI) projects in the 1970s (Kim, 1997). In sum, the strong South Korean developmental state led economic development and adeptly used foreign aid for its own development.

- **Ownership and capacity-building in the early aid management system (1945-1960)**

In 1945, South Korea started receiving ODA after it was liberated from Japanese Colonial Rule (1910-45). Between 1945 and 1948, the US occupied and governed the southern part of the Korean peninsula; Americans provided aid in the form of grants through the Government Appropriations for Relief in Occupied Area (GARIOA) and Economic Rehabilitation in Occupied Area (EROA) programs. GARIOA provided emergency relief aid to assist with US-occupied areas in need of basic subsistence, such as food, medicine, and fuel. EROA provided funds for infrastructure in US-occupied areas. GARIOA and EROA grants totaled USD 409.4 million from 1945 through 1948. During the same period, the US also provided USD 24.9 million in concessional loans through the Office of the Foreign Liquidation Commissioner (OFLC), thus bringing the total ODA provided by the US during its occupation to USD 434.3 million. The United Nations Relief and Reconstruction

Agency also provided emergency relief aid and infrastructure (Lee, 2004: 35-37).

The Republic of Korea was officially established in August 1948, and continued to receive military and economic assistance in the form of grants. The Korean War (1950-53) devastated over eighty percent of the Korean peninsula, and South Korea became an important recipient of military and economic aid during the war and in the post-war reconstruction period. South Korea received about seventy percent of all grant aid between 1945 and 1960; the US was the largest donor, granting USD 3.1 billion (equivalent to about USD 60 billion today).

There is little doubt that South Korea's economy was heavily dependent on foreign aid until 1960, when US aid policy began to shift. What is less well known about this period is that the Korean government attempted to control the aid management process, including specifying aid requirements, procurement and allocations, based on agreements with donors (Macdonald, 1992). When the Republic of Korea started receiving aid through the US Economic Cooperation Administration (USECA) in 1949, South Korea's Office of Planning and the Office of Procurement were established under the Prime Minister's office to manage aid; they were later placed under the President's office. By putting aid-related offices under the highest authority, the Korean government showed its resolve to improve the management and efficiency of foreign aid.

The outbreak of the Korean War led to the termination of USECA aid. The United Nations Korean Reconstruction Agency (UNKRA) took over long-term reconstruction projects, while the Korean Civilian Assistance

Command (KCAC) operated short-term reconstruction projects. In 1952, the South Korean government and the United Nations (UN) Command jointly organised the Combined Economic Board (CEB) to ensure effective aid coordination, in accordance with the recommendations from the Special Representative of the US President for Korean Economic Affairs, Henry J. Tasca. The CEB consisted of a senior Korean economic minister and a US aid official, representing the South Korean government and the UN Command respectively. The two representatives held regular meetings to prepare and oversee economic and financial policies (Lee, 2009). Five committees operated under the CEB: the Overall Requirements Committee, the Finance Committee, the Relief and Aid Goods Committee, the Engineering Committee, and the Community Development Committee. To run the CEB effectively, working groups and special committees were also created. All committees were composed of an equal number of officers from South Korea and the UN, appointed by their respective representatives. The CEB was involved in overall economic policies and plans as well as aid management (Lee, 2009).

In 1953, the US created the Foreign Operation Administration (FOA) as a government agency in Washington to maximise the effectiveness of the overseas aid programs (National Institute of Korean History, 2007). The US also established the Office of the Economic Coordinator (OEC) under the UN Command in Korea to design, implement, and supervise economic assistance, including counterpart funds, and to coordinate US and Korean governments and aid agencies (Mason *et al.*, 1980). The OEC focused on Korea's economic development and financial stabilisation,

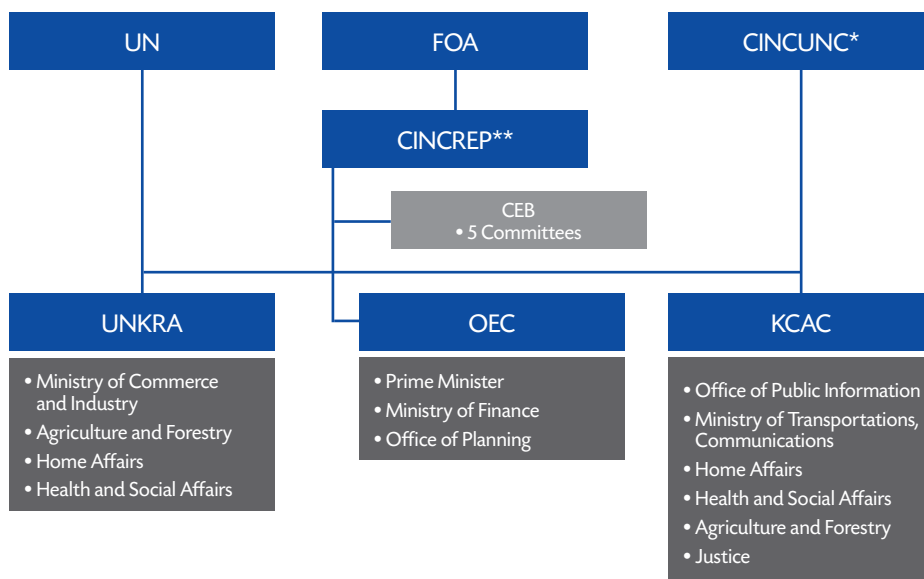
working in close consultation with the US Ambassador on a range of political issues. Starting in 1956 until 1959, the OEC oversaw all South Korean aid programs; the KCAC and the UNKRA functioned as its implementation agencies. The OEC managed policies on price, wage, resource allocation, and labour in cooperation with the Prime Minister's Office, the Ministry of Finance and the Office of Planning.

The Economic Coordinator in the OEC, appointed by the US government, played the role of UN representative in the CEB and economic advisor to the UN command. The OEC worked closely with the South Korean government and UN aid agencies to manage aid programs in a harmonised way. The US State Department supported the OEC and carried out its recommendations (Macdonald, 1992). The CEB designed policies and monitored their implementation by the OEC and the South Korean ministries, functioning as a bridge between the domestic and the international aid-related organisations. Figure 1 shows how the US and UN agencies divided their role in terms of economic assistance in 1954.

The aid system overseen by the CEB and the OEC indicates that serious efforts were made by both the US and South Korea to coordinate aid and avoid overlapping programs during the 1950s. However, the actual performance of the system was not quite up to the task. In this case, the CEB, supposedly the main vehicle of "country ownership" exercised by the aid recipient, was hobbled from the beginning because the US and South Korea were unable to reach an agreement on its specific role. As a matter of fact, the CEB and the OEC played only a limited role in aid management. This partially explains the continuing problems with

Figure 7

The South Korean Foreign Aid System in the 1950s



Source: National Institute of Korean History (2007); Lee (2009)

Note: The light grey box is the Board managed by both the UN and South Korea. The blue boxes indicate US and UN agencies in charge of economic assistance, and medium grey boxes are the South Korean government organisations working with the aid agencies.

*CINCUNC: Commander in Chief, United Nations Command

**CINCREP: Commander in Chief, Pacific, Representative (the head of Far Eastern Operations)

coordination and harmonisation between the two major aid agencies, KCAC and UNKRA, not to mention their misalignment with the South Korean government's system. It certainly did not help with coordination and communication that the UN agencies were located in Seoul, while some of the South Korean ministries and offices were still in Busan after the Korean War (National Institute of Korean History, 2007).

These problems notwithstanding, it is remarkable to find such a coordinated system

of aid management in the early stage of aid reception. The increasing number of Korean officials that participated in the CEB shows Koreans' eagerness to take ownership of aid management and delivery. Meanwhile, at one point the OEC had as many as 900 Korean employees building capacity for South Korea's future economic take-off, which came in the next decade. It was probably no coincidence that the idea of an economic development plan was first hatched in the OEC and then actually drawn up by the Korean Ministry of Reconstruction, which had sent its officials to

the US and the World Bank for that purpose.^[79] In other words, the capacity to devise the Five-Year Economic Plans in the developmental state of the 1960s did not come out of the blue; it had been built up since the mid-1950s (Macdonald, 1992: 271; Lee, 1999).

• Consolidation of ownership and the developmental state, 1961-1975

Between 1961 and 1975, South Korea experienced rapid economic development, and most foreign capital graduated from grant monies to concessional loans. In 1961, President Kennedy's new aid policy changed its goal, from economic stabilisation to development and growth (Macdonald, 1992: 290). This policy shift replaced grants with concessional loans, which required more responsibility and ownership on the part of aid recipients. This policy shift coincided with South Korea's push for economic development in the early 1960s, when the country used concessional loans for its development plans. In 1961-1975, 50.7 percent of ODA to South Korea took the form of grants, and 49.3 percent concessional loans.

More importantly, while 63.6 percent of ODA to South Korea came from the US from 1961 through 1975, America's share decreased from 1976 through 1990, to only 14.6 percent, while Japan provided 57.4 percent, and other nations provided 28 percent. In total, ODA to South Korea reached USD 3.9 billion in 1961 through 1975, and then decreased to USD 3.5 billion from 1976 through 1990 (Bank of Korea, 1975; Lee, 2004: 57-59). In 1975, South Korea, having

achieved an annual per capita GNP of USD 574, became ineligible for the International Development Association's low-income-economy classification, and thus could no longer receive soft loans. Two decades later, in 1995, South Korea finally graduated from being a recipient country by paying off its structural adjustment loan to the World Bank.

As we have noted in Table 1, grant aid and concessional loans to South Korea acted almost like domestic capital, allowing the South Korean government to utilise these funds to support its industrial policies. Thus, it would be difficult to understand South Korea's remarkable economic development from the 1960s without examining the role of ODA. It is also significant in world history that this major aid recipient became an emerging donor of ODA in less than sixty years. What enabled this remarkable transformation was, we believe, a fortuitous combination of "country ownership" – autonomy *vis-à-vis* international actors – and capacity building that the South Korean developmental state managed to hold together while receiving ODA.

It was not uncommon that South Korea's economic development plans went against the wishes of major donors, especially during the HCI period. The IMF and the World Bank openly questioned the wisdom of HCI, suggesting that South Korea should stick with labour-intensive light manufacturing industries. Because of this negative view, the Pohang Steel Mill project failed to secure

[79] Kim Hyŏn-ch'ŏl, known to US authorities as Henry Kim, personifies the link between the aid management system and the economic development plan. At the time, Kim was both the Minister of Reconstruction and the Korean representative in the CEB (National Archives of Korea, 2006: 341). He resurfaced as the chair of the EPB in 1962, when the Park regime launched the First Five Year Economic Development Plan.

[80] Eugene Black, the president of the World Bank at the time, is said to have made the following remarks with respect to South Korean HCI: "There are three myths in a developing country. The first is construction of express ways, the second is construction of an integrated steel mill, and the third is construction of a monument for the head of state" (Kim, 2011: 159-160).

funding from the US. Undaunted, the South Korean government persuaded Japan to divert its reparation fund from agriculture and fishery to the steel mill project. There were similar stories about the Seoul-Busan Expressway project (1968-1970) and the Petrochemical Industry Development Law (1970) (Kim, 2011: 159-160).^[80]

The establishment of a comprehensive developmental state clearly differentiated the Park Chung Hee regime (1963-1972) from its predecessors. The founding of the EPB and other government offices geared toward economic development, the creation of comprehensive five-year economic development plans, and the nationalisation of banks are evidence of the increased capacity of the state under Park. But it was not just “state” capacity; ODA increasingly came with capacity-building opportunities, such as foreign training and private-sector technology transfers:

Between 1962 and 1971 more than 7,000 Koreans received training abroad, and additionally over 1,500 experts were sent to Korea by donor nations. A high proportion of the senior personnel in government, business and academia received foreign training. When establishing the Korea Institute of Science and Technology with U.S. assistance, Korean project managers decided the orientation of the institute and picked the most qualified advisers, instead of waiting for experts to be sent. Investment of significant local resources and time in project implementation signaled strong Korean project ownership and was in line with local efforts to learn “how to fish.” (Kharas, Makino, and Jung, 2011: 6).

The use of ODA to consolidate country ownership and continue capacity building

greatly boosted the South Korean developmental state, and vice versa. However, painting the 1960s-1970s South Korea as a “model” ODA recipient poses two critical questions. First, how relevant is the model in the current context of the post-Cold War, globalised capitalist economy? Second, should South Korea’s glaring lack of democracy or “good governance” at the time give us pause, considering the global norms of development cooperation today?

5.2.3. Limits of the authoritarian developmental state and a South Korean alternative for development cooperation

- Changing conditions of development in the global political economy

The search for a South Korean alternative for development cooperation should begin with an examination of how the global political economy has changed since South Korea emerged as an economic power in the second half of the twentieth century. This will help us sketch a more feasible and more current development alternative for developing countries, and, more importantly, for countries suffering from extreme poverty. In the current global economic environment, aid is less readily available than at the end of the Cold War, especially in the middle of the current global financial crisis. In addition, when South Korea employed an export-oriented industrialisation (EOI) strategy in the mid-1960s, there were relatively few players in the world export market. However, that is no longer the case. The global economy has seen many developing nations break into the world market with cheap manufactured goods, leaving less room to tolerate more nations with low-cost manufactured products.

Table 18 *Changes in the Global Political Economy*

	Time period	Global Political Environment	Global Economic Environment
South Korea - 20th Century	1960s - 1980s	<ul style="list-style-type: none"> • Cold War: Military aid • Economic aid to LDCs 	<ul style="list-style-type: none"> • Open market (USA) • Relatively few players with cheap export products • Trade protectionism (high in the NICs)
Developing Countries - 21st Century	2001s	<ul style="list-style-type: none"> • Post Cold War • Post-communist reconstruction • Democracy promotion • US war against terrorism • China: Non-interference 	<ul style="list-style-type: none"> • WTO • Learning effect regarding export-oriented industrialisation • Cyclical and global financial/ economic crisis

Source: Author

South Korea's early years of development were marked by a heavily protected domestic market in spite of its aggressive export promotion. It is unlikely that such a protectionist policy would be tolerated under the current World Trade Organization (WTO) regime. Furthermore, global and regional economic crises seem to occur with greater frequency in the twenty-first century. These crises inflict a three-part tragedy on aid-dependent developing countries: (1) donor nations often cut back on development assistance, (2) opportunities for exports decrease, and (3) new foreign direct investment is scarcer and previous sums may decrease. Thus, aid-dependent developing countries can become extremely vulnerable during global and regional economic downturns.

The global political context also changed significantly with the end of the Cold War. With the ending of the rivalry between the US-led capitalist democratic countries and the USSR-led socialist countries, the global

political mood changed toward democracy. The former Soviet-bloc countries have been going through a double transition, from authoritarianism to capitalist market economies and liberal democracies. Furthermore, studies about poverty that go beyond economic analysis emphasise democracy as a key to poverty reduction. In his seminal study on poverty, Sen (1999) highlights that poverty is sometimes caused by, or at least exacerbated by, authoritarian governments that do not listen to the people's calls for improvement to their lives.

The domestic political context in which developing countries find themselves is also quite different from that of South Korea in the twentieth century. In today's post-Cold War world, authoritarianism is not seen as an alternative, but rather as an utterly immoral system of government. This would make it extremely difficult for governments to openly pursue such hard-line policies as did South Korea. Even if overt authoritarianism was a

viable political option for some countries, it would not guarantee the achievement of a twentieth century-style developmental state in the twenty-first century. This is not merely because of the changing global political economic conditions noted above, but also the inherent limits of the authoritarian developmental state. Here again, the South Korean experience, and its democratic transition in particular, offers a telling example, as we will see next.

- **Limits of authoritarianism: South Korea's double transition**

The relationship between capitalist economic development and political democracy is one of the most important topics of social science inquiry. On the one hand, there is a long tradition, beginning with the 1950s' modernisation theory, which affirms a positive correlation between development and democracy (Lipset, 1959; Almond, 1991; Przeworski and Limongi, 1997). Some conclude, on the other hand, that development does not necessarily lead to democracy; contemporary authoritarian regimes in China and Russia "are showing that they can reap the benefits of economic development while evading any pressure to relax their political control" (Mesquita and Downs, 2005: 78).

Even though the experiences of South Korea and the rest of the East Asian Tigers seems to suggest that the developmental state and authoritarianism are two sides of the same coin, and/or that the combination is crucial for successful economic development, we need to separate these two concepts analytically.^[81] More often than not, authoritarianism has begotten "predatory states" as opposed to

developmental ones (Evans, 1995). At least one East Asian developmental state, the archetypal postwar Japan, is not exactly authoritarian. Furthermore, there could be many more examples of non-authoritarian developmental states if we included Western countries in the category (Woo-Cumings, 1998). Some even find successful democratic developmental states in sub-Saharan Africa, such as Botswana, Mauritius, and potentially, South Africa (Mkandawire, 2001; Sandbrook, 2005; Edigheji, 2010).

A more nuanced theoretical approach to the relationship between development and democracy stresses class structure and class politics as intervening factors: according to Rueschemeyer *et al.*, "Capitalist development is associated with democracy because it transforms the class structure, strengthening the working and middle classes and weakening the landed upper class. It was neither the capitalist market nor capitalists as the new dominant force, but rather the contradiction of capitalism that advanced the cause of democracy." (1992:7). In South Korea's case, class dynamics were subsumed under the authoritarian developmental state and continued to colour the democratic transition. Thus, the contradiction of capitalism expressed itself as a contradiction of the developmental state – or more specifically, as an erosion of the state's autonomy *vis-à-vis* private capital and the newly rising urban middle and working classes' democratic challenge (Kim, 1997: 45-47).

Korea's chaebol, formerly junior partners of the economic bureaucracy in the South Korean developmental coalition, clamoured

[81] A more thoroughgoing discussion, involving the "good governance" agenda, can be found in Fritz and Rocha Menocal (2006; 2007).

for less state control over finance and other sectors related to their wide-ranging business interests, and largely got their wish thanks to their expanded political clout. In the meantime, South Korea's military regime was forced to make democratic concessions to the popular voices of dissent coming from the newly empowered civil society and working class organisations. And finally, the gradual decline of the South Korean developmental state took a precipitous fall when the Asian Financial Crisis (1997-1999) forced Koreans to

swallow their pride in economic nationalism and ask the International Monetary Fund (IMF) for a rescue package. In a bit of an irony, the "IMF's man in Seoul", engaged to carry out its structural adjustment program in return for the emergency rescue, was none other than Kim Dae Jung, the long-time opposition party leader whose election as president – only a few months after the financial crisis broke out – can be seen as a landmark in South Korean democratisation (Cumings, 1999: 36-41).

Table 19 *Changes in the Global Political Economy*

Aspect	Authoritarian developmental state (1961-81)	Double transition (1982-2002)	Quasi welfare state (2003-07)	New developmental state (2008-)
State	Economic Planning Board Korean Central Intelligence Agency	Economic Liberalisation (1982 onwards) Democratic transition (1987 onwards)	Welfare expansion Participatory democracy and decentralisation	New form of growth-oriented policy
Capital	Growth of chaebol State control of finance	Increased power of chaebol Regulatory developmental state	Chaebol reform	Deregulation and pro-market, pro-chaebol policies
Labour	Acceptance of low wages and long working hours during economic expansion	Militant unionism Korea Tripartite Commission (1998)	Tripartite Commission renamed Economic and Social Development Commission (2007)	Changes not yet clear
Economic growth	Rapid growth: 7.2% (1971-81)	Before Asian Financial Crisis: 8.5% (1982-96) After crisis: 4.4% (1997-2002)	Slow growth: 4.4% (2003-07)	Slow growth: 2.3% (2008-10)

Source: Author

The retreat of the developmental state in South Korea, therefore, took the form of a double transition toward economic liberalisation and democratisation that lasted two decades, from 1982 to 2002. A five-year interlude featuring a rather unstable quasi-welfare state followed, before South Korea returned to growth-oriented policies under the current conservative administration (see Table 3 for a stylized summary of events) (Kim, 1997; Kim, 2010: 100-112). Although the fate of the South Korean developmental state is not at all clear at this juncture, we can say with some degree of confidence that it will not revert back to an authoritarian state whose legitimacy can only be sustained by near double-digit annual GDP growth.

- **The twenty-first century democratic developmental state and development cooperation**

If the Korean example shows the limits of the twentieth century authoritarian developmental state, can other developing countries learn the lesson and build new developmental states without authoritarian politics? Advocates for the democratic developmental state seem to think so; they see “consensual autonomy” or “political capacity” necessary for a long term, stable, and equitable development (White, 1998; Leftwich, 2005; Edigheji, 2010). Peter Evans (2008) goes a step further by arguing that fundamental changes in the character of development, such as the “bit-driven growth” of information technology-oriented economies and the expansion of “human capabilities,” are transforming the developmental state. Evans argues that the state’s capacity to draw up and execute a national development

strategy is increasingly dependent upon its “embeddedness” with not just private capital elite but also civil society:

The centrality of dense connections to civil society and the construction of democratically deliberative institutions would at first seem to make the twenty-first century developmental state the political antithesis of the twentieth century version. A closer look suggests that the classic twentieth century developmental states have already begun to change the character of their embeddedness. For example, the expansion of health care over the course of the 1980s and 1990s shows Taiwan and Korea managing to shed enough of their authoritarian traditions to allow public deliberation to move policy priorities in the direction of capability-centered development (Evans, 2008: 17).

We still need to wait and see if South Korea is headed in this new direction. However, uncertainty does not appear to deter the South Korean government from promoting the twentieth century developmental state model to other, less-developed countries. We have already mentioned South Korea’s eagerness to showcase its past, state-led development experience through its ODA policy. The Korea International Cooperation Agency (KOICA) has offered numerous programs featuring South Korea’s development experience through training, education, and technical cooperation efforts. In addition, the Korea Development Institute (KDI) – established as the research arm of the formidable Economic Planning Board under the Park Chung Hee regime – has offered lessons about South Korea’s economic development program through the Knowledge Sharing Program

(KSP).^[82] Thus, even before scholars are ready to agree on a model of South Korean development cooperation, practitioners in ODA agencies have begun to “export” the South Korean development model.

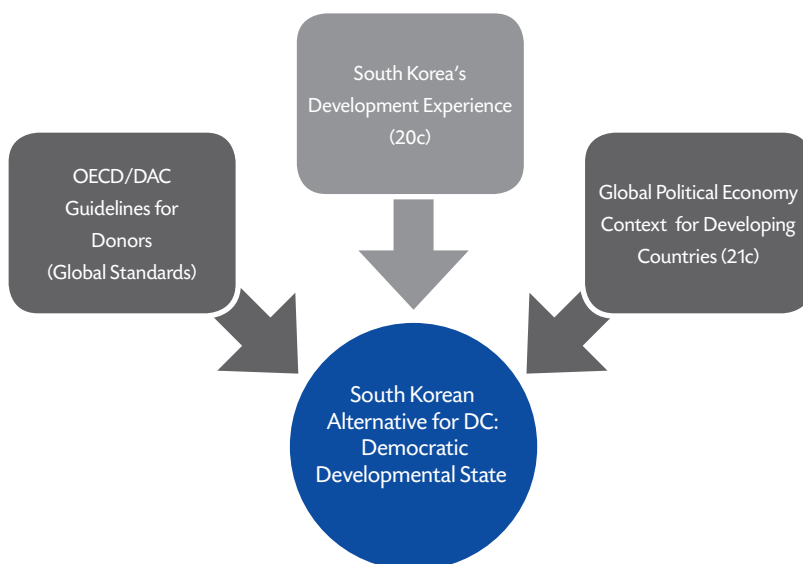
In the introduction, we made clear our objection to the term “model” because of its “one-size-fits-all” connotation that goes against the global norms for development cooperation. In particular, the term “model” invokes a problematic discourse in the aid community about conditionality and the failed Washington Consensus, which attempted to graft a US and Western European economic system onto many developing nations. It might be a stretch to think that the South Korean model is intended to operate in the

same manner. However, as long as South Korea’s experience rests on the twentieth-century developmental state, we need to take a critical look at the very experience Korea would like to share with other developing countries. We therefore ask; can the success of the authoritarian developmental states of the twentieth century be replicated in the current global political economic context? How compatible is the Korean-style state with global development cooperation standards and norms that prioritise good governance and civic participation?

Instead of “model,” we suggest using the term “South Korean alternative” in both meanings of the word, that is as a South Korean alternative to the Western model and as an alternative to

Figure 8

Synthesis for a “South Korean Alternative” for Development Cooperation



[82] See Jung (2010) for KOICA and Lim *et al.* (2010) for KSP.

the South Korean developmental state of the past century. The South Korean alternative for development cooperation should derive from a combination of three broad elements: (1) the global standards and norms for development cooperation as exemplified in the OECD-DAC guidelines, which South Korea cannot ignore given its recent ascension to the OECD-DAC, (2) South Korea's own development experience from the twentieth century, and (3) the current global political economy context in which developing countries operate.

We have argued that country ownership can be a link between (1) and (2), since South Korea was able to successfully exercise its ownership over foreign aid to spur national economic development. On the other hand, the double transition of the South Korean developmental state took place right at the turn of this century, which makes it a poignant cautionary tale for many countries looking at the intersection between (2) and (3). In the end, the synthesis we envision in Figure 2 is the South Korean alternative for a democratic developmental state: its autonomy – embedded in the broader civil society – enables it to exercise strong ownership over ODA, and its capacity ensures a sound development strategy so it can expand human capabilities in the twenty-first century global economy.

5.2.4. Concluding remarks

South Korea's economic development since the 1960s has been regarded as one of the most phenomenal in world history. Considering South Korea's success in attaining development, thanks in part to ODA, it is not surprising that many less-developed countries look to South Korea as a model for economic development. To these nations, U.S. or Western European development models

are too distant to be realised. The Latin American style of development, featuring import-substitution industrialisation based on abundant natural resources, may also seem irrelevant for less-developed, resource-poor countries.

The challenge, however, is to find the essence of the South Korean developmental experience – something that could be replicated in the twenty-first century, where the context of global political economy for development is markedly different. WTO regulations about unequal treatment of domestic and foreign firms makes it difficult to pursue South Korean-style domestic-market protectionism; a saturated global export market makes it difficult for developing nations to take advantage of export-oriented industrialisation for their own development; and the world's greater attention to environmental impacts constrains pollution-prone industrialisation. In addition, the challenge is to adopt the South Korean alternative without some of the costs or problems of its development, such as the curtailment of democracy, suppression of labour, and excessive reliance on large businesses versus small- and medium-sized enterprises.

In this paper, we argued that the South Korean developmental experience needs to be transformed into a South Korean alternative for development cooperation. South Korea should not commit the mistake of insisting that its mode of development is "the model" for development, but instead suggest it as an "alternative" for development cooperation – one that pays attention to global standards and a changing global political economy. This is easier said than done. Nonetheless, South Korea needs to strike a balance between the global norms for development cooperation

and its distinct development experience. Furthermore, we need to seriously consider the implications of the double transition of South Korea's developmental state toward democratisation and liberalisation since the 1980s, without which it would be difficult to talk about the relevance of its twentieth

century experience. The articulation of these nuances poses a challenge that South Korea must rise to, since the country has an important story to tell about its development and about different modes of aid delivery based on its experience as an aid recipient.



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5.3. The changing aid landscape in East Asia: the rise of non-DAC providers and the implications for DAC donors

*Anthea Mulakala, Director, International Development Cooperation,
The Asia Foundation*

Abstract

Anthea Mulakala presents the principal conclusions of a study conducted by The Asia Foundation. The research examined the rise of donors operating in Southeast Asia who are not members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC). It found that emerging Asian donors emphasise their aid as but one of several elements of their foreign policy. Among the challenges facing this development cooperation, the study identified transparency as a major issue, along with the need for efficient statistical and project evaluation systems. Mulakala concludes by suggesting avenues through which traditional donors could develop relationships with these new key players, whose already substantial impact on current aid architecture will continue to grow.

Introduction

The international development landscape has changed dramatically over the past two decades. Asia has played no small part in this, and will continue to be a driving force in the years to come. With a number of Asia's aid recipients achieving higher levels of income and increasingly driving the global economy, traditional donors are reconfiguring their aid programs. Aid from traditional donors to Asia fell from USD 45 billion in 2005 to USD 25 billion in 2010 (Commonwealth of Australia, 2012), and few Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) donors are currently expanding their aid programs at the global level. Global aid has fallen by six per cent since its high point in 2010 (OECD, 2013). The OECD expects a further decline in aid levels through 2015 (OECD, 2012). Meanwhile, the volume of development cooperation from non-DAC (particularly Southern) providers is increasing. Non-DAC contributions could account for at least USD 50 billion in aid or aid-like flows by 2025. This is probably a conservative estimate. China and India are significant players. A number of the most visible programs are based in East Asia.

This paper summarises research conducted by The Asia Foundation, designed to provide development cooperation stakeholders with an understanding of four issues: (i) trends in the value and nature of aid to developing East Asia from non-DAC bilateral providers and the private sector; (ii) the objectives and strategies of non-DAC development partners; (iii) how non-DAC providers are changing the nature of development partner engagement in

developing East Asia; and (iv) the implications for DAC aid. The research examined non-DAC flows to eight countries: Cambodia, Indonesia, Laos, Mongolia, Myanmar, Philippines, Timor Leste and Vietnam. It addressed three kinds of providers: Arab, Southern, and private. This shorter paper focuses on Asian Southern providers only; it highlights trends drawn from the country and donor profiles in the longer paper, and summarises key findings, implications, and recommendations.

5.3.1. Asian Southern providers

Asian Southern providers – notably India, China, Indonesia and Thailand – are increasing their development cooperation in East Asia. In spite of ongoing international debate over what constitutes “aid,” China is now considered a net donor rather than a net recipient. According to the country's first White Paper on the subject, released in 2011, China's financial resources dedicated to foreign aid increased by an average of 29.4 per cent per annum from 2004 to 2009. India and Indonesia have also expanded their assistance programs, with India launching its new agency, the Development Partnership Administration, in 2012.

Although each country and cooperation program has its own individual characteristics, Asian Southern providers share an emphasis on mutual benefit, and make explicit linkages between their development cooperation initiatives and foreign policy objectives. They are certainly not unique in this regard, as traditional donors are also facing increasing pressure to justify aid to their electorates by

more clearly stating the connections between aid and national interests (OECD, 2012). Asian Southern providers, however, have generally been more forthright about their pursuit of mutual benefit, and more likely to define that benefit in mercantile terms.

One means of expressing this mercantile element is through the blending of financing mechanisms, which encompass traditional grant aid, lines of credit, concessional loans, trade, investment, and technical cooperation. This blending has been controversial and has prompted questions about the boundaries of “aid.” Nevertheless, some suggest that by 2025 bilateral trade interests will be “powerful and transparent determinants of ‘development’ cooperation for most countries” (Kharas and Rogerson, 2012). Asian Southern providers will have played an important role in this development.

These rising development actors are changing the nature of international cooperation relationships. Typically referring to themselves as South-South cooperation partners or providers, rather than as “donors,” most eschew traditional, vertical donor-recipient relationships in favour of horizontal partnerships. In line with this philosophy, they emphasise knowledge exchange and technical cooperation. They focus particularly on infrastructure for growth and on the productive sectors in partner countries, reflecting their own development trajectories and experience—and also maximising mutual benefits.

Both during and since the Busan High Level Forum (29 November–1 December

2011), there has been a growing sense among Southern providers that Southern development cooperation offers a new paradigm for partnership, and therefore requires its own coordination and consultation mechanisms.

5.3.2. Research methodology

The study aimed to rely upon secondary research alone, but given the limited availability of data, some primary research was also necessary. This took the form of interviews with The Asia Foundation country staff and select government officials.

There are no consolidated sources that provide data on non-DAC aid flows. While aid transparency initiatives like AidData^[83] have successfully captured a wide range of DAC and non-DAC sources, they have been less successful in China, where development cooperation data are protected by the state. Available data are not presented in a consistent format (adhering to common definitions of aid). In some countries, such as Vietnam, Mongolia, and Indonesia, discussions of aid from non-DAC sources is highly politicised and there is limited public information available. The country profiles therefore are not comprehensive. Rather, they provide a snapshot of the non-DAC aid landscape as a basis for further study. Data from 2008–2013 have been prioritised, and flows less than USD 1,000,000 per year have not been included. For China, data have been collected largely from media scans and scholarly articles. The study also draws information from two ongoing research initiatives, supported by The Asia Foundation, in India and Thailand.

[83] AidData is a research and innovation lab that seeks to improve development outcomes by making development finance data more accessible and useful for action.

5.3.3. Country analysis: findings on Asian Southern providers in East Asia

This section highlights and discusses the main findings from the larger study.

China is the major player

In the eight East Asian countries studied, China is by far the dominant Southern provider. China's footprint in many countries in the region is in infrastructure development (largely financed through concessional loans): projects related to transport (Cambodia, Mongolia, Philippines, Vietnam), telecommunications (Laos, Myanmar), and power (Myanmar). Chinese grant assistance or technical cooperation in East Asia has gone towards agriculture, education, culture and disaster relief projects.

In Cambodia, for example, China has been and continues to be an important ally, providing development assistance since 1953. Historically, Chinese assistance has shifted, from military aid to a strategy of 'mutual benefit' and most recently to concessional loans, with a significant emphasis on the transportation sector. Conservative estimates suggest that from 1997 to 2005, China's Cambodian aid and investment reached USD 600 million; more inclusive assessments suggest that since 1982 Beijing has provided up to USD 2.7 billion in development assistance, soft loans and grants (excluding military aid) and is now the country's top bilateral provider and main political ally in the region (Santamaria 2013). This is an impressive figure when one considers that net official development assistance (ODA) to Cambodia in 2011 was USD 792 million (OECD-DAC, 2013).

Similarly, China is the dominant player in Mongolia – receiving 91% of Mongolia's exports and providing 32% of its imports in 2011^[84] (National Statistical Office of Mongolia 2011). This relationship is critical, politically and economically, and has major implications for the aid landscape in Mongolia. In addition to vast flows of FDI, China also provides Mongolia with concessional loans for infrastructure and grants, targeted mostly in the education sector. Since the new Mongolian Government came into power in July 2012, there have been several visits between senior Chinese and Mongolian officials. Both nations seem keen to intensify cooperation in the areas of mining, animal husbandry, infrastructure construction, finance and transportation (Reeves and Pacheco, 2013). From 1991 to 2010, China provided grants of about USD 47 million to Mongolia and concessional loans of about USD 315 million. The most recent concessional loan agreement for USD 300 million was signed when China's former president Hu Jintao visited Mongolia in 2006; it covers a large railway project started in 2010. A preferential buyer's credit agreement was signed in 2011 (Ministry of Commerce, 2010). In comparison, ODA net flows to Mongolia in 2011 were USD 340 million.

Timor Leste is an interesting case because China has a small or non-existent concessional loan portfolio. Rather, it has provided grant assistance for prestige projects, such as the presidential palace, the foreign ministry building, the defense headquarters, and staff quarters for the Timorese military officers. There is speculation that China is waiting for the Timor Leste government to expand its circle of "friends" in the oil and gas sector,

[84] China accounted for 51% of all FDI into Mongolia in 2010 (USD 596.7 million of 1.76 billion), up from just 24% in 1994, and Chinese companies make up 50% of total foreign-owned and operated companies in Mongolia (FIFTA, 2012).

where China would be willing to extend concessional loans.

Apart from China, India and Thailand also have a consistent presence as development partners in the region. Myanmar is most likely to see increasing aid flows from India because of its strategic role as an economic neighbour and buffer to China. In the last five years, there has been a noticeable increase in Indian assistance to Afghanistan and Myanmar. Our research indicates that India has extended roughly \$300 million in lines of credit for Myanmar in the last five years. These have been used mostly for infrastructure projects in transport (Exim Bank India, 2013; Yhome, 2009: 10, 25, 13; Pioneer News Service, 2001; AidData, 2013; OFID, 2013; Mullen, 2013a).

India has also become an increasingly significant partner for Vietnam. India's Vietnamese development co-operation, which includes concessional credit, grant assistance and capacity-building programs, dates back to the 1970s and continues to be an important element of the two countries' strategic partnership. Commercial links have built steadily since the 1990s, with a rapid increase following the signing of the Association of Southeast Asian Nations (ASEAN)-India Free Trade Agreement in 2010. Starting in 2013, the Indian government formally launched an annual grant assistance program to fund small-scale, short-gestation projects that will directly benefit small communities in various parts of Vietnam (Viet Nam News Service, 2013).

A 2010 state visit from India to Cambodia resulted in an increase in concessional loans to the latter for key infrastructure initiatives (notably USD 15 million for the Stung Tassal Water Development Project). India has also expanded its lines-of-credit

(LOC) modality to support power and water infrastructure projects. In 2012, Cambodian Prime Minister Hun Sen requested a USD 57 million concessional loan from India for two development projects (an electricity transmission line from Kratie province to Stung Treng province with an estimated cost of USD 20 million, and the Sva Slab River irrigation system for USD 37 million). A recent (2013) trade mission from India to Cambodia suggests growing mutual interest between the two countries.

Asian Southern providers generally do not pursue a sector-based approach.

Asian Southern providers operate on the basis of certain principles – notably, to assess and respond to demand, and to deliver with speed. As a result, non-DAC providers often do not define sectoral or country priorities, but instead allocate resources in an ad hoc manner, in response to bilateral relationships and requests.

Nevertheless, infrastructure projects still predominate among Asian-Southern-supported initiatives in the countries studied. These are generally financed with lines of credit or concessional loans. While it is often assumed that China's cooperation supports a mercantilist policy of resource extraction (a claim often levied against its African projects), our research did not find this the case in East Asia.

In terms of grants and technical assistance, Asian Southern provider assistance tends to target social sectors such as education, health, culture and agriculture. For example, in Myanmar, India has contributed funds toward the conservation of the Bagan temple, and in 2013 India supported the establishment of

the Myanmar Institute of Technology, with aid valued at USD 5.9 million. Similarly, in 2013 Indonesia granted USD 1 million in support of food, education, health and economic support to the marginalised Rohingya community in Arakan state, Myanmar. China has set up over 60 Chinese language schools in Mongolia as well as establishing a Confucian Centre at Mongolia University. In Cambodia, Thailand has granted several million dollars for health and educational programs.

This profile of Asian Southern cooperation has a few important implications. First, within a more responsive, demand-driven bilateral relationship, recipient countries have greater scope to set their own priorities and pitch their own projects to potential donors, rather than relying on larger national planning processes or donor-driven planning processes. Second, without clear country and sectoral allocations, it is harder for traditional donors and traditional aid coordination mechanisms to plan for and account for contributions from Asian Southern providers.

MDGs less relevant

The Millennium Development Goals (MDGs) and an explicit focus on poverty and social justice do not dominate development cooperation objectives and outcomes among bilateral Asian Southern providers. While providers certainly target poor countries, their demand-driven programs may not always deliver pro-poor outcomes. This suggests that issues of poverty, inequality, gender and social safety nets may become less central in the larger development discussion and landscape – particularly as providers increasingly focus

on economic development as the primary catalyst for achieving development outcomes.

However, there are some notable exceptions. China in particular has taken a stronger interest in livelihood initiatives. This arises in part from the recognition that while large-scale prestige projects may please partner governments, meeting the needs of people at the local level is also important.^[85] In Myanmar, China appears to have diversified its activities to include “softer,” more people-oriented and more transparent forms of aid, including greater engagement of Chinese NGOs, projects to stem human trafficking, corporate social responsibility (CSR) activities, and relation-building with civil society and the political opposition (Rieffel and Fox, 2013). Similarly, in 2012, Indonesia’s Vice President declared the country’s resolve to systematise and enhance its cooperative efforts and to build knowledge hubs in three sectors: development issues (poverty alleviation, disaster management and climate change, human development), governance (good governance and peace-building, democracy, law enforcement and peace-keeping), and economic issues (macro-economic management, public finance, and micro-finance) (South-South Cooperation, 2012).

Most of the eight countries in the study are now middle-income countries, but still harbour considerable poverty and rising inequality. Proponents of the Asian Century scenario (ADB, 2011) point out the interconnectedness of the region, and the need for all countries to grow together in order to maximise gains. Asian Southern providers – whose development programming is not

[85] Source: Author interview with Zhou Taidong, Senior Program Officer at The Asia Foundation China, August 2013.

contingent on poverty levels – have increased their engagement with neighboring countries, using development cooperation to support neighbours, garner influence, and contribute to development goals.

Context matters

The local aid landscape in each of the eight “recipient” countries is influenced by a unique set of economic, political and social dynamics that influence their development trajectories. Critical factors emerging from the analysis include natural resource endowment, state capacity and fragile conditions, political systems, the role of the press and civil society, and geography and geopolitical significance.

In the East Asia region, geostrategic interests play out in a number of countries as dominant powers (DAC or non-DAC) compete for influence, using a variety of soft and hard power approaches.^[86] Myanmar’s geostrategic importance – whether in its natural resources, its proximity to large regional powers, or its coming assumption of the ASEAN chair in 2014 – has attracted political and economic investments from a wide range of partners. Japan, who has been a prominent donor and partner, is well aware of these dynamics and the costs and opportunities of a successful or failed Myanmar; in 2012, JICA allocated USD 700^[87] million in loans to the country. India also considers Myanmar an important “land-bridge” on its path toward consolidating ties with Southeast and East Asia and countering Chinese influence (Yhome, 2009). In 2012

India extended USD 41.4 million in lines of credit to Myanmar (Mullen, 2013).

Public and press perceptions within and outside Cambodia suggest geopolitical dynamics at play that could influence the aid landscape. First, Cambodia’s non-aligned voting stance on ASEAN security issues has raised questions as to whether China’s aid may double as a soft-power strategy to woo an ASEAN ally. Second, Cambodia may benefit from other donors like Japan, who, cautious of China’s increasing influence in the region, seek to enlarge their own footprint. Interestingly, India and China share an apparent tendency to “shadow” each other’s presence in some countries. This often takes the form of infrastructural investments. Similarly, China’s increased presence in the Philippines may be seen as an effort to counter the United States’ influence in the region.

Asian Southern providers (like DAC donors) will pursue different priorities and strategies for different countries. While this may seem obvious, it suggests that some general inferences made about Asian Southern providers (e.g. that their interests lie solely in resource extraction) misrepresent their intentions.

5.3.4. Asian Southern providers generally do not sit at the donor coordination table

Within the eight target countries, there was limited evidence of Asian Southern

[86] Hard power generally refers to strategic use of military and economic instruments for influence while soft power includes public and cultural diplomacy often using instruments such as education, aid and media.

[87] Of the USD 700 million in assistance given in 2012-13, USD 500 million was a concessional loan at an interest rate of 0.01% over a period of 40 years, designated for electricity generation in the Yangon area, development of Thilawa port, and road transportation projects. The remaining USD 200 million was aid destined for rural areas in electrification, transportation, sanitation and safe drinking water programmes (Bhaskar, 2013).

providers actively engaging in traditional aid coordination, harmonisation or measurement mechanisms. They are more likely to participate in government-led meetings, but prefer to negotiate and coordinate their assistance directly with partner governments. As a result, data flows about development cooperation – which currently rely on the reporting from DAC donors – paint a partial or inaccurate picture, and may impact the quality of global commitments and negotiations about development cooperation.

Cambodia's Development Effectiveness Report (CDC, 2011) and "Rectangular Strategy" (Hun, 2013) both express the need to integrate non-DAC donors into aid coordination discussions. While there has been some "listening mode" participation from non-DAC Asian Southern providers, usually at a junior level, the Cambodian government does not encourage this. Rather, as a 2013 Overseas Development Institute (ODI) study reports, the Cambodian government sees no advantage in integrating non-DAC providers in aid coordination and prefers to negotiate bilaterally with these partners. As the ODI study notes, "When probed, it appeared that the pressure to include NTPs (non-traditional partners) in such mechanisms was coming largely from the traditional donor community. Government officials themselves indicated that China responded directly to government requests and therefore did not need to engage in policy dialogue and coordination" (Greenhill and Prizzon, 2012).

Responding to the new inflow of development assistance from DAC and non-DAC countries,

the government of Myanmar has proactively established an aid coordination mechanism. In January 2013, Myanmar hosted its first Myanmar Development Cooperation Forum and agreed on the "Naypyitaw Accord for Effective Development Cooperation" – a non-binding agreement that sets out guidelines on government-donor cooperation and encourages alignment with the government's Framework for Economic and Social Reforms.^[88] The new aid coordination structures provide consistent representation from traditional DAC donors but limited engagement from non-DAC providers, with the exception of Thailand and Vietnam.^[89] India appears to be absent, while China has participated nominally.

Vietnam holds official Consultative Group Meetings for its donors every year to effectively mobilise and utilise ODA. These meetings bring together bilateral and multilateral donors and related NGOs as observers. However, there is no evidence that non-DAC donors are active participants in these forums.

5.3.5. Regional forums provide opportunities

While Asian Southern providers may be less engaged in DAC-like donor coordination mechanisms, they are active in other types of coordination efforts that speak more to their economic, political, and security needs and priorities. These regional platforms bring together the eight focus countries, China, Thailand, and India, and other Asian countries such as Japan and Korea for substantive issue-based collaboration. Therefore, traditional

[88] The FESR includes 10 priority reform areas including finance and revenue, relaxation of restrictions on trade and foreign investment, development of the private sector, education and health sectors, food security and development of the agricultural sector, transparency in government, the mobile phone and internet systems, and development of the basic infrastructure.

[89] Author interview with DFID official, August 2013.

donor efforts that focus solely on DAC coordination will likely prove incomplete and miss a large part of the conversation on the changing aid landscape in Asia. The regional groups that bring together the focus countries, other Southern providers, and some DAC countries include ASEAN Plus 3, Greater Mekong Sub Region, Greater Tumen Initiative, BRICS Bank, OPEC Fund for International Development (OFID), and the Bangladesh-China-India-Myanmar (BCIM) group. Regional platforms and forums such as these, or Asian Approaches to Development Cooperation,^[90] offer a valuable and tangible way DAC partners to engage with their Asian peers in meaningful discourse on issues of mutual importance and relevance to a development cooperation agenda.

Similarly, Asian Southern providers have shown increased interest in establishing mechanisms that provide a stronger “Southern” voice in development cooperation. India has demonstrated leadership in this area, maintaining that the intentions, concepts, and modalities of its cooperation differ widely from those of traditional DAC or “Northern” donors. Although India signed the Global Partnership for Effective Development, it is wary of attempts to harmonise North-South cooperation and South-South cooperation within norms considered universal for all forms of development assistance. India’s Foreign Minister has suggested that such a framework could dilute the richness and diversity of experience-sharing between developing countries, and undermine the core premises and sentiments of South-South cooperation (RIS, 2013). To encourage informed debate on this issue, India’s Research and Information

System for Developing Countries (RIS) hosted an April 2013 a conference of Southern (Asian and other) providers entitled “South-South Cooperation: Issues and Emerging Challenges.” During this conference, India took the lead in encouraging a distinctly Southern development discourse through more regular and sustained interactions among countries of the South. India does not want to be a rule-taker when it can be a rule-maker (RIS, 2013).

Some contexts may benefit from the Asian approach to cooperation offered by Japan and Korea (both DAC donors). Opportunities to collaborate and work with these donors may offer ways to engage more effectively with other Asian non-DAC providers (India, China, Thailand and Indonesia).

1.3.6. More actors, more choices

In East Asia, the changing aid landscape provides recipient countries with more choices in funding sources and instruments, particularly in the area of lending. Partner countries are increasingly active in the way in which they choose projects and partners.

More choices allow recipient governments to fund their own priorities, which may not be aligned with the views of the international community and may not demonstrate best value for money. In the best-case scenario, recipient countries may prioritise projects and strategies that they deem critical to their long-term development but which may not have a high rate of return. In other cases, these countries may allow development of pet projects or white-elephant projects, even when they appear, or have been proven to be, a poor use of resources. An increase in available

[90] A series of dialogues on Asian development cooperation co-hosted by the Korea Development Institute and The Asia Foundation.

funding sources may diminish donors' ability to effectively leverage aid as an incentive for good behavior, or to tie the provision of aid to certain conditions. For example, a DAC donor recently tried and failed to leverage its aid portfolio as an incentive to encourage free and fair elections in Cambodia.^[91]

Within this environment, multilateral (and bilateral) lending institutions, such as the World Bank and the Asian Development Bank, may face increasing competition from non-DAC financial institutions with fewer loan requirements, lower interest rates, and quicker financing. The World Bank and ADB may need to find new ways to add value. While some recipient countries may seek alternative financing for projects that appear to have too many requirements, other countries may place greater value on the quality of the technical assistance and knowledge that accompanies current multilateral lending. In Laos, the Nam Theun 2 hydropower project was constructed to stringent environmental and social standards required by the lenders' consortium (in which the World Bank has played a leading role). Currently, another hydropower project, the first on the main tributary of the Lower Mekong River, is being constructed through a partnership between the Laos government and Thai investors. The electricity generated from the dam is for export to Thailand. This Xayaboury project has been the source of considerable controversy in the Mekong Region and internationally, because of concerns about sediment passage and fisheries damage, inadequate impact assessment, and the muted role of the Mekong River Commission. Civil society organisations and neighbouring governments (Cambodia and Vietnam, both downstream

from the dam and in the path of its negative effects) have voiced their opposition.

5.3.7. Aid is only one instrument

For Asian Southern providers, "aid" represents one tool within a much broader set of foreign policy instruments for engaging with partner countries. Development cooperation is often regarded as a soft power strategy that strengthens these providers' relationships and influence with other countries. Concessional loans often leverage mutually beneficial economic interests. Thailand, for example, has two objectives for its development cooperation, one political and one economic. Politically, Thailand's development cooperation policies have been designed to strengthen and promote a cordial relationship between Thailand and its immediate ASEAN neighbours. Economically, Thailand aims to bridge the economic gap, eradicate poverty, and expand trade and investment in neighbouring countries. Principles of self-help, mutual benefit and trust underpin Thailand's relationships with partner countries (Siriporn, 2011).

Education is a compelling soft power instrument to strengthen diplomacy and long-term cooperation between countries. All of the Asian Southern providers studied offer programs through which individuals and institutions in recipient countries may access training and higher education in the provider country. For decades, the Indian Technical and Economic Cooperation (ITEC) initiative has been the flagship program of the Ministry of External Affairs, providing over USD 2 billion in technical assistance and training for developing countries to overcome scientific and technological limitations (Siriporn,

[91] Author interview with NGO partner in Cambodia in July 2013.

2011). These types of programs appear to be growing, and although their financial volume may be relatively small (in comparison to infrastructure investment), they have a significant impact: they create a cadre of future leaders in recipient countries who will have personal and linguistic ties to China, India and the Middle East ^[92] (Kurlantzick, 2006).

This feature of non-DAC assistance has some noteworthy implications. First, what is traditionally considered “aid” represents a fraction of the financial inflows to most countries in the emerging East Asia region. Recipient countries in the region have actively engaged with large portfolios of concessional lending, competitive market rate lending, FDI, and a range of development cooperation assistance. As a result, they are less interested in discussing what falls within the narrow definition of “aid.” Second, Asian Southern providers are explicit about the principle of “mutual benefit,” and comfortable demonstrating the value that they derive from development cooperation relationships. This aspect of mutual benefit is critical for justifying their cooperation programs domestically. Traditional donors that have shied away from this language may wish to reconsider their positions in light of their own domestic constituencies.

5.3.8. Transparency and data challenges: more confusing than opaque

Asian Southern providers structure and manage their assistance differently from most DAC donors, leading to a misunderstanding of their systems. Transparency and availability of aid data on Southern providers in East Asia are also inconsistent. In some cases, this is because

the partner country does not release details on all forms of its assistance. In other cases, the provider country may not provide figures.

While most Asian Southern providers do not appear to have readily accessible information about their development cooperation, this practice does not appear to stem from secrecy or a willful lack of transparency. Rather, it arises from several issues common among non-DAC donors:

The categorisation of aid is different, more complex, and less easily differentiated than DAC aid. Asian Southern providers do not use DAC measures of their assistance, nor do they generally use the term “aid.” Boundaries between ODA and other official flows (OOF) are drawn through the “grey areas,” such as military aid, peacekeeping contributions, debt relief and foreign direct investment. This further complicates quantitative analysis among donors, because it is almost impossible to compare the same pools of money between the DAC and non-DAC providers. It is also one of the reasons for the extreme differences in estimates of non-DAC donor aid flows; the USD 25 billion estimate for China may include flows of money that more closely resemble foreign direct investment (FDI) (Walz and Ramachandran, 2011).

Because of complex institutional arrangements, the data on aid-like flows may be kept across multiple agencies and may not be easy to capture – even within provider countries. For example, while Thai development assistance policy has begun to achieve clearer articulation in public documents and more practical execution, coordination of aid among different public agencies remains

[92] In 2004, according to Georgetown’s Southeast Asia Survey (Steinberg and Dalpino 2006), the number of Indonesians receiving visas for study in China was double the number obtaining visas to study in the United States.

poorly managed at times, raising questions of duplication. Aid officials and specialist observers currently debate whether all aid agencies should be consolidated to increase efficiency (Siriporn, 2011). Even though both the Thailand International Development Cooperation Agency (TIC) and Neighbouring Countries Economic Cooperation (NEDA)) publish their aid data, confusion still arises, since both agencies use different definitions for grants and technical assistance, leading to unclear reporting (TICA, 2013).

Institutional arrangements for development cooperation vary considerably among Asian Southern providers, but they are similar in that none of them mirror the kinds of institutions set up by donors like AusAID or USAID, with a single client-directed agency and strong on-the-ground presence. Common characteristics include a relatively centralised decision-making process and limited field staff with little decision-making authority.

Some recipient countries may wish to limit the availability of information about the kinds and sources of their development cooperation. In East Asia, our research found that Cambodia has an Open Data portal (supported by USAID), but this facility does not capture aid flows from non-DAC providers. This inconsistent approach has caused considerable frustration amongst the traditional donors. Indonesia's Ministry of Planning, Bappenas, publishes a "blue book" or "List of Medium Term Planned External Loans and Grants," and a "green book," or "List of Planned Priority External Loans and Grants", once projects have met readiness criteria. These lists contain loans and grants from non-DAC providers, such as China. While Laos does appear to have an Aid Management Portal, it is not active nor does it include data from non-DAC providers. In Myanmar, the

Foreign Economic Relations Department in the NPED Ministry is creating a Foreign Aid Information Management System to support the monitoring and evaluation process. It will be interesting to see if non-DAC providers share their information with this EU-supported initiative. The Philippines make data available through the NEDA ODA Portfolio Review documents, which are published annually and provide a detailed overview of the state of ODA management in the Philippines. While projects from China and other non-DAC donors are integrated into the data presented, there is no explicit discussion of their engagement with or responsiveness to coordination mechanisms such as the Philippine Development Forum. Timor Leste has developed the Government's Aid Transparency Portal (TLMOF, 2013), which aims to improve transparency and accountability. In recent years, China and Brazil have increasingly cooperated in supplying information to the portal. However, as of this writing India and Cuba have not provided such information.

The public reception of reporting on development cooperation may be a concern in provider countries. China is clearly aware of the global scrutiny over its development cooperation activities. It is also mindful of critical domestic public opinion in a Chinese population still struggling with its own development challenges. The 2011 (and forthcoming 2013) "White Papers on Foreign Aid" (Government of China, 2011) demonstrate China's effort to articulate its positions and activities to both external and domestic audiences. India faces similar challenges. A recent Centre for Policy Research effort to collect aid data has been well received by the Indian government, demonstrating openness to transparency.

Recommendations

The final section of the larger report offers a series of practical recommendations for DAC donors on potential modalities for more effective collaboration with Asian Southern providers. It focuses on the instruments and communication strategies that may prove most effective in finding common ground with Asian Southern providers, and on identifying areas for meaningful collaboration. It includes the following specifics:

- to achieve development outcomes, DAC donors may look for opportunities to leverage “aid” funds within a wider set of public and private instruments. One of the main findings of the report has been the complexity and interconnectedness of the instruments that Asian Southern providers use to support recipient countries. Public and private instruments are often blended. There may be opportunities for DAC donors to identify their own blended instruments in providing more responsive and creative financing tools. This may include innovative grant support to DAC donor-country companies working in focus countries, facilitating their compliance with and promotion of international best practices for responsible business. It may also include financing for impact-giving and impact-investing sectors, in order to promote the scaling-up of social enterprises. A range of potential blended instruments and approaches may be leveraged as part of a more dynamic package of development cooperation. One suggestion from Cambodia is for DAC donors to support chambers of commerce, including the Cambodian Chinese Chamber of Commerce; to provide investment-related research, raise awareness on CSR issues (perhaps drawing on CSR outfits in China and

among other Asian partners), and support targeted networking events between private sector and development programs.

- new partnerships with Asian Southern providers are important, but require careful strategies for identifying entry points and influencing opportunities. All of the Asian Southern providers featured in this report rely heavily on their headquarters for decision-making and policy direction. As a result, the representatives on the ground are often not in a position to make or significantly influence in-country decisions. If DAC donors are interested in fostering stronger collaborative relationships with Asian Southern providers, they need to identify ways to engage with decision-makers and influencers in China, India, and Thailand. Indirect approaches to collaboration and engagement are likely to be the most successful. Evidence from successful programs suggests that trilateral cooperation, knowledge exchanges, and engagement among academics and their institutions from provider countries have helped to strengthen relationships and create opportunities for collaboration.
- respond proactively to the changing aid landscape, one that increasingly blends instruments and has expanded beyond aid. DAC donors can expand their arsenal of partners and instruments to stay relevant and engage with non-DAC providers. This may involve re-examining engagement with multilateral institutions and exploring regional partnerships that may be more locally effective at achieving development outcomes. They could also engage with regional networks where non-DAC providers participate (e.g. ASEAN +3), and where development themes are integrated. New initiatives, like the BRICS Bank or other

regional lending institutions, may appreciate new partnerships in their start-up phase. Trust funds that support project preparation and social and economic safeguards may prove welcome in efforts to build capacity and establish norms and ways of working.

- DAC donors can proactively seek out opportunities to work with Asian Southern providers to better strengthen their knowledge, capacity and partnerships. Asian Southern providers have an appetite for learning and exchange on development cooperation. Korea's experience in moving from hardware-focused initiatives to a more nuanced and holistic approach holds considerable interest for other countries. DAC donor engagement with non-DAC providers is possible, but requires political sensitivity and strategic entry points. Indirect approaches, especially at the track 2 level, are the strongest and most welcome. However, finding the right entry point and modality for effective learning presents challenges. Experience from the "Asian Approaches to Development Cooperation" work programme (implemented by The Asia Foundation) has demonstrated the effectiveness of engaging through indirect approaches that build both on the expertise in the region and that within academic and policy institutes in provider countries.

While indirect approaches may prove most effective at generating long-term impact, they may require a greater degree of flexibility and uncertainty up front.

- DAC donors can support genuine country ownership and work with recipient countries in Asia to make more informed decisions about their development investing and infrastructure. Country-level research indicates that increased options for development lending entail greater scope for suboptimal infrastructure and financing decisions in partner countries. There is an ongoing need for DAC donors to provide technical assistance and capacity-building to non-DAC national government institutions in Asia – almost without regard for sector – so that they can design, bid out, award, and supervise implementation of projects. Strong projects, honestly awarded, will help the country, no matter where the financing comes from.
- DAC donors should stay the course in middle-income countries in East Asia. Asian Southern providers will continue to be active in the arena - influencing, investing, and shaping with soft power. Regional prosperity and inclusive growth pivots on the development trajectory of East Asia's middle-income countries.

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5.4. An OECD perspective

*Serge Tomasi, Deputy-Director,
Development Co-Operation Directorate, OECD*

Abstract

Serge Tomasi examines how the cooperation and economic history of Asian countries influence the development agenda. Current projections show that emerging countries will increasingly propel economic growth, while the share driven by OECD countries will diminish. This has important implications for official development assistance (ODA). However, Tomasi also shows that despite a reduction in poverty, Asia will continue to need foreign aid to meet the needs of the persistently poor. He also emphasises that Asian countries should receive a large share of climate-change funding, particularly funds earmarked for mitigation. Forty-seven percent of ODA to Asia already goes toward attenuating climate risks. The main development-cooperation priorities for Asia's traditional and emerging donors will remain oriented toward economic growth, through financing infrastructure projects and support for business, industry and trade.

Shifts are occurring in the aid landscape in Asia but it is not always easy to understand those changes. In addition, there were important differences between the countries. In 2010/2011, non-OECD countries represented the majority of global production. In 2030, the situation will be completely opposite to what it was in 1990: non-OECD countries will represent approximately 60% of global GDP, and OECD countries will represent approximately 40%. That is a massive inversion in a relatively short time period. The picture is even more striking in terms of their relative contribution to world growth.

In terms of income per capita, the mean income for China is USD 9,000 per annum today, which is very far from the US and European levels. However, by 2050, China's mean income is expected to grow to USD 50,000 per year, slightly above the figure for the US today and far above the figure for Europe today. This indicates a continued and increasing convergence between economies and consumption habits.

How do Asian countries, through their cooperation and economic history, influence the development agenda? Is the current growth model sustainable? Current projections show that growth will be increasingly driven by the emerging countries and the BRICS. The share of OECD countries will stagnate, and this has important implications for ODA. Today, 65% of mitigation and prevention of climate change is centred on middle income countries, and 47% is centred on Asia. In contrast, adaptation measures are much more centred on LDCs, in particular small, developing island countries. Asia and emerging countries will be much more influential with respect to global questions, including climate change and transmissible diseases. These countries will therefore remain at the core of the international cooperation agenda.

Poverty reduction remains the principal goal of the development agenda, and we will probably reach consensus in New York on eradicating poverty by 2030. We can clearly see that, today, Asia has the largest number of poor people, in particular people living on less than USD 1.25 per day. If the objective of the international community is to eradicate poverty by 2030, that will not be possible without concentrating on Asian countries such as China, India and Indonesia.

My first message is therefore that this region will continue to need aid from the international community. The economic successes they have experienced to date do not mean that they can go without this international aid in the future.

My second message is that the main priorities for cooperation among mid-level and emerging countries in Asia include funding growth, infrastructure and the productive sectors. Economic growth has in fact always been a high priority for these countries. Even today, an important part of Japanese aid, for example, is funded through concessional and non-concessional loans for the productive sector and for infrastructure.

When it comes to Africa, some economists now believe that Africa's time has come. Others are more cautious, arguing that Africa's foreign trade has not changed in sectoral terms; it remains linked to commodities exports. The question going forward is whether Africa will experience accelerated growth based on industrialisation with an intensive use of labour, which is not the case today. The share of industry in Africa's growth is not increasing. However, Justin Lin, former World Bank Chief Economist, believes that Africa will enter a phase of industrial take-off thanks to geographical shifts in production.

When we talk about the role that emerging countries could play in speeding up the development of other Southern countries, we may be focusing too heavily on the funding of development cooperation. The real impact may in fact come from other areas.

When we compare OECD countries and China, we can see that an important share of DAC assistance goes through NGOs whereas a significant part of China's aid goes through companies. This is also linked to investment in the production sector. African officials now pay much attention to productive funding and the significance of developing business in Africa in order to create jobs.

As well as our partnerships, we also have an enhanced dialogue with a number of Asian countries. Our most structured dialogue is with China, for example, through the Working Group between DAC and China which was set up in 2009. There is an expectation on the part of our Chinese partner with respect to knowledge transfer while managing and providing aid. Thailand is also publishing its strategies for aid through the DAC, and other Asian countries take part in peer reviews by a number of DAC members. For example, Indonesia took part last year in the peer review of Canadian aid, and China took part this year in the review of other countries. Through this work we are able to conduct a dialogue on the different aid modalities, objectives, goals and conditions.

The official DAC figures published each year show that DAC aid amounted to USD 128 billion in 2012. For non-DAC countries the amounts include USD 6.6 billion (for Arab donors) and USD 2.4 billion (for Turkey). The figures indicate that non-DAC countries will not replace the DAC in the short-term, and traditional donors will have to continue their efforts to fund development, at least with respect to concessional resources.

In terms of assistance to Asia, the share of assistance to this continent has not evolved significantly. For Africa, we began at 45% and moved to 38%. For Asia, we began at 32% and went to 28% of total assistance over the past 20 years. It should be noted that, in terms of the net assistance received per inhabitant, Asia receives less assistance in proportional terms. This is due to demographic factors but could also reflect a strong concentration of assistance in recent years being awarded to African countries.

The United States represent 37% of all assistance to Asia. Japan represents 12% and Germany 11%. France is classified as the 6th contributor country. Asian providers in the DAC are mostly concentrated on Asia, with 66% of their aid going to this region. In the period 1990 to 2010, the growth in US aid to Asia was quite striking. In terms of the main recipients of DAC assistance, the leading position is held by Afghanistan. Vietnam, Pakistan and India also benefit from significant DAC assistance. In the period 1970 to 1990, assistance to emerging countries decreased in China, India, Indonesia and Bangladesh, but increased in Vietnam, Pakistan and Iraq. The great emerging Asian countries have observed a reduction in aid from DAC countries.

In terms of sectoral DAC assistance, aid to the public and productive sector has tended to decrease quite significantly. At the same time, there has been an increase in assistance to the social sector. In terms of the assistance allocated to China, there has been a real shift. Between 2009 and 2010, net assistance from traditional decreased by 50%. At the same time, net private flows increased. A number of DAC countries have withdrawn from China: Australia, Canada, Germany, Sweden and the UK declared that they were going to stop their traditional cooperation with China.

5.5. Question and answer session/ discussion

The questions and discussion from the conference are presented here thematically under the respective subheadings.

Indonesia's Role in Development Cooperation

Q: Susanne de Bellecsize, Ministry of Foreign Affairs, France

We have talked about China, South Korea, Thailand and India. However, we have not talked about Indonesia. What are you able to tell us about Indonesia's involvement, strategies and objectives in development cooperation, in particular in the eight countries you studied?

A: Anthea Mulakala

We did cover Indonesia as one of the Southern providers but I did not talk about that country much in my presentation today. Indonesia has been very active in the aid architecture around trilateral cooperation. In terms of volume, it contributed almost USD 50 million towards South-South and triangular cooperation in 2000-2013. In addition to technical cooperation, it has provided over USD 7 million in humanitarian assistance in recent years. It proved quite difficult to find a representative from Indonesian academia to attend this meeting. In terms of sectors, Indonesia's cooperation has focused mainly on education, planning and budgeting, agriculture, poverty reduction, disaster management, democracy and justice. The knowledge sharing platform is a very important component of that.

A: Serge Tomasi

I believe that Indonesia is very committed in terms of international dialogue to development cooperation. It co-chairs a partnership to increase the efficiency of cooperation, and the Indonesian President chaired the UN High Level Panel. Indonesia's approach is very consistent within the G20 and the Busan Partnership as it wants to share the lessons learned from its own experience through knowledge sharing and the transfer of skills. Indonesia's perspective is quite close to that of South Korea – in both cases, the development sector is seen as a major axis of its international policy.

The Importance of Analysing Development Cooperation

Q: Vicki Paul, New Zealand DAC Delegate to the OECD

Do panel members believe that we are perhaps over-analysing and over-complicating these issues rather than simply going ahead and engaging on development cooperation?

A: Serge Tomasi

I believe that you can never over-analyse things too much. When we conduct reviews of public policy in emerging countries, we can also learn much from their experiences. At the same time, it is necessary to continue the engagement and cooperation with Asian countries and it would be a fundamental error to stop cooperation there. It is necessary to consider the modalities: concessional or non-concessional funding; tied or untied assistance, and so on. This must be a two-way dialogue, and we all have much to learn from each other.

A: Eun Mee Kim

As to whether or not we are over-analysing, the claim to fame for Korea, Japan and China is that we are moving very fast. We are doing compressed development and compressed ODA, and our analysis comes only after all that action. We are analysing after the fact and finding patterns that are quite interesting.

Southern Mechanisms and Providers

Q: Name not provided

You mentioned the need to develop Southern mechanisms, such as the BRICS bank. What would that mean for other Southern providers who are not BRICS members?

Q: Lyndal Manson, Australian Delegation to the OECD

You stated that Southern providers take more of a principles-based, demand-driven approach. What do the partner countries think of the Southern provider approach as compared to the DAC provider approach?

A: Anthea Mulakala

It is difficult to speak about the BRICS Bank as it has not formally made any loans. There are so many lending mechanisms and other options for concessional lending outside of the World Bank and ADB, and that will affect the lending landscape as we go forward. In terms of other types of mechanisms, we have already mentioned the significant meeting held in New Delhi last year that focused on Southern dialogue and platforms around development assistance. That showed that there was definitely a desire for something that does not look like a Southern DAC.

A: Eun Mee Kim

Although it is difficult to conceive of a unifying, formal organisation, there are great similarities among East Asian donors. We all tend to use ODA as a catalyst for a more comprehensive development package. We also have a great emphasis on regional development and the use of knowledge sharing programmes. Finally, there is a great emphasis on infrastructure development. While European donors have moved out of economic infrastructure, China, Japan and South

Korea are providing for the economic infrastructure needs of our developing neighbours. I do hope that we will be able to formalise all of our similarities in some sort of form in the future.

Looking at China and India

Q: Armand Rioust de l'Argentaye, AFD

It is encouraging to hear you talk of the DAC-China dialogue. However, what should we think about China's absence from the preparation of the post-Busan Mexico meeting?

A: Serge Tomasi

With respect to China and the Busan Partnership, the situation is very complex. I am extremely optimistic about dialogue with China. We have reinforced dialogue between the OECD and China on economic and political issues. There is no contradiction between the Busan principles and the orientation of most emerging countries. The only issue relates to tied aid.

Regarding transparency, we need to measure the capability issues of these countries. China will not take an international commitment if it does not have the capability of actually implementing it. That is quite a good principle to follow. The capabilities with respect to management and review are quite limited today. There is also a political dimension to this that applies to all the countries. How can we engage in dialogue with traditional donor countries without breaking the link with other developing countries and the G77? That is a difficult political issue that a number of emerging countries – and even OECD countries – face. Emerging countries and mid-income countries are not able to make the same commitments as traditional DAC countries.

There should not be any misunderstanding here. China was very present in the discussions and the final Busan decision. The negotiations were quite difficult, and China considers itself as an observer and does not want to commit to the entire Busan agenda today. Not everyone can align on our recommendations of what good practices are.

Q: Gordon Hein

As you have pointed out, this does not mean that China is not fully engaged in a broader set of dialogues in the post-Busan environment. In this context, could you say a few words about DAC and India?

A: Serge Tomasi

We have a dialogue with India but it is clearly less structured and less advanced. China takes a very hands-on approach to these issues whereas India has a different international positioning with respect to North-South cooperation. Our dialogue with Brazil is much less advanced than with China, and tends to be based on ad hoc topics. We are much more advanced in our dialogue with South Africa, for example.

6. Session 4: Social development and environmental impacts

6.1. Introduction

*Dimitri Kanounnikoff, Head, Cross-Operations Issues
and Operational Support Department, AFD*

We are here to discuss about capitals but not in the sense of assets. You have been discussing all day long about investments in Asia, donors in Asia and financing development cooperation in Asia. Now, let's talk about the issues of natural, social, human and technical production capital. How can we foster that capital and take the most out of it and how can we preserve its going forward?

6.2. To engage or not to engage? Social policies and safeguards as a decision support tool for civil society engagement with emerging public sector donors

Tim Geer, Director, Public Sector Partnerships, WWF International

Abstract

Timothy Geer presents WWF International's work in China (and elsewhere) on "green" investments and the environmental and social viability of loans. With China's banks, WWF has developed training programmes and workshops to encourage investment in renewables and water, and to promote financial innovation for ecological construction in China and in other countries.

WWF has offices in over 60 countries and is active in over 100 countries. It has recently reinstated its office in Myanmar. We have 6,000 employees across the world. Our annual operating budget amounts to almost 700 million, of which 65% comes from members. We also receive 120 million per year from development cooperation assistance – about 1/1000th of ODA – and we have the trust of many partners. We have been involved in sustainable development since the early 1980s in the run-up to Rio. We also try to do conservation within a development context. We have over 35 partnerships with bilateral and multilateral agencies, including AFD, the World Bank, the African Development Bank and the Asian Development Bank. We have just been made an agency of the Global Environment Facility.

In all the countries in which we work we engage in social and environmental risk. That is fundamental to our whole working process. We have to build social and environmental risk, and climate change, into all planning in development cooperation. We have less and less margin for error as we go forward.

WWF has been active in China since 1980, and the panda is indeed featured on our logo. We have 110 staff in China and have been a member of the China Council on Sustainable Development for over a decade. We also have strong engagement with Chinese actors and institutions. We have been engaging in China (and elsewhere) on green investment and sustainable lending. There is no political conditionality on Chinese lending but China remains very conscious of risk. In early 2012 the Chinese Central Banking Regulatory Commission (CBRC) issued the Green Credit Guidelines, on which WWF also worked. We have been exploring with them the question of how to adjust credit structures to fend off environmental risks. To that end, we have developed training programmes and workshops with the Chinese banking sector on renewable energy investment, water resource and water risk management, and financial innovation in green building.

On 4 November we launched a comparative survey with PricewaterhouseCoopers and the CBRC on the sustainable performance of Chinese banking and financial institutions. Earlier this week, we hosted a roundtable with UNEP in Beijing that also included banking associations from Nigeria, Kenya and South Africa. This is a way of developing dialogue on environmental risk with new and emerging economies and central bankers.

As an institution we also face the following challenge. Not only do we provide technical assistance, policy guidelines and advice, we also execute and manage a considerable amount of development cooperation money. As an NGO, we have to be very concerned about the sources of our funding and we carry out due diligence before working with any corporations, state donors or public sector finance institutions. When we are asked to co-execute or manage resources, we have to ask about the environmental and social safeguards of our partners. In this area, there appears to be a hierarchy that runs between policy and best practice, standards and guidelines, and performance monitoring and assessment. We will certainly not become involved in execution and investment programmes if the appropriate safeguards have not been put in place. We have found that most MDBs have the strictest safeguards, in contrast to the bilaterals and the DAC, which are focused on policies and best practice.

Generally speaking, most donors are concerned with ensuring there is relatively little risk and that best practices are followed. However, we would like to see more in terms of an assessment of the safeguards.

6.3. Entrepreneurship development, capacity-building and economic integration: the case of India-ASEAN engagement across the CLMV region

Sachin Chaturvedi, Senior Fellow, Research & Information System for Developing Countries (RIS)

Abstract

Sachin Chaturvedi presents findings from his primary research on the vocational training funded and implemented by the Indian Technical and Economic Cooperation Programme (ITEC). India established the programme in the CLMV region (Cambodia, Lao PDR, Myanmar and Vietnam), in accordance with an agreement between India and the Association of South-East Asian Nations (ASEAN); the programme aims to reduce development gaps between CLMV countries. ITEC fulfils one of ASEAN's priorities: to promote decent work through expanded entrepreneurship and private-sector domestic investment. In light of the financial difficulties faced by some of the vocational training centres, Chaturvedi suggests assessing feasibility and financial viability before establishing others of their kind. The author also underscores the importance of coordinating and harmonising donor activities in recipient countries, in order to avoid duplication and to bolster the effectiveness of funded projects. To achieve this, he proposes ways that emerging Asian and traditional donors can work together more effectively.

Introduction

South-South cooperation (SSC) has largely focused on production-distribution issues rather than macro-economic ones as key concerns for the developing world. It has prioritised and in fact intensified industrialisation as a means of reducing inequalities, overcoming underemployment, and promoting skill development. Rather than solely relying on exports of primary products, beneficiaries have seen SSC as a major tool for overcoming poverty. This view rests on the Prebischian concept of a basic asymmetry between the sluggish growth of world demand for peripherally-produced commodities and a burgeoning peripheral demand for industrial products made at the centre. Skill development has been widely viewed as the economic panacea that could reverse this trend (Amin 1977).

This view was also based on India's own experience with skill development. Nehru emphasised this approach even before India became fully independent in 1947. Even during the interim government in 1946, Nehru's government invited China and Indonesia to India for different technical training programmes. Later in 1948, India established 75 scholarships for individuals from developing countries to undergo training in India (MEA 1951). Gradually, such training expanded to an extent that warranted a new programme launched in 1964, one that consolidated all the fellowship and training programmes under the Indian Technical and Economic Cooperation (ITEC) (ITEC, 2012). In 2011-12, ITEC offered 6500 training slots to 161 partner countries for nearly 270 courses. These courses take place in 47 different Indian institutions, regarded as

centres of excellence in their respective areas of work (ITEC, 2012).

This fitted very well with the Indian commitment to the Initiative for ASEAN Integration (IAI), a programme of the Association of Southeast Asian Nations (ASEAN) Secretariat that aimed to reduce the gap between the advanced members and the new ones from the CLMV region (Cambodia, Laos, Myanmar and Vietnam). As a part of this initiative, the ASEAN Secretariat called upon its partner countries, including India, to take special measures toward narrowing the development divide and ensuring competitiveness of the region through cooperation (ASEAN, 2011a).

The Indian interest in the CLMV region was very clear. India was already engaged in the CLMV countries at the bilateral level, and was also keen to respond to the call from ASEAN Heads of State/Government at their Summit in 2000 (ASEAN, 2011a) that led to the launch of the IAI. The Hanoi Declaration on Narrowing the Development Gap (NDG) followed in 2001 (ASEAN, 2011). The specific mandate for a programme resembling what India had already begun in the region came up in 2003, with the declaration of the ASEAN Concord (Bali Concord – II) (ASEAN, 2011). This declaration stressed deepening and broadening ASEAN cooperation, an effort that should be accompanied by technical and development cooperation that could address the development divide. This led in turn to the adoption of the Vientiane Action Programme 2004-2010 (ASEAN, 2011). As part of this programme, India extended

support for entrepreneurship development as its key contribution to the goals of the ASEAN Economic Community (AEC). Recently, the ASEAN Secretariat released the IAI Work Plan-I results of 2002-08, which covered the launch of 239 projects with funding assistance of approximately USD 23.4 million; India had contributed around USD 3.2 million (ASEAN, 2011a). The ASEAN Secretariat has worked out a similar plan of action for 2009-2015 (ASEAN, 2011).

The present paper will explore the development of the primary initiative that came out of this context, the Entrepreneurship Development Centres (EDCs) that India established in each of its partner countries. It will review their scope and the bilateral and multilateral accords that prompted their creation, discuss the forms of technical assistance and training they offered, and examine the institutional context created in each country to host the initiative. It will also draw on primary research conducted in each country, consisting of interviews from field visits to the EDCs, to assess the impact the centres have had on small and medium-sized enterprises (SMEs). It will conclude by examining ways that the EDCs could further entrepreneurial culture in the CLMV region by building upon existing efforts.

This paper is based on fieldwork the author conducted in Laos and Cambodia, as a part of a Task Team on South-South Cooperation (TTSSC) to analyse the efficacy and limitations of Indian engagement. The TTSSC launched 151 SSC case studies all across the world with support from the Organisation for Economic Co-operation and Development's Donor Assistance Committee (OECD-DAC). The author's study chose to focus on the establishment of EDCs and their first years of operation. During the fieldwork,

we met with officials from Indian embassies and their counterparts in their respective governments; we also interviewed some of the beneficiaries and the staff at the centres. Our discussions covered centre activities, division of labour among the partners, implications for cooperation and national policy, and questions of sustainability. Primary and secondary sources of information include published reports from the ASEAN and from the governments of India, Laos and Cambodia.

6.3.1. Evolutionary context

Several factors have contributed to the emergence of this support programme. As noted above, India had already been active in the CLMV region at the bilateral level. Each of the CLMV countries had received assistance from India and the Indian embassies had been engaged in development cooperation-related activities (see *e.g.*, MEA, 2006). As a result, India had some basis for appreciating the individual requirements of various CLMV member countries from the outset. The first ASEAN-India Summit Meeting in Phnom Penh (November 2002) and the second ASEAN-India Summit Meeting in Bali (October 2003) set the stage for still greater Indian commitment at the third ASEAN-India Summit: on 30th November 2004 in Vientiane, the members adopted a joint declaration entitled "ASEAN-India Partnership for Peace, Progress and Shared Prosperity" (ASEAN, 2011). This declaration referred to the formation of a more integrated ASEAN Community, comprising the ASEAN Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community. India proposed several programmes to support the nascent ASEAN Economic Community (ASEAN, 2011).

The idea of developing entrepreneurship was a direct outcome of this progression, matching very well with the priorities of the ITEC programme, which focuses on capacity-building and human resource development. The ASEAN Socio-Cultural Community Blueprint includes the concept of “decent work,” stating that its strategic objectives include incorporating decent-work principles in ASEAN work culture and safety and health at workplaces, and that “the promotion of entrepreneurship [should become] an integral part of ASEAN’s employment policy to achieve a forward-looking employment strategy” (ASEAN, 2011a). Within this initiative, almost all the CLMV countries have committed to encouraging domestic private investments and entrepreneurial activities.

The ITEC programme in the CLMV region differed considerably from India’s many training programmes in other parts of the world. It dovetailed training programmes with other grant-based programmes of the Ministry of External Affairs (MEA) under bilateral assistance efforts. During an Indian delegation visit in 2003-04 that offered vocational training to the CLMV countries, the latter specifically requested entrepreneurship training to secure long-term gains within their respective economies (Indian Express 2004). At this point, the MEA leveraged the strength of India’s Entrepreneurship Development Institute (EDI) to create this capacity. The EDI was established in 1983 by the leading Indian financial institutions, including the Industrial Development Bank of India (IDBI), the Industrial Credit and Investment Corporation of India (ICICI), the Industrial Finance Corporation of India (IFCI) and the

State Bank of India (SBI) with active support from the State Government of Gujarat (Indian Express, 2010). Later, the MEA included the EDI in the ITEC programme and entrusted it with the responsibility for launching various entrepreneurship development programmes in the CLMV region (MEA, 2006).

6.3.2. Program outcomes and analysis

In 2004, the Indian government provided assistance to establish the Laos-India Entrepreneurship Development Centre (LIEDC) in Vientiane, Lao PDR. India offered the initial funding for necessary infrastructure and training for development of the centre with local expertise. This initiative became the model for similar centres in the CLMV region, where the Entrepreneurship Development Centers (EDCs) have emerged as independent institutions: similar EDCs now operate in Hanoi, Vietnam (established in 2005), Cambodia (2006) and Myanmar (2009). Table 1 provides the details on different EDCs in the CLMV region. These centres have not only helped create conducive environments for developing entrepreneurship, but have also helped each other introduce training programmes for specific niche areas. The centres’ capacities have also expanded through ITEC programmes at the EDI, which has emerged as a leading institution in the field. The ITEC programmes added capacity by instructing trainers and creating mechanisms to support management of the EDCs. For instance, each CLMV government was asked to select a team for training in India so that those teams would then have the capacity to run such centres when they returned to their respective countries.^[93]

[93] Source: Author interview with Dr. Suni Shukla, EDI, Ahmedabad, 3 August 2011.

Table 20 *EDCs and Host Government Departments in CLMV Countries*

Country	Host Department	Year
Lao PDR	Ministry of Education hosts the Institute as well as the Department of Higher Technical and Vocational Education	2004
Vietnam	Ministry of Planning and Investment	2005
Cambodia	Ministry of Labour and Vocational Training	2006
Myanmar	Ministry of Education	2005

Source: Compiled by the author, based on field work

In addition to its other goals, this exercise gave India an opportunity to bolster efforts by the ASEAN Secretariat and others to minimise the development gap between advanced ASEAN member states and CLMV countries while strengthening India's links with the CLMV region. Bilateral memoranda of understanding (MoU) defined the responsibilities between India and its partners in each case. According to the MoU, India committed to support the EDCs during their first three years of operation, in addition to providing technical expertise through trainer instruction at the EDI, Ahmedabad; India would later station a technical advisor from the EDI at each of the centres. The host governments would bear costs for the construction of the buildings, their internal furnishing and other requirements, along with salaries of staff.^[94]

The EDI's role was to provide capacity at the respective EDCs, teaching the staff members how to design curricula for their institutes, take due care of urban and rural

programmes, develop training methodologies, evolve procedures for launching enterprises, prepare project reports, conduct publicity and promotion, and handle administrative matters.^[95] In all the CLMV countries, the State has played a dominant role in economic matters. As a result, development of private enterprise is a rather new phenomenon. During our fieldwork, one interviewee told us that "in Cambodia a newly opened enterprise would close down within six months, as most of the people have little experience and knowledge about running an enterprise."^[96] This showed a need for clear goals in properly equipping EDCs, so that they could become operational within the time frames agreed between the Indian and CLMV governments. In each of these economies, different agencies took on the task of hosting EDCs: the Ministry of Labour and Vocational Training in Cambodia, the Ministry of Education in Lao PDR and Myanmar, the Ministry of Planning and Investment in Vietnam.^[97]

[94] Source: Author interviews, Mr. Pann Nora, Director Cambodia-India Entrepreneurship Development Centre (CIEDC) and Mr. Naresh Kumar, Indian Embassy, Phnom Penh, 26 August 2011.

[95] Source: Author interview, Dr. Sunil Shukla, EDI, Ahmedabad, 3 August 2011.

[96] Source: Author interview, Mr. Pann Nora, Director, CIEDC, Phnom Penh, 26 August 2011.

[97] Source: Author interview, Dr. Sunil Shukla, EDI, Ahmedabad, 3 August 2011.

The agreement between the two governments (*i.e.* India and each counterpart from CLMV) was quite clear. As shown in the MoU between India and Cambodia, the Royal Government of Cambodia was responsible for the salaries of the staff at the CIEDC, as well as the functional and operational office space, training and library support, basic infrastructure like furniture, and other support for running the programme. Meanwhile, India had to come up with technical assistance, including technical equipment, training programmes for faculty and staff members either in India or at Phnom Penh, and incentives or honoraria along with the full-time services of a technical expert. As noted, there was also provision for one full-time advisor from the EDI at the CIEDC.^[98]

In Lao PDR, the LIEDC had a similar arrangement to Cambodia's. The Laotian government provided a building, working space, human resources, budget and salaries for government officials deployed with the centre. The Indian government supported the LIEDC from November 2004 to November 2007, contributing to training programmes, human resources development, and knowledge upgrades; specifically, India supplied training and scholarships for the LIEDC officers, both in their home countries and in India, along with training manuals and textbook development. Indian support also developed infrastructure, for example by providing 37 computers, library support, and a car for the centre.^[99] As with Cambodia, an Indian technical expert was also placed at the LIEDC. After the end of the MoU period, both the centres encountered financial difficulties. The LIEDC managed to minimise their impact through its linkages with other donor agencies

and with direct support from the small and medium-sized enterprise (SME) department, but the CIEDC failed to obtain support and continues to face several challenges. Student fees are not sufficient to run centre activities or to support augmented teaching materials and equipment.

The EDCs have played an important role in creating a strong base for entrepreneurship development in their respective economies. During our fieldwork, we interviewed several beneficiaries of this programme who were able to launch their own enterprises. For example, one Ms. Keo Seng Leng told us about her adverse situation after the garment factory that employed her closed down in 2008. At that point she learned of the EDC, took a two-week course in entrepreneurial skills and another two-week course in hairdressing, and then started working in a beauty parlour. She later returned to the EDC for a four-month course in beauty treatments. After a time, she opened a hair salon with an initial investment of USD 450, and now earns USD 50 to USD 140 per month running her own beauty parlour. This type of story represents a new experience, as development of private enterprise in this region is a rather recent phenomenon. Private-sector development – particularly for SMEs – would probably benefit from a range of measures, including facilitation of access to formal finance. This provides scope for expansion into several related activities, such as moving from cutting hair to providing beauty treatments. Such efforts will eventually help the region to improve its links with the rest of ASEAN, rather than merely following the current proliferation of free trade agreements.

[98] Source: Author interview, Dr. Sunil Shukla, EDI, Ahmedabad, 3 August 2011.

[99] Source: Author interview, Mr. Somdy Inmyxai, SME Promotion and Development Office (SMEPDO), Vientiane, 26 August 2011.

These initiatives supply important policy lessons for planning at the macro level, which currently requires efforts to improve the overall business environment and create a level playing field –particularly by reducing transaction costs for small and medium-scale enterprises. Governments and planners may better appreciate the benefits of requiring new financial agencies to offer micro-credit. These microfinance institutions and the funding they provide generate long-term gains for the partner countries, which thus surpass the single-project model to create institutions that can train entrepreneurs. In the process, they also develop a decent pool of trainers for running the institutions. Since the CLMV partner governments have provided support for these institutions, a long-term commitment to them has de facto emerged.

In this respect, as India-CLMV partnerships have matured, the entrepreneurship programmes have proven very successful. The individual experience of EDCs has varied, however. For example, in the case of the LIEDC, the institution created a governing board involving various stakeholders, including representatives from EDI and the local Indian embassy. This allowed the institute to continue interacting with its initial partners, which eventually helped it to cope with financial and other challenges. In case of the CIEDC, the governing board did not appear to be as effective. As a result, very few measures were taken to support further development of the centre after the Indian participation ended. As the following numbers in Table 2 show, an impressive number of people have taken various training courses at LIEDC:

However, during our field visits it became clear that the CLMV centres face acute budget

Table 21 *Number of entrepreneurs attending courses at the LIEDC*

Years	Entrepreneurs
2004-05	183
2005-06	1264
2006-07	852
2007-08	629

Source: Compiled by the author based on field survey

constraints. As per the initial understanding, the financial support from India for centre operations ended after the mutually-agreed period of time. As a result, the sustainability of these centres has become a central issue. It is probable that continued financial support from the Indian government could have helped the partner governments in garnering greater domestic support. As discussed above, in each of the CLMV members, a different department hosts the EDCs (see Table 1). Some of the EDCs have made efforts to generate additional resources; for instance, the LIEDC hosts additional training programmes financed by the World Bank, SDC, GIZ, ILO, UNDP, EU and other multilateral agencies. The training programme with the World Bank has had a huge response – more than 200 proposals, of which the World Bank selected nearly 100 for financing in business skills development. This has helped the LIEDC by creating additional revenue and building capacity for handling larger programmes. The next sections will review some of the challenges the EDCs now face in achieving such sustainability, followed by possible solutions and ways to move forward.

EDCs as demand-driven entities

In all four CLMV countries, India established the EDCs at the request of the respective governments. Some of these institutions had representatives not only from the government departments concerned, but also had full boards with representatives from several other Ministries and other relevant stakeholders. The project operation costs and support for staff training came from the Indian government, but staff salaries were covered by the partner governments.^[100]

Local linkages

Since the EDCs aimed to involve all the stakeholders through the creation of boards, the whole initiative became open and accessible; this meant that word of courses offered also spread very fast, ensuring wider participation of people from different backgrounds. In cases where the boards worked well, as in Lao PDR, their creation could ensure inter-ministerial coordination and dissemination of information through relevant channels. Even procurement of office supplies was done through open tenders; for example, in one case, a firm from Singapore was shortlisted to supply office equipment, with India bearing the costs.

Development challenges

The growth of institutions has played an important role in addressing key challenges of entrepreneurship development across the CLMV region. Specific courses have been designed to address the sectoral priorities of respective governments. In Lao PDR, a Prime Ministerial decree of 2007-08 addressed

entrepreneurship education in secondary schools as a government priority.^[101] This led to the government hosting the EDC in the education department. In Cambodia, the immediate challenge was to provide skill-building for women laid off from textile factories due to the recession. During our field visit to Cambodia, we met Ms. Keo Seng Leng, whose experience we described above. We also met Ms. Van Sarim, whose garment factory did not close down, but who approached the CIEDC because of job uncertainty. She had a family of five to support. Her courses resembled Ms. Leng's, but in addition she specialised and became a beautician. In her case, the initial investment was USD 550 and she now earns USD 125 –USD 150 per month. Such examples demonstrate why Cambodia placed the EDC under the Ministry of Labour and Vocational Training.

Triangular cooperation

As the EDCs have emerged in the CLMV region, they have organised many training programmes in partnership with or on behalf of other lead donors; for instance, the LIEDC has initiated programmes sponsored by the SDC, GIZ, ILO, UNDP and the EU.^[102] Most of these programmes address skill upgrades and training in specific areas of service and industrial production. These efforts open up major possibilities for triangular development cooperation (TDC) at the global level. While broader consensus on a coherent TDC policy will take time, in practice the EDC efforts have already forced partnerships into being. This is an important consideration for future policy-making.

[100] Source: Author interview, Dr. Sunil Shukla, EDI, Ahmedabad, 3 August 2011.

[101] Source: Author interview, Rajesh K. Sachdeva, Embassy of India, Phnom Penh, 11 August 2011.

[102] Source: Author interview, Dr. Sunil Shukla, EDI, Ahmedabad, 3 August 2011.

6.3.3. Possible pathways

As discussed earlier, two phenomena propelled India's EDC collaboration at the outset. Since India had already begun development cooperation with CLMV, it could respond to precise requests arising from the region – namely, bolstering the entrepreneurial base for further economic development by promoting small and medium-scale enterprises. The second driver was the ASEAN Secretariat-led Initiative for ASEAN Integration (IAI) and its request that ASEAN partner countries (ASEAN+6) assist in narrowing the development gap within the region. As one of these partners, India immediately responded to the call by contributing towards economic development in the CLMV region.

The accomplishments of the LIEDC and CIEDC demonstrated that entrepreneurship may be taught and fostered, and that this may prove one important means of reducing development gaps. This simply negates the notion that entrepreneurs are “born,” or that entrepreneurial growth is “spontaneous” or “natural.” That said, one should take care to identify what pre-conditions may ensure the success of entrepreneurship development programmes. Several features contribute to the growth of an entrepreneurial culture, and specific factors have fostered the success of experiments like the LIEDC and CIEDC. They converge in strategies that make the “self-created job” a trend rather than an exception. This is the best social security that a resource-constrained system may provide.

The EDI, it is clear, has evolved a systemic approach to “road-mapping” institutional

development, in which feasibility studies lead to workshops for policy-makers. Key officials from the partner countries and relevant staff from EDI have participated in these workshops. However, the fact remains that within two years of the withdrawal of Indian support, the LIEDC and CIEDC now face financial challenges. One avenue to explore, then, would be how best to conduct realistic viability studies that, in turn, may serve as prerequisites for bilateral support timeframes. This especially matters when recipient countries lack sufficient resources or do not rate a given development activity very highly in budgetary allocations. The feasibility studies, particularly their assumptions, should be discussed at length with relevant departments and agencies.

These should certainly include financial agencies responsible for business development and financial support, in addition to labour- and education-related departments. Synergies between various ITEC programmes should also be explored. For instance, the EDI and other institutions are currently pursuing another ITEC programme on English for business communication.^[103] This initiative should be linked with the EDC work programmes in the CLMV region. Linkages with other programmes such as microcredit development may also prove relevant. While various development partners across the world offer training programs, what makes India's EDCs unique is their linkage with economic activities: in addition to courses on how to run an enterprise, they provide brief specialised training in tailoring, beauty and hairstyle, confectionaries, and other such productive services. The EDCs offer a

[103] Source: Author interview, Mr. Somdy Inmyxai, SME Promotion and Development Office (SMEPDO), Vientiane, 26 August 2011.

precise and clear message: links courses in entrepreneurship development with practical and relevant job training.

The EDCs also offer opportunities for triangular cooperation: infrastructure and minimum skills for entrepreneurship development come from the provider and partner countries, but a third partner may support such centres by using them for their own related programmes. This would provide additional earnings to local centres, as well as further upgrading their skills.

The EDCs also demonstrate the importance of establishing synergies between different development assistance efforts, rather than relying on stand-alone programmes. Dovetailing the ITEC's training component with bilateral assistance for institution-building has genuinely helped create viable entities in the recipient countries. As a result, they do not depend on the provider country for training programmes. Local capacities created in the beginning act as building blocks for recipients toward management of their own institutions.

To conclude, the following steps may help improve the effectiveness of the EDC programme at the domestic level:

- (i) the entrepreneurship programme must reflect local industrial and financial activity, which calls for linkages with the relevant government agencies. The governing boards should have members able to help mobilise financial support. At the same time, linkages with other agencies engaged in similar training programmes are critical. In the case of the LIEDC, this strategy initially helped garner support from different donors. Later on,

however, donors hesitated to extend support to either the LIEDC or CIEDC, apparently put off by the "India" tag in the names.

These practices could be improved through realistic projections of revenue trajectories and planning for engagement with other development partners. The host government should encourage donor agencies to focus their programmes around a few such initiatives, rather than having different agencies each launch their own. In the case of Lao PDR, the government could ensure convergence of initiatives by the GIZ, World Bank and other entities now working with LIEDC. Cambodia lacks such governmental efforts; as a result, instead of synergizing with each other, initiatives wind up in competition. Such an outcome should be avoided if possible.

- (ii) the EDCs need to widen their focus without losing their niche. The small and medium-sized enterprises they sponsor require access to other EDI programmes (for example, English for business) that could achieve economies of scale if they attracted more participants. Business communications, particularly as taught in English, form a vital part of the curriculum and ITEC already supports such training at the EDI itself. Establishing such courses at the EDCs may prove equally useful; in fact, it may enhance the effectiveness of the centres and help them widen their base.
- (iii) facilitating other programmes such as micro-credit lending may also widen the EDC base. The entrepreneurs who come out of these programmes

seek initiatives that can support them in buying equipment. Funding sources may include existing lending schemes or leasing schemes from equipment companies.

- (iv) inking EDCs with labour- and finance-related agencies serves several important purposes. In fact, these government departments

should have representatives on the EDC governing boards. However, linkage with finance and labour, or with agencies developing SMEs, contributes towards a larger social change: these links affect factors at many levels – economic, social, political, psychological and educational.



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6.4. Question and answer session/ discussion

The questions and discussion from the conference are presented here thematically under the respective subheadings.

Sustainable Development

Q: Dimitri Kanounnikoff

Sachin Chaturvedi, would you elaborate on whether the notion of entrepreneurship could be expanded by including the concept of sustainable development as a whole? Is this environmental dimension part of the training programmes you studied or is it still too early to do that?

A: Sachin Chaturvedi

This morning I referred to the environmental context of engagement. I provided an example from Mozambique where India has opened up two lines of credit for ensuring water supply in rural areas via bore wells. Some very experienced civil society organisations are able to bring their expertise in supplementing ground water resources with rainwater harvesting. Dovetailing all these types of programmes together is an important challenge for India. India is already providing training in 17 programmes on environment-related matters such as biodiversity management.

Q: Dimitri Kanounnikoff

China often refers to a circular economy concept; Thailand refers to the self-sufficient economy. All of these concepts revolve around the idea of sustainable development. Do you think that there is a specifically Asian concept of sustainable development?

A: Sachin Chaturvedi

There has been much criticism of new development projects that are considered to be completely disconnected from social, cultural and environmental ethics. That dimension is now being reflected in the export of development assistance projects.

Partnerships –Safeguards, Practices, Monitoring

Q: Name not provided

I was intrigued by your presentation on partnerships where you have a hierarchy of requirements in terms of safeguards, best practices and monitoring. Would you elaborate on that?

A: Timothy Geer

We believe that safeguards are a double-edged sword. We have to have safeguards both for ourselves and for our partners. Our hierarchy begins with policies and best practices. The second level is standards and guidelines (how are the policies implemented). The third level is performance monitoring (in how many projects have you implemented the policies and to what level). That can be quantitative monitoring or qualitative monitoring. We are trying to ensure that we have the appropriate level of safeguards for any given project. That is, we try to balance flexibility and appropriateness.

Q: Dimitri Kanounnikoff

When it comes to safeguards, is it easy to introduce global environmental issues or do you only focus on local issues?

A: Timothy Geer

China is extremely aware of its global role and extremely focused on what it must do internally. There is a great willingness to learn and step things up in this area. We have worked extensively with China on integrated river basin management in the Yangtze and the Three Gorges Dam. We are also working with the Asian Development Bank in taking this policy learning back into other work being done, for example, in the Mekong.

Training Institutes

Q: Name not provided

India must have experience in post-training assistance, which means helping trainees find jobs. Would you elaborate on that?

A: Sachin Chaturvedi

For the training institutes established in Laos or Cambodia, the Indian commitment was to provide training for three years. It was then up to the local institution to take it further. Training on entrepreneurship will also depend on the level of economic development in the country. The institutional gap arises when the local country cannot provide domestic support for buying equipment or for linking this back into the market. Micro credit programmes can play an important role here.

A: Vicki Paul, New Zealand DAC Delegate to the OECD

I would like to mention the OECD Development Centre which produces multidisciplinary views that look across a range of policy issues that provide governments with the tools with which to make policy decisions that specifically address those kinds of situations.

7. Closing remarks

*Catherine Garreta, Head, External Relations and Partnerships
Directorate, AFD*

I am delighted to conclude this meeting. Asia is a significant region for AFD's activities. We are also more generally interested in questions linked to development assistance and therefore have an interest in better understanding the positioning, approaches and practices of providers in emerging countries.

That is why this meeting was so important for us. I would like to extend our thanks to those who travelled from Asia for this meeting. A direct exchange is always preferable in enabling us to understand each other better. I

would also like to thank Serge Tomasi and Tim Geer for their participation.

This meeting has allowed us to see that we all share the same goal of sustainable development and reducing inequalities. AFD is very enthusiastic about continuing these exchanges on our common interests in the future.

Finally, I would like to thank The Asia Foundation, our co-organiser, who has helped us hold such an efficient and enlightening meeting.

Gordon Hein, Vice President, The Asia Foundation

I will not try to summarise our deliberations over the course of the day. We have examined the history, volumes, modalities, geographical and sectoral priorities, and current trends and challenges associated with Asia's emerging development actors. We have looked at some specific case studies on South-South cooperation in Asia. We have examined the social and environmental impacts of Asia's expanded development cooperation. We now have a good sense of how the emerging Asian providers are increasingly interacting with formal, established donor institutions and providing a fresh perspective on the global development discourse.

We have all learnt a great deal and made many new contacts and relationships that I am sure will produce considerable follow-up. That is always an important by-product of a seminar such as this.

I would like to thank all our participants, our colleagues at AFD who provided their support to this initiative, and our Asian speakers who have generously shared their insights and expertise with us today. This meeting will hopefully be the start of further joint explorations and cooperation on all of these important issues.

List of Acronyms and Abbreviations

AALCO	Asian-African Legal Consultative Organization
ADB	Asian Development Bank
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AFD	French Development Agency
AIM	Amanah Ikhtiar Malaysia
APCD	Asia-Pacific Development Center of Disability
ASEAN	Association of Southeast Asian Nations
AUN	ASEAN University Network
AusAID	Australian Agency for International Development
BCIM	Bangladesh-China-India-Myanmar Group
BRICS	Brazil, Russia, India, China, South Africa
CASS	Chinese Academy of Social Sciences
CBRC	Central Banking Regulatory Commission
CDC	Council for the Development of Cambodia
CDCF	Cambodian Development Cooperation Forum
CEB	Combined Economic Board
CELT	Centres for English Language Training
CERI	Centre for Educational Research Innovation
CIEDC	Cambodia-India Entrepreneurship Development Centre
CII	Confederation of Indian Industry
CINCREP	Commander in Chief, Pacific, Representative
CINCUNC	Commander in Chief, United Nations Command
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
CMU	Chiang Mai University
CPDAP	Colombo Plan Drug Advisory Programme
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
DAP	Drug Advisory Programme
DFID	Department for International Development
DFTP	Duty-Free Tariff Schemes
DPA	Development Partnership Administration
DTEC	Department of Technical and Economic Cooperation
EDC	Entrepreneurship Development Centres
EDI	Entrepreneurship Development Institute
EOI	Export-Oriented Industrialization
EPB	Economic Planning Board

EPU	Economic Planning Unit
EROA	Economic Rehabilitation in Occupied Area
EU	European Union
EXIM	Export-Import Bank
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FESR	Framework for Economic and Social Reforms
FICCI	Federation of Indian Chamber of Commerce and Industry
FIFTA	Foreign Investment and Foreign Trade Agency
FOA	Foreign Operation Administration
FOCAC	Forum on China-Africa Cooperation
FSI	Foreign Service Institute
G-15	Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela, Zimbabwe
G4	Brazil, Germany, India and Japan
G77	Group of 77
GARIOA	Government Appropriations for Relief in Occupied Area
GDP	Gross Domestic Product
GIZ	German Federal Enterprise for International Cooperation
GNP	Gross National Product
GOI	Government of India
HCI	Heavy-Chemical Industrial Drive
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HLF-4	High Level Forum on Aid Effectiveness
IAI	Initiative for ASEAN Integration
IBSA	India, Brazil, South Africa Forum
IBSE	Inquiry-Based Science Education
ICCR	Indian Council for Cultural Relations
ICICI	Industrial Credit and Investment Corporation of India
ICT	Information and Communications Technology
IDBI	Industrial Development Bank of India
IDFR	Institute of Diplomacy and Foreign Relations
IDS	International Development Studies
IFCI	Industrial Finance Corporation of India
ILO	International Labour Organization
IMF	International Monetary Fund

INL	International Narcotics and Law Enforcement Affairs
INTAN	Institute Tadbirin Awam Negara
IORA	Indian Ocean Rim Association
IOSC	Information Office of the State Council
ISTIC	International Centre for South-South Cooperation for Science, Technology and Innovation
IT	Information Technology
ITEC	Indian Technical & Economic Cooperation
JFY	Japanese Fiscal Year
JICA	Japan International Cooperation Agency
KCAC	Korean Civilian Assistance Command
KDI	Korean Development Institute
KDI	Korean Development Institute
KISTEP	Korea Institute of Science & Technology Evaluation & Planning
KOICA	Korean International Cooperation Agency
KSP	Knowledge Sharing Program
LAMAP	«Main à la Pâte» Foundation
LAO PDR	Lao People's Democratic Republic
LDC	Less Developed Countries
LIEDC	Laos-India Entrepreneurship Development Centre
LOC	Lines-of-Credit
LTFP	Long-Term Fellowship Programme
M.A.	Master of Arts
MASSCORP	Malaysia South-South Corporation
MDB	Multilateral Development Bank
MDG	Millennium Development Goals
MEA	Ministry of External Affairs
MFA	Ministry of Foreign Affairs
MFAM	Ministry of Foreign Affairs of Malaysia
MOAC	Ministry of Agriculture and Cooperatives
MOAF	Ministry of Agriculture and Forestry
MOE	Ministry of Education
MOF	Ministry of Finance
MOFCOM	Ministry of Commerce
MoU	Memoranda of Understanding
MTCP	Malaysian Technical Cooperation Programme
MYR	Malaysian Ringgit

NAM	Non-Aligned Movement
NDG	Narrowing the Development Gap
NEDA	Neighbouring Countries Economic Development Cooperation Agency
NEDB	National Economic Development Plan
NEDF	Neighbouring Countries Economic Development Fund
NEPAD	New Partnership for Africa's Development
NESDB	National Economic and Social Development Board
NGO	Non-Governmental Organization
NIC	Newly Industrialized Country
NPED	National Plan for Economic Development
NSDP	National Strategic Development Plan
NTP	Non-Traditional Partners
NUoL	National University of Laos
ODA	Official Development Assistance
ODI	Overseas Development Institute
OEC	Office of the Economic Coordinator
OECD	Organisation for Economic Co-operation and Development
OFID	Organization of Petroleum Exporting Countries Fund for International Development
OIC	Organization of Islamic Cooperation
OOF	Other Official Flows
OPEC	Organization of Petroleum Exporting Countries
ORDPB	Office of Royal Development Projects Board
PPA	Programme for Public Administration
PPAE	Programme for Public Administration and Environment
PPSD	Programme for Private Sector Development
RCSD	Regional Center for Social Science and Sustainable Development
RDP	Royal Development Projects
RIS	Research & Information System for Developing Countries
RM	Malaysian Ringgit
RMB	Chinese Yuan
SAARC	South Asian Association for Regional Cooperation
SAFPI	South African Foreign Policy Initiative
SBI	State Bank of India
SCAAP	Special Commonwealth Africa Assistance Programme
SDC	Swiss Development Cooperation
SEAMEO	Southeast Asian Ministers of Education Organization

SEED	Southeast Asia Engineering Education Development Network
SMEPDO	Small and Medium Enterprise Promotion and Development Office
SMEs	Small and Medium Enterprises
SOEs	State-Owned Enterprises
SSC	South-South Cooperation
STEM	Science, Technology, Engineering and Mathematics
TA	Technical Assistance
TC	Technical Cooperation
TCEP	Third Country Expert Program
TCIL	Telecommunications Consultant Indian Ltd
TCTP	Third Country Training Program
TDC	Triangular Development Cooperation
THB	Thai Baht
TICA	Thailand International Cooperation Agency
TLMOF	Timor Leste Ministry of Finance
TOI	Times of India
TT-SSC	Task Team on South-South Cooperation
U.S.S.R	Union of Soviet Socialist Republics
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNKRA	United Nations Korean Reconstruction Agency
UNODC	United Nations Office on Drugs and Crime
UNPD	United Nations Procurement Division
US	United States
USAID	United States Agency for International Development
USD	United States Dollar
USECA	United States Economic Cooperation Administration
USG	United States Government
WTO	World Trade Organization
WWF	World Wildlife Fund for Nature

Authors

Sachin CHATURVEDI

Senior Fellow

Research and Information System for Developing Countries (RIS)

Dr. Sachin Chaturvedi is a Senior Fellow at the Research and Information System for Developing Countries, a think tank with the Government of India's Ministry of External Affairs. Until recently, he was a Global Justice Fellow at the MacMillan Center for International Affairs at Yale University, where he worked on drug prices and IPR-related issues. An economist specialising in trade and innovation linkages, Dr. Chaturvedi has served as a consultant to the UN Food and Agriculture Organization, the World Bank, UN-ESCAP, UNESCO, OECD, the Commonwealth Secretariat, IUCN, the Ministry of Environment and Forests, and the Government of India's Department of Biotechnology, among other organisations. He has been a Fellow at the University of Amsterdam (1996), Institute of Advanced Studies, Shimla (2003), and the German Development Institute (2007). His experience includes working at the University of Amsterdam on a project on International Development Cooperation and Biotechnology for Developing Countries supported by the Dutch Ministry of External Affairs. Dr. Chaturvedi has also been a member of the IGSAC Committee of Experts for evolving a framework for cooperation on conservation of biodiversity in the SAARC region, as well as a member of the Editorial Board of Biotechnology Development Monitor (the Netherlands) and Asian Biotechnology Development Review (New Delhi). He has authored two books and has published several research articles in various prestigious journals.

Timothy GEER

Director of Public Sector Partnerships, WWF International

Timothy Geer is WWF International's Director of Public Sector Partnerships. For more than fifteen years, he has guided the WWF Network's development and growth in this area; these partnerships now encompass many bilateral and multilateral organisations around the world. Prior responsibilities in WWF have included: leading business change and organisational development projects, managing the WWF Network's programme of field projects, and coordination of WWF's network of National Organizations. He has also served for more than 20 years as a Board Member of the WWF Pension Foundation, including four terms as President.

Before joining WWF in 1983, Tim worked in marketing with major advertising agencies in New York City. Tim is a member of the Programme Strategy Committee of the Institut du Développement Durable et des Relations Internationales (Iddri) in Paris, a member of the Reference Group of the Poverty Environment Partnership, and a frequent panelist on environment and development issues.

A national of France, Switzerland and the United States, Tim holds a DPhil in Zoology from Oxford University and a BA in Biology from Beloit College (Wisconsin), and has numerous publications in the ornithological scientific literature.

Pooja JAIN

Phd candidate, CERI Sciences Po Paris

Pooja Jain is a final year PhD candidate at Sciences Po Paris. She is working on development partnerships through a case study of India and Senegal under the supervision of Dr. Christophe Jaffrelot. Her research interests include: development aid, developmental state, international governance, South-South cooperation and the role of the private sector in development.

Eun Mee KIM

Dean & Professor, Graduate School of International Studies

Director, Institute for Development and Human Security

EwhaWomans University

Former President, Korea Association of International Development and Cooperation (KAIDEC) (2011-2012)

Dr. Eun Mee Kim is Dean and Professor at the Graduate School of International Studies and Director of the Institute for Development and Human Security at EwhaWomans University. She has served as a civilian member on the Committee for International Development Cooperation under the Prime Minister's Office, the Policy Advisory Committee in the Ministry of Foreign Affairs and Trade, and the Policy Advisory Committee in the Ministry of Gender Equality and Family. In 2009, she received the World Class University Research Grant as the PI from the National Research Foundation of the Republic of Korea entitled "Cross-National Comparative Analysis of the Effectiveness of Development Assistance." Her fields of interest include: International Development Cooperation, Foreign Aid, Political Economy of Development, Globalisation and Multiculturalism. Her publications include: *Adapt, Fragment, Transform: Corporate Restructuring and System Reform in South Korea* (Shorenstein Asia Pacific Research Center, 2012); *South Korea Advances toward a Multicultural Society* (Nanam, 2012); *Multicultural Society of Korea* (in Korean; Nanam, 2009); *The Sociology of the Economic Crisis: Transformation of the Developmental State and Business Group Networks* (in Korean; Seoul National University Press, 2005); *Big Business, Strong State: Collusion and Conflict in South Korean Development* (State University of New York Press, 1997); and *The Four Asian Tigers: Economic Development and the Global Political Economy Development* (Academic Press, 1998). Dr. Kim has served as a Visiting Scholar at Harvard University and Brown University.

Elsa LAFAYE de MICHEAUX

Senior Lecturer, University of Rennes 2, School of Social Sciences

Economist, specialist of Malaysia

Born in 1972, E. Lafaye de Micheaux studied social sciences and has conducted her PhD (2000) on the role played by education (primary to tertiary, vocational and training) in the Malaysian development, from the British rule to the Asian financial crisis. She has initiated research on the Colombo Plan for Co-operative Economic Development in South and South-East Asia (1951-2013). She is the author of "Malaysia: a model for sovereign economic development?" (2012).

Anthea MULAKALA

*Director, International Development Cooperation
Country Representative, Malaysia
The Asia Foundation*

Anthea Mulakala has served as Country Representative in Malaysia since 2007. Since 2010 she has concurrently led the Foundation's engagement on development effectiveness and aid policy as the Senior Advisor, International Development Cooperation. Ms. Mulakala has been overseeing programs in Asia since 1991. Prior to joining the Foundation, she worked for the World Bank in support of Indonesian decentralisation, for South Asia Partnership, strengthening NGO capacity in Sri Lanka, and advising on gender-based issues to their offices across South Asia, and for the UK's Department for International Development (DFID) as team leader of a large Government of Bangladesh and multi-donor health project consortium, and subsequently as DFID's Reconciliation and Development advisor in Sri Lanka. Ms. Mulakala speaks French and intermediate Indonesian, Bangla and Tamil. She holds a B.A. in Political Science, with honors, from the University of Western Ontario and an M.A. in International Affairs from the Norman Paterson School of International Affairs at Carleton University in Ottawa, Canada. Ms Mulakala has written and published on conflict dynamics in Asia, the changing development and aid landscape, and various issues in Malaysian political economy.

Tongquan SUN

*Senior Research Fellow, Rural Development Institute
Chinese Academy of Social Sciences (CASS)*

Since 2006, Dr. Tongquan Sun has worked as a researcher in the Rural Development Institute of the Chinese Academy of Social Sciences (CASS). His research interests include international development aid, social enterprises, microfinance and rural development. Previously, he served as a visiting scholar at Duke University in the United States, where he studied development aid. For over 12 years, Dr. Sun worked for the China International Center for Economic and Technical Exchanges (CICETE) of the Ministry of Commerce, managing multilateral and bilateral development aid projects to China. Dr. Sun's published papers on international development aid include "Aid Dependence: Why," "Behaviors of Stakeholders in International Development Assistance," and "The Evolution of International Development Aid after the World War II." He holds a Bachelor's degree in Economics and a Master's degree in jurisprudence from the University of International Business and Economics (UIBE) in China, as well as a Ph.D. in Management from the Post-Graduate School of the Chinese Academy of Social Sciences.

Serge TOMASI

Deputy-Director

OECD Development Co-operation Directorate

Serge Tomasi was appointed deputy director of the OECD Development Co-operation Directorate in March 2012. As Deputy Director, Mr. Tomasi helps move forward the new development co-operation agenda of the OECD, in particular through the OECD's strategy for development and through engagement with the new Global Partnership for Effective Development Cooperation, which is supported by the OECD and UNDP.

M. Tomasi is also in charge of the G20 development working group and the green growth/climate change agenda regarding developing countries.

Mr. Tomasi has devoted his career to international co-operation. He was the Director for Global Economy and Development at the French Ministry of Foreign and European Affairs, after several positions in the French Ministry of Finance (Financial advisor for Africa) and the French Ministry of Foreign and European affairs (Deputy Director for development policy, head of the human development division). In 2011, within the French presidency of the G20, he was the chair of the G20 Development Working Group. As part of his career, he has spent four years in Senegal as Counsellor for Cooperation and Cultural Affairs, and also spent three years in New York as Financial Counsellor of the Permanent Mission of France to the United Nations.

Mr. Tomasi, a French national, is a graduate from the French Ecole Nationale d'Administration (1992, promotion Condorcet). He also holds a degree in private law from Grenoble University (1982) and a degree in economics and business from the Institut d'Etudes Politiques of Lyon (1986).

Siriporn WAJJWALKU

Associate Professor

Faculty of Political Science

Thammasat University

In addition to her position at Thammasat University, Dr. SiripornWajjwalku serves as Chair of Japanese Studies Association of Thailand and Project Coordinator of the Think Tank Development Project for National Policy and Transnational Relations Division at the Thailand Research Fund. From 2010 to 2013 she was a Dean of the Faculty of Political Science and also a Director of International Programs of the Faculty of Political Science, Thammasat University. Her academic interests include Japan's politics and foreign policy, international development and foreign assistance, and regional cooperation. Recently, she has conducted several research projects including: Institutional Arrangement and Aid Effectiveness: A Case Study of Japan's and Thailand's Aid Provision in CLMV; The Crisis Management: Shared Experiences and Lesson Learned between Japan and Thailand; ASEAN and Regional Cooperation on Food Security. Her publications include: Development Cooperation Approaches to Pro-Poor Growth: Thailand (2012); Japan's Administrative Reform and Foreign Aid Policy (2010); Rethinking: Japan in the Mekong Region (2009); Thailand: What Makes Recipient Ownership? (2008). She received a B.A. in Political Science from Thammasat University, Thailand, and M.A. and Ph.D. in Law and International Relations from Nagoya University, Japan.

Agence Française de Développement (AFD)

AFD, the *Agence Française de Développement*, is a public development-finance institution that has worked for seventy years to alleviate poverty and foster sustainable development in the developing world and in the French Overseas Provinces. AFD executes the French government's development aid policies.

Working on four continents, AFD has seventy-one field offices and bureaus, including nine in France's overseas provinces and one in Brussels. The Agency provides financing and support for projects that improve living conditions, promote economic growth, and protect the planet.

In 2013, AFD committed 7.8 billion to projects in developing and emerging countries and in the French Overseas Provinces. These AFD-financed projects will provide schooling for children, improve maternal health, promote equality between men and women, support farmers and small businesses, and bolster access to drinking water, transportation and energy. These newly-funded projects will also help mitigate climate disruption by abating nearly 3.3 million metric tons of carbon dioxide-equivalent annually.

www.afd.fr

Agence Française de Développement
5, rue Roland Barthes – 75598 Paris cedex 12
Tél. : 33 (1) 53 44 31 31 – www.afd.fr
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The Rise of Asian Emerging Providers: New Approaches to Development Cooperation in Asia?

The international development landscape has changed dramatically over the last two decades. Poverty is on the decline, official development assistance (ODA) budgets are shrinking, and the Millennium Development Goals continue to evolve. Asia has played no small part in this evolution and will continue to be a driving force for years to come. The new face of aid is Asian. China and India will expand their development assistance as their economies grow, in tandem with their desire to play an influential role on the world stage. South Korea, which recently became a member of the Development Assistance Committee, as well as Asian non-DAC donors, actively engage in development assistance in Asia, emphasising support for neighbouring countries and promoting peace and prosperity in the region. Non-DAC providers could account for at least \$50 billion in aid or aid-like flows by 2025.

Asian providers have committed resources and energy to better understanding and articulating their own development experiences. Within these countries, an emerging group of academics, think tanks, policy makers and foundations have made valuable contributions to development discourse. However, the non-DAC providers among these stakeholders have had limited engagement with their counterparts in Western countries.

On 15 November 2013, the Agence Française de Développement (AFD) and The Asia Foundation jointly hosted a seminar in Paris to discuss Asian approaches to development cooperation. The seminar brought together Asian and European policy experts and practitioners to explore how Asian strategies are reshaping the aid landscape. The discussions and papers focused mainly on the cases of China, India, Thailand, South Korea and Malaysia. This publication features conference papers from this seminar.