

V. R. F. Series

No.489

June 2014

South-South Cooperation in Southeast Asia and the Role of Japan

Dennis D. Trinidad

日本貿易振興機構 アジア経済研究所

INSTITUTE OF DEVELOPING ECONOMIES, JAPAN EXTERNAL TRADE ORGANIZATION

Visiting Research Fellow Monograph Series

This series aim at disseminating the results of research done by Visiting Research Fellows at the Institute of Developing Economies.

However, no part of this paper may be quoted without the permission of the author, since some of the results may be preliminary.

Further, the findings, interpretations and conclusions expressed in this paper are entirely those of the author(s). Paper does not imply endorsement by the Institute of Developing Economies of any of the facts, figures, and views expressed. Their Institute of Developing Economies does not guarantee the accuracy of the data included in this paper and accepts no responsibility whatsoever for any consequence of their use.

ACKNOWLEDGEMENT

This study would never have seen the light of day without the generous support and permission of administrators from De La Salle University, Manila who allowed me to take a service leave so I could participate in IDE-JETRO's VRF program. I am grateful particularly to Dr. Julio C. Teehankee, Dean, College of Liberal Arts; Dr. Myrna S. Austria, Vice Chancellor for Academics; and Dr. Jesusa Marco former Executive Director, Human Resources Development and Management Office.

Research is rarely a work of single individual. A lot of ideas in this paper were developed from casual discussion with scholars and colleagues I had the chance to get in touch with. One of them was Professor Yasutami Shimomura, Professor Emeritus, Hosei University, who encouraged me to think from a "recipient's perspective." The insights I got from my interview with Dr. Sachiko Ishikawa, JICA Senior Advisor on Peacebuilding and South-South Cooperation, were very useful in constructing the framework I used in the study. I benefitted enormously from constructive inputs of Dr. Takeshi Kawanaka and Ms. Maki Aoki-Okabe. I am also grateful to my counterpart, Izumi Chibana, who was always ready to help when needed and to Yurika Suzuki for moral support. Needless to say, the usual caveat in research applies: All errors and mistakes found in the paper are entirely mine.

I owe my pleasant stay in Chiba and IDE in particular to Mr. Takeo Masuda, Ms. Atsuko Hirakata, and Ms. Kumi Manda who provided me assistance in arranging my travel, accommodation, and everything I needed to know about IDE, and to Mr. Yamagata Tatsufumi for warmly welcoming me on my first day at the institute. Likewise, life would have been different without the companionship of my fellow VRFs: Phuntsho Rapten (Bhutan), Yohannes Aberra Ayele (Ethiopia), Nasim Fathi (Iran), Rafael Hernandez (Cuba), and Imiya Mudiyansele (Sri Lanka). Lunch had always been fun with these guys. Thanks also go to the following IDE fellows for their warm gestures of friendship: Darwisheh Housam, Masayoshi Okabe, and Shonchoy Abu; as well as to the very efficient IDE library staffs.

Moreover, the section on Philippine technical cooperation would never have been completed without the outstanding research assistance from Ms. Valerie Anne Jill I. Valero, my graduate student who works as a Senior Foreign Affairs Research Specialist at the Foreign Service Institute, Department of Foreign Affairs, Manila and of course to the nameless (TCCP Technical Cooperation Council of The Philippines) staffs who cooperated with her in gathering all the data I needed.

Last but not least, I owe a special gratitude to my wife, Rose and my daughter, Sophie Ayn, for their unwavering support and enormous love and for understanding why scholars like me must travel and do research. To them this volume is affectionately dedicated.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	i
TABLES AND FIGURES	iv
ABSTRACT	v
OVERVIEW	vi
CHAPTER 1	
TOWARDS A REGIONAL APPROACH: EVOLUTION, CONTEXTS, AND CHANGING PERSPECTIVES	
1.1 Background	1
1.2 The Context of SSC Formation and Third World Discontent	2
1.3 SSC as a Modality of Development Cooperation	4
1.4 SSC as Knowledge Exchange	9
1.5 SSC, Triangular Cooperation and the Importance of a Regional Approach	12
1.6 Brief Conclusion	18
CHAPTER 2	
THEORETICAL DISCOURSES IN DEVELOPMENT COOPERATION	
2.1 Development Assistance versus Development Cooperation	20
2.2 Why Provide Aid: Understanding the Role of Incentives	22
2.3 The Political Economy of Aid: Implications to Sustainability of SSC	25
2.4 Development Cooperation and Development Discourse	29
CHAPTER 3	
SSC IN SOUTHEAST ASIA: INDONESIA, THE PHILIPPINES AND THAILAND AS SOUTHERN PARTNERS	
3.1 Background	34
3.2 South-South Technical Cooperation Program of Indonesia	38
3.2.1 Beginnings	38
3.2.2 Transitioning into a Full-fledged SSC Provider	39
3.3 The Philippines as an Emerging Provider of SSC	42
3.3.1 The Philippines' Technical Cooperation Program	44
3.4 Thailand's International Cooperation Program	48
3.4.1 Geopolitics and National Development	48

3.4.2 Evolution and Structural Set Up	50
3.4.3 Characteristics and Policy Changes since 2003	53
3.4.4 Allotment Patterns and Trend	56
CHAPTER 4	
JAPAN’S ROLE IN SSC: PROVIDING CONSENSUAL LEADERSHIP	
4.1 Transition to Donorship: Japan’s Experience	60
4.2 Leading behind the Scene: Promoting SSC through Consensual Leadership	65
CHAPTER 5	
SUMMARY AND CONCLUSION	
5.1 SSC in General	73
5.2 SSC in Southeast Asia	73
5.2.1 Incentives	73
5.2.2 Level of Promotion and Clarity of Purpose	74
5.2.3 Level of Development	75
5.2.4 Role of Traditional Donor	75
5.3 Five Stages of Recipient-to-Donor Transformation	76
BIBLIOGRAPHY	78
APPENDICES	86
ABOUT THE AUTHOR	89

TABLES AND FIGURES

TABLES

1 Characteristics of Technical Cooperation	12
2 Opportunities from Triangular Cooperation	14
3 Japan's Partnership Program	16
4 National Objectives and Corresponding IR Theories	27
5 Selected Economic Indicators of Southeast Asian Development Partners	36
6 Number of Philippine Technical Cooperation Projects, 1980-2010	46
7 Examples of Japan's Triangular Cooperation	67

FIGURES

1 SSC and DAC Donors	ix
2 Underpinnings of SSC	xi
3 SSC Institutional Networking in Southeast Asia	17
4 SSC within a Regional Platform	19
5 Development Disparities within ASEAN	37
6 SSC Regional Framework: ASEAN's Case	37
7 Total Participants in Philippine Technical Cooperation, 1980-2010	45
8 TCCP Subsidy from General Appropriations, 2000-12 in million pesos	47
9 Training Programs of TCCP by Theme, 1980-2010	47
10 GDP and GNI per capita PPP of Thailand, 1985-2012	49
11 Thailand's Net Investment Outflows as % of GDP	50
12 Allotted Budget for NEDA's Financial Technical Assistance in million baht	53
13 Total Value of TICP by Type of Program, FY 2012 (in %)	57
14 TICP Beneficiaries by Region, FY 2012	57
15 Total Value of TICP by Sub-Region, 2007-11	58
16 TICP by Sector, FY 2012	58
17 TICP to Southeast Asia, FY 2012	59
18 Geographical Distribution of Japanese ODA, 1970-2003	61
19 Japan's Major Trading Partners (in %)	62
20 ASEAN's Major Trading Partners (in %)	63
21 Japan's FDI to ASEAN and Vice Versa, 1995-2000 (in million US\$)	63
22 Flamholtz and Randle's (2007) Leadership Style Matrix	65
23 Regional Meetings Leading to the Establishment of JARCOM	70
24 Four (4) Stages: From Recipient to Donor	77

ABSTRACT

Most developing countries started their official South-South Cooperation (SSC) programs, particularly technical cooperation, initially as a show of solidarity with the Afro-Asian movement and in compliance to international agreements such as the 1978 Buenos Aires Plan of Action (BAPA) on Implementing and Promoting Technical Cooperation among Developing Countries (TCDC). Over time, however, some countries were able to expand their cooperation programs and became full-fledged providers of technical cooperation and official development assistance (ODA). This paper explores the drivers that enabled some Southern countries to expand and sustain their cooperation programs into new heights. In doing so, the experiences of three Southeast Asian countries on SSC, namely, Indonesia, the Philippines, and Thailand were examined. It was asserted that the success of developing countries desiring to become full-fledged emerging aid providers was attributed to four mutually reinforcing drivers: (1) presence of clear incentives to improve cooperation programs; (2) level of promotion and clarity of purpose; (3) level of development and (4) role of a traditional donor in promoting SSC. It was also argued that Japan provided ‘consensual leadership’ in promoting SSC at regional level.

The necessity of contributing to the political stability of neighboring countries and the commercial opportunities from financial assistance have provided Thailand explicit incentives to expand and overwhelmingly focus its cooperation programs with CLMV. Thai cooperation policy has been promoted at the highest political level, aligned with national development strategies, and has been supported by advances in domestic economy. Indonesia’s admission as a member of G20 in 2009 has given it a sense of new international role and purpose. Promoted at ministerial and inter-ministerial levels, SSC has emerged as a strategy to perform Indonesia’s international role. Since then, the country has aspired to become a full-fledged SSC provider. Meanwhile, the Philippines’ meager technical cooperation program has remained unchanged due to lack of clear incentives on the part of the national government to expand it and align it with national development goals. JICA’s extensive networks built over the years of aid activities in Southeast Asia enabled it to promote SSC in Southeast Asia through consensual leadership.

The author provides a four-stage process of recipient-to-donor transformation theory at the end of the paper.

OVERVIEW

Although economic cooperation among developing countries has existed since 1950s,¹ it was only recently that its significance to international development discourse was acknowledged. The concept of a developing country extending economic/technical assistance to another developing country had been an outlier in international aid discourse that has been dominated by Development Assistance Committee of the Organization for Economic Co-Operation and Development (DAC/OECD, hereinafter referred to as DAC). In the new millennium the discourse on aid effectiveness has started to evolve. From the launching of the United Nations' (UN) Millennium Development Declaration (2000), Paris (2005) and Accra (2008) Declarations to the Fourth High-Level Forum (HLF-4) on Aid Effectiveness in Busan, Korea (2011), the international aid community under the auspices of DAC has gradually become more inclusive and participative. The HLF-4 was the first to be held in Asia with attendance of more than 3,000 delegates from developed and developing nations, emerging economies, providers of South-South and triangular co-operation and civil society organizations. In a way, the Busan Forum was an explicit acknowledgement of the changing global aid landscape.

In addition to conventional bilateral and multilateral aid agencies, international foundations, charity organizations, and other private and civil society organizations are now engaged in international aid-giving. Moreover, bilateral donorship is no longer monopolized by industrialized nations. Developing countries that are engaged in some forms of development cooperation have proliferated in spite of the fact that various studies found very little or inconclusive positive correlation between aid and economic growth.² For lack of a comprehensive term to cover all of them, scholars have referred to “new” bilateral aid donors by different names including “emerging donors,” “re-emerging donors,” South-South Cooperation partners, “South-South co-operators”, “Southern partners/co-operators”, “non-DAC donors”, “post-colonial donors” and so on.³ There is less disagreement however in the use of South-South Cooperation (SSC) as modality of their aid-giving activities. Although there is no consensus among new players as to what approach and mode of delivery would maximize aid's development outcomes, SSC is considered to be the “symbolic regime” that binds and distinguishes them from their DAC counterparts (see 1.1 to 1.3 of Chapter 1 for elaborate discussion of beginnings, context and formalization of

¹ In Emma Mawdsley, *From Recipients to Donors: Emerging Powers and the Changing Development Landscape*, (London: Zed Books, 2012) it was noted that post-war studies on foreign aid focused mainly on western assistance while aid from non-western (with the exception of Japanese aid) and socialist countries like China, Russia, Cuba and others were either neglected or deliberately ignored.

² For a brief review of aid's effects on economic growth see Mary M. Shirley, *Institutions and Development*, (Cheltenham, UK and MA, USA: Edward Elgar, 2008).

³ A comprehensive discussion of terminologies for these new players was discussed in Mawdsley, *From Recipients to Donors: Emerging Powers and the Changing Development Landscape*, 2012.

SSC).

Why developing countries engage in some form of SSC and what drivers enable them to sustain and in some cases expand the scope of their national cooperation programs over time are central themes that this study attempted to explore. As aid activities of large non-DAC countries like China, Brazil, India, Russia, and Saudi Arabia continue to grow and pose a challenge to DAC-based global aid norms, aid scholars and the international aid community have become interested in SSC. The inclusive process in Busan forum in 2011 was largely due to the increased aid activities of these countries. One estimate of the value of SSC was between US\$15 billion – US\$20 billion a year, and 22 per cent is channeled via multilateral organizations including the United Nations and World Bank.⁴ Because recent literature on SSC overwhelmingly emphasizes the aid activities of large and powerful developing countries and their potential implications to DAC-based global aid norms, the notion of SSC is often understood within the context of their aid-giving practices and experience. This study aims to complement those literatures by focusing on SSC activities of less powerful and smaller countries.

Focusing on SSC of smaller and less powerful countries is important for several reasons. As mentioned earlier, international aid has a poor track record in promoting either development or institutional change. Effective institutional changes are usually home grown and arise from heterodox experiments but aid agencies prefer western best practice because they “can be more easily defended to their sponsoring governments”⁵ that are usually DAC members. As a modality outside DAC, SSC has an advantage of being utilized flexibly based on specific needs of recipients. In this light, Grynspan mentioned that SSC brings variety and diversity to development.⁶ It also “offers real, concrete solutions to common development challenges.”⁷

The recent discourse on aid effectiveness has acknowledged the importance of supporting ‘home grown’ solutions to development challenges. The principles of Paris Declaration on Aid Effectiveness finally recognized the necessity of ‘ownership’ in which recipients are encouraged to formulate their own development strategies where international aid can be aligned with. Due to relatively low international profile of aid from small and less powerful SSC partners, it is also less ‘visible’ to international politicking and competition with western donors unlike those from China, India and Russia. They are even likely to receive assistance from traditional donors. This does not make assistance from small SSC

⁴ Global Monitoring Report, 2012. Retrieved from <http://www.cbd.int/financial/southsouth/>

⁵ Shirley, *Institutions and Development*, 2008, 62.

⁶ Cited in “SSC brings more Options for Development”, United Nations Office for South-South Cooperation, 2013. Retrieved from:

http://ssc.undp.org/content/ssc/news/articles/2013/ssc_brings_more_optionsfordevelopment.html

⁷ Quoted in “South-South Cooperation Key to Development: UN Chief”, Malaysia Sun, September 2013. Retrieved from:

<http://www.malaysiasun.com/index.php/sid/217035976/scat/b8de8e630faf3631/ht/South-South-cooperat ion-key-to-development-UN-chief>

partners apolitical. In fact, bilateral aid is inherently political because they are financed by public funds and that its manner of allotment is highly contested by various groups. Moreover, aid relations involve power relations but this is less evident when two countries involved in cooperation are both small developing countries.

SSC is also based on the notion of ‘sharing experience’ which is derived from certain geographical characteristics (like being archipelagic, landlocked countries), socio-cultural similarities (such as language, religion, multi-ethnic society and so on) or practical knowledge gained exclusively from climate adaptation/disaster reduction and mitigation, and home grown methods or technology (such as agricultural method in tropical climate).⁸ 1.3 and 1.4 of chapter 1 elaborate on the features of SSC as modality of cooperation and as knowledge exchange.

More importantly, less developed countries are attracted to SSC because it does not come with strings or conditions that are common to western aid. This feature was a product of SSC’s long history which can be traced back to the Afro-Asian movement of the 1950s. Disillusioned by international economic order SSC represented the Third World’s collective expression of desire for ‘genuine’ independence and political-economic self-reliance in the post-colonial period. It was an assertion of solidarity, respect for sovereignty, mutual assistance, and reciprocity which later became constituents of the ‘symbolic’ aid regime of non-DAC donors.

SSC by all means is not without imperfections. Growth in the number of aid donors has contributed to proliferation of small-scale aid projects⁹ which made coordination an extremely difficult if not insurmountable task. Small donors refuse to participate in coordinating efforts for fear of losing control of their development programs to much larger and powerful donors.¹⁰ A World Bank study showed that in 2008 ODA projects surpassed 80,000 annually, delivered by at least 56 donor countries, with 197 bilateral agencies and 263 multilateral agencies.¹¹

Moreover due to limited funds as well as weak human and organizational capacity, SSC providers also have difficulty in scaling up their projects’ impacts. This is where traditional donors can assist SSC partners. As the most active supporter of SSC among DAC donors, Japan has provided three scaling-up support to its partners, namely, (1) through triangular cooperation and partnership program, (2) Centers of Excellence, and (3) regional

⁸ Akio Hosono, “Scaling Up South-South Cooperation through Triangular Cooperation: The Japanese Experience”, In Laurence Chandy, Akio Hosono, Homi Kharas and Johannes Lin, Eds., *Getting to Scale: How to Bring Development Solutions to Millions of Poor People*, pp. 236-304 (Washington, DC: Brookings Institution Press, 2013).

⁹ Homi Kharas, Koji Makino and Woojin Jung (Eds.), *Catalyzing Development: A New Vision for Aid*, (Washington, DC: Brookings Institution, 2011).

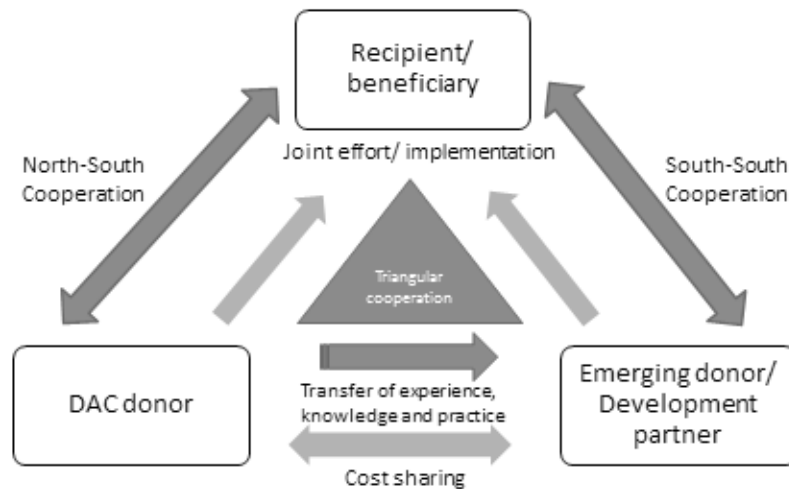
¹⁰ Wolfgang Fengler and Homi Kharas, Eds. *Delivering Aid Differently: Lessons from the Field*. (Washington D.C.: Brookings Institution Press, 2010), 20.

¹¹ As cited in Kharas, Makino and Jung, *Catalyzing Development*, 2011, 2.

platforms.¹² The role of triangular cooperation and regional platforms in scaling up SSC is elaborated further in 1.5 of chapter 1.

Japan is a pioneer in the use of triangular cooperation as a modality which dates back to 1975 when the Third Country Training Program (TCTP) was launched (please refer to figure 1 on how the scheme works). Recently, other advanced countries like Germany, Spain and Canada have started also their own triangular cooperation programs. Japan’s triangular cooperation scheme has since led to some innovative projects. Its cooperation with Brazil on ProSavanna Project was described by Bill Gates, co-chair of the Bill and Melinda Gates Foundation, and former secretary Hillary Clinton as a good example of innovative partnership and as a model of triangular cooperation, respectively.¹³ This project involving Japan, Brazil and Mozambique proposes to develop a huge savanna area stretching on the Mozambican soil into a productive agricultural area based on Brazil’s experience.¹⁴

Figure 1: South-South Cooperation and DAC Donors



Source: The Author

This study closely examines the development/evolution of SSC of three Southeast Asian nations, namely, Indonesia, the Philippines and Thailand, and what drivers motivated/discouraged them to sustain and improve their cooperation programs in the new millennium. For purposes of the study, it adapts Rhee’s conceptual definition of SSC as

¹² Hosono, “Scaling Up South-South Cooperation through Triangular Cooperation,” 2013.

¹³ As cited in Akio Hosono, “South-South/Triangular Cooperation and Capacity Development,” In Hiroshi Kato, ed., *Scaling Up South-South and Triangular Cooperation*, Tokyo: JICA Research Institute, 2012, p. 44.

¹⁴ Akio Hosono, “South-South/Triangular Cooperation and Capacity Development,” In Hiroshi Kato, ed., *Scaling Up South-South and Triangular Cooperation*, Tokyo: JICA Research Institute, 2012.

‘knowledge exchange’.¹⁵ Knowledge exchange is typically delivered in the form of technical cooperation/assistance (see 1.4 of chapter 1 for a detailed discussion of SSC as knowledge exchange and technical cooperation).

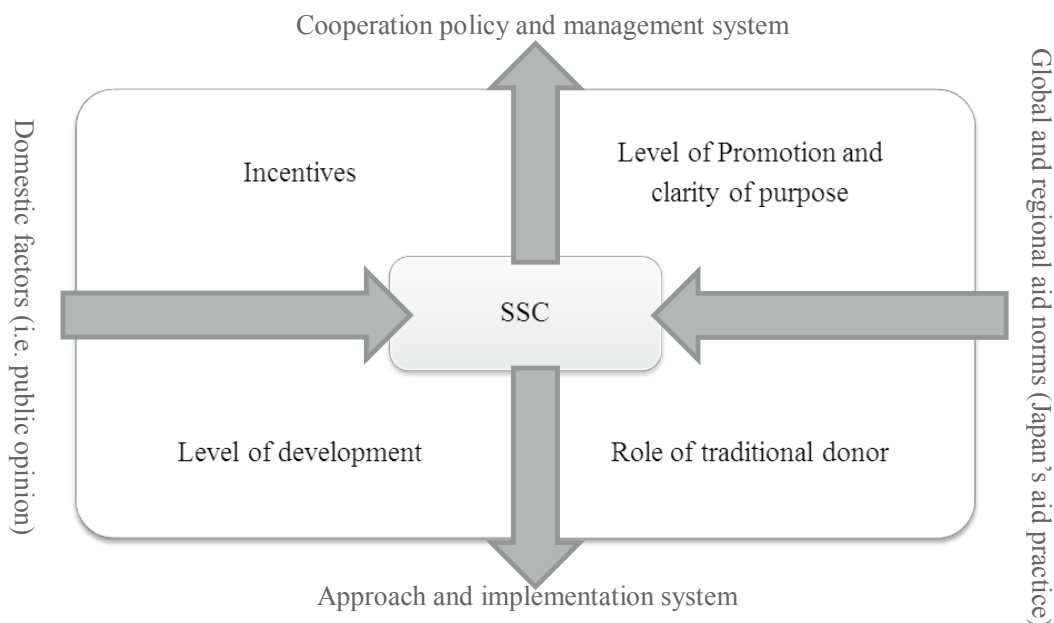
The study asserts that SSC (technical cooperation programs) of Indonesia, the Philippines and Thailand were formulated and carried out initially as fulfillment of international obligations related to Technical Cooperation among Developing Countries (TCDC) and Economic Cooperation among Developing Countries (ECDC). Although the three countries started their programs almost simultaneously, the level of their national cooperation programs in terms of institutional framework,¹⁶ scope and budget greatly varies – to date Thailand has the most developed, Indonesia striving to become a full-fledged SSC provider, and the Philippines with least developed program.

The variation in the level of advancement of SSC across developing countries is not accurately captured by major theories of international relations (IR). Nevertheless, IR theories offer persuasive insights in explaining the factors that motivate countries to engage or participate in SSC activities (for a discussion of these theories and their implications to SSC discourse, see 2.2 of chapter 2). To examine the variation of SSC across Southeast Asian providers, four (4) mutually reinforcing drivers are identified, namely, (1) presence of clear incentives to improve cooperation programs; (2) level of promotion and clarity of purpose; (3) level of development and (4) role of a traditional donor (a detailed discussion of these four mutually reinforcing drivers is found in 2.2 and 2.3 of chapter 2). The study argues that Japan provided ‘consensual leadership’ in promoting SSC in Southeast Asia (chapter 4 explains in details this form of leadership and its theoretical basis). Figure 2 below illustrates these four drivers as they interact with global and regional factors and how they shape SSC programs.

¹⁵ Hyunjoo Rhee, “Promoting South-South Cooperation through Knowledge Exchange,” In H. Kharas, K. Makino and W. Jung (Eds.), *Catalyzing Development*, (Washington, D.C.: Brookings Institution Press, 2011)

¹⁶ Aid’s institutional framework defines how aid is organized and managed. This includes examining how integrated or fragmented the aid system is by analyzing the agencies involved, the role of legislature, the role of civil society organizations in shaping policies and monitoring outcomes, and how transparency is ensured. See Carol Lancaster’s *Foreign Aid: Diplomacy, Development, Domestic Politics*, (Chicago, USA: University of Chicago Press, 2008).

Figure 2: Underpinnings of South-South Cooperation



Source: The Author

In this study, aid (including technical cooperation) is assumed to play a ‘catalytic’ rather than leading role in development.¹⁷ By gradually shifting toward a more needs-oriented project formulation, Southeast Asian countries adopted what Kharas, et al. called ‘differentiated’ and ‘dynamic’ approach to aid-giving. The study further assumes that aid policymaking occurs in a ‘two-level’ game in which policymakers involved in formulating the national aid program have to take into account both domestic and international constituencies in making decisions.¹⁸ Policymakers perform a ‘balancing act’ between domestic interests of various stakeholders and the international aid community particularly the bilateral and multilateral aid agencies that adhere to DAC-based global aid norms. For many South-South co-operators, the prevailing domestic and global aid norms are not often aligned.

A major caveat in the study of non-DAC donors’ cooperation programs is lack of reliable time-series data and other relevant information. To address this concern, the study relied both on primary and secondary data available. Most of the primary data were gathered from official government websites of the three countries included in the case study (specifically, TICA, NEDA and South-South Technical Cooperation of Indonesia websites) .

¹⁷ Home Kharas, Koji Makino and Woojin Jung (Eds.), *Catalyzing Development*, 2011.

¹⁸ Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games.” *International Organization*, Vol. 42, No. 3, 1988, 427-460.

Information on Philippines' technical cooperation programs were mainly sourced from Technical Cooperation Council of the Philippines (TCCP) secretariat. Meanwhile, data that were used to examine Japan's role in SSC were collated using documentary research method and interview of JICA senior official who is familiar with the issue. The author interviewed Dr. Ishikawa Sachiko, JICA's Senior Adviser for SSC and Peacebuilding on October 23, 2013 at JICA Office in Tokyo.

The rest of the paper is divided as follows: Chapter 1 clarifies the concept of South-South cooperation, its weaknesses and strengths, importance, as well as major differences with 'mainstream' aid offered by DAC donors. The second chapter explains in detail the framework of analysis used in the study and the recent changes in the global aid architecture. Chapter 3 presents and analyzes South-South cooperation programs of Indonesia, the Philippines and Thailand while chapter 4 discusses Japan's role in promoting and addressing coordination issues in Southeast Asia's SSC. The final chapter concludes the discussion and offers a preliminary theory on the stages of recipient-to-donor transformation.

CHAPTER 1

TOWARDS A REGIONAL APPROACH: EVOLUTION, CONTEXTS, AND CHANGING PERSPECTIVES ON SOUTH-SOUTH COOPERATION

1.1 Background

The meaning of South-South Cooperation (SSC) has continuously evolved since the Afro-Asian movement of the 1950s. Its beginnings can be traced back to the Bandung Conference of 1955 as an articulation of Third World solidarity and discontent with the existing international economic order. It was officially formalized by the United Nations General Assembly in 1974 when it passed and approved Resolution No. 3251 which endorsed the creation of a Special Unit for TCDC under the auspices of the United Nations Development Programme (UNDP). With the passage of the UN Buenos Aires Action Plan (BAPA) in 1978, the Special Unit was strengthened in order to perform its main duty to “promote, coordinate and support South-South and triangular cooperation globally and within the United Nations system”.¹⁹

As understood at present, SSC covered a broad array of cooperation between Southern countries for development, investment, trade, technology, environmental protection, dealing with transnational problems, emergency situations, acquiring technical skills, tourism, agriculture, cultural linkages and so on. Many SSC development partners eventually expanded the scope of their cooperation activities from providing technical cooperation and material assistance to loan and grant provision. Today, some SSC partners like China, India, Brazil, Venezuela, and Saudi Arabia have become major sources of international aid.

In the past decade or so, the term SSC has been applied to the aid modality of re-emerging and emerging aid providers that are not members of DAC. These Southern co-operators/donors maintain that their cooperation activities are characterized more by ‘horizontal’ partnership in contrast to the traditional ‘vertical’ transfer of resources from ‘First World’ DAC members to ‘Third World’ which ascribes Northern (industrialized, western) countries as typically the ‘providers’ of aid and Southern (Third World, and later transitional) countries as ‘receivers’. This North-South aid relations project the ‘giver’ as benevolent and the ‘receiver’ as dependent and grateful rather than ‘reciprocity’ and equal partnership.

The main objective of this chapter is to clarify the notion of SSC, analyze the contextual basis leading to its articulation, and to highlight its growing importance in the post-Cold War discourse on international cooperation for development.

¹⁹ United Nations Office for South-South Cooperation website. Retrieved from <http://ssc.undp.org/content/ssc/about/Background.html>

1.2 The Context of SSC Formation and Third World Discontent

The Cold War bipolarity system that emerged in the post-World War Two period was characterized by western dominance, US-Russia rivalry, rise of Bretton-Woods institutions, decolonization and national movements, multilateralism, increased economic interdependence, and growing importance of transnational actors in international politics. Amidst this complex international environment, newly independent countries aspiring for economic development clamored for increased financial assistance and trade concessions from their former colonial masters. They decried the unequal Third World representation in Bretton-Woods international institutions such as the World Bank (WB) and the International Monetary Fund (IMF). From the 1950s towards the 1970s, there was an increasing sentiment among Southern countries that the Bretton-Woods-based international order impeded rather than facilitated their efforts for economic growth and development. The United Nations was perhaps the only international organization where Third World countries could articulate collectively their discontent. These countries also condemned the neo-colonial interventions of the west to their national sovereignty and independence.

In the realm of international economic assistance, the United States prioritized the reconstruction of its Western European allies to prevent further spread of communism in that region. This was explicit in the Marshall Plan program which was intended mainly for the rehabilitation of Europe. Russia on the other hand initiated the Council for Mutual Economic Assistance (CMEA) to aid its allies in the Eastern bloc and other socialist states and to prevent them from participating in the US-sponsored Marshall Plan. Indeed, the Cold War bipolarity had relegated the issue of economic development of Third World countries to secondary position behind the strategic motive of preventing the spread of communism. Instead, Third World countries were made as pawns of the US and Russia proxy wars. This context had paved the way for twenty-five Afro-Asian countries to gather in a conference in Bandung, Indonesia in 1955.

The Afro-Asian meeting in Bandung called for closer economic and cultural relations among developing countries, respect for sovereignty, recognition of equality of all nations large or small, and denunciation of western colonialism. In spite of being associated with the socialist bloc led by Russia, China took part in this meeting as well as known allies of the U.S. like Japan, the Philippines and Thailand. The Afro-Asian movement culminated in the formation of Non-Aligned Movement (NAM) in 1961 and the establishment of Group of 77 (G77) developing countries in the United Nations to increase their bargaining leverage and work together in the pursuit of their collective economic interests. In 1964, the United Nations Conference on Trade and Development (UNCTAD) was established to promote economic cooperation among developing countries.

In response to the growing discontentment among the Third World, industrialized nations providing foreign aid launched the Development Assistance Group (DAG) in January

1960 to serve as a forum for improving and coordinating international aid flows. Its original members were composed of Belgium, Canada, France, Germany, Italy, Portugal, the United Kingdom, the United States and the Commission of the European Economic Community. Japan and the Netherlands later joined the group in July of that year. The DAG was reconstituted into Development Assistance Committee (DAC) upon the establishment of the Organization for Economic Co-Operation and Development (OECD) in 1961. Since then, the DAC has been at the forefront of harmonizing and improving the quality and effectiveness of aid or development assistance from the perspectives of mainly western donors.²⁰ Poland became its 28th member recently. Under the auspices of DAC-OECD, western donors succeeded in harmonizing the members' statistical reporting, adopting a common definition of development aid, working to get aid significantly untied, and adopting a quantitative and later qualitative aid targets, among other things.

Criticized for ignoring development priorities and needs of recipient countries and for pursuing mainly the national interests of donors, resentment towards international aid from traditional DAC donors grew among developing countries. An industrialization strategy based on import-substitution and self-reliance had also become widely popular from 1950s through 1970s. It should be noted that around this period, several developing countries like China, India and Brazil had started their material, financial, and technical assistance to other developing countries. China began its material assistance to North Korea in 1950 and around the same time India joined the Colombo Plan. Recognizing the growing importance of South-South cooperation for development, a Special Unit for Technical Cooperation for Developing Countries (TCDC) was created under the auspices of the UNDP. In 1978, Southern countries met in a conference in Buenos Aires which resulted to the adoption of Buenos Aires Plan of Action (BAPA) for Promoting and Implementing TCDC.

The emergence of Anglo-American capitalism in the early-eighties, the occurrence of Debt Crisis, and the subsequent emergence of a 'Consensus' among industrialized nations had profound impact in the way bilateral and multilateral donors provide aid. In this decade, the IMF and the World Bank introduced their 'policy-based' lending where international aid was utilized to 'promote' neoliberal policies like trade and investment liberalization as part of the structural adjustment reforms among highly-indebted Third World countries. The promotion of market-based approach to economic growth eventually became one of the trademarks of western DAC donors' aid conditionality.

As the new millennium sets in significant changes in development discourse have occurred. For one, the goals of development has become "more comprehensive, embracing all dimension of poverty including income poverty, illiteracy, poor health, insecurity of

²⁰ Until South Korea's admission as member in 2010, Japan was the only Asian member country of the DAC.

income, and powerlessness.”²¹ Swayed by this new development thinking, the focus of aid shifted from growth promotion to poverty alleviation²². DAC donors also became more willing to pursue a common international aid agenda. Moreover, a marked shift in DAC’s aid conditionality from stressing neoliberal policies to one that promotes ‘liberal’ values like democracy and good governance has taken place as well.

Focusing along the lines of poverty reduction discourse, world leaders from both developed and developing countries gathered at the UN Headquarters to adopt the UN Millennium Declaration in September 2000. The Declaration contains eight (8) development goals “which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015”.²³ DAC donors declared their support for the United Nations Millennium Development Goals (MDGs); pledged to increase their aid volumes; and agreed to channel these funds for the fulfillment of MDGs.²⁴ Meanwhile, the Special Unit for TCDC was renamed to Special Unit for South-South Cooperation in 2004 to take into account the expanding scope of development cooperation between developing countries.²⁵

A very significant progress in the aid effort during this decade was the recognition that a recipient-based approach to aid allotment and partnership between developed and developing countries were desirable in the global effort to end poverty. This was reflected in four High Level Forums (HLF) on Aid Effectiveness which were held successively under the sponsorships of DAC-OECD.²⁶ The Paris Declaration on aid effectiveness (2005) adopted in HLF-2 and the outcome of HLF-3, Accra Action Plan (2008), emphasized ownership (recipients forging their own development priorities); alignment (aligning aid with the recipient’s development strategies); harmonization (donor countries coordinating their aid efforts); Results (focusing on specific measures of development outcomes); and Mutual accountability (joint accountability of donor and recipient for success or failure of projects) in improving the quality of aid. At the HLF-4 in Busan, non-DAC development partners/ aid providers were also invited to take part. The importance of partnership between and among donors (DAC and non-DAC) and recipients was also acknowledged in this Forum.

1.3 SSC as a Modality of Development Cooperation: Features and Challenges

²¹ Ian Goldin, Halsey Rogers and Nicholas Stern, “The Role and Effectiveness of Development Assistance,” In *A Case for Aid: Building a Consensus for Development Assistance*, (Washington DC: World Bank Publications, 2002), 58.

²² Myriam Dahman Saidi and Christina Wolf, “Recalibrating Development Co-operation: How Can African Countries Benefit from Emerging Partners?” *OECD Development Center, Working Paper No. 302*, 2011.

²³ <http://www.un.org/millenniumgoals/bkgd.shtml>

²⁴ Takamasa Akiyama and Masanori Kondo, Eds., “Global ODA since the Monterrey Conference,” *Trends in Development Assistance Series 2*, (Tokyo: Foundation for Advanced Studies on International Development (FASID).

²⁵ <http://ssc.undp.org/content/ssc/about/Background.html>

²⁶ These forums were held successively in Rome (2003), Paris (2005), Accra (2008) and Busan (2011)

The scope of SSC has expanded since the 1970s beyond technical cooperation and has since been regarded in HLF-4 in Busan as an essential element of partnership for development. The United Nations Office for South-South Cooperation today defines SSC as “a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains” where developing countries “share knowledge, skills, expertise and resources to meet their development goals through concerted efforts.”²⁷ It is cooperation “outside the traditional club of DAC”²⁸ that is beyond aid. It involves “learning and sharing best practices and technology” and Southern countries “working together and sharing experiences to find solutions to common development challenges.”²⁹ Broadly, it is a “framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains.”³⁰

SSC providers prefer the term ‘development cooperation’ than ‘aid’ and the use of ‘development partners’ or ‘co-operators’ instead of ‘donors’ to refer to themselves. As Mawdsley noted, the general principles of SSC are couched heavily by the language of the Afro-Asian movement of the 1950s³¹ which stressed mutual respect for national sovereignty and reciprocity (mutual benefit and win-win). Co-operators also emphasize the ‘horizontal cooperation’ that takes place between them and beneficiary countries in stark contrast to the ‘vertical cooperation’ and ‘giver-receiver’ that is common to North-South aid relations.

Several South-South co-operators like China also claim that their ‘assistance’ does not come with conditions or strings. SS co-operators also highlight the role of experience in their approach to development cooperation.³² They claim that their approach is more appropriate because partners and beneficiaries share a lot of things in common such as (1) specific geographical/topographical characteristics like being landlocked, island, fragile and post-colonial countries; (2) having experiences exclusive to South such as development of homegrown technologies suited for tropical climates; and (3) unique experiences in managing new challenges of climate change adaptation and mitigation and disaster response/preparedness.³³

Although developing countries have been engaged in SSC as early as 1950s, it is

²⁷ http://ssc.undp.org/content/ssc/about/what_is_ssc.html

²⁸ Adele Harmer and Lin Cotterrell, “Diversity in Donorship: The Changing Landscape of Official Humanitarian Aid,” HPG Research Report 20, (London: The Humanitarian Policy Group of the Overseas Development Institute, 2005).

²⁹ “South-South Cooperation,” United Nations Development Programme (UNDP). Retrieved from: http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus_areas/focus_development_finance/south-south_cooperation.html

³⁰ “What is South-South Cooperation?” United Nations Office for South-South Cooperation, Retrieved from: http://ssc.undp.org/content/ssc/about/what_is_ssc.html

³¹ Mawdsley 2012, 264.

³² Mawdsley 2012.

³³ Hosono 2013.

getting wide attention as of late. Two reasons account for this rising awareness and interest: One is the growing volume of SSC which is placed between US\$15 billion to US\$20 billion a year and 22 % is channeled via multilateral organizations including the United Nations and the World Bank,³⁴ and two, the increasing aid ‘element’ of SSC particularly from emerging economic giants like the BRICS countries of Brazil, Russia, India, China and South Africa as well as from capital-abundant members of the Organization of the Petroleum-Exporting Countries (OPEC). The rise of non-DAC aid providers came at a critical juncture when many DAC members are experiencing financial/budget constraints. And since SS co-operators are not bound by DAC aid standards it is claimed that their non-compliance could potentially undermine international aid efforts on poverty reduction and promotion of good governance.

China’s foreign aid in 2009 was 256 billion yuan which was roughly US\$41.8 billion dollars.³⁵ But scholars like Shimomura and Kobayashi assert that this figure was inflated. If DAC definition of aid were to be used, its value would be around US\$5 billion dollars.³⁶ This amount makes China’s aid comparable in size with other major DAC donors like Italy (US\$5.6 billion) and Norway (US\$4.9 billion) in 2009. In sharp contrast with other western DAC donors, which emphasized social and administrative infrastructure in their aid allotments, more than 60% of China’s aid was spent for infrastructure development. With concessional and sometimes innovative terms,³⁷ Chinese aid has been an alternative source of infrastructure finance in Africa³⁸ and elsewhere. Meanwhile, in 2011 the government of India established the Indian Agency for Partnership in Development (IAPD) to oversee aid programs amounting to US\$11.3 billion in the next 5-7 years.³⁹ Saudi Arabia, an OPEC member, on the other hand pledged US\$5 billion worth of economic assistance to Egypt in 2013 alone.⁴⁰ Indeed, the rise of these ‘donors’ have led further to aid fragmentation.

A trend that is emerging recently is the linkage of aid to strategic and political uses by rising donors. China’s rise to global prominence in the new millennium has led to ‘perception of threat’ in both west and in Asia. Compared to Japan’s rise in the 1960s, China’s ascendancy to global prominence is viewed more as threatening and worrisome in

³⁴ Global Monitoring Report, 2012 as cited in “South-South Cooperation,” Retrieved from: <http://www.cbd.int/financial/southsouth/>

³⁵ Information Office of State Council of PRC, 2011. The equivalent in dollars is made by the author based on current average rate of yuan to dollars.

³⁶ See Kobayashi Takaaki and Yasutami Shimomura, “Aid Volume in a Historical Perspective,” In Yasutami Shimomura and Hideo Ohashi, Eds., *A Study of China’s Foreign Aid: An Asian Perspective*, (UK: Palgrave MacMillan, 2013).

³⁷ For example, China introduced the so-called Angola Model.

³⁸ Deborah Brautigam, *The Dragon’s Gift: The Real Story of China in Africa*, (UK: Oxford University Press, 2009).

³⁹ Nishika Patel, “India to Create Central Foreign Aid Agency,” *The Guardian*, July 2011. Retrieved from: <http://www.theguardian.com/global-development/2011/jul/26/india-foreign-aid-agency>

⁴⁰ “Saudi Arabia Pledges \$5 billion in Aid to Egypt,” CBS News, July 2013. Retrieved from: [http://www.cbsnews.com/8301-202_162-57592930/saudi-arabia-pledges-\\$5-billion-in-aid-to-egypt/](http://www.cbsnews.com/8301-202_162-57592930/saudi-arabia-pledges-$5-billion-in-aid-to-egypt/)

the west.⁴¹ China has all the essential elements to become a superpower country in the coming years. It has vast territory and resources, huge population and army, fast growing economy, nuclear arsenal and it is a permanent member of the UN Security Council. Whether it takes the path of a responsible or revisionist power in the future remains to be seen. The significance of 'China's rise' to international development cooperation is that since aid is basically political and utilized as an instrument of foreign policy,⁴² power relations could undermine aid's development purpose since aid is increasingly aligned more with strategic interests of donors rather than the needs of recipients. One study shows that aid's development outcomes are maximized only if the "strategic benefits associated with providing aid are small for donor countries."⁴³ This is one reason why international aid had very little meaningful development outcomes during the Cold War period.

Moreover, there is impression that since they are not members of DAC Southern providers defy the 'mainstream' notion of aid. Foreign aid from China, Saudi Arabia and Venezuela were labeled as 'rogue' and 'toxic' for pursuing only 'money, access to raw materials and international politics'.⁴⁴ Being at the forefront of aid discourse for decades, the DAC contributed immensely to the present understanding of development assistance: (1) that it is an inflow from rich to poor countries, (2) that political conditionality is used to bring about western liberal values, (3) that there is a common DAC definition of aid, (4) that apportionment is expected to follow the international aid agenda, such as the MDGs, (5) that developmental goals of aid should be comprehensive which includes poverty reduction, (6) that the focus of aid by sector should be social and administrative infrastructure, (7) that aid delivery should involve stakeholders like civil society organizations, and (8) that efforts must be made to further untie aid.⁴⁵ These descriptions of DAC aid do not necessarily mean that all members conform to it. Asian DAC donors like Japan and South Korea have been outliers because of their heavy focus on infrastructure development and reservation on attaching political conditions on their aid.

Such lack of real consensus is also evident among Southern co-operators. The ideological, cultural, political and institutional differences among SSC co-operators are much more striking than their DAC counterparts. In spite of their diversity, several names were offered to describe or lump Southern aid providers as 'donors' that are 'emerging', 're-emerging', 'non-traditional', 'new', 'post-colonial' and so on, of which none is

⁴¹ See for instance, Richard Bernstein and Ross H. Munro, *The Coming Conflict with China*. (New York: Vintage Books, 1998).

⁴² Mawdsley 2012.

⁴³ Bearce and Tirone 2010.

⁴⁴ Moises Naim, "Rogue Aid." *Foreign Policy*, March/April: 95/96, 2007.

⁴⁵ Dennis D. Trinidad, "The Foreign Aid Philosophy of a Rising Asian Power" in Yasutami Shimomura and Hideo Ohashi (Eds.), *A Study of China's Foreign Aid: An Asian Perspective*, (UK: Palgrave MacMillan, 2013).

accurate.⁴⁶ Even the use of non-DAC donors to refer to all these countries is problematic because it “promotes the normative centrality of DAC”⁴⁷ and Southern development partners as outliers. Nonetheless, their development cooperation activities are informally constructed based on four key assumptions that altogether define the ‘symbolic regime’ of SSC as a development cooperation/aid modality. These are:

“(1) The assertion of a shared experience of colonial exploitation, postcolonial inequality and present vulnerability to uneven neoliberal globalization, and thus a shared identity as ‘developing’ nations, (2) based on these shared experience, developing status, and some geographical commonalities (such as tropical/monsoonal climates), a specific expertise in appropriate development approaches and technologies, (3) an explicit rejection of hierarchical relations, and a strong articulation of the principles of respect, sovereignty and non-interference, and (4) an insistence on win-win outcomes of South-South development cooperation and mutual opportunity.”⁴⁸

There is also a growing literature that claims that Asian donors like China and South Korea have consistently followed Japan’s emphasis on infrastructure development. In this light, Kim and Seddon found that the organizational and institutional similarity between Japanese and Korean aid is striking,⁴⁹ leading other scholars to inquire if there is an emerging ‘Asian approach’ to development cooperation.⁵⁰

This study intends to focus on SSC of smaller development partners, particularly the emerging Southeast Asian partners. Because of their relative low position in the international power hierarchy, SSC of smaller Southern partners are less vulnerable and less visible to international realpolitik. As such there is very limited linkage between cooperation activities and strategic interests. Also, if SSC is conducted inter-regionally, recipient countries also benefit from linguistic and cultural similarities with small emerging partners.⁵¹ Thus, even though the volume is relatively lesser, SSC between smaller developing countries can potentially have more effective development impact especially when concentrated on specific region or group of countries, guided by clear regional targets and with institutional

⁴⁶ For a brief discussion of the terminology used to refer to non-DAC donors, see Emma Mawdsley, “The Changing Geographies of Foreign Aid and Development Cooperation: Contributions from Gift Theory,” *Transactions of the Institute of British Geographers*, Volume 37, Issue 2, 2012a, pp. 256-272. DOI: 10.1111/j.1475-5661.2011.00467.x

⁴⁷ Mawdsley 2012a.

⁴⁸ Mawdsley 2012a, 263.

⁴⁹ Sang-Tae Kim and David Seddon, “ODA Policy and Practice: Japan and the Republic of Korea,” In David Arase, (Ed.), *Japan’s Foreign Aid: Old Continuities and New Directions*, pp. 152-190 (New York: Routledge, 2005)

⁵⁰ One of which is Alf Molten Jerve, “Asian Models for Aid: Is There a Non-Western Approach to Development Assistance?” *Chr Michelsen Institute (CHI) Report 12*, (Bergen, Norway: CMI, 2007). See also Jens Stilhoff Sorensen, (Ed.), *Challenging the Aid Paradigm: Western Currents and Asian Alternatives*, (UK: Palgrave MacMillan, 2010).

⁵¹ Guido Ashoff, “Triangular Cooperation: Opportunities, risks, and conditions for effectiveness,” *Development Outreach Special Report*, World Bank Institute, 2010). Retrieved from: <http://siteresources.worldbank.org/WBI/Resources/213798-1286217829056/ashoff.pdf>

mechanism for coordination. SSC in Southeast Asia under the auspices of ASEAN and with support from traditional donors like Japan under the triangular cooperation modality can become a potential model for a region-based aid framework.

1.4 SSC as Knowledge Exchange

As discussed in the preceding section, SSC as a framework of development cooperation has two modes of delivery. One is the provision of development assistance in the form of grants and loans. The main players in this aspect are the large middle to upper income SSC partners with sizable capital utilized mainly for financing infrastructure projects. These include China, Brazil, India, Saudi Arabia, Russia and other emerging partners like Thailand that are engaged in aid provision. In the early post-war years, these countries also provided assistance in kind in the form of materials to other developing/ less-developed nations. The other mode of delivery is technical cooperation/assistance which is intended to build human and institutional capacity, or more broadly capacity development of recipient countries.

Capacity pertains to the “ability of people, organizations and society as whole to manage their affairs successfully”⁵² while capacity development means the “process by which people, organizations, and society as a whole unleash, strengthen, create, adapt, and maintain, capacity over time.” Since its founding, DAC donors have been engaged in identifying ‘deficiencies’ and filling these ‘capacity gaps’ by extending technical cooperation/assistance to developing countries. The deficiencies are addressed by transferring knowledge/skills/know-how from donor to recipients. This understanding is based on the traditional discourse on knowledge transfer which views knowledge as a material that can be passed on to the learner.⁵³ An alternative view that is also adopted in this study is to treat knowledge “as a product of continuous human interaction within specific context.”⁵⁴ In this perspective, “knowledge is co-created through a mutual learning process and acquired through practical experiences.”⁵⁵ This conceptualization of knowledge fits well with SSC partners’ technical cooperation based on sharing of experiences and knowledge exchange between developing countries. In contrast, DAC is inclined to view technical cooperation as a one way process where knowledge and skills are transferred from donor to recipient

While SSC partners use technical cooperation and technical assistance interchangeably, they are treated differently by DAC donors.⁵⁶ DAC defines technical

⁵² Cited in Akio Hosono, Shunichiro Honda, Mine Sato and Mai One, “Inside the Black Box of Capacity Development,” In Homi Kharas, Koji Makino and Woojin Jung (Eds.), *Catalyzing Development: A New Vision for Aid*, (Washington D.C.: Brookings Institution Press, 2011).

⁵³ Ibid.

⁵⁴ Ibid., 182.

⁵⁵ Ibid.

⁵⁶ Channing Arndt, “Technical Cooperation,” In Finn Tarp (Ed.), *Foreign Aid and Development:*

cooperation as “activities financed by a donor country whose primary purpose is to augment the level of knowledge, skills, technical know-how, or productive aptitudes of the population of developing countries.”⁵⁷ On the contrary, technical assistance is viewed as ‘investment-related’ technical cooperation with the aim to contribute to the design and/or implementation of a project or program aiming to increase the physical capital stock of the recipient country. In the DAC/OECD perspective, technical cooperation encompasses the whole range of assistance activities designed to improve the level of knowledge, skills, technical know-how of recipient countries. Typically, technical cooperation/assistance involves dispatch of expert/s from donor/partner to beneficiary country on a short or long-term basis.⁵⁸ The expert is supposed to work with a local counterpart to facilitate knowledge transfer.

Technical cooperation became an important component of international development strategy in the 1950s when international aid failed to replicate in Third World countries what the Marshall Plan did to Western Europe. The dichotomy in performance was attributed to lack of human and institutional capacity among less-developed countries.⁵⁹ In 1949, the United States, through President Harry S. Truman, unveiled its plan to provide development assistance, mainly in the form of technical cooperation, to underdeveloped countries. Western European countries and the World Bank also began their technical cooperation programs for less-developed/underdeveloped countries after completion of Western Europe’s recovery and rehabilitation from the aftermath of the Second World War. But as Mawdsley asserted the literature failed to take into account the development cooperation of non-DAC countries like China, USSR, Cuba, Brazil and others including their technical cooperation programs during this period.⁶⁰ It should be noted also that the original mandate of the International Bank for Reconstruction and Development (IBRD), one of the international agencies under the World Bank Group, was to assist in the European economic recovery prior to providing assistance to developing countries.

Technical cooperation is supposed to address the deficiency of human and institutional capability among less-developed countries. Lack of human capital development produces a chain of effects. Low levels of human capital means that institutional capacity is also weak. This hinders in turn the country’s capacity develop and implement targeted poverty alleviation programs and creates deficiency in addressing other development issues/problems due to inability to formulate appropriate policies and specific programs to deal with them.⁶¹ In spite of international efforts and huge amount appropriated for technical cooperation, weak capacities of local institutions in many less-developed countries have

Lessons Learnt and Directions for the Future, (London: Routledge, 2000).

⁵⁷ Cited in Arndt 2000, 158.

⁵⁸ Short-term is up to 2 years; while long-term is more than 2 years, see Arndt 2000..

⁵⁹ Arndt “Technical Cooperation,” 2000.

⁶⁰ Mawdsley 2012.

⁶¹ Arndt 2000.

widely remained.⁶² This is because the technical cooperation programs of DAC during the Cold War period had failed to contribute profoundly to institutional development. Rather, these programs were excessively focused on specific tangible outputs than institution building because “technical cooperation has functioned best where outputs are clear, measureable and relatively non-controversial” while the most institutional needs “fall under complex, amorphous, potentially conflicting and politically sensitive category.”⁶³ Examples of these are issues related to environmental conservation, deregulation and liberalization issues and so on.

Arndt further adds that DAC technical cooperation during this period was also supply-driven (with little inputs from recipients), weak administrative capacity of recipients in managing technical cooperation, insufficient emphasis on training, excessive reliance on long-term resident expatriate advisers (whose salary are usually 20 times the cost of the trained national), and failure of the expert-counterpart model.⁶⁴ Fengler and Kharas reiterate the supply-driven problem by highlighting the failure of donors to apply a ‘differentiated’ aid approach in which aid is allotted based on country circumstance and domestic priorities.⁶⁵ In addition to this is the uncoordinated number of development cooperation activities (including technical cooperation) due to increased aid fragmentation.⁶⁶ Kharas et al. have called for a new vision for aid which takes into account new bilateral and transnational players and complementarities among diverse aid providers and an aid approach based on differentiation and dynamism.⁶⁷ The outcomes of HLFs on aid effectiveness, particularly the Paris Declaration, Accra Accord and Busan Partnership Agreement were all intended to increase the role of recipients in identifying development priorities for funding and to heed the call for greater global partnership for development. As a modality of development partnership, the importance of SSC in ensuring that aid is effectively delivered and producing results is recognized in Busan.

The above discussion provides a glimpse of technical cooperation from both DAC and SSC providers. While they evidently share certain common characteristics, technical cooperation from Southern countries involves mutual learning through knowledge exchange between partners compared to DAC’s one-way process of knowledge transfer (see table 1 for summary of these characteristics). What is still a relatively unexplored area in this aspect is the role that cultural affinity between partner and beneficiary play in facilitating mutual learning and knowledge exchange. Moreover cultural factors had possibly played a bigger role in why the expert-counterpart model failed. The differentiated and dynamic approach as well as incorporation of stakeholder ownership into development cooperation (including aid

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Ibid., 164-66.

⁶⁵ Fengler and Kharas, *Delivering Aid Differently*, 2010.

⁶⁶ Homi Kharas, Koji Makino, and Woojin Jung, (Eds.), *Catalyzing Development*, 2011.

⁶⁷ Ibid.

provision and technical assistance) could appropriately address this gap. This is explored in the next section.

Table 1: Characteristics of Technical Cooperation

Target/ Objective	Capacity Development (Human and Institutional)	
Approach	Differentiated	Uniform
Types of projects	One with clear measurable goal/s and less politically controversial	One that is more amorphous, complex and politically sensitive
Mode of delivery	In-country training, provision of scholarship, expert dispatch	
Providers	Non-government organizations, government agencies, private institutions, etc.	
Span of project	Short-term	Long-term
Driver	Supply/resource-driven	Recipient or demand-driven
How capacity is developed	Knowledge transfer	Knowledge exchange; sharing of experience

Source: Author

1.5 SSC, Triangular Cooperation and the Importance of a Regional Approach

SSC is founded on key claim that Southern countries have certain experiences that they can share with other developing countries through partnership for development. These experiences⁶⁸ are derived from broad sources such as common colonial history, similar geographical characteristics and common conditions. Most developing countries share history of being former colonies while others share certain geographical similarities as being archipelagic, landlocked, fragile, and transitional. Some developing countries also share certain common (climatic) conditions like having tropical climate, typhoon-prone, predisposed to earthquake and so on. These common experiences have required them to adopt technologies suitable to their specific situations and needs. Thus, southern partners having similar experiences with recipient countries are assumed to be in a position to provide more ‘appropriate’ solutions to other developing countries’ development needs. This has made SSC vital to development cooperation discourse.

Nonetheless having common experiences does not imply that SSC is effective. As UNDP notes, Southern countries have insufficient funding to share their experiences with other less-developed countries. They also possess limited expertise and often with weak

⁶⁸ Hosono 2013.

institutional capacity to carry out cooperative activities. In many cases, developing countries with experiential knowledge lack the incentive as well to participate in SSC. On the other hand, those participating are typically uncoordinated and ‘resource-driven’⁶⁹ or providing cooperation programs based on what they can do or have rather than based on the needs of the recipient (demand-based). The United Nations Economic and Social Council (ECOSOC) identified three broad gaps in SSC. These are (1) analytical, (2) operational and, (3) political gaps. Sufficient data and undefined scope of SSC, absence of clear articulation of what support is required and deficiency in consensus on objective, approach and delivery are examples of these gaps.

A regional-based approach combined with triangular cooperation offers an alternative solution on how SSC and development cooperation in general can be further enhanced. It is one that is based on *differentiated* and *dynamic* approaches proposed by Kharas, Makino and Jung in which assistance should be aligned with specific conditions of the recipients including characteristics, histories, and priorities and must be adjusted as development conditions evolve.⁷⁰ Taking this into account, Rhee and Hosono adds that using existing regional platforms will scale up SSC.⁷¹ Regional organizations for example have become platforms for addressing cross-border and development issues. In some cases they have been instrumental in identifying priorities at regional level for members with insufficient capacity to articulate their development needs. They also provide coordinating role for South-South and North-South exchanges in the construction of regional public good.⁷²

Rhee also specifies four pillars in promoting SSC as knowledge exchange. These are: (1) knowledge marketplace and networking – mechanism to connect institutions, people and knowledge), (2) technical matching of demand and supply – mechanism to provide efficient supply (provider)-demand (proposal) base, (3) financial matching – mechanism to source funds like request system, and (4) project advisory service – or technical advisory function to help Southern partners develop well-prepared and persuasive projects.⁷³ Regional organizations like ASEAN can take the role of provider of these pillars. In the absence of institutional mechanisms to provide these, a traditional donor can formally or informally supply them.

Regional approach to SSC does not only stress the essential role of common experiences discussed earlier, it also provides political and economic incentives for countries within the region to engage in cooperative endeavors. Thailand’s and China’s economic cooperation with the Mekong subregion countries of Cambodia, Laos, Myanmar and

⁶⁹ Based on interview with Dr. Sachiko Ishikawa, JICA Senior Adviser on South-South Cooperation and Peacebuilding. October 23, 2013.

⁷⁰ Kharas, Makino and Jung 2011.

⁷¹ Rhee 2011 and Hosono 2013.

⁷² Rhee 2011.

⁷³ Ibid.

Vietnam (CLMV) can be viewed in this context. The Chinese government has linked the development of the subregion to its Western Development strategy⁷⁴ which was launched in 1999 to address the growing development disparity across regions in China since 1978. Sharing border with these countries, Thailand considers the stability of the subregion desirable for its own national security. Once identified, political and economic incentives to engage in SSC make aligning national priorities with regional concerns possible. In Southeast Asia, the aims of ASEAN to enhance regional connectivity and to reduce the development gap between its members provided political support to SSC at the regional level.

On the other hand, the other weaknesses of SSC are addressed by triangular cooperation, a scheme which involves a DAC/traditional donor, a development partner and a beneficiary country. The DAC donor and development partner share the cost and jointly implement the program in the recipient country. The traditional donor exchanges knowledge and practice with development partner. It also provides additional funding, lends expertise and contributes to capacity development of the Southern partner. More importantly, triangular cooperation helps to scale up SSC in three ways – through fostering Centers of Excellence, Partnership Programs and Regional Platforms.⁷⁵ Ashoff identifies several opportunities offered by this scheme to all participants. They are summarized in table 2 below:

Table 2: Opportunities from Triangular Cooperation

Traditional donors	Emerging donors	Beneficiary countries
<ul style="list-style-type: none"> *Increasing aid effectiveness (scaling up) *Increasing aid efficiency by reducing costs *Creating synergies Substituting aid programs in third countries for programs by emerging donors *Phasing out development cooperation with emerging countries in an orderly manner *Building the capacity of 	<ul style="list-style-type: none"> *Scaling up South-South cooperation by involving traditional donors and thereby mobilizing additional resources *Improving the quality of South-South cooperation by involving traditional donors and transferring successful experience *Using the experience and the support of traditional donors to build the capacity of their own 	<ul style="list-style-type: none"> *Increasing the value for money of development assistance by contracting less expensive experts from emerging donors instead of experts from traditional donors *Benefiting from the similarities between emerging donors' experiences and their own needs as they look for more

⁷⁴ China's western region consisting of Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang border with CLMV.

⁷⁵ Hosono 2013.

<p>development cooperation agencies in emerging donor countries to increase the capacity of the international development cooperation system</p> <p>*Sensitizing new donors on the principles and procedures of effective aid as agreed in the Paris Declaration on Aid Effectiveness and the Accra Action Plan</p>	<p>development cooperation agencies</p> <p>*Increasing their visibility as emerging donors</p> <p>*Promoting regional cooperation and integration</p>	<p>appropriate solutions to development problems</p> <p>*Benefiting from the linguistic and cultural similarities with the emerging donors</p> <p>*Keeping more easily in touch with experts from emerging donors after completing the projects (experts from traditional donors could be out of reach once projects are completed)</p> <p>*Promoting regional cooperation and integration</p>
---	---	--

Source: Ashoff, 2010, p. 23

Triangular cooperation is not of course a perfect modality of cooperation. It has four potential risks according to Ashoff such as: (1) lowering the quality standards of aid/SSC if emerging donors still do not have the experience and capacity to provide high-quality development assistance; (2) neglecting the alignment with beneficiary countries' needs, priorities, and strategies if triangular cooperation is primarily designed to reflect the experiences and preferences of the traditional and emerging donors; (3) potentially increasing transactions costs since three actors (instead of usual two in traditional bilateral cooperation) have to adopt a common approach, agree on common standards and procedures, and create the legal, institutional, and budgetary conditions required for successful implementation, and (4) increasing fragmentation of the international aid architecture due to the growing number of actors, further complicating harmonization of approaches, standards, and practices.⁷⁶ In order to improve its effectiveness, Ashoff suggests five conditions: Identify interests of the three actors involved, apply the principles of the Paris Declaration on aid effectiveness (2005) and Accra Action Plan in the process, make use of complementarities, ensure sufficient management capacity, and evaluate and exchange experiences, identify lessons learned, and distill good practices.⁷⁷ Moreover, a region-based approach to SSC and triangular cooperation argued earlier will also address the above risks, particularly numbers 3 and 4.

⁷⁶ Ashoff 2010.

⁷⁷ Ibid.

Among traditional donors, Japan is the most active in triangular cooperation. Germany, Spain and Canada later established their own triangular cooperation programs with Southern countries in 2000s. The beginnings of Japan as a triangular partner began in 1975 when JICA started the Third Country Training Program (TCTP).⁷⁸ According to Ishikawa, Japan’s involvement in triangular cooperation in Southeast Asia was prompted initially by its desire to continue to proactively engage Southeast Asian aid recipients that reached the middle to upper income country status and which needed less aid as a result.⁷⁹ Later, as ASEAN seeks to further integrate its members and establish a community, triangular cooperation became an important tool of support for ASEAN goals. Japan established the Partnership Program (PP) in 1994 to provide a legal framework for triangular cooperation. In 1995, JICA introduced the Third Country Expert (TCE) as a new modality of SSC and triangular cooperation. The Partnership now includes 12 members from different parts of the world (see table 3 for the list of partners). The range of activities of PP includes training programs in partner countries, dispatch of experts from partners to third-country recipients, and joint projects and seminars.

Table 3: Japan’s Partnership Programme (PP)

Partner country	Year of Entry into Partnership
Argentina	2001
Brazil	2000
Chile	1999
Egypt	1998
Indonesia	2003
Jordan	2004
Mexico	2003
Morocco	2003
Philippines	2002
Singapore	1997
Thailand	1994
Tunisia	1999

Compiled by the Author

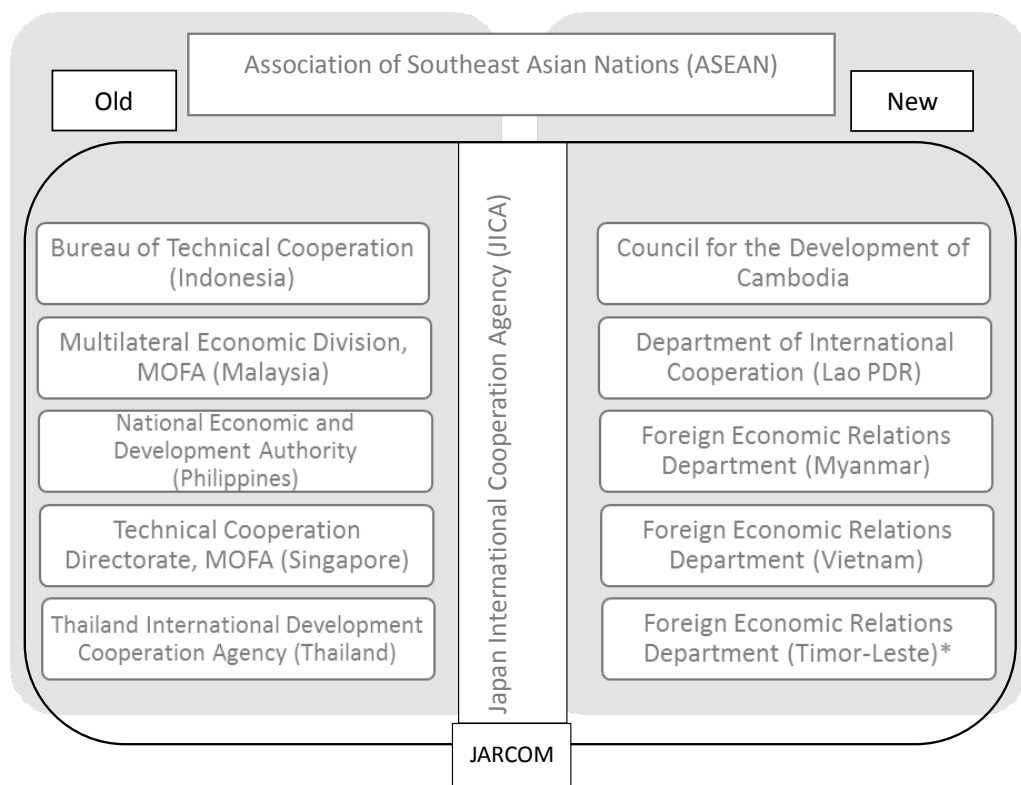
JICA’s long experience of ODA implementation in the Southeast Asian region has left important institutional footprint in the form of network and relational ties with counterpart agencies. This network was later institutionalized into Japan-ASEAN Regional

⁷⁸ Ishikawa Interview 2013.

⁷⁹ Ibid.

Cooperation Meeting (JARCOM) in 2002 to serve as a platform for discussing and coordinating regional ODA projects and as a mechanism for supply-demand matching for SSC and triangular cooperation. JARCOM was composed of JICA offices in nine ASEAN countries and counterpart government agencies from ten ASEAN member countries. Timor Leste participated as an observer (see figure 3 below). In 2009, JARCOM was reconstituted into Japan-Southeast Asia Meeting (J-SEAM) and was later abolished to give way to ASEAN’s Initiative for ASEAN Integration (IAI) process. The IAI was launched in 2000 to “narrow the development divide and enhance ASEAN’s competitiveness as a region.”⁸⁰ To achieve this, a Work Plan was adopted in Hanoi and the first phase of implementation was begun in 2002-2008. The IAI is now on its second phase (2009-15) of implementation. The ASEAN Community is expected to be completed in 2015.

Figure 3: SSC Institutional Networking in Southeast Asia



Source: The Author

⁸⁰ “Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan 2 (2009-2015)” retrieved from: <http://www.aseansec.org/wp-content/uploads/2013/06/22325.pdf>

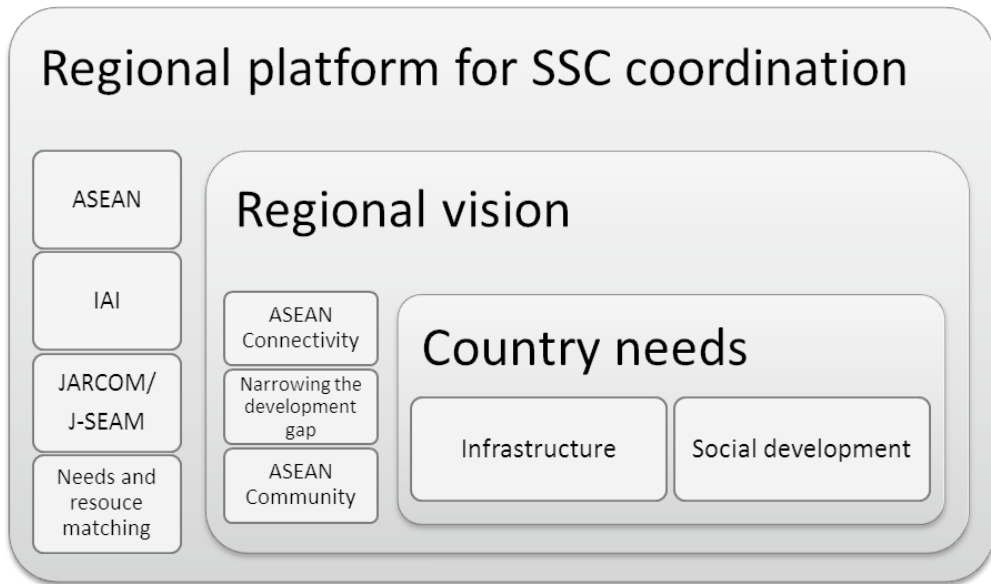
1.6 Brief Conclusion

From the discussion, SSC has evolved from being an articulation of solidarity and desire for genuine political and economic independence among less-developed countries during the Afro-Asian movement and grew into a modality of development cooperation based on the principles of knowledge sharing and exchange. Today, many Southern countries particularly the emerging economic giants like China, Brazil and India have expanded their SSC to include loans and grants provision in addition to technical cooperation and material assistance.

As a modality of development cooperation, SSC has shown many weaknesses and limitations. To address them, scholars have called for new approaches to enhance it. One essential point offered in the discourse is to introduce a differentiated and dynamic approach to SSC and development assistance (ODA). The HLFs on aid effectiveness are also moving toward this direction particularly when stockholder's ownership and global development partnership were stressed in Paris Declaration (2005) and Busan Partnership Agreement (2011).

To scale up SSC and to enhance its development outcomes, a region-based approach which utilizes existing regional platforms was called for. Regional platforms like existing frameworks and regional organizations assist members or countries in the region that lack human and institutional capacities in articulating their development needs. Existing regional frameworks such as JARCOM in Southeast Asia has provided mechanism to address supply-demand matching and lack of coordination. JARCOM was responsible for redirecting SSC in Southeast Asia from resource-based to needs-oriented process. Regional platforms also have the effect of facilitating the realignment of national priorities with regional concerns. ASEAN's IAI is a good example of this realignment (see figure 4 below). Thus, ASEAN's aspiration of enhanced Connectivity and vision of narrowing development gaps between old and newer members have become the focal point of SSC in Southeast Asia. This is the same conceptualization framework that this study applies to the analysis.

Figure 4: SSC within a Regional Platform



Source: The Author

Chapter 2

THEORETICAL DISCOURSES IN DEVELOPMENT COOPERATION

2.1 Development Assistance versus Development Cooperation: An Overview

The terms *development cooperation* and *development assistance* are often used interchangeably in the aid literature. Its usage varies from international/regional organizations to persons, scholars, and even recipient and donor countries. The line that divides them is indeed thin but can be distinguished as follows: ‘Assistance’ connotes giving and by implication involves a ‘giver’ and a ‘receiver’ that is commonly seen in philanthropy. There is an expectation that the receiver must be ‘grateful’ for the *assistance* extended by the ‘generous’ giver. On the other hand, ‘cooperation’ implies collaboration between or among actors and by implication the actors involved are ‘collaborators’, ‘co-operators’ or ‘partners’. As such, there is an assumed expectation that each of them will benefit from the collaborative work. Assistance or cooperation relies on three modes of delivery: grants, loans, and technical assistance or collectively referred to as foreign/international aid.

Corollary to the notion of aid as ‘assistance’, Mauss proposes in his seminal essay that foreign aid is a ‘gift’ the performance of which produces a social bond between the giver and the receiver.⁸¹ There are three elements to this process: the giving (one that creates the social bond), the receiving (accepting the social relationship that is produced from giving), and the reciprocating (which allows the receiver to gain back his own honor, wealth and standing).⁸² Aid-giving is supposedly ‘free’ and voluntary. While the gift theory underscores the sociological outcome of aid-giving (i.e. creating relationships between the giver and the receiver of the gift), there is an implied assumption that the performance of aid occurs in an ideal international society where nations and states are equal, benevolent and do not seek or pursue national interests in their actions. Power relations are not taken into account in the relationship that is produced from aid-giving. Hence, the ‘social bond’ that is created may be one that is not equal. Among the modalities of foreign aid today, only grant is covered by Mauss’ idea of ‘gift’ because it does not require repayment from recipients.

Since its establishment the DAC/OECD has followed the notion of foreign aid as bilateral ‘assistance’ as distinguished from other official flows (OOF). The ensuing common definition that was adopted was a result of years of negotiations and contestation, as Mawdsley notes, among DAC members. Such heavy emphasis on aid as a form of gift or assistance is important to the construction of a ‘charity consensus’⁸³ that constitutes mainstream DAC aid.

“Those flows to countries and territories on the DAC List of ODA Recipients and to

⁸¹ This is the gift theory of aid as cited in Mawdsley 2012a, 258.

⁸² Ibid.

⁸³ Saidi and Wolf 2011, 9.

multilateral institutions which are: (i.) provided by official agencies, including state and local governments, or by their executive agencies; and (ii.) each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).”⁸⁴

Mawdsley applied the gift theory to SSC, highlighting in particular the relevance of reciprocity in the process. SSC is *development cooperation* between Southern countries which involves economic exchanges in the form of commercial loans, export credits, as well as developmental loans, grants and technical cooperation/assistance. Thus, development cooperation is much broader in scope than the DAC/OECD’s concept of development assistance. As Mawdsley notes, only one aspect of SSC is considered gift and that is the grant component. Under SSC, the Southern partner and beneficiary are assumed to be equal partners and that the latter is willing and able to offer counter-gifts, which are usually in the form of economic opportunities for development partner in return.⁸⁵ The offer of reciprocity enables the beneficiary to return the favor and provides an opportunity to redeem its national pride and honor.⁸⁶ Due to DAC/OECD centrality in international aid discourse however SSC has been analyzed against the backdrop of DAC standards on development aid.

This study adheres to the notion that SSC *is* more than just an extension of ‘gift’. The performance of SSC activities including aid-giving is done for a variety of purposes including political, economic, humanitarian, and developmental and so on. This chapter explores the other issues involved in development cooperation/assistance activities. Just like what the gift theory assumes SSC also creates social bond between the partner and the beneficiary but similar to DAC assistance, the ensuing relationship may not be necessarily equal or the gain of both sides is not always mutual especially when such partnerships involve smaller and larger Southern countries. Since SSC discourse is heavily couched in the language of the Afro-Asian movement which emphasizes mutual benefit, non-interference and respect for sovereignty, SSC stands to be more appealing to most undeveloped and developing countries in general.

This chapter briefly reviews the purpose of foreign aid by drawing from major theories of international relations, analyzes why it is problematic to disentangle political motivation from aid’s developmental aims, and explores how discourses in international development and politics have shaped aid allotments. The discussion focuses more on the foreign aid element (which includes grants, loans and technical assistance) since this is the

⁸⁴ “Official Development Assistance – Definition and Coverage,” retrieved from: <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>

⁸⁵ Mawdsley 2012a, 263.

⁸⁶ Mawdsley 2012a.

most studied aspect of development cooperation.

2.2 Why Provide Aid: Understanding the Role of Incentives

The study of foreign aid requires one to understand the fundamental issue of why nations provide them. A number of justifications were advanced in the field of international relations and even in the fields of economics and sociology as to aid's rationale. The motivations behind the performance of aid-giving come in various political, economic, commercial, strategic, and humanitarian reasons. In case of bilateral donors⁸⁷ impetuses of aid-giving range from morally-devoid intentions like pursuit of national and commercial interests, promotion of liberal peace and stability, enhancing national security, to ethically-based intents such as assisting the most deprived nations and fulfillment of an international aid agenda like the Millennium Development Goals (MDGs). The intents in aid-giving are shaped by domestic and international factors, donor's priorities and even socially-constructed values.

The theory of realism assumes that the world is anarchic and that every state is responsible to provide for its own national security. In the context of international anarchy, power is the most important 'commodity' and international security occupies the top position in hierarchy of global issues. Against this backdrop, foreign aid is regarded as foreign policy instrument. Mawdsley notes however that realists are divided on the issue of whether or not aid is an effective form of statecraft.⁸⁸ Nonetheless, during the Cold War U.S. and Soviet assistance (as well as those of other western donors) were strategically allocated to develop new allies and to enhance existing ones. The choice of recipients was strategically made. Under this premise, several strategic and non-aligned countries became aid recipients of both the U.S. and the Soviet Union during the Cold War.⁸⁹ Realists argue that socio-economic development of recipients was of secondary importance in the aid allocation. The end of the Cold War however did not bring an end to strategic calculation in donors' aid allotments. Rather, studies show that it diverted assistance away from the poorest and most impoverished.⁹⁰

Some donors provide foreign aid to neighboring countries in order to enhance both traditional (state-related threats such as aggression and war) and non-traditional aspects of national security (including threats of terrorism and trans-border problems like pollution and spread of diseases). Early Japanese aid to China and Southeast Asian countries was intended

⁸⁷ One of the changes in the international aid landscape is the growing number of non-state donors like charitable institutions, foundations, civil society organizations and so on. Some multilateral agencies like the World Bank and Asian Development Bank also perform aid-giving. The discussion here mainly focuses on bilateral donors.

⁸⁸ Mawdsley 2012.

⁸⁹ Narayan Khadka, U.S. Aid to Nepal in the Cold War Period: Lessons for the Future, *Pacific Affairs*, Vol. 73, No. 1 (Spring, 2000), 77-95; see also Robert S. Walters, *American and Soviet Aid: A Comparative Analysis*, (US: University of Pittsburg Press, 1970).

⁹⁰ See Alesina and Dollar 2000; Kuziemko and Werker 2006 cited in Mawdsley 2012.

to improve bilateral ties after restoring official diplomatic relations after the war and later to address worsening pollution problems in these countries which have affected Japan.⁹¹ In the strategic aid calculation, realists give premium to choice that maximizes power and one that ensures donors' 'relative' gains i.e. the benefits that they get in relation to what the recipients obtain. From the perspective of realism, altruism has no place in the aid allotment.

Like realism, the theory of neoliberal institutionalism or neoliberalism adheres to the rational choice model in which actors are assumed to engage in cost-benefit analysis when they make decisions. In realism, power is the utmost consideration while neoliberalism considers economic well-being as a priority. Unlike realism, neoliberalism paints a more positive view of international relations. It assumes that nations voluntarily cooperate to address common global issues and problems and that an open and free system of economic exchange in the areas of trade, investment, services, and finance can lead to greater economic interdependence among nations. Liberalists assume that a highly-integrated global market fosters peace and stability because interdependent nations are 'unlikely to wage war against each other'. In an open international economy international aid is viewed as a supplemental capital for financing economic growth and poverty reduction efforts. Multilateral organizations like DAC/OECD, the World Bank and the likes facilitate cooperation among states. Neoliberalists also uphold the importance of democratic values like liberty, rule of law, human rights, freedom of speech and expression, equality, and so on.

The DAC-centered aid regime is framed mainly in the neoliberal context. For instance, the democratic values mentioned earlier are embedded as political conditions that DAC donors attached to their aid. To improve aid efficiency and quality, DAC employs cooperative frameworks such as sponsorship and institutionalization of annual meetings and high-level forums. Its goal to untie aid is an adherence to market efficiency since untying allows the recipient government to freely choose, under a system of fair bidding, the best supplier or contractor required in the implementation of an aid project. In principle, aid allotments are guided by the principle of comparative advantage enjoyed by donors. DAC donors also stress the essential role of good governance and appropriate policies on socio-economic development of recipients by attaching them as part of political conditions that go with their aid. In contrast, Southern partners do not promote specific democratic values as DAC donors do with their aid. Instead Southern aid providers constantly refer to the principles of non-interference, win-win and mutual benefit, reciprocity, and respect for sovereignty in their aid activities.⁹² They also highlight the role of experience in their development cooperation efforts.

The theory of constructivism rejects the rational choice model in favor of socially-constructed norms and identities as 'logic of state behavior'. Constructivists

⁹¹ See for instance, Peter C. Evans, "Japan's Green Aid Plan: The Limits of State-Led Technology Transfer," *Asian Survey*, Vol. 39, No. 6 (Nov. - Dec., 1999), 825-844.

⁹² Mawdsley 2012a.

emphasize the role of norms or the “standards of appropriate behavior for actors with a given identity.”⁹³ Norms therefore explain the ‘logic of appropriateness’ in the behavior of actors in international relations. Unlike realists, constructivists view international anarchy as product of states’ own making and that anarchy does not necessarily mean chaos. What we know as norms in international aid-giving are critically contested among nations, donors and recipients alike. Donors generally disagree as to what the appropriate development purpose of assistance is and how aid should be ‘properly’ delivered. In this light, humanitarian reasons are considered an appropriate motivation of aid-giving.⁹⁴ Due to its emphasis on infrastructure development, Japanese and Korean aid are considered outliers in western-dominated DAC donors, which focus more on social sector allotments. Also, nearly all traditional donors would find conditionality as ‘appropriate’ norm in promoting good governance and ensuring that the right policies are adopted by recipients while SSC partners like China and Saudi Arabia would renounce it as ‘inappropriate’ and intrusive of sovereignty. Amidst several disagreements, the international aid community (DAC and non-DAC alike) accepts at least in principle the United Nations’ MDGs as a ‘super-norm’⁹⁵ of aid-giving.

Neo-Marxism and dependency theories suggest that the performance of aid creates an ‘unequal’ and ‘dependent’ relationship between aid donor and beneficiary. For these thinkers what neoliberalists describe as interdependence actually leads more to dependence because power relations exist among nations. They claim further that colonialism, imbalance terms of trade between developing and advanced countries, Transnational Corporations (TNCs), international division of labor, and capitalism led to construction of a ‘core-semi/periphery’ structure that is characterized by dependency and exploitation.⁹⁶ This interpretation of global economy suggests that international aid is a tool utilized by capitalist industrialized nations to ‘assist’ less developed countries but ends up making periphery states financially dependent on core nations. SSC hence can be viewed as collaboration or mutual assistance among (semi)periphery nations for development. By emphasizing knowledge exchange and sharing of experiences, SSC becomes a potential alternative approach to international development that entails less support and thus less exploitation from industrialized countries.

⁹³ See Martha Finnemore and Kathryn Sikkink, “International Norm Dynamics and Political Change,” *International Organization*, Vol. 52, No. 4, 1998, 891. Finnemore and Sikkink add that norms are created by a three-staged process or ‘norm cycle’ which consists of norm emergence, cascade, and internalization.

⁹⁴ David H. Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*, (N.J.: Princeton University Press, 1993).

⁹⁵ Hulme and Fukuda-Parr 2009 cited in Mawdsley 2012.

⁹⁶ See for instance, Theotonio Dos Santos, “The Structure of Dependence,” *The American Economic Review*, Vol. 60, No. 2, Papers and Proceedings of the Eighty-second Annual Meeting of the American Economic Association (May, 1970), 231-236.

All the major theories of international relations treat international aid as a material or commodity that is provided by donors. Their interpretations differ as to what happens once the transfer of the commodity is completed. Realists assume that donors use it as a form of leverage or statecraft to pursue national interests while neoliberalists believe that as one form of economic exchange aid helps in the construction of liberal peace by contributing to the economic prosperity and well-being of the recipient. Constructivists on the other hand address the fundamental issue of ‘appropriateness’ of aid-giving. Refuting both the contentions of realists and liberalists that aid is allotted mainly for pursuing political and economic reasons, they argue that aid should serve humanitarian purposes as well. Neo-Marxism and other world systems theory on the other hand highlight the exploitative potential of international finance, including aid and the negative impact they have on recipients.

2.3 The Political Economy of Aid: Implications to Sustainability of SSC Programs

International aid is more than just a source of material power or a commodity. It is embedded in very complicated domestic and international political economies which are in turn shaped by “culture, institutions, power distribution, and the dynamics of competitive interests.”⁹⁷ It can be argued that aid officials and policymakers are faced with a ‘two-level’ game dilemma⁹⁸ in which they have to satisfy both domestic and international constituencies every time they make decisions. Managing this competing interests imbued in the aid programs among donors can be daunting and time-consuming. For Southern donors with limited or scarce resources and with weak organizational and institutional capacities, the task can be more problematic. Such is the political economy of aid or the competing set of interests and distribution of power that are embedded in a dynamic aid policy process. In spite of the acknowledged importance of political-economic factors, the international aid community has not given it sufficient attention in their high-level meetings and forums.⁹⁹ Political-economic factors also play a critical role in donor motivations, rise and decline of aid spending, choice of cooperation modality and allotment preferences.

The institutional design of aid management for instance could cater more to the interest of specific social group.¹⁰⁰ The predominance of commercial interest in Japanese and Chinese aid is said to be attributable to the central role of Ministry of Commerce (in the case of China) and METI and MOF (until 2008 in the case of Japan). Because of their relational ties with the business community, these agencies have been responsible in

⁹⁷ Raymond F. Hopkins, “Political Economy of Foreign Aid,” In Finn Tarp, Ed. *Foreign Aid and Development: Lessons Learnt and Directions for the Future*, (London: Routledge, 2000).

⁹⁸ The concept of two-level game came from Robert Putnam 1988.

⁹⁹ Mawdsley 2012.

¹⁰⁰ Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics*, 2008.

advancing business interest in their national aid/cooperation programs.¹⁰¹ This is further enhanced by the absence or weak presence of development actors within and outside government (such as NGOs with development advocacies) which promote an aid-for-development norm. Because Southern donors are not obligated to follow DAC's strict definition of what constitutes development assistance, linking foreign aid with other policy areas like trade and investment and with economic development have become common practice. Mawdsley argues that this has led to a 'reappraisal of 'mainstream' foreign aid.'¹⁰²

Contrary to neoliberalists' overly positive expectation, aid's performance in contributing to aggregate economic growth of less-developed nations has been poor. While many studies show that aid is effective at the project level, there is no robust relationship between aid and macroeconomic performance.¹⁰³ One recommendation that was raised recently to address this 'micro-macro' gap is to scale-up aid and development cooperation.¹⁰⁴ A big factor in this issue arises from the very nature of aid, particularly bilateral aid, which is inherently political.¹⁰⁵ It is political because the funds used are public funds and that strategic considerations have often been the top priority in aid allotments. Even Swedish aid which is said to be allotted based mainly on humanitarian reasons also fulfills certain diplomatic and strategic objectives.¹⁰⁶ Moreover, as the international aid community evidently shows, there is disagreement among donors (DAC and non-DAC alike) what constitutes development and what sector must be targeted to maximize development outcomes.

Realistically, the purpose of bilateral aid cannot be purely economic or purely strategic. Aids that are allotted mainly to pursue certain political and commercial objectives may have unintended development consequences on recipients. Perhaps the greatest demonstration of aid's duality of purpose and with aggregate impact on the recipients' economy is the Marshall Plan whose main political aim was to prevent the further spread of communism in Western Europe and yet many scholars regard it as the most successful foreign economic policy in the history of aid in terms of effects on the recipients' economies.¹⁰⁷

¹⁰¹ Trinidad 2013; Lancaster 2008; Arase 1995.

¹⁰² Mawdsley 2012, 45.

¹⁰³ Tarp, *Foreign Aid and Development*, 2000.

¹⁰⁴ Chandy, Hosono, Kharas and Linn, Eds., *Getting to Scale*, 2013, 6-7. Scaling-up is defined here as expanding the development impact of aid by extending the level by which objectives are set and by reaching and transforming as large number of poor people.

¹⁰⁵ Mawdsley 2012.

¹⁰⁶ Roger C. Riddell, *Does Foreign Aid Really Work?* (Oxford, U.K.: Oxford University Press, 2007).

See also Peter J. Schraeder, Steven W. Hook, and Bruce Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows," 1998, 294-323.

¹⁰⁷ For a review of economic and political effects see Barry Eichengreen, Marc Uzan, Nicholas Crafts, and Martin Hellwig, "The Marshall Plan: Economic Effects and Implications for Eastern Europe and the Former USSR," *Economic Policy*, Vol. 7, No. 14, (Apr., 1992), 13-75.

Since it is impossible to delink donors' strategic intents from development outcomes in their aid, the (in) effectiveness of aid should be seen in the light of recipients' own making, that is, how recipients use it to their own advantage. In this vein, Kharas, Makino and Jung suggest that lessons could be drawn from the catalytic role of aid in economic development of Asian countries.¹⁰⁸ The Asian experience shows that aid must be understood to have *catalytic* rather than leading role in development process.

Being inherently political, aid should be seen as a foreign policy instrument of governments providing it. Here Okano-Heijman's 'business end' and 'power play end' found typically in economic diplomacy is useful to capture aid's strategic and economic objectives.¹⁰⁹ The choice of national objective in aid-giving is a political issue as well.¹¹⁰ A country's goal in aid-giving would depend on which criterion the nation collectively holds more important: whether it is rationality, efficiency, equality or identity. These criteria correspond to major assumptions of theories that we have in international relations. Identifying such goal/s is subject to complex domestic contestation and competition among groups.

Table 4: National Objectives and Corresponding IR Theories

Criteria	Theory	Objective
Rationality	Liberal Institutionalism, Realism	National interest (power and economic gains)
Efficiency	Neo-classical economics	Market, comparative advantage
Equality	Socialism, Neo-Marxism, world systems theory	Social justice
'Logic of appropriateness'	Constructivism	'Culture of giving' 'Super norm'

Source: The Author.

As discussed above, IR theories offer persuasive insights in explaining the set of incentives and motivations of a country's decision to embark on an international cooperation program. However, incentives alone would not suffice to explain SSC's sustainability. To move forward, the objectives of international cooperation have to be explicitly stated and promoted effectively in the highest political level by the highest

¹⁰⁸ Kharas, Makino and Jung 2011.

¹⁰⁹ Maaik Okano-Heijmans, "Japan's 'Green' Economic Diplomacy: Environmental and Energy Technology and Foreign Relations." *The Pacific Review*, Vol. 25, No. 3 (July 2012), 339-364.

¹¹⁰ Lauri Siitonen, "Political Theories of Development Cooperation," *WIDER Working Papers*, July 1990.

executive official. This is the most complicated part since the process has to go through the nation's political process and institutional framework. Once this is achieved, the next stage is addressing the high cost of maintaining cooperation programs. Hence, the national goal of becoming a donor or full-fledged SSC provider has to be supported by growth in the economy. It also requires support from a traditional donor for enhancement. These four (4) drivers are further explained as follows:

Incentives:

The extent of enthusiasm of countries participating in cooperation activities is shaped by the sets of incentives that are in place. Nations provide assistance for a variety of reasons including strategic, diplomatic, commercial and humanitarian. Cooperation programs are enhanced when it is aligned with national security and development strategies. Japan adopted an ODA doubling plan because aid was recognized as a tool for 'buying power' and for promoting exports.¹¹¹ Likewise, Chinese aid during the early post-war period was essential in the pursuit for international recognition and diplomatic isolation of Taiwan.¹¹²

Development partners and donors in general have their own reasons in choosing the geography of their recipients. The Information Office of State Council of China reported that in 2009, 44% of Chinese assistance went to Sub-Saharan Africa.¹¹³ One study showed that colonial ties were evident in the allotments of French and British aids.¹¹⁴ Many other donors (both DAC and non-DAC) take into account commercial interests which are typically measured in terms of trade and investment volume with recipient states. Still some donors like the United States take into account geopolitics and strategic intents in their aid distribution. U.S. aid to Israel and U.S. aid to Nepal during the Cold War period are prominent examples of this. Bearce and Tirone suggest that aid effectiveness is maximized when the strategic intent of the donor in recipient countries is small.¹¹⁵

Level of promotion and clarity of purpose:

The level of promotion and clarity of purpose pertains to the highest political level by which cooperation program is promoted domestically. The importance of having a top-level statement of the aims of development cooperation/aid was highlighted in a DAC

¹¹¹ David Arase, *Buying Power: The Political Economy of Japan's Foreign Aid*, (Colorado and London: Lynne Rienner Publishers, 1995).

¹¹² Teh-chang Lin, "Beijing's Foreign Aid Policy in the 1990s: Continuity and Change," *Issues and Studies*, January 1996.

¹¹³ Information Office of the State Council of China, "China's Foreign Aid", 2011

¹¹⁴ Peter J. Schraeder, Steven W. Hook, and Bruce Taylor, "Clarifying the Foreign Aid Puzzle," 1998, 294-323.

¹¹⁵ David H. Bearce and Daniel C. Tirone, "Foreign Aid Effectiveness and the Strategic Goals of Donor Governments," *The Journal of Politics*, Vol. 72, No. 3 (July 2010), 837-851.
doi:10.1017/S0022381610000204

report in 2008.¹¹⁶ If the purpose of cooperation program is clearly stated and promoted in the highest political level by the highest executive official, public support can be assured and development programs are implemented with a strong sense of national consensus. Lancaster noted that the presence of an ‘aid-for-development’ norm within and outside the government is also necessary to ensure that aid would have developmental rather than commercial purpose.¹¹⁷

Level of development:

The country’s decision to become a full-fledged provider of development cooperation requires the backing of a strong economy. This is because the cost of establishing an aid bureaucracy is costly and requires human and institutional capacities. It is argued that, with drivers 1 and 2, a SSC partner proceeds to enhance its aid-related institutional framework and capacities when it achieves or nearing to achieve the upper middle income status as defined by the World Bank.

Role of a traditional donor:

Finally, the role of a traditional donor is also critical in enhancing SSC. Aside from scaling up SSC projects, a traditional donor can also provide regional leadership and enhance human and organizational capacities to manage aid programs of Southern partners. The author borrowed concepts from leadership style matrix developed by Flamholtz and Randle in understanding the kind of leadership provided by Japan to the Southeast Asian region (for a discussion of the matrix, see 4.2 of chapter 4). The study asserts that Japan through JICA provided ‘consensual leadership’. By doing so, it provided the four (4) essential pillars needed in promoting SSC as knowledge exchange, namely, (1) Knowledge marketplace and networking, (2) Technical matching of demand and supply, (3) financial matching, and (4) project advisory service or technical advisory function.¹¹⁸ With JICA’s extensive network of ties built throughout the years of implementing Japanese aid projects in the Southeast Asian region, Japan succeeded in providing these pillars while a regional mechanism for coordinating SSC was still absent. Japan’s consensual leadership was essential in transforming gradually SSC in Southeast Asia into a more needs-oriented approach that is aligned with regional platforms and national development strategies.

2.4 Development Cooperation and Development Discourse: Going back in Circle

Since they were first introduced in the post-war era, development cooperation

¹¹⁶ Organization for Economic Co-Operation and Development (OECD), *Effective Aid Management: Twelve Lessons from DAC Peer Reviews*, (Paris: OECD, 2008). Retrieved from: <http://www.oecd.org/dac/peer-reviews/40720533.pdf>

¹¹⁷ Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics*, 2008

¹¹⁸ Rhee, “Promoting South-South Cooperation through Knowledge Exchange,” 2011, 276-78.

particularly aid provision has been shaped by the dominant discourse on development. Although much progress was made on aid harmonization and standardization among DAC donors in the past decades, there are still fundamental disagreements on the meaning of development. The aid effectiveness discourse has evolved from meeting quantitative aid target to achieving international goals. Recently, there is a growing recognition of the importance of aligning aid programs with recipient's needs and a greater acknowledgement of non-DAC donors as partners for global development.¹¹⁹

From 1950s to 1970s, development was measured narrowly in terms of income growth and productivity. During this period, international aid was allotted under the assumption that it was a supplemental capital that would contribute to the improvement of both. DAC's focus on these aspects of development was reflected in the way aid effectiveness was understood – that is, how much aid was required for each member to effectively contribute to international development. Such quantitative aid requirement was measured in terms of aid's ratio to donor's Gross National Product (GNP).

The first proposal¹²⁰ for aid quantity target was made by World Council of Churches in 1958 which stated that aid donors should provide 1% of their national income to developing countries. This was followed by a proposal made by a Dutch Nobel laureate Jan Tinbergen for donors to allot 0.75% of their national income by 1972. In 1968, the Pearson Commission under the sponsorship of the World Bank suggested that aid should be raised to 0.70% of donor GNP between 1975 and 1980. In spite of reservations by several donor countries, the UN General Assembly adopted this ODA target in a resolution in October 1970.

The 0.70% target eventually gained wide acceptance during the 1970s and since then some DAC members like Sweden, the Netherlands, Norway, and Denmark have met this target. Other members like the United States rejected the idea of adopting specific targets or dates. Due to lack of available data, it is impossible to tell or at least infer if non-DAC aid providers like the Soviet Union and China had ever met this target during the Cold War period. And as discussed elsewhere in this volume, discontentment of the western-dominated international order had led to solidarity movements among developing countries and a greater desire for economic self-reliance and mutual assistance under the SSC development framework.

Focusing too much on growth and productivity had its toll on the environment. In the 1970s and 1980s, development discourse was centered on how environmental protection and growth could be reconciled.¹²¹ In 1987, the Brundtland Commission introduced for the

¹¹⁹ These are highlighted in the Paris Declaration on Aid Effectiveness (2005) and the Busan Partnership Agreement (2011)

¹²⁰ The discussion in this paragraph was mainly taken from OECD's "History of the 0.7% ODA Target" retrieved from <http://www.oecd.org/dac/stats/45539274.pdf>

¹²¹ Jennifer Clapp and Peter Dauvergne, *Paths to a Green World: The Political Economy of the Global*

first time the notion of ‘sustainable development’. A number of important international environmental agreements were also signed during this decade such as the 1985 Vienna Convention for the Protection of the Ozone Layer, the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, and the 1989 Basel Convention on the Transboundary Movement of Hazardous Wastes and their Disposal. Since then, DAC donors had begun implementing aid programs intended for the protection of the environment. The Japanese government launched its Green Aid program in 1992 “to support the diffusion of clean coal technologies aimed at controlling sulfur dioxide (SO₂) as well as energy saving technologies”¹²² and to provide “technological and financial support to developing countries in the Asian region for the purpose of environmental protection and energy conservation.”¹²³

The development discourse in the 1980s was profoundly shaped by the occurrence of two important events – the emerging market fundamentalism in the west, and the Debt Crisis. These two events altogether reinforced the growing literature in the 1980s on direct link between outward-oriented economy and growth. The Debt Crises was interpreted as symptomatic of structural deficiencies in developing countries with highly-protected and closed economies. International aid was used then to save the international financial system from collapse by allowing debt-stricken countries to utilize it for servicing a portion of their outstanding debt obligations and to encourage the adoption of market-based policies by attaching them to program lending as conditions.¹²⁴

In the 1990s a more comprehensive notion of development began to take shape. The emerging concept was one in which “all dimension of poverty including income poverty, illiteracy, poor health, insecurity of income, and powerlessness”¹²⁵ is covered and where good governance and appropriate policies play a decisive role in successful poverty alleviation efforts and fulfillment of international aid agenda.¹²⁶ The intellectual underpinnings of this can be found in several schools of thought that surfaced in the 1980s and flourished in the 1990s. These include vast literature on the growing importance of human capital in development; linkage between certain freedoms and development; and the issues of institutions and collective actions.¹²⁷ The variation of economic performance across countries that underwent structural adjustment programs following the debt crisis also magnified the essential role of good governance. Many of these elements were mentioned in the 1993 World Bank Report on the East Asian Miracle as “potentially transferrable to other

Environment Second Edition, (Cambridge, Massachusetts, USA: MIT Press, 2011).

¹²² Peter C. Evans, “Japan’s Green Aid Plan: The Limits of State-led Technology Transfer,” *Asian Survey*, Vol. 39, No. 6 (November-December 1999, p. 826), pp. 825-844. DOI: 10.2307/3021141

¹²³ Okano-Heijmans 2012, 345.

¹²⁴ Erick Thorbecke, “The Development Doctrine and Foreign Aid 1950-2000,” In Finn Tarp, Ed., *Foreign Aid and Development*, (London: Routledge, 2000).

¹²⁵ Goldin, et al., 2002, 58.

¹²⁶ Highlighted in the Monterrey Conference of 2002 or the UN International Conference on Financing for Development.

¹²⁷ Thorbecke, 2000.

developing countries.”¹²⁸

The role of state in economic development was ardently debated during this decade as well. While still inconclusive, this debate helped clarify how the state can affect development outcomes in three ways, all of which pertained to provision of public goods: “(1) by providing a macroeconomic and microeconomic incentive environment conducive to efficient economic activity, (2) by providing the institutional infrastructure – property rights, peace, law and order and rules – that encourages long-term investment and (3) by insuring the delivery of basic education, healthcare and infrastructure required for economic activity.”¹²⁹

As the new millennium set in, it was already clear to DAC donors that aid must be channeled to poverty reduction by addressing deficiency in human capital, providing basic human needs, and ensuring that right institutions and policies are in place in order to succeed in alleviating poverty. Since then DAC donors on average have spent more on social sector such education and health than on infrastructure development and productivity.¹³⁰

In the new millennium, the problematic state of transitional economies and the 9/11 terrorist attacks in the U.S. have brought the development discourse closer to the security dimension. Proponents of economy-security nexus claim that security threats including non-traditional ones like terrorism, diseases, etc. “induce the government to seek more co-operation arrangements with partners who share common values and interests.”¹³¹ Such an arrangement will have implications on existing system of alliance among nations. The emphasis on economy-security nexus also came at a critical juncture where emerging giants like China has grown in absolute and relative strength while a lot of western countries have recently suffered from economic stagnation and crisis. The dramatic growth of the Chinese economy has also led to military build-up and expansion of its soft power in Africa and elsewhere and induced rivalry with other regional powers like the U.S. and Japan.¹³²

In a way, the economy-security nexus has provided the governments of western countries with strong incentive to tackle seriously the potential security implications of South-South development cooperation of non-DAC donors, especially those of China, Brazil, Russia, India and Saudi Arabia. However, stressing economy-security nexus too much in international development could potentially upset the developmental purpose of

¹²⁸ Ibid., 43.

¹²⁹ Commander et al., 1996 cited in Thorbecke, 2000, 40.

¹³⁰ “Measuring aid: 50 Years of DAC Statistics – 1961-2011” April 2011, p. 13. Retrieved from: <http://www.oecd.org/dac/stats/documentupload/MeasuringAid50yearsDACStats.pdf>

¹³¹ Daniel Daianu, “Dynamics of the ‘Economy-Security’ Nexus in Transition States,” Retrieved from <http://www.nato.int/docu/colloq/1999/pdf/284-290.pdf>

¹³² T.J. Pempel, “The Economic–Security Nexus in Northeast Asia,” *Policy Brief* No. 12, August 2012. Retrieved from <http://igcc.ucsd.edu/assets/001/503986.pdf>; Joshua Kurlantzick, *Charm Offensive: How China’s Soft Power is Transforming the World*, (US: Yale University Press, 2007); Brad Glosserman, “Japan-ASEAN Summit: Playing Catch-Up with China?” *Pacific Forum*, PacNet No. 52, CSIS, December 18, 2003.

aid/cooperation since strategic intents would be prioritized more in the allotments and in choice of recipients. Fortunately, the discourse on international aid at the onset of the new millennium was focused more on aid effectiveness. Qualitative targeting or the ‘what for’ issue in aid, that is, which programs to support in order to maximize aid’s developmental outcomes¹³³ continued to be emphasized. Moreover, the face of development cooperation has undergone significant make over in the new millennium characterized by: (1) increased recipient ownership of development strategies, (2) global partnership for development, and (3) fulfillment of MDGs as widely accepted targets of aid-giving.

¹³³ The 0.70% ODA target has remained as the ideal ratio of aid to national income. The measure of national income also shifted to Gross Domestic Income (GNI).

CHAPTER 3

SOUTH-SOUTH COOPERATION IN SOUTHEAST ASIA: INDONESIA, THE PHILIPPINES AND THAILAND AS SOUTHERN PARTNERS

3.1 Background

This chapter sketches the origins, explores the nature of partnership, and analyzes the SSC programs of Indonesia, the Philippines and Thailand. It is argued that in spite of the many shortcomings, SSC in Southeast Asia is continuously evolving into a region-based framework that is characterized by differentiation and dynamism. The primary modality of development cooperation is knowledge exchange through technical cooperation although some members (like Singapore, Malaysia and Thailand) have expanded their SSC programs to include aid provision. This transformation is due to confluence of factors – (1) Enhanced SSC programs of emerging Southeast Asian development partners, namely Singapore, Malaysia, Thailand, Indonesia, the Philippines and Vietnam. In the new millennium, these countries have articulated clearly their national SSC programs either through legislation or other policy instruments and created agencies (usually under the auspices of their foreign affairs ministries) to implement them. The rationale for developing national programs for SSC is a combination of diplomatic (including fulfillment of international and regional obligations), strategic, and economic reasons.

(2) The aspiration of ASEAN members for economic integration in the 1990s under ASEAN Free Trade Area (AFTA) coincided with the ‘graduation’ of some its members as recipients of ODA. JICA encouraged these countries to continue and strengthen their SSC programs through partnership with Japan. JICA also provided ‘consensual leadership’ by initiating a mechanism for regional SSC demand-supply matching under the JICA-ASEAN Regional Cooperation Meeting (JARCOM) in 1994. This has since led to a mix of resource-based and recipient-based SSC approach in Southeast Asia.

(3) The enlargement of ASEAN from six to ten members in late-1990s means that economic disparities have widened between the old and newer members (as reflected in figure 5). The desire to address development gaps led to the launching of Initiative for ASEAN Integration (IAI). This has made SSC agenda ‘embedded’ within a regional framework and as such, domestic priorities and SSC initiatives of partners have been aligned to a broader regional vision of creating the ASEAN Community by 2015 and beyond (see figure 6 for illustration of this alignment).

An important criterion in the improvement of SSC programs in the region is the economic transformation of Southeast Asian development partners (see summary in table 5 below). By 2003, the regional economies have shown signs of recovery from the Asian financial crisis. GNI per capita incomes particularly of the older members in 2012 have

either doubled or tripled since 1994 while trade volumes of each have grown remarkably in the last decades. Inflows of foreign direct investment (FDI) have risen sharply since 1985. More investments also mean increased revenue collections and higher public spending. Total aid inflows from all donors to ASEAN-5 (Indonesia, Malaysia, the Philippines, Singapore, and Thailand) have decreased, most remarkably in Thailand and Malaysia while Singapore had stopped receiving aid during the period 2001-2010. The volume of aid that the Philippines received during the period 2001-10 was much lower than what it received from the previous two decades. On the other hand Indonesia has continuously received significant amount of aid in the decades shown. The ASEAN-5 has also performed relatively well in reducing significantly the incidents of poverty with the exception of the Philippines where poverty head count increased slightly by nearly 2% in 2009.

Table 5: Selected Economic Indicators of Southeast Asian development partners

Countries/ Year	GNI per capita income		Total merchandise trade Export/Import		Inward FDI inflow		Poverty head count ratio at national poverty line % of population (year)			Total Aid inflows			
	1994	2003	1985	2012	1985	2000	2012	1981-90	1991-00	2001-10	1981-90	1991-00	2001-10
Indonesia	890	1194	18590	3420	188486	308	19853	15.4 (2008)	13.3 (2010)	12 (2012)	10981.46	15480.98	13098.74
			10262	43595	190383								
Malaysia	3560	4130	15442	9800	227388	695	10074	6.0 (2002)	3.6 (2007)	1.7 (2012)	2274.33	457.04	1294.48
			12301	81963	196615								
Philippines	920	1030	4607	2470	39783	105	2797	24.9 (2003)	26.5 (2009)		6529.75	9646.13	4939.64
			5455	37027	65350								
Singapore	19810	22860	22812	47210	137804	1047	56651	NA	NA	NA	286.08	84.87	0
			26285	134545	379723								
Thailand	2400	2060	7121	5210	69057	160	8607	20.9 (2007)	19.1 (2009)	13.2 (2011)	5083.64	7305.45	-1725.5
			9242	61924	247590								

Source: Compiled by the author from various sources

Notes: GNI per capita (in current US\$) from World Bank Data by Country retrieved from: <http://data.worldbank.org/country>

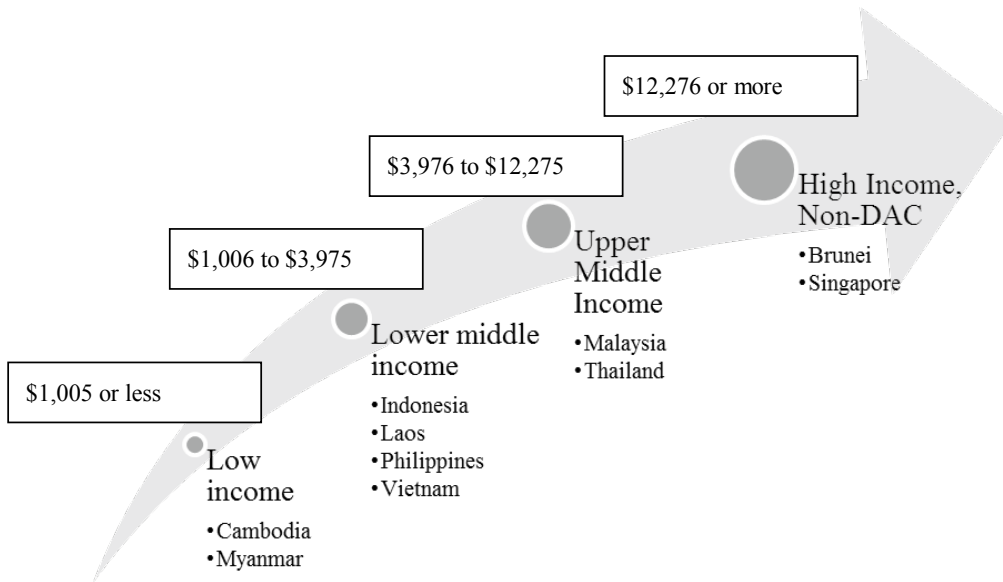
Total Merchandise trade (million US\$ at current prices) from Statistics database, WTO website

Inward FDI inflow (in million US\$ at current prices and current exchange rates) from UNCTADstat retrieved from:

<http://unctadstat.unctad.org/TableViewer/tableView.aspx>

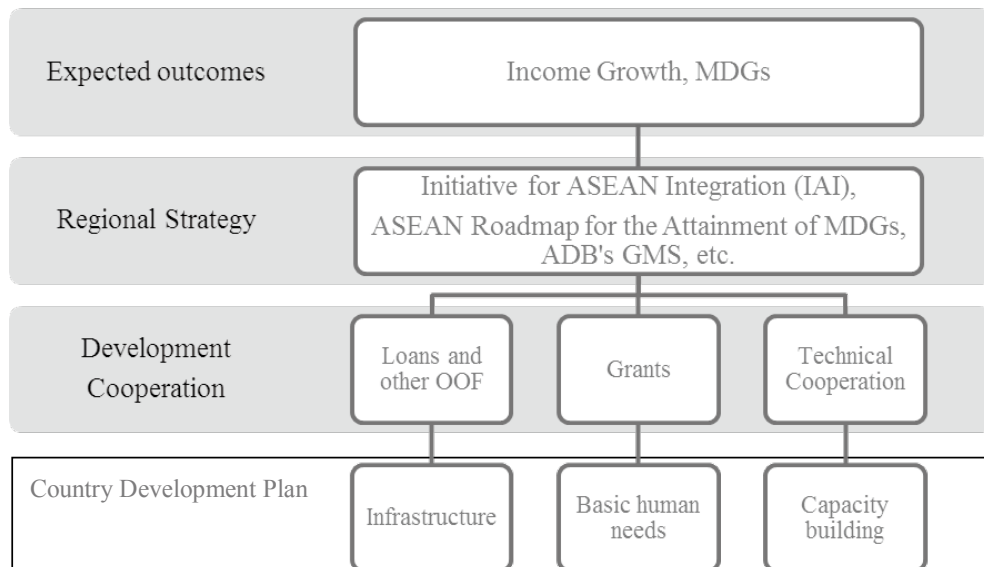
Total Aid inflows (in million US\$ at current prices) from OECD, Query Wizard for International Development Statistics (QWIDS)

Figure 5: Development Disparities within ASEAN



Source: World Development Indicators database, *World Bank*, 1 July 2011

Figure 6: South-South Cooperation Regional Framework: ASEAN's Case



Source: The Author

Table 5 further indicates that Southeast Asian development partners particularly ASEAN-5 have become recipient and SSC providers at the same in the 1990s. Except for

Indonesia and the Philippines, these emerging donors have become less dependent on foreign assistance. Those with aid programs like Singapore, Malaysia and Thailand have also passed the threshold of upper middle income classification while those in the lower middle income category mainly use technical cooperation as chief modality for their SSC.

3.2 South-South Technical Cooperation Program of Indonesia

3.2.1 Beginnings

The Indonesian government dates back the origins of its SSC programs to the Afro-Asian solidarity movement of the 1950s in which it played an essential part. In 1955, twenty-nine (29) African and Asian leaders met in Bandung, Indonesia and adopted the “10-point declaration on promotion of world peace and cooperation.” The Non-Aligned Movement (NAM) and the G-77, which emerged from this solidarity movement, subsequently formulated and endorsed the Technical Cooperation among Developing Countries (TCDC) to the United Nations. In 1978, the UN Buenos Aires Action Plan (BAPA) on Technical Cooperation was adopted.

Indonesia started implementing various technical cooperation activities in 1981 when, by virtue of a Presidential Decree, the Indonesian Technical Cooperation Program (ITCP) was formed. ITCP was implemented by four institutions: Ministry of National Development Planning (BAPPENAS), Ministry of Foreign Affairs (MOFA), Ministry of Finance (MOF), and Ministry of State Secretariat (or SETNEG, specifically the Bureau of Technical Cooperation or BTC). ITCP (later called South-South Technical Cooperation or SSTC in 2000s) main objectives were to share the Indonesian experience; to develop knowledge and expertise in addressing common critical needs and problems; and to facilitate transfer of knowledge and skills among developing countries with support from partners and international donors.¹³⁴ Activities related to ITCP/SSTC include:

1. In-country training programs,
2. Short-term visits to Indonesia by officials from developing countries,
3. Dispatch of Indonesian officials to other developing countries,
4. Apprenticeship programs for farmers from developing countries,
5. Indonesian experts’ dispatch to developing countries
6. Organization of expert group meetings,
7. Attendance to TCDC activities, and
8. Coordination in sending Indonesian trainees to other developing countries.

The funding for ITCP/SSTC mainly comes from two sources – from the state budget and financial assistance from triangular (bilateral/multilateral) partners¹³⁵ such as the Japan International Cooperation Agency (JICA), Islamic Development Bank (IDB), Colombo Plan

¹³⁴ Bureau for Technical Cooperation (BTC), Ministry Secretariat (SETNEG), Government of Indonesia.

Retrieved from <http://isstc.setneg.go.id/index.php/about-us>

¹³⁵ Ibid.

Secretariat and UNESCAP among others.¹³⁶ In 1982 a Coordinating Committee for International Technical Cooperation was created by another Presidential Decree to serve as national focal point and to coordinate technical cooperation activities of various government agencies and ministries. Over time, technical cooperation involving multilateral and bilateral partnership was transferred to SETNEG (BTC) for administration while MOFA handled the country's own bilateral technical cooperation.¹³⁷

As provider of SSC during this period, Indonesia's institutional capacity was weak in both human and organizational levels. Implementation and planning were fragmented. No central agency with ministerial status was solely charge of formulating, implementing, and evaluating technical cooperation programs. Moreover, coordination between and within ministries was also weak. SSTC's development purpose was not well-articulated although reference to the principles of Afro-Asian solidarity – respect for sovereignty, non-interference, and mutual benefit – was often made. These issues were not brought seriously into the fore until recently.

3.2.2 Transitioning into a Full-fledged SSC Provider

Since mid-2000s efforts have been made to strengthen institutional framework and realign policy on Indonesia's SSTC. In 2006, a Technical Cooperation Directorate under MOFA was established. To coordinate technical cooperation activities by various ministries and other stakeholders, a National Coordination Team (NCT) for SSTC was established in 2010. The NCT is organized into Steering Committee, Technical Committee and Secretariat. The Steering Committee is chaired by the Minister of National Development Planning (BAPPENAS) and the Minister of Foreign Affairs as co-chair. The Technical Committee is chaired by the Director for Multilateral Foreign Funding, BAPPENAS with the Director of Socio-cultural Affairs and International Organization of Developing Countries, MOFA, and Head of Technical Cooperation Bureau, SETNEG as Co-Chairs. Its members include other line ministries and representatives from the private sector, partners, and NGOs. The Secretariat consists of staffs from MOFA, BAPENNAS and SETNEG.¹³⁸ In 2011, three (3) Working Groups (WG) under the NCT were established to come up with recommendations for enhancing SSTC's – (1) Institutional Framework; (2) Program and Funding and; (3) Monitoring, Evaluation and Publication and Knowledge Management.

¹³⁶ I Inyoman Widiarta and Dadeng Gunawan, "Indonesia's Role On South-South and Triangular Cooperation," Retrieved from: http://www.riceforafrica.org/new/downloads/Meetings/seminar/JICA-West-Africa2012/6.Indonesia_SSTC_EN18Sep2012.pdf

¹³⁷ Yukimi Shimoda and Shigeki Nakazawa, "Case 4: Flexible Cooperation for Indonesia's Multidimensional Challenges for South-South Cooperation under a Shared Vision", In Hiroshi Kato, (Ed.) *Scaling Up South-South and Triangular Cooperation*, 149-71 (Tokyo: Japan International Cooperation Agency Research Institute, November 2012).

¹³⁸ Shimoda and Nakazawa, "Case 4: Flexible Cooperation for Indonesia's Multidimensional Challenges for South-South Cooperation under a Shared Vision," 2012.

With a strong desire to become a full-fledged SSC provider, it has become clear to the government that Indonesia must identify its own niche to strengthen its own technical cooperation programs. With assistance from JICA, discussion among policymakers resulted to the adoption of “Knowledge Management” theory as the intellectual foundation and as distinctive feature of Indonesia’s SSTC. This theory “explains how existing knowledge can be optimized through enhanced organizational capacities to produce innovative ideas.”¹³⁹ It claims that knowledge exchange occurs after four stages – socialization (direct interaction), externalization (transformed knowledge in the form of documents, diagrams, etc.), combination (application of this knowledge to recipient’s specific situation), and internalization (knowledge becomes regular habit or practice).¹⁴⁰ JICA also provided support to NCT in identifying Indonesia’s capacities for technical cooperation. The outcome of this effort was the publication of a book on capacities that the country can provide through SSTC in April 2012.

Aside from organizational changes, efforts have been made to align Indonesia’s SSTC into medium and long-term national development plans. In this regard and with assistance from JICA the NCT drafted two policy documents – Grand Design 2011-2025 and Blue Print 2011-2014.¹⁴¹ The Grand Design is a long-term plan for enhancing the institutional framework of Indonesia’s SSTC. The implementation plan is divided into three (3) periods: Period 1 (2011-2014) formation of legal framework and strengthen institutional coordination; Period 2 (2015-2019) enhance involvement of all stakeholders, including private sector, NGOs and universities; Period 3 (2020-2025) strengthen and expand SSC.¹⁴² The Blue Print 2011-2014 contains specific measures to carry out Period 1. To improve further the quality of its training programs, JICA assisted the government of Indonesia in drafting an evaluation guideline completed in 2011. This guideline, which has been used for evaluating Indonesia’s training programs from 2012, was based from DAC evaluation criteria of relevance, effectiveness, efficiency, impact, and sustainability.¹⁴³

Moreover, various workshops and seminars with international partners were also held to improve Indonesia’s SSC. One of the most important was the South-South Technical Cooperation Workshop held in March 2009 which was jointly organized by MOFA, SETNEG, NAM-CSSTC, and JICA and attended by around 200 participants from government agencies, academic institutions, international donors, foreign embassies and civil society

¹³⁹ “Indonesia-Japan: Dynamic Development for Prosperity: Practices of South-South and Triangular Cooperation (SSTC),” Jakarta: JICA Indonesia Office, 2011, 7.

¹⁴⁰ Ibid.

¹⁴¹ “Indonesia-Japan: Dynamic Development for Prosperity,” 2011.

¹⁴² Yukimi Shimoda and Shigeki Nakazawa, “Case 4: Flexible Cooperation for Indonesia’s Multidimensional Challenges for South-South Cooperation under a Shared Vision,” 2012.

¹⁴³ “Indonesia South-South Cooperation: Developing an Evaluation Mechanism for Training Program” Bureau for Technical Cooperation, 2011. Retrieved from:

<http://isstc.setneg.go.id/index.php/news/1-news-1/117-indonesia-south-south-cooperation-developing-an-evaluation-mechanism-for-training-program>

organizations.¹⁴⁴ In this workshop, three areas/pillars were identified for enhancement in order to strengthen Indonesia's SSTC, namely, (1) mainstreaming SSC in the National Policy, (2) enhancing human resources for international cooperation and (3) improving the quality of SSC.¹⁴⁵

With the launching of Initiative for ASEAN Integration (IAI) in 2000, member countries including Indonesia have aligned gradually their technical assistance/cooperation programs for Cambodia, Laos, Myanmar and Vietnam (CLMV, the new member countries) to ASEAN's goal of 'narrowing the development gap' within its members and with other countries outside the region. One of the action plans stated in the document, "Roadmap for an ASEAN Community 2009-2015," was to "enhance the IAI to serve as the platform for identifying and implementing technical assistance and capacity building programmes for both public and private sectors in ASEAN member countries" and for ASEAN-6 (the older members) to continue to support IAI programmes.¹⁴⁶ Indonesia's contribution to the IAI Work Plan I (2002-2008) consisted of 34 projects/programs with a total value of US\$ 1,768,668 or 5.26% of the total contribution of ASEAN-6.¹⁴⁷

As of December 2011, the BTC claimed that there were at least twenty-nine (29) countries that benefited from Indonesia's SSTC.¹⁴⁸ This included the countries of CLMV as well as the Philippines, Thailand and several countries in Sub-Saharan Africa. Indonesia's SSTC are mostly in the form of short-term training programs covering broad areas from 'Self-Propelling Growth Schemes', Family Planning, Information, and Natural Resources to Social Services, Public Works, Agriculture, Finance, Aviation, and Education.

Indonesia's enthusiasm to reform its system of technical cooperation and readiness to become a full-fledged SSC provider in the new millennium was bolstered by two mutually reinforcing factors. First is the marked improvement in domestic economy in the post-Suharto era.¹⁴⁹ Indonesia re-graduated¹⁵⁰ from low income country status in 2003 and has retained its lower-middle income country status since then. This 'middle income country' thinking was strongly reflected in the *Jakarta Commitment* for Aid Effectiveness which called for a reassessment of the use of ODA in Indonesia based on specific development challenges of a middle income country and for strengthening its technical cooperation with other developing

¹⁴⁴ Shimoda and Nakazawa, "Case 4: Flexible Cooperation for Indonesia's Multidimensional Challenges for South-South Cooperation under a Shared Vision," 2012.

¹⁴⁵ Ibid.

¹⁴⁶ *Roadmap for an ASEAN Community 2009-2015*, (Jakarta: ASEAN Secretariat, 2009), 37. Retrieved from: <http://www.aseansec.org/wp-content/uploads/2013/07/RoadmapASEANCommunity.pdf>

¹⁴⁷ Status Update of the IAI Work Plan I (2002-2008), Retrieved from:

<http://www.asean.org/images/2012/Economic/IAI/IAI%20Work%20Plan%20I.pdf>

¹⁴⁸ BTC, "Beneficiary countries of Indonesia SSTC Programme," 2010. Retrieved from:

<http://isstc.setneg.go.id/index.php/beneficiary-countries/8-beneficiary-countries/9-beneficiary-countries>

¹⁴⁹ See for instance, Anthony S. J. Reid, Ed., *Indonesia Rising: The Repositioning of Asia's Third Giant*, (Singapore: Institute of Southeast Asian Studies, 2012)

¹⁵⁰ Indonesia gained the lower -middle income status in 1993 but relapsed to low income status in 1998.

countries.¹⁵¹ There was also a call to harness ODA in ways that would help Indonesia avoid the middle income trap under a backdrop of decreased ODA to national budget ratio.¹⁵² Decreases in ODA however were compensated by surge of FDI in 2000s following the adoption of liberalization and decentralization policies.¹⁵³

Second, since the Afro-Asian solidarity movement Indonesia has projected itself as a regional leader and active participant in various global issues. The enhanced domestic economy has supported the country's aspiration to improve its international profile in the new millennium. Indonesia played a leading role in envisioning a Community for ASEAN. Under its chairmanship in 2003, ASEAN leaders launched its vision¹⁵⁴ to become a Community by 2020 (later, readjusted to 2015) at the summit in Bali. Two years later it signed the Paris Declaration on Aid Effectiveness and in 2009 Indonesia became the only Southeast Asian nation so far that was accorded membership to G20. In that same year, the government declared SSTC as one of the pillars of the Jakarta Commitment, a statement of Indonesia's efforts to improve 'the effectiveness of its aid in support of development that is based on in-country context,' along with strengthening capacities, improving international aid governance, and developing partnerships as pillars. In view of this, Indonesia has publicly declared in international forums that its SSTC is a 'demand-driven' assistance.¹⁵⁵

Amidst gains in the economy and increased international profile, problems of corruption, poor governance, religious violence, political infighting, lack of transparency and so on continue to make headlines in Indonesia. In spite of the creation of the NCT, coordination problems are still prominent in Indonesia's implementation of SSTC.¹⁵⁶

3.3 The Philippines as an Emerging Provider of SSC

The Philippines is not new to SSC. The country started its meager technical cooperation program a few months after BAPA was endorsed by the United Nations in December 1978. The Technical Assistance Council of the Philippines (TACP) under the auspices of the then Ministry of Foreign Affairs (now Department of Foreign Affairs or DFA) was established in May 1979 by virtue of President Marcos's Letter of Instructions No. 858 to implement the country's technical assistance program with other developing countries. There was no altruistic motive behind the founding of TACP. It was a concrete show of solidarity

¹⁵¹ "Jakarta Commitment," Retrieved from: <http://mdtf.undp.org/document/download/9714>

¹⁵² Wismana A. Suryabrata, "Sharing Experience on Implementing Paris Declaration: The Jakarta Commitment and Aid for Development Effectiveness Secretariat (A4DES)." Retrieved from: <http://www.oecd.org/dac/evaluation/dcdndep/47080421.pdf>

¹⁵³ For a brief review of the effects of deregulation on Indonesia's development see Farrukh Iqbal and William E. James, (Eds.) *Deregulation and Development in Indonesia*, (CT, USA: Praeger, 2002).

¹⁵⁴ This is the Bali Concord II Declaration.

¹⁵⁵ Siti N. Mauludiah, Panel I on "Development Cooperation in the Asian Century," *Asian Approaches to Development Cooperation Dialogue Series*, (Washington, D.C. & New York City, April 22-25, 2013). Retrieved from: <http://www.asiafoundation.org/resources/pdfs/AADCUSAReportFinalSept.112013.pdf>

¹⁵⁶ JICA suggested in its Indonesia-Japan: Dynamic Development for Prosperity (2012) report that both vertical (within ministry) and horizontal (inter-ministry) coordination need to be improved further.

with other Third World countries which since the 1955 Bandung Conference had collectively articulated their discontentment with ‘western-dominated’ international economic order.

The Technical Cooperation among Developing Countries (TCDC), which called for cooperative exchange of knowledge, skills and technical know-how among developing countries, was one of the tangible outcomes that came out from various resolutions and high-level meetings within the United Nations systems in 1976 under the auspices of the G77. The Philippines played an important role in advancing TCDC when it hosted the Third Ministerial Meeting of the G77 in Manila in 1976 to harmonize the collective position of the Third World in the Fourth Session of UNCTAD that was held in Nairobi in May of that year. This meeting produced the Manila Declaration and Programme of Action which highlighted among others the importance of Economic Cooperation among Developing Countries (ECDC) in various areas, and technical cooperation.¹⁵⁷ Later, the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation (BAPA) was adopted by 138 countries during the UN Conference on Technical Co-Operation among Developing Countries in Buenos Aires in September 1978.¹⁵⁸ The United Nations General Assembly (UNGA) subsequently endorsed the implementation of BAPA in December of that year.

As a signatory to BAPA and other UN resolutions that promoted TCDC, the Philippines’ initial motivation in providing technical cooperation was mainly diplomatic – that is, compliance to international obligations and solidarity with Third World countries. In fulfillment of this obligation the country has implemented its technical cooperation program with least developed countries (LDCs) since 1979. In 1980, the Inter-Agency Technical Committee (IATC) on TCDC was created by National Economic and Development Authority (NEDA) Memorandum Order No. 6-80 to serve as the Philippines’ focal point for technical cooperation in accordance with BAPA. Both TACP and IATC-TCDC had remained in place until President Fidel V. Ramos dissolved them when he became president.

In 1992, former President Ramos signed Executive Order No. 17 which dissolved TACP and IATC in favor of a newly created agency, the Technical Cooperation Council of the Philippines (TCCP). Composed of the Secretary of Foreign Affairs as Chair, the Director-General of NEDA as Vice-Chair and the Secretaries of Agriculture, Environment and Natural Resources, Science and Technology, and Trade and Industry as members, the TCCP is mandated to (1) formulate and implement the Philippine technical cooperation program including the financial requirements necessary for its effective implementation, (2) administer all funds related to the cooperation program, (3) coordinate all TCDC-related activities¹⁵⁹ and

¹⁵⁷ Particularly sections 6 and 7 of the Declaration at http://unctad.org/en/docs/td218vol1_en.pdf

¹⁵⁸ A copy of the Buenos Aires Plan of Action (BAPA) is available at: <http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/BAPA.pdf>

¹⁵⁹ “Philippines’ Technical Cooperation Program with Developing Countries,” *TCCP Booklet*, (Manila, Philippines: TCCP Secretariat, 2008).

(4) undertake research on the technical requirements of developing countries and LDCs.¹⁶⁰ The Chair, Vice-Chair and members can appoint their alternates. The Council is assisted by a Secretariat composed of six (6) staff headed by an Executive Director established in the DFA.

3.3.1 The Philippines' Technical Cooperation Program

There are three main features of the Philippine Technical Cooperation program – (1) it is based on the principles of SSC, particularly reciprocity, mutual benefit, and cooperative development among developing countries, (2) it employs non-degree training as primary mode of knowledge exchange and capacity building, and (3) it is 'resource-driven' since the training program covers areas "where the Philippines has developed the experience and the expertise relevant to its own development strategy and priorities."¹⁶¹ In this regard, reference is often made to the country's experiences as an archipelagic or island nation.

Since 1994 however there have been efforts to include 'target-based' programs in Philippine technical cooperation. When the United Nations' Convention on the Law of the Sea (UNCLOS) came into force in 1994, sustainable development and environmental sustainability were emphasized. The "ocean and its resources" as well as "impact of climate change on ocean productivity" were specifically identified for promotion, with archipelagic and coastal states as potential beneficiaries of these endeavors.¹⁶² Likewise, the UN MDGs and poverty reduction have been cited in the TCCP official statement as targets of Philippine technical assistance program since 2000. Moreover, as an archipelagic nation, the country's cooperation program is also designed to achieve the following targets: (1) disaster management, (2) entrepreneurship related to marine and coastal resources, and (3) fisheries with focus on subsistence farming and methods that enhance income, conserve the resources and protect the environment.¹⁶³

The Philippines utilizes two scale-up strategies to expand the development outcomes of its programs, namely, through cooperation with other national focal points particularly those of ASEAN member countries "in formulating joint technical assistance arrangements", and by participating in triangular cooperation programs sponsored by aid agencies of foreign aid donors such as the Australian Aid Program (AusAID), Canadian International Development Agency (CIDA), JICA, Korea International Cooperation Agency (KOICA), and New Zealand Aid and Development Agency (NZAID).¹⁶⁴ The TCCP also involves civil society organizations in implementing several of its projects.

Between 1980 and 2010, a total of 51 non-degree training courses¹⁶⁵ had been offered by TCCP which benefitted 83 developing countries and 539 foreign and 540 local participants.

¹⁶⁰ "Annual Audit Report on the TCCP: For the Year Ended 2012," (Quezon City: Commission on Audit, 2012).

¹⁶¹ "Philippines' Technical Cooperation Program with Developing Countries," 2008, 4.

¹⁶² *Ibid.*, 6

¹⁶³ *Ibid.*, 7.

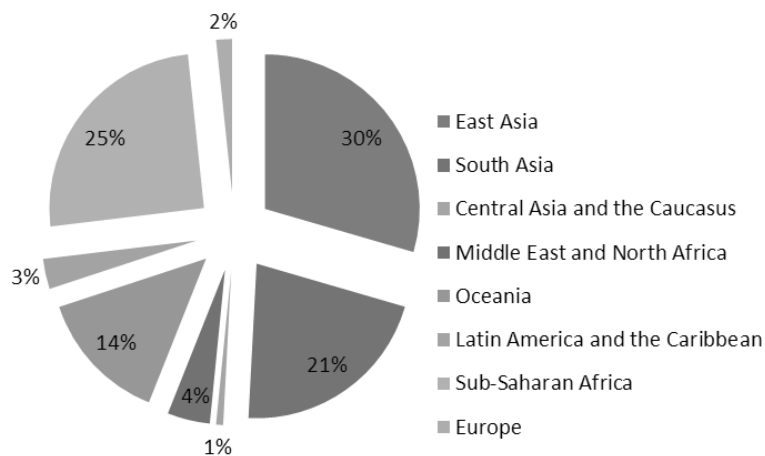
¹⁶⁴ *Ibid.*, 4-6.

¹⁶⁵ See the complete list of TCCP-sponsored projects in Appendix A

There were 32 country recipients from Sub-Saharan Africa while in East Asia there were 11 country recipients. Nonetheless, those from East Asia constituted the largest group with 30% of all participants coming from this region followed by those from Sub-Saharan African countries which comprised of 25%. Those from South Asian countries came in third with 21% of the total. See figure 7 and table 6 below for summary of participants in Philippine technical cooperation and number of projects, respectively. By individual country, Nepal was the largest recipient in terms of number of participants with a total of 32 from 1980 to 2010, followed by Vietnam and China with 26 each and Bangladesh with 22. Cambodia, Laos and Myanmar had 19, 11, and 17 participants, respectively.

Beneficiaries of Philippine technical cooperation from 1980 to 2012 were widely distributed throughout different continents. From 1980s to early-1990s, many participants came from Sub-Saharan African countries. There was a gradual shift since mid-90s to 2012 in which more participants from South Asian countries and CLMV have joined TCCP's training programs/seminars.

Figure 7: Total Participants in Philippine Technical Cooperation, 1980-2010



Source: TCCP Secretariat, Manila

Table 6: Number of Philippine Technical Cooperation Projects, 1980-2010

Year	No. of projects	Year	No. of projects
2010	2	1995	3
2009	2	1994	2
2008	0	1993	2
2007	1	1992	1
2006	1	1991	1
2005	1	1990	2
2004	1	1989	2
2003	1	1988	2
2002	1	1987	3
2001	1	1986	2
2000	2	1985	1
1999	2	1984	1
1998	0	1983	2
1997	3	1982	2
1996	3	1981	1
		1980	3

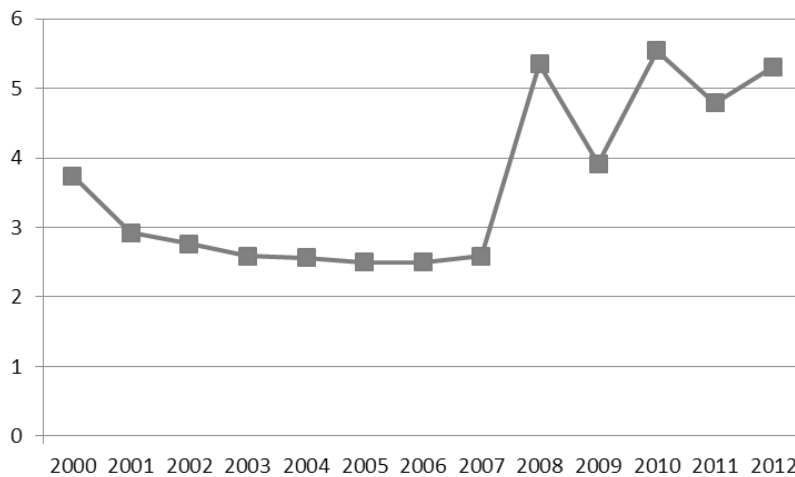
Source: Raw data from TCCP secretariat; Graph/table by author

Philippine technical cooperation programs are implemented with support from other government agencies (usually those agencies under the departments represented in the TCCP). In 2012 for instance the project, Training on Gender and Entrepreneurship Development, was implemented in cooperation with the Department of Trade and Industry-Philippine Trade Training Center (DTI-PTTC). In 2011, a training program on Eco-Tourism for Sustainable Development was carried out with the Department of Environment and Natural Resources (DENR) and the Department of Tourism (DOT). In other cases, projects are awarded to selected civil society organizations like NGOs [such as the Asian Alliance of Appropriate Technology Practitioners Inc. (APPROTECH ASIA), SEAMO INNOTECH, and Ocean Friends Foundation, Inc.], public and private research institutes and training centers [like the University of the Philippines Institute for Small Scale Industries (UP-ISSI) and Development Academy of the Philippines (DAP)], and specialized organizations [such as the International Council on Monuments and Sites (ICOMOS), Philippines].

TCCP funding is sourced mainly from general appropriations and from triangular partner aid agencies. Since 2000, the Council has received very meager funding from the

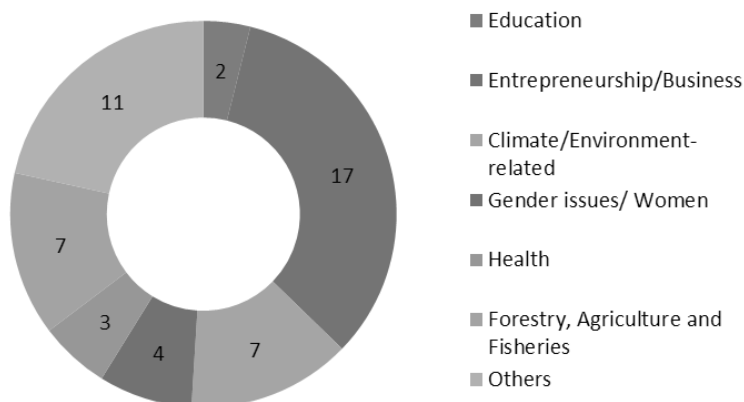
national budget which did not exceed 6 million pesos or US\$ 137,049 (see figure 8 below for Budget Appropriations for TCCP). The budget slightly increased in 2008 when a new training program that focused on ocean and its resources was launched. Through technical cooperation the new program was intended to replicate the experience of the Philippines as a maritime country in protecting marine resources and biodiversity in other island and maritime developing countries.

Figure 8: TCCP Subsidy from General Appropriations, 2000-12 in million pesos



Source for both figures: Raw data from TCCP secretariat; graphs by author

Figure 9: Training Programs of TCCP by Theme, 1980-2010



In spite of its relatively long history, the Philippine technical cooperation program has remained stagnant and very modest in terms of budget and scope. Probably due to scarce

resources it receives annually, there were very little efforts to introduce innovation which would help maximize value for money. The meager appropriation over the years also indicates the lack of serious interest of either the President or the legislative branch in development cooperation. Although the TCCP refers to the rationale and purpose of SSC, the distinctiveness of the country's technical cooperation program as well as its unique principles and philosophy are not well-articulated in official policy statements. An attempt was made in 2008-09 to focus on maritime experiences of protecting marine resources and biodiversity but this too was fleeting. Between 2010 and 2012, no training program on marine resources was offered.

As figure 9 shows, by frequency entrepreneurship and business is TCCP's most offered non-degree training course since 1980. It is not clear though as to why this is the case. A policy statement on specific comparative advantages and best practices of the Philippines in the area of entrepreneurship is also absent. Due to its size, the research capability of TCCP is also very limited. The secretariat is undermanned and lacks sufficient capacity to perform effectively some basic responsibilities. This is reflected in the annual reports of the Commission on Audit (COA) on the yearly activities of TCCP which were replete with issues related to TCCP's non-compliance to basic administrative procedures and procurement system. More importantly, there was no attempt, past or present, to develop an evaluation guideline to measure the extent of knowledge exchange/transfer and its actual effects on the recipient's institutional capacity development. Further, how these programs are readjusted and modified to conform to Paris Declaration and Busan Partnership Agreement is not clear. Perhaps the most distinctive feature of Philippine technical cooperation is that training programs are not only designed for foreign beneficiaries but also for local participants.

3.4 Thailand's International Cooperation Program

3.4.1 Geopolitics and National Development

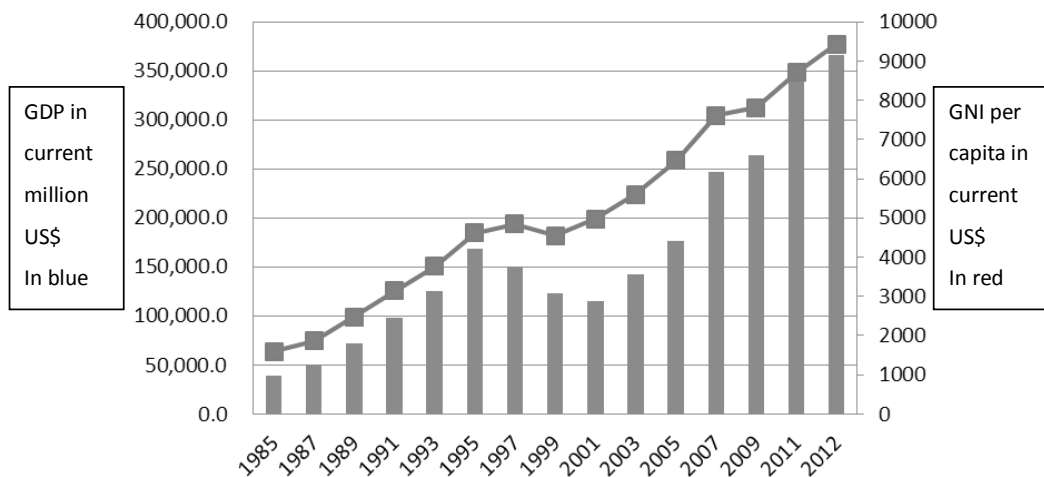
Unlike the Indonesian and Philippine cases, geographic position and national security concerns played a very important role in unfolding Thailand's development cooperation policy. While Indonesia and the Philippines are both archipelagic states, Thailand is situated in the mainland Southeast Asia and shares border with Indochinese states, Cambodia and Laos, in the east. In the west is Myanmar and in the southern part lies Malaysia. Thailand was aware of the security threats posed by its politically unstable eastern and western neighbors. In mid-1970s, communist parties in Cambodia, Laos and Vietnam assumed power. Also, due to geographic proximity to China and Vietnam, Thailand was strategically valuable to US' cold war strategy in East Asia.

This awareness of security threats from Indochinese countries and communist infiltration in particular had long played an influential role in Thailand's five-year national

economic and social development plans.¹⁶⁶ In mid-1970s, national security became an apparent goal of the country’s economic policies embodied in its fourth National Plan (1977-1981). Thailand’s relations with Indochina were beset by security and political concerns until a new relationship was ushered in by former Prime Minister Chatichai Choonhavan who announced his policy of turning Indochina “from battlefield into marketplace” in 1988. Thereafter, Thai investments started flowing in and markets along Thai border were created to facilitate trade with Laos and Cambodia.

Pruittiporn added that during this period both public and private sectors had shown keen interest in nurturing Thailand’s economic and political ties with Indochinese states. As political stability improved, the sub-region became increasingly linked to Thailand’s national development strategy. The seventh National Plan (1992-96) sought to tighten further the economic relations between Thailand and Indochina. In 1991, a new assistance specifically for developing neighboring countries was created in addition to existing ones.

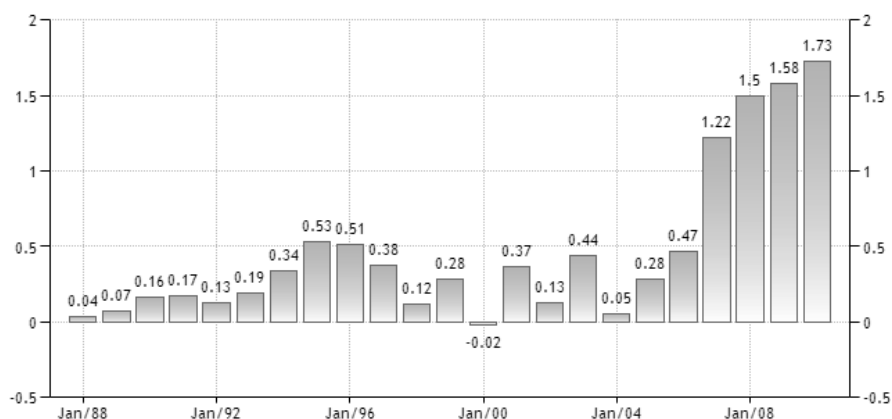
Figure 10: GDP and GNI per capita PPP of Thailand, 1985-2012



Source: World Bank, World Development Indicators, 2013.

¹⁶⁶ The discussion in this section is heavily based on Pruittiporn Nakornchai’s, “Regional Cooperation between Thailand and Indochina,” *Working Paper No. 32*, (Tokyo, Japan: Department of Research Cooperation, Economic Research Institute, Economic Planning Agency, 1994).

Figure 11: Thailand's Net Investment Outflows as percentage of GDP



Source: Trading Economics, 2013. Retrieved from: <http://www.tradingeconomics.com/thailand/foreign-direct-investment-net-outflows-percent-of-gdp-wb-data.html>

Thailand's increasing economic activities and assistance programs to Indochina and elsewhere were also complemented by remarkable growth of national economy since mid-1980s (see figure 10 above). The country's annual GDP growth in 2012 was 6.49% while net investment outflows was more than 1% of its GDP in 2007 and has grown since then (see figure 11). In 2003, the economy started to recover from the aftermath of the Asian financial crisis. That year, former Prime Minister Thaksin announced his policy of 'Forward Engagement' and declared that Thailand "would take no more aid but would emerge as a donor instead."¹⁶⁷ By 2005, Thai GDP was higher than pre-crisis levels. Since then aid activities have continued to expand.

3.4.2 Evolution and Structural Set-up of Thailand's Foreign Aid

In order to coordinate and administer technical cooperation that Thailand received from foreign donors, the then Department of Technical and Economic Cooperation (DTEC) was established by Royal Decree in 1950 under the Office of the Prime Minister. As the coordinating agency for technical cooperation, DTEC was mandated to perform the following functions: (1) Administer and coordinate technical cooperation programs on behalf of the Royal Thai government; (2) Develop the Technical Cooperation Plan based on the National Economic and Social Development Plan and conduct impact assessments and evaluation of

¹⁶⁷ As cited in Marie Soderberg, "Challenges or Complements for the West: Is There an 'Asian' Model of Aid Emerging?", In Jens Stilhoff Sorensen, Ed., *Challenging the Aid Paradigm: Western Currents and Asian Alternatives*, (Basingstoke, UK: Palgrave MacMillan, 2010), 127.

projects; (3) Administer grants and counterpart funds obtained through technical cooperation projects; (4) Administer English language proficiency tests to the Royal Thai Government officials and conduct language trainings and orientation programs for those who are selected for academic and training abroad; and (5) procure equipment and supplies and process privileges to foreign experts, volunteers, staff and trainees.¹⁶⁸

As a developing country, Thailand had participated actively in the Afro-Asian solidarity movement and signed landmark international agreements on SSC. In keeping with its international obligations, the Thai International Cooperation Programme (TICP) was launched in the 1960s. Beginning in 1963, DTEC administered Thai's technical cooperation for other developing countries under TCDC and Third-Country Training Program (TCTP) in cooperation with bilateral and multilateral aid agencies as well as mutual assistance programs organized by other developing countries. The major recipients of TICP were its neighboring countries. However, as communist regimes took over the governments of the Indochinese countries from mid-1970s, economic relations between Thailand and CLMV were severed. To strengthen its role, the Royal Thai government also provided mechanisms and procedures for DTEC in dealing with both external and national technical cooperation programs including mandate to carry out agreements signed with bilateral traditional donors, project cycle management including review and evaluation, allocation of scholarship to line ministries and working through action plan and budget.¹⁶⁹

The end of the cold war and Vietnam's withdrawal from Cambodia led to a more stable Indochina. In 1991, a new assistance for developing neighboring countries was launched. According to Pruittiporn a special fund of US\$8 million was set aside for this purpose during the fiscal years 1991-92. Two-thirds of the special fund went to CLMV, 24% went to other least developing countries while the remaining 10% was allotted to other ASEAN member-countries.¹⁷⁰ Among CLMV, Laos received the largest share with 52% while the other three countries received 16% each.¹⁷¹ The growing economic assistance to CLMV was supported by a steady growth of Thai economy during the periods 1991-1996. As the Thai economy's dependence on export grew, the commercial value of its assistance for Indochina also became evident – CLV as well as Myanmar were seen as new markets for growing Thai exports. The expansion of Thai's development cooperation continued until the financial crisis occurred in 1997.

When the Thai economy fully recovered in 2003 from financial crisis, international development cooperation was tackled in the highest political level during the administration of former Prime Minister Thaksin Shinawatra (2001-2006). The management of Thai's

¹⁶⁸ "Effective Technical Cooperation for Capacity Development: Thailand Country Case Study," Joint Study on Effective TC for CD, 2008, 2-3.

¹⁶⁹ *Ibid.*, 4.

¹⁷⁰ Pruittiporn, "Regional Cooperation between Thailand and Indochina," 1994, 10 and 34.

¹⁷¹ *Ibid.*, 35.

development cooperation also underwent organizational restructuring while new directions and objectives were articulated in official policy statements. The first of these was the transfer of DTEC to the Ministry of Foreign Affairs from the Office of the Prime Minister in 2002. The following year, Thaksin launched his Forward Engagement policy and declared that Thailand was assuming a new role as provider of assistance.

In October 2004, the Thai International Development Cooperation Agency (TICA) was established by a Royal Decree under the Ministry of Foreign Affairs. TICA subsequently absorbed DTEC as well as its legal mandate on technical cooperation. It is composed of five (5) bureaus and is headed by a Director-General with two Deputy Director-Generals. The scope of work of TICA consists of six, namely, (1) policy formulation, monitoring and assessments, (2) implementation of various development cooperation programs, (3) cooperation with bilateral and multilateral aid agencies, (4) administration of fellowships and scholarships offered to other developing countries, (5) coordination of stakeholders, and (6) publicity.¹⁷² TICA's establishment also marked the expansion of both geographical scope and modalities of Thai international cooperation and recognition of Thailand's status as emerging aid donor. ODA was added to existing technical cooperation programs and assistance to countries outside of Southeast Asia was increased.

Nonetheless, CLMV have continued to receive greater attention and considerable funding from Thailand's cooperation programs. The special fund allotment for developing neighboring countries started in 1991 has continued. In 1996, the Neighboring Countries Economic Development Fund (NEDF) was established as an agency under the Fiscal Policy Office of Ministry of Finance. It later became the Neighboring Countries Economic Development Cooperation Agency (NEDA) on May 2005 under the Ministry of Finance.¹⁷³ It is composed of a President, two Vice-Presidents and Board of Directors with 10 members. NEDA performs two main functions – (1) cooperation with neighboring countries particularly CLMV for their economic development through enhancing mutual understanding and trust, promoting investment and trade expansion, and contributing to infrastructural development to facilitate tourism and trade between Thailand and CLMV, and (2) Provision of financial assistance to CLMV.¹⁷⁴ As shown in figure 12 below the budget allotted for NEDA has decreased since 2005.

¹⁷² “What is TICA”, “Scope of Work”, retrieved from:

<http://www.tica.thaigov.net/main/en/organize/24387-What-is-TiCA.html>

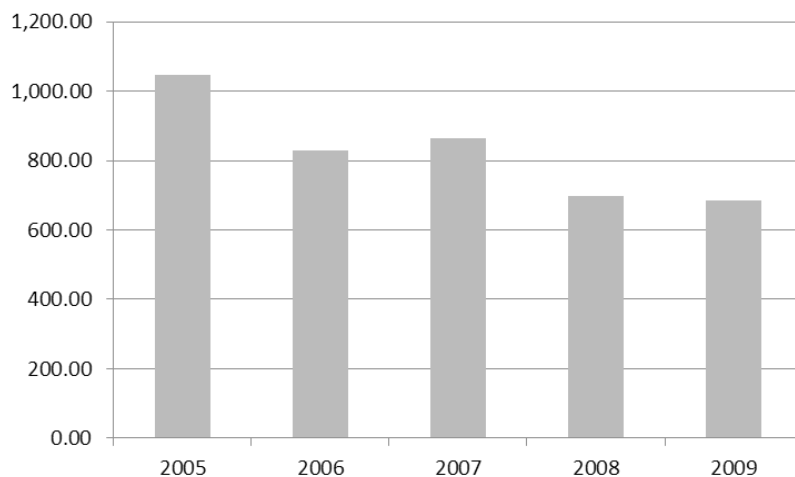
¹⁷³ “History of NEDA”, Retrieved from:

<http://www.neda.or.th/eng/index.aspx?pageid=2&parent=1&folder=1&subfolder=1>

¹⁷⁴ “Vision and Mission”, Retrieved from:

<http://www.neda.or.th/eng/index.aspx?pageid=2&parent=1&folder=1&subfolder=2>

Figure 12: Allotted Budget for NEDA's Financial Technical Assistance Projects (in million baht)



Source: Raw data from NEDA; graph by author. Retrieved from <http://www.neda.or.th/eng/contentviewfullpage.aspx?folder=87&subfolder=&contents=1030>

3.4.3 Characteristics of Thai's International Cooperation and Policy Changes since 2003

Thailand's international development cooperation consists mainly of concessional loans and technical cooperation. NEDA is in-charge of providing financial assistance mainly to CLMV to assist them in infrastructure development such roads and hydropower plant construction. TICA on the other hand administers technical cooperation and aid/ODA to CLMV and other developing countries. As of 2012, there were 86 countries which benefited from Thai's international cooperation programs. At present, Thailand uses several modalities of technical cooperation including (1) Annual International Training Courses Programme (AITC); (2) Thai International Postgraduate Programme (TIPP) including fellowships; (3) Third Country Training Programme (TCTP), training and study visits to Thailand with support from partners; (4) Volunteer Programme or dispatch of young Thai volunteers for fieldwork, (5) Buakaew Roundtable International Programme, an annual study visit programme in Thailand for international participants whose professions are in foreign affairs or international development cooperation, and (6) Regional and Sub-regional Cooperation such as IAI (more on this later).

Delivery of assistance is made through bilateral (country-to-country arrangement under TCDC framework) or trilateral channels. The latter pertains to Thailand's triangular partnership with traditional donors or with high-income non-DAC countries and multilateral organizations. To date, Thailand has partnered with Australia, Canada, France, Germany,

Hungary, Japan, Luxembourg, New Zealand, Singapore, the United States, ADB, UNDP, UNESCAP, UNFA, and UNICEF on various projects. Civil society organizations particularly NGOs, academe and private sector have increasingly been involved in the implementation of Thai's international cooperation programs. The AITC Programme for example has been jointly implemented with academic institutions and other civil society organizations.¹⁷⁵

According to a country case study, the then DTEC followed the principle of 'Technical Cooperation through Human Resources Development' in implementing its international cooperation programs. TICA assimilated the same principle when it assumed DTEC's role in 2004. There are also references to Thailand's 'experiences' as an aid recipient, importance of information exchange, and principles of mutual assistance, reciprocity, and partnership as basis of TICP.¹⁷⁶ In terms of features, Soderberg observed that Thailand's aid was mainly in the form of concessional loans and heavily focused on infrastructure development.¹⁷⁷ The CLMV have received the largest share of Thailand's aid and technical cooperation.

Since the adoption of Forward Engagement policy, Thailand has strived to align closely its international cooperation with DAC-based global aid norms. For example, though Thailand is not a member TICA utilizes DAC's definition of ODA to determine if the assistance is to be reported as ODA. Official documents also claim that the evaluation of the effectiveness of TICA's ODA planning and administration has been aligned closely with the Paris Declaration. Policy statements also reveal that the country aims to apply a more 'programme-based' and 'demand-based' approaches in its international cooperation to suit the specific needs of recipients particularly neighboring countries.¹⁷⁸ TICA has recently adopted a strategic framework on how international cooperation strategies can be used to effectively contribute to development.

The international development cooperation policy of Thailand has often been articulated in policy statements at the highest national level since the 1960s and is aligned with the country's own strategic needs and interests. Previous National Plans for instance explicitly stated the interrelation between security and national/regional development. Under the current administration of Prime Minister Yingluck Shinawatra there are two policy statements at national level where the significance of international cooperation is clearly expressed – (1) the 11th National Economic and Social Development (NESD) (2012-2016)

¹⁷⁵ See page 27 of *TICA Highlights* for the list of training courses and corresponding academic institutions/NGO. Available at: <http://www.tica.thaigov.net/main/en/e-book/1558>

¹⁷⁶ "Effective Technical Cooperation for Capacity Development: Thailand Country Case Study," *Joint Study on Effective TC for CD*, 2008. See also TICA, *Thailand Development Assistance: Report 2007-2008*, (Bangkok: Ministry of Foreign Affairs and TICA, 2008.

¹⁷⁷ Soderberg, "Challenges or Complements for the West: Is There an 'Asian' Model of Aid Emerging," 2010.

¹⁷⁸ See for instance, Thailand International Development Cooperation Agency, *TICA Highlights*, (Bangkok: TICA, n.d.) available at: <http://www.tica.thaigov.net/main/en/e-book/1558>

which included a national strategy to contribute to ASEAN connectivity and integration,¹⁷⁹ and (2) Policy Statement of the Council of Ministers delivered by the Prime Minister herself to National Assembly in 2011 which highlighted the importance of international cooperation particularly with neighboring countries to contribute to the unity, connectivity and adoption of an ASEAN Community.¹⁸⁰ National objectives of Thai's international cooperation policy and regional aims are aligned in these two policy statements.

The modality that brought Thai's international cooperation objectives closer to ASEAN regional aims and visions is the utilization of regional platforms in delivering its assistance. Thailand participates in five (5) regional and sub-regional cooperation frameworks, namely:

(1) ASEAN Economic Community or cooperation to strengthen ASEAN Community,

(2) Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) which is cooperation framework between Thailand and CLMV in the areas of trade and investment facilitation, agricultural cooperation, industrial and energy cooperation, transport linkages, tourism cooperation, and human resource development,

(3) Greater Mekong Sub-region (GMS) initiated by the ADB to facilitate cooperation among Mekong-basin countries including Yunnan, China in the areas of transportation, telecommunication, energy, trade, investment, agriculture, environment, tourism, and human resource development,

(4) Indonesia, Malaysia, Thailand – Growth Triangle (IMT-GT), a subregional cooperation initiative formed in 1993 by the governments of Indonesia, Malaysia, and Thailand to accelerate economic transformation in less developed provinces,¹⁸¹

(5) Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a cooperation framework among Bangladesh, India, Myanmar, Nepal, Bhutan, Sri Lanka and Thailand in the areas of trade and investment, transport and communication, tourism, energy, human resource development, agriculture and fisheries, science and technology, culture, counter-terrorism and transnational crimes, environment and disaster management, Public Health, and People-to-People Contact,¹⁸² and

(6) ASEAN-Initiative for ASEAN Integration (ASEAN-IAI), a cooperation framework between old and newer members of ASEAN to narrow development gaps within them and between them and other countries outside the region.

¹⁷⁹ See Chapter 7 of the 11th NESD, 94-96. Available at:

http://www.nesdb.go.th/Portals/0/news/plan/p11/Plan11_eng.pdf

¹⁸⁰ A copy of the highlights of policy on foreign affairs is available at

<http://www.mfa.go.th/main/en/policy/9868-Foreign-Policy.html>

¹⁸¹ <http://www.imtgt.org/>

¹⁸² Retrieved from:

[http://www.tica.thai.gov.net/main/en/aid/40615-ASEAN-Economic-Community-\(AEC\).html](http://www.tica.thai.gov.net/main/en/aid/40615-ASEAN-Economic-Community-(AEC).html)

3.4.4 Allotment Patterns and Trends

Since 1991 the list of beneficiaries of Thailand's aid and technical cooperation has expanded. In fiscal 2012, the total amount of TICP was 328.5 million baht. As figure 13 indicates development cooperation was delivered mainly in the form of aid/ODA appropriated through bilateral channels. 35.4% of TICP is in the form of technical cooperation and knowledge exchange done by Thailand or in partnership with traditional donors and SSC partners. Figures 14 and 15 show that CLMV is TICP's top priority with more than half of fund has been appropriated to newer ASEAN members since 2007.

Figure 16 indicates that TICP's focus by sector is consistent with articulated policy on comparative advantage and strengths of Thailand as an emerging donor. A TICA publication identified five (5) national strengths/comparative advantages that Thailand could offer to provide to other developing countries. These are: (1) 'Sufficiency economy and development', a distinctive Thai approach to development promoted by no less than King Bhumibol which emphasizes "moderation, appropriate technology, careful management of risk and flexibility in dealing with change." In other words, it is a balanced development that is sustainable and inclusive. (2) Agriculture sector. Enabled by intensive research and consistent pursuit of new techniques in agricultural production, Thailand is one of the largest food exporters in the world. Through TICP, TICA aims to share Thailand's agricultural expertise which "ranges from high-tech methods based on cutting-edge research to practical small-farm methodologies that require little investment." (3) Natural resources, environment and energy. Thai's national development experience has led to advances of expertise in managing key resources such as soil, land and renewable energy. (4) Tourism sector. Thailand's earnings from its tourism industry are more than 6% of its GDP. This makes the country one of the highest tourist-rated destinations of the world and the third largest tourist destination country in Asia." (5) Public health sector. In the past 30 years, Thailand has successfully improved public health and in decreasing the incidents of diseases like Malaria and HIV/AIDS.¹⁸³

The five (5) identified strengths and comparative advantages are reflected in figure 16 which shows that in FY 2012 TICA appropriated funds to areas where Thailand has expertise. Prominent sectors are agriculture, public health, education and social welfare and development. Meanwhile figure 17 shows that among CLMV, Laos was the largest recipient of TICP in FY 2012. The country has consistently received large amount of Thai assistance since the special fund for neighboring developing countries was introduced by the government in FY 1991.

¹⁸³ Thailand International Development Agency, *TICA Highlights*, 29-35. Available at: <http://www.tica.thaigov.net/main/en/e-book/1558>. See also *Sources of Expertise for Thailand's Best Practices in Development, Volume 2*, (Bangkok: TICA & UNDP, n.d).

Figure 13: Total Value of TICP by Type of Programme in FY 2012 (in %)

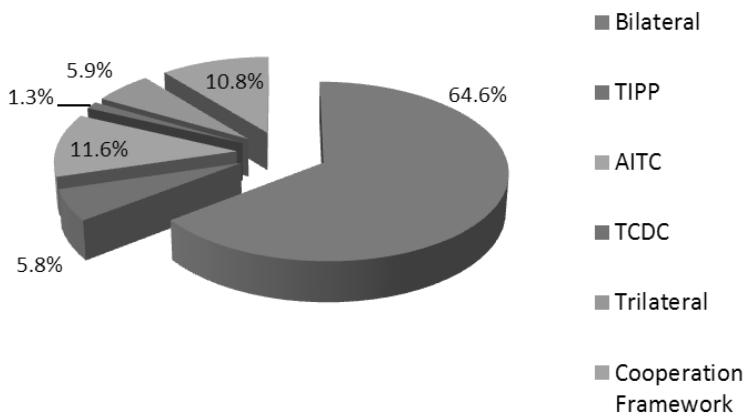


Figure 14: TICP Beneficiaries by Sub-region, FY 2012

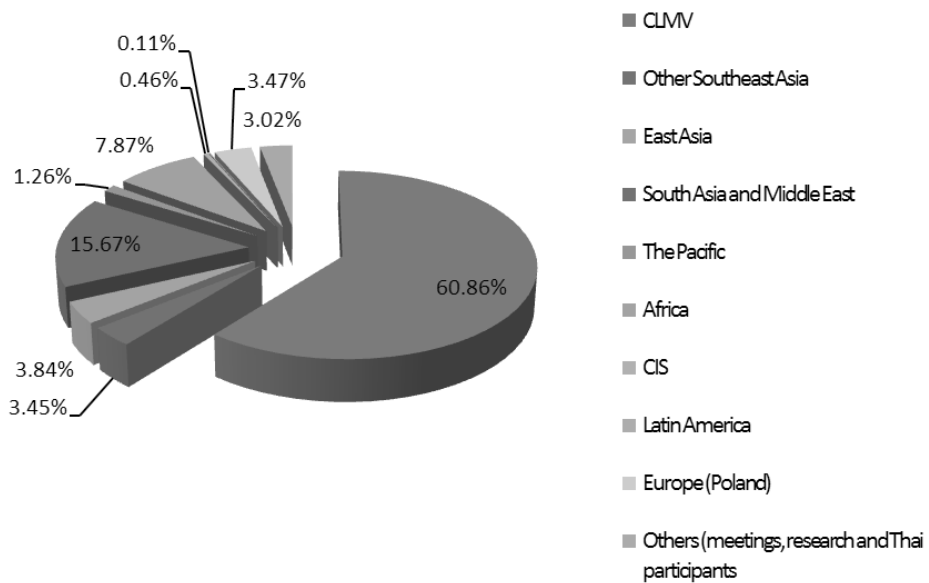
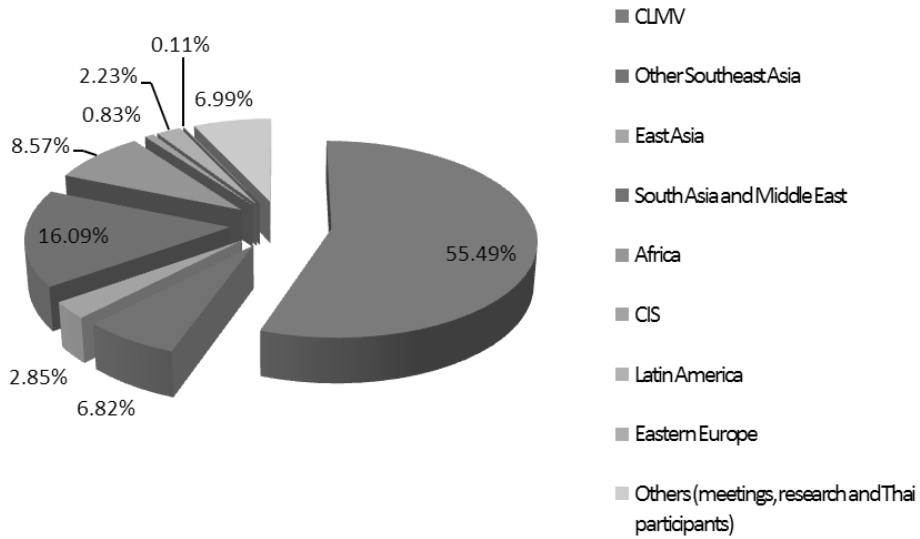


Figure 15: Total Value of TICP by Sub-region, 2007-2011



Sources of raw data for figures 12-17 is TICA; graphs provided by the author

Figure 16: TICP by Sector, 2012

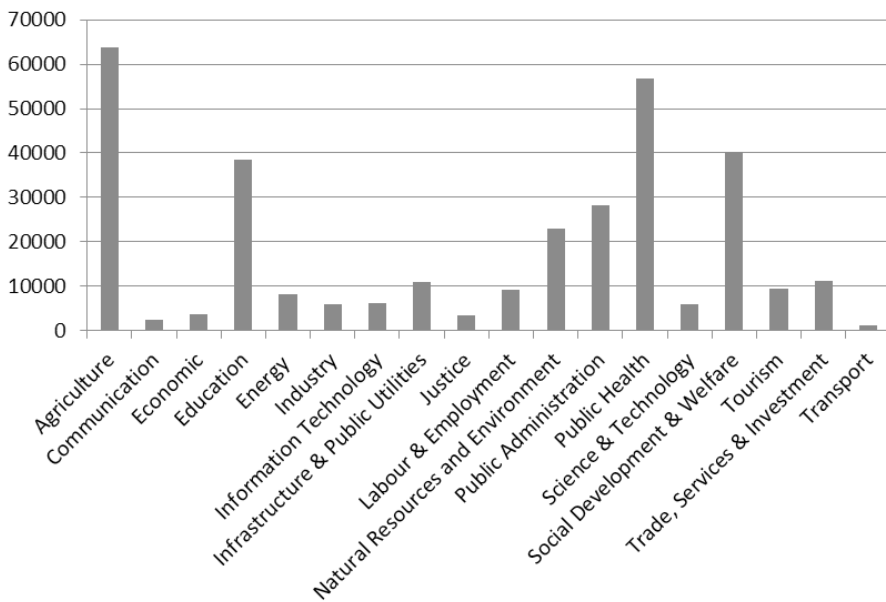
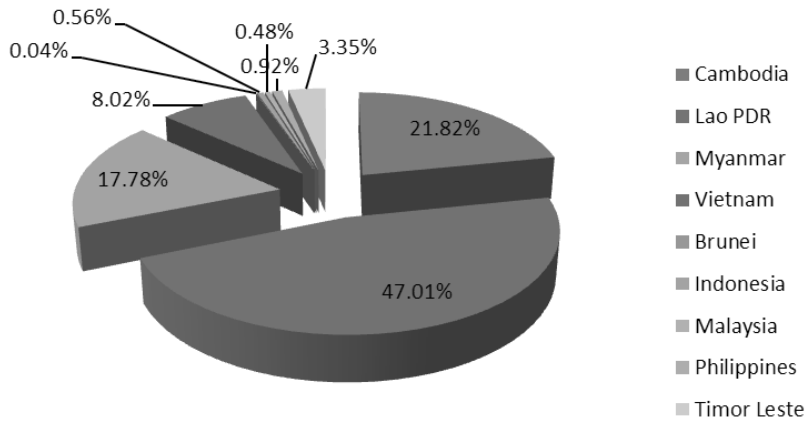


Figure 17: TICP to Southeast Asia, FY 2012



Chapter 4

JAPAN'S ROLE IN SSC: PROVIDING CONSENSUAL LEADERSHIP

4.1 Transition to Donorship: Japan's Experience

Long before it became officially provider of development assistance, Japan participated in what could be the first instance of triangular cooperation with the United States in the 1950s. According to Higuchi, Japan's experience in providing technical assistance started a few years after the US government unveiled its plan to provide development aid mainly in the form of technical assistance to developing countries in 1949.¹⁸⁴ Japan took advantage of the Third Country Training (3CT) Program offered by the US International Cooperation Administration (ICA) for Southeast Asian countries in the 1950s. Under the US-funded 3CT program, Japan received a total of 1,329 trainees from Asia from 1953 to 1959.¹⁸⁵ In October 1954, the U.S. sponsored Japan's membership to Colombo Plan as a donor/provider of technical assistance.

This piece of historical fact shows that Japan had set the trend among emerging Asian donors of starting its own development cooperation program while still an aid recipient. Just like the case of other SSC partners, Japan started first as a provider of technical cooperation/assistance before venturing into other forms of development cooperation such as concessional loans. Japan's experience in the 3CT program and Colombo Plan was "essential to the nation's future as an aid provider to Asia."¹⁸⁶ Moreover, Japan's war reparation payment system became the fundamental basis of its request-based aid system while the US system of procurement during the Korean War was influential in the formulation of Japan's *keizai kyouryoku* (economic cooperation) in the 1960s in which aid was linked to Japanese businesses.¹⁸⁷

Japan started its own Third Country Training Program (TCTP) in 1975. Thailand, its first Southeast Asian partner, conducted a horticulture training program for participants from Laos the following year. Relationship between Japan and Southeast Asian countries was brought to a higher level when in 1977 the Fukuda Doctrine was enunciated. That same year Japan also completed its war reparation payments to Southeast Asian claimants. Between 1978 and 1991, Japan successfully doubled its ODA budget in five consecutive medium-term targets. During the period 1970 to 2003, the geographical scope of its aid expanded. In spite of this, Asia specifically Southeast Asia has consistently been the largest recipient of Japanese

¹⁸⁴ Toshihiro Higuchi, "How US Aid in the 1950s Prepared Japan as a Future Donor", In Jin Sato and Yasutami Shimomura, Eds., *The Rise of Asian Donors: Japan's Impact on the Evolution of Emerging Donors*, 29-48 (London and New York: Routledge, 2013).

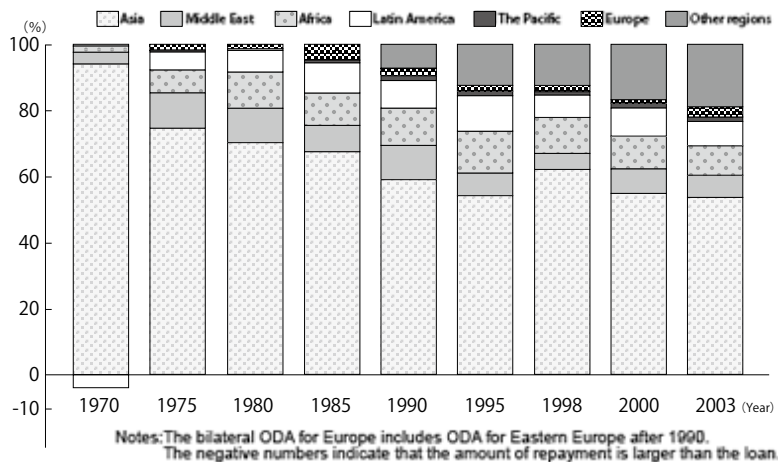
¹⁸⁵ Higuchi, "How US Aid in the 1950s Prepared Japan as a Future Donor," 42.

¹⁸⁶ Higuchi, 2013, 30.

¹⁸⁷ Arase, *Buying Power*, 1995.

ODA (see figure 18 below). Japan’s assistance to Indonesia, Malaysia, the Philippines, Thailand and Singapore contributed enormously to infrastructure and capacity development.

Figure 18: Geographical Distribution of Japanese ODA, 1970-2003



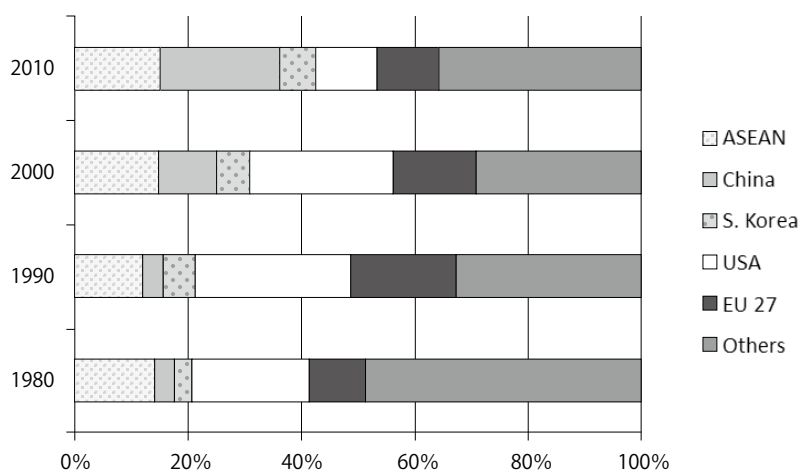
Source: “50 Years of Japan’s ODA,” Japan’s Ministry of Foreign Affairs. Retrieved from: <http://www.mofa.go.jp/policy/oda/cooperation/anniv50/pamphlet/progress2.html>

Structural changes in the post-Cold War period have also prompted Japan to have a more proactive regional and global engagement. In the realm of international development assistance, adjustment had to be made based on changed conditions of some recipients. In Southeast Asia, the economies of Indonesia, Malaysia, the Philippines, Thailand and Singapore have advanced remarkably in the new millennium. Brunei and Singapore are now high-income countries while Malaysia and Thailand graduated to upper middle income status in the 1990s. Indonesia and the Philippines graduated to lower middle income status. These countries had received huge amount of Japanese aid at some point but as their economic conditions improved, they became less dependent on aid or stopped receiving assistance. In FY2011, the total amount of ODA allotment to Southeast Asia was -142.75 million U.S. dollars!

Furthermore, since its enlargement ASEAN has confronted new challenges arising from development gaps between old and newer members. From mid- to late-90s Vietnam, Laos, Myanmar and Cambodia (all had low-income status at the time) were admitted as members of ASEAN. Narrowing the development gaps between its members has become a priority ever since. Starting with ASEAN Free Trade Area (AFTA), ASEAN has sought to integrate the economies of its members by cutting/reducing tariff rates for various products between 0 to 5% by 2020. In 2003 ASEAN leaders launched in Bali, Indonesia a more ambitious plan of creating an ASEAN Community.

Major changes in regional economic structure were also evident. East Asia for instance has become important trading partners of Japan and Southeast Asian countries while their trade dependence on the US declined (refer to figures 19 and 20). ASEAN countries, particularly the senior members have consistently received considerable amount of Japanese direct investments while inflow of ASEAN investment to Japan in 2009 was still meager but increased nearly ten times the amount of the previous year (see figure 21). The increasing interdependence and complementarity of regional economies in East Asia resulted to the formation of bilateral and regional free trade (FTA) and economic partnership agreements (EPAs).

Figure 19: Japan's Major Trading Partners (Total trade value, export and import in %)



Sources of data for figures 19 and 20: ASEAN-Japan Center, <http://www.asean.or.jp/en/>

Figure 20: ASEAN's Major Trading Partners (Total trade value, export and import in %)

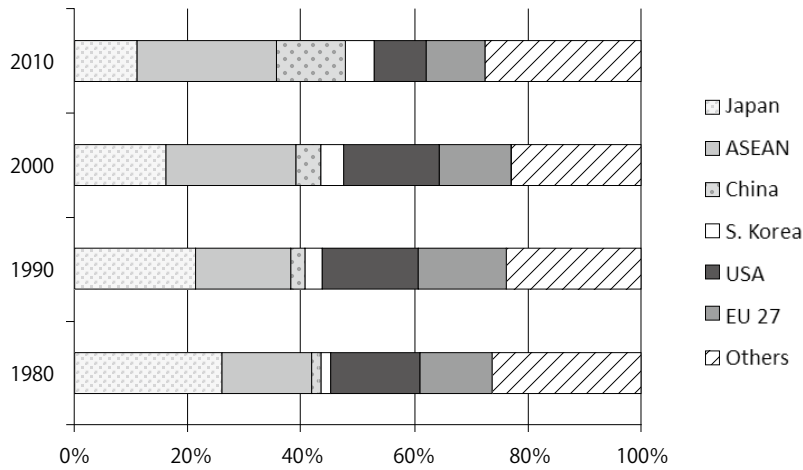
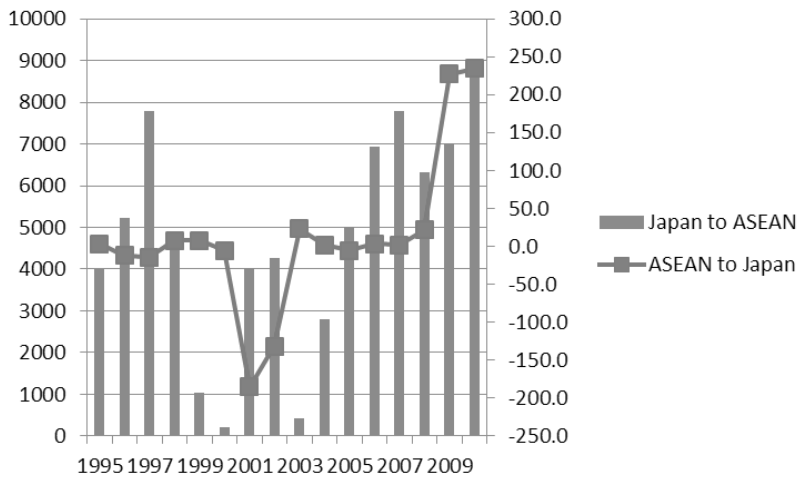


Figure 21: Japan's FDI to ASEAN and vice versa, 1995-2010 in million US\$



Source: Data for Japanese FDI to ASEAN from ASEAN-Japan Center (value is on the left); data for ASEAN investment to Japan (value on the right) from JETRO, Japan's Outward and Inward Foreign Direct Investment. Retrieved from: <http://www.jetro.go.jp/en/reports/statistics/>

In international affairs, the unappreciated Japanese financial contribution to the US-led coalition forces during the Gulf War served as a wake-up call for policymakers to assess Japan's international role and the effectiveness of checkbook diplomacy. After the 9/11

terrorist attack then Prime Minister Koizumi managed to extend Japan's security relations with the U.S. into global partnership against terrorism.¹⁸⁸ The new millennium also witnessed China's remarkable economic transformation. In late-2010 it surpassed Japan as the world's second largest economy. Such economic advancement was accompanied by increased economic activities overseas. With aid budget of about 7.8 billion US dollars in 2012,¹⁸⁹ China has grown to become one of the major non-DAC donors in the new millennium.

In domestic front, Japan has also undergone several institutional and organizational changes during this period (1990-2010). Apart from electoral and economic reforms that were adopted in 1990s, the country's ODA underwent significant makeover. A charter was adopted in 1992 and revised in 2003. Aid management system was reorganized in 2008. JICA now serves as the lead agency in ODA implementation while JBIC manages other official flows (OFF) not covered by ODA. The manner of Japanese aid-giving was also calibrated to conform to MDGs, Paris Declaration, Accra Accord and more recently, Busan Partnership Agreement in official policy statements. Amidst financial constraints, it has become clear for Japanese aid officials that a balance must be made between conforming to international aid agenda and pursuing the country's own national interest in aid allotments.

From Fukuda's 'heart-to-heart diplomacy' to Koizumi's 'acting together, advancing together' doctrine, Japan has consistently claimed in official policy statements that it attaches greater importance in its relationship with Southeast Asia/ASEAN member-countries. At the national level, support for ASEAN Community was explicitly stated in official policy documents like ODA White Paper and Diplomatic Bluebook. The Japanese government has also shown keen interest in developing a more straightforward relationship with CLMV in the new millennium through annual high-level meetings and summitries.¹⁹⁰ In his recent tour diplomacy of the region after his reelection as Prime Minister, Abe reiterated the special relationship between Japan and ASEAN and echoed the values diplomacy or reference to universal values like freedom, human rights and democracy that was first laid down by then Prime Minister Aso. He urged ASEAN leaders, particularly of maritime countries, to work together with Japan to maintain freedom of navigation in the South China Sea.

In view of the post-Cold War challenges and structural changes a new international/regional role to remain relevant in international affairs has become imperative for Japan. This section argues that at least in its role in promoting SSC in Southeast Asia Japan through JICA has provided consensual leadership since 1990s. By doing so, Japan did

¹⁸⁸ For a review of the changing security environment of Japan-U.S. relations after 9/11, see Ellis S. Krauss and T.J. Pempel, (Eds.), *Beyond Bilateralism: U.S.-Japan Relations in the new Asia-Pacific*, (Stanford, CA: Stanford University Press, 2004).

¹⁸⁹ Kobayashi and Shimomura, "Aid Volume in a Historical Perspective," 2013, 49.

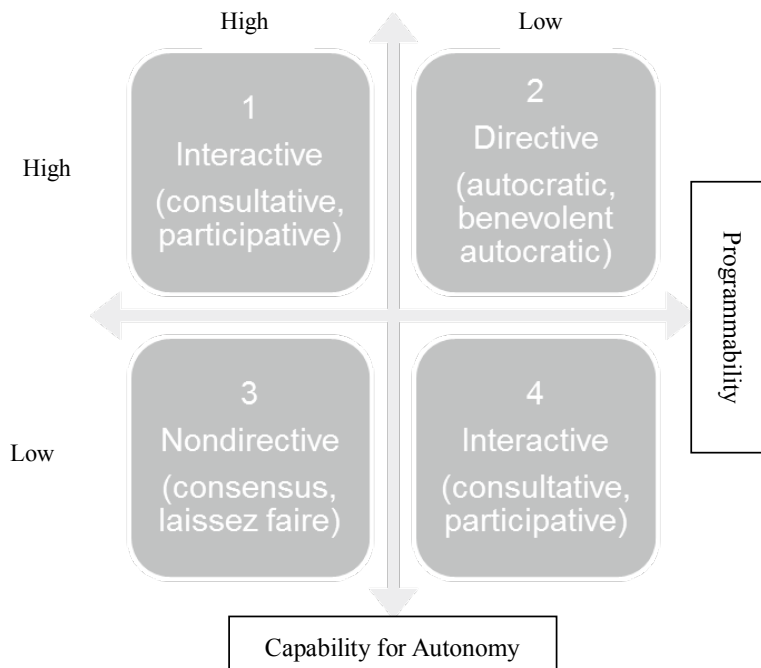
¹⁹⁰ Hidetaka Yoshimatsu and Dennis D. Trinidad, "Development Assistance, Strategic Interests, and the China Factor in Japan's Role in ASEAN Integration," *Japanese Journal of Political Science*, Vol. 11, No. 2, 2010, 199 – 219.

not just provide fora where JICA counterpart agencies in Southeast Asia could meet and discuss development needs but also initiated a coordination mechanism for ‘resource and needs’ matching.

4.2 Leading behind the Scene: Promoting SSC through Consensual Leadership

As used in this study, the author extends the notion of consensual leadership of Eric Flamholtz and Yvonne Randle on Japan’s role in promoting SSC in Southeast Asia. In their seminal work, Flamholtz and Randle formulated a leadership style matrix intended mainly for individual leaders at the level of firm to know what kind of leadership is required based on the nature of task and the team members’ capability.¹⁹¹ According to Flamholtz and Randle, consensual leadership is suitable in a situation where ‘programmability of the task is low and job autonomy is high.’ A programmable task requires specific steps or directions from a leader for an action to be completed. Low programmability of the task means minimal direction is needed. Job autonomy on the other hand is based on the individual team member’s capability. Highly-motivated and independent team members would prefer to work autonomously and to have more flexibility how to accomplish best the task.

Figure 22: Flamholtz and Randle’s Leadership Style Matrix



Source: Based on “Leadership Style Matrix” of Flamholtz and Randle. Retrieved from: <http://www.mindtools.com/pages/article/leadership-style-matrix.htm>

¹⁹¹ Eric Flamholtz and Yvonne Randle, *Growing Pains: Transitioning from an Entrepreneurship to a Professionally Managed Firm*, (CA, USA: Jossey-Bass, 2007).

As applied in the current study, consensual leadership fits well Japan's conception of leadership and closely adheres with the code of inter-state relations among ASEAN member countries premised on the principles of non-intervention, informality, and consensus-building or the ASEAN way. By providing consensual leadership Japan through JICA let its counterparts in Southeast Asia to have greater creativity and independence in doing the task (that is, SSC) while the steps that are required to achieve them are outcomes of consensus-building done through annual meetings rather than directives from Tokyo.

Broadly speaking, Japan's leadership role in international affairs is often contested. One school of thought asserts that as a 'reactive' state Japan is not capable of assuming western-style international leadership that is characterized by foreign policy activism, assertiveness, and willingness to take risks. This reactive stance is attributed to the highly bureaucratic nature of Japanese foreign policymaking.¹⁹² The element of activism is not present in how leadership is understood domestically. Rather, it is often equated by many Japanese to the ability to "pull people along... to get the consensus of the people."¹⁹³ Indeed, with few exceptions, most post-war LDP Japanese prime ministers were chosen for their ability to maintain party unity.

Domestically, the issue is not about how Japan could lead in international affairs but rather what international role/ contribution it should provide. The degree of such contribution nevertheless is strongly shaped by national economic performance, that is, the better the economy performs, the more invigorated it becomes in performing the assumed international role. Throughout the post-war period Japan adopted a low international profile and avoided being enmeshed in high-power politics through such policy as *seikei bunri*, checkbook diplomacy, and Yoshida doctrine. Moreover, Japan's post-war international role had to be based on three pillars: (1) Alliance with the US, (2) UN-centered diplomacy, and (3) Focus on Asia.¹⁹⁴ As an extension of the latter, Japan projected itself as Asia's voice in global fora such as in G7 Summit and OECD where Asian representation is weak. In the 1980s, Japan assumed the role of capital and technology provider through direct overseas investment and foreign aid. Driven by stronger yen after the Plaza Accord, the expansion of Japanese businesses in neighboring countries created an extensive production networks within East Asia. In this light, one regional role for Japan was to take the lead in Asia's industrialization by implementing the 'flying-geese model' but this enthusiasm was cut short by the occurrence of the Asian financial crisis in 1997.

In international development front, Japan is often considered an outlier among

¹⁹² Kent Calder, "Japanese Foreign Economic Policy Formation: Explaining the Reactive State," *World Politics*, Vol. 40, No. 4 (July 1988), 517-541.

¹⁹³ Former Prime Minister Takeshita as quoted in S. Javed Maswood, "Japanese Foreign Policy and Regionalism," In S. Javed Maswood, Ed., *Japan and East Asian Regionalism*, The Nissan Institute/Routledge Japanese Studies Center, (London and New York: Routledge, 2001), 22.

¹⁹⁴ Kazuhiko Togo, *Japan's Foreign Policy, 1945-2009: The Quest for a Proactive Policy*, (MA, USA: Brill, 2010).

OECD/DAC countries. In the early-90s the Japanese government supported a World Bank study on high-performing East Asian economies to explain their economic success and role of policy interventions in economic growth. Prior to this, several studies described East Asia’s remarkable economic success as developmental statism (developmental state capitalism) which is characterized by state policy intervention and network of relational ties between the state and business, as opposed to Anglo-American approach which is based on market fundamentalism.¹⁹⁵

Japan’s distinctive approach to development is also apparent in the manner by which it allots ODA. Unlike western DAC aid, a large percentage of Japanese ODA is appropriated for infrastructure development. Aside from conventional modes of aid delivery Japan has promoted TCDC as a mode of delivering assistance through Third Country Training Program (TCTP) or triangular cooperation commenced in 1975 as a complement to bilateral framework.¹⁹⁶ Triangular cooperation is a type of cooperation between a traditional donor (Japan) and a development partner (bilateral or multilateral) in jointly implementing technical cooperation program in another developing/least developed country (beneficiary). Today, Tokyo through JICA has triangular cooperation programs in Africa, Latin America, and Asia. See table 7 below for a list of examples of on-going triangular cooperation as of March 2013. As discussed earlier triangular cooperation is now regarded as an innovative way of delivering technical cooperation and a way of scaling up SSC.

Table 7: Examples of Japan’s Triangular Cooperation

Partner countries	Beneficiaries	Program Content
El Salvador	Guatemala, Honduras, Nicaragua, Dominican Republic, Costa Rica and Panama	“Project Angels” - Strengthening Basic and In-Service Nursing Education (1997)
Kenya	African countries	Strengthening of Mathematics and Science Education – Western, Eastern, Central and Southern Africa (2001)
Brazil	El Salvador, Honduras, Guatemala, Nicaragua and Costa Rica	International Training Course on the Community Police KOBAN System (1997)
Brazil	Mozambique	Agricultural Development in the Tropical Savannah of Mozambique (2009)

¹⁹⁵ See for instance the works of Johnson (1982), Amsden (1989), Wade (1990), Woo-Cummings (1999), and Amyx (2004)

¹⁹⁶ JICA, “JICA’s Support for South-South and Triangular Cooperation: For inclusive and dynamic development,” (Tokyo: Operations Strategy Department, JICA, 2013).

Iran	Afghanistan	Third Country Training Program on the Management of Basic Vocational Training for Afghanistan (2009)
Thailand	Asia and Pacific Countries	Asia-Pacific Development Center on Disability (2002)
Malaysia	Afghanistan, Iraq, Sudan, South Sudan and Timor-Leste	Diversity in Multicultural Nations
Malaysia*	Zambia	Investment Promotion based on Malaysian Experience (Triangle of Hope) (2006)
Sri Lanka	African countries	Health Services Quality Improvement through the 5S-KAIZEN-TQM Approach (Better Hospital Service program) (2007)
Mexico*	El Salvador	Project Taishin “quake resistant”: “Enhancement of Technology for the Construction of Popular Earthquake-resistant Housing,” (2003)
Dominican Republic*	Haiti	Sustainable Agricultural Methods (2009)

Compiled from: “JICA’s Support for South-South and Triangular Cooperation: For inclusive and dynamic development,” (Tokyo: Operations Strategy Department, JICA, 2013); *

Ever since ASEAN started its integration and community building, Japan has assumed the role of a supporter and promoter of cooperation in Southeast Asia. In the 1990s as Southeast Asian economies grew and as ASEAN aimed for greater regional integration Japan’s triangular cooperation with senior ASEAN member countries was gradually aligned with ASEAN’s goal of narrowing development gap and in support of emerging donor status of Singapore, Malaysia and Thailand. In addition to TCTP, Japan established Partnership Programme (PP)¹⁹⁷ with Singapore (JSPP) and Thailand (JTPP) in 1994 and a new program called Third Country Expert (TCE) dispatch was launched in 1995. JTPP initially focused on one beneficiary, Laos. At present, Japan has a total of 12 partner countries under PP all over the world.¹⁹⁸ According to Ishikawa (interview, 2013) the rationale behind Japan’s increased support for SSC in Southeast Asia through TCTP, PP, and TCE in the 1990s was to maintain

¹⁹⁷ This should not be confused with JICA Partnership Program (JPP) introduced in 2002 to support projects formulated by Japanese NGOs, local governments, and academic institutions and to utilize their accumulated knowledge and experience in assistance activities for developing countries. Retrieved from: http://www.jica.go.jp/english/our_work/types_of_assistance/citizen/partner.html

¹⁹⁸ Singapore, Thailand, Egypt, Tunisia, Chile, Brazil, Argentina, Philippines, Morocco, Mexico, Indonesia, and Jordan

Japan's good relationship with the region and to proactively engage senior ASEAN countries that graduated from receiving aid in regional development cooperation.

It should be noted that since 1980, the senior members of ASEAN have been providing assistance mainly in the form of technical cooperation to neighboring countries and other regions under TCDC. Prior to 1999, SSC in Southeast Asia (mainly in the form of technical cooperation) was characterized by lack of coordination, duplication, and resource-based (or focusing more on what SSC partners can do rather than what recipients actually need).¹⁹⁹ The year 1999 also marked the admission of ASEAN's 10th member, Cambodia. As discussed previously, the admission of CLMV as full members of ASEAN had made development disparity among members ostensibly striking. In order to address this issue, JICA Thailand Office spearheaded the Regional Meeting for Mutual Consultation on TCTP in that same year in Bangkok. JICA counterparts from Indonesia, Malaysia, the Philippines, Singapore and Thailand were invited. The main purpose of the gathering was to establish network among technical cooperation providers, discuss common problems, and avoid duplication of training topics.²⁰⁰

In the same year, JICA Thailand Office initiated a separate meeting with CLMV. The purpose was to encourage these countries to become proactive in technical cooperation issues that concern them. A CLMV common agenda matrix was successfully created and two TCTP courses²⁰¹ were developed as a result. The members of these two separate meetings agreed to meet on a regular basis annually. The agenda of succeeding CLMV meetings focused mainly on effective project formulation based on the specific needs of CLMV while the agenda for succeeding TCTP meetings focused on developing a more effective TCTP and effective program formulation for CLMV beneficiaries. Although the meetings were held separately, the agenda of each meeting had affected/influenced each other.²⁰² In 2001 CLMV were invited as observers in the 3rd TCTP meeting held in the Philippines. In this meeting, the senior members of ASEAN agreed to hold one meeting with CLMV in 2002, thus, the JICA-ASEAN Regional Cooperation Meeting (JARCOM) was born.²⁰³ Since then until its dissolution in 2009 both project formulation meeting and regional meeting for TCTP were held in one venue annually under the JARCOM framework.

¹⁹⁹ Ishikawa Sachiko, Interview October 23, 2013.

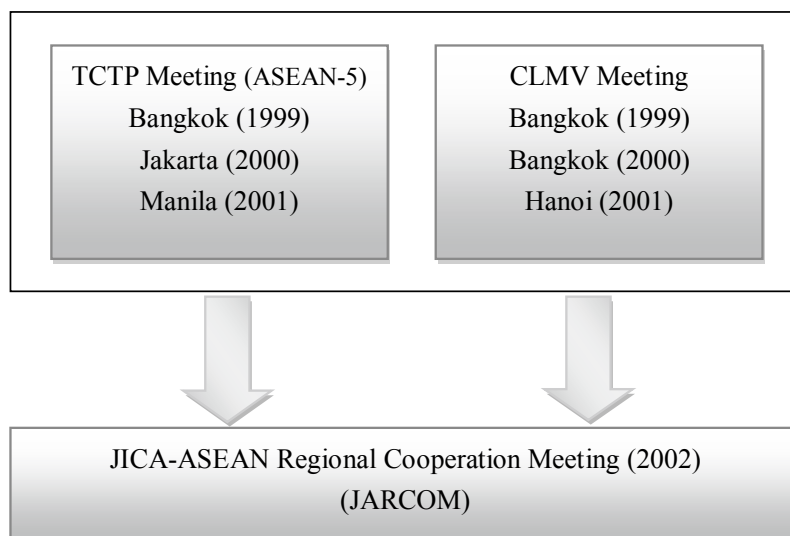
²⁰⁰ JICA, *JARCOM JICA-ASEAN Regional Cooperation Meeting DVD*, October 2004.

²⁰¹ These courses were: (1) Economies in Transition, and (2) Tourism Planning and management.

²⁰² JICA *JARCOM JICA-ASEAN Regional Cooperation Meeting DVD*, October 2004.

²⁰³ The name JARCOM however would be adopted officially in 2004.

Figure 23: Regional Meetings Leading to the Establishment of JARCOM



Source: Based on JARCOM DVD, 2004

JARCOM became the main venue where Southeast Asian development partners and beneficiaries could match resources and needs for regional technical cooperation. JICA Thailand Office was officially designated as its main secretariat in 2003. Its overall goal was to contribute to narrowing the development gaps among ASEAN countries through JICA's programs. With this, JARCOMs' project formulation process was aligned with the regional cooperation mechanism particularly ASEAN's IAI. JARCOM was hosted by any member on voluntary basis.

One distinctive feature of the JARCOM process is the importance accorded to beneficiary countries in determining their development needs. During the first CLMV meeting in Bangkok in 1999 problems related to SSC in Southeast Asia in general were brought to the fore from the perspective of recipients. Beneficiaries complained that they were never involved in the project formulation process and that partner countries tended to focus on what they could do rather than what the recipients need.²⁰⁴ Delegates from Laos also echoed their desire to work with other senior ASEAN countries other than with Thailand. It should be recalled that Laos has been the largest recipient of Thailand's development assistance. In view of this, there were concerns among Lao officials about the rising influence of Thailand in their country.

At the 3rd TCTP meeting in Manila in 2001, the agenda shifted to effective TCTP implementation for neighboring countries, specifically CLMV and Timor Leste. This was in response to the CLMV meeting held a year earlier which produced the CLMV Development Agenda Matrix. Between 2001 and 2002, senior ASEAN member countries recognized the

²⁰⁴ Ishikawa Interview, 2013.

CLMV Matrix, later changed to CLMV Elaborated Needs, as a needs assessment tool. In 2002 the first phase of the IAI Work Plan (2002-2008) was started. It was agreed that JARCOM should follow the IAI cooperation mechanism and to register training programs developed under the JARCOM process as part of IAI activities.

The dissolution of JARCOM/J-SEAM can be attributed to two factors. One, ASEAN IAI identified a long list of projects for the second phase of IAI Work Plan (2009-2015).²⁰⁵ This undermined the JARCOM process by duplicating its project formulation and need-resource matching functions. Two, JARCOM started as annual meeting of JICA and its counterpart agencies in ASEAN member-countries. Ishikawa recalled that those who attended were officials with below director-general rank. In the latter part of its existence, top level director-generals of each agency had started attending the meeting. The director-generals wanted to shift the main agenda from the original resource-need matching and project formulation to discussion of general regional issues.²⁰⁶

In 2009, JARCOM was replaced by a new mechanism, the Japan-Southeast Asian Meeting for South-South cooperation (J-SEAM), which “aimed to formulate and implement well-prepared South-South technical cooperation, improve its quality and enhance the network of member countries and relevant agencies in the region.” The annual meeting consisted of (1) discussion on needs and needs-resource matching among the member countries; (2) project formulation activities such as fact-finding missions, study missions, workshops and seminars, and (3) quarterly monitoring of project formulation activities.²⁰⁷ In 2012, J-SEAM was dissolved to give way to ASEAN’s regional cooperation mechanism and process.

Through JARCOM/J-SEAM, JICA provided regional consensual leadership to promote South-South technical cooperation in Southeast Asia at the time when a regional mechanism was still absent. Under JARCOM technical cooperation has become more needs-oriented although Ishikawa admitted that in practice a mixture of resource-based and needs-based approaches were still employed. She further said that JICA never intervened in needs and resource matching and that JICA had not identified priorities on training. In principle, partnership under TCTP was based on comparative advantage of SSC partners. ASEAN-5 was expected to provide trainings in areas where they have strength and successful experience. She cited for example Indonesia on disaster management issues, Philippines on fisheries and language, Singapore and Malaysia on trade facilitation, and Thailand on agriculture and primary health care (see Appendix B for list). This comparative advantage was not clear-cut and that each partner could offer training programs for CLMV that it does not have clear ‘advantage.’ Actual matching was done during JARCOM sessions where

²⁰⁵ Ishikawa Interview, 2013.

²⁰⁶ Ibid.

²⁰⁷ JICA, “JICA’s Support for South-South and Triangular Cooperation: For inclusive and dynamic development,” (Tokyo: Operations Strategy Department, JICA, 2013).

informal bilateral discussions were held between old and newer ASEAN members.

JARCOM/J-SEAM was supposed to contribute to regional cooperation mechanism by registering projects as part of ASEAN's IAI. In monitoring the progress of IAI, the ASEAN Secretariat works closely with each member's Ministry/Department of Foreign Affairs' ASEAN bureau or its equivalent. Due to weak coordination between JICA counterpart agencies and ASEAN bureau not all projects formulated through the JARCOM/J-SEAM process were successfully registered as IAI projects.²⁰⁸

In theory, triangular cooperation should facilitate knowledge exchange between partners as they jointly implement training program in a third-country beneficiary. In the case of JICA's TCTP or TCE in Southeast Asia, there were training programs where JICA was not directly involved other than providing the necessary funds to carry out the project. Non-degree and degree training courses are usually designed by partner countries with minimal inputs from JICA. Ishikawa mentioned that knowledge exchange and transfer were ensured by sending JICA experts to conduct training for trainers and by utilizing agencies/organizations in partner countries that *accumulated* knowledge, skills and technology from Japan as co-implementing agencies.

²⁰⁸ Ishikawa Interview, 2013.

Chapter 5

SUMMARY and CONCLUSION

5.1 SSC in General

SSC in general typifies the following characteristics:

- (1) It is a horizontal-type of cooperation between or among developing countries with the aim to contribute mutually to each other's development,
- (2) Its principles are framed in the context of Third World sensitivities as former colonies like desire for recognition, assertion of sovereignty in the Westphalian tradition, mutual respect, right to self-determination, and reciprocity,
- (3) The actors in this modality are more like partners rather than 'giver-receiver' that is exemplified in the conventional North-South aid relations,
- (4) It is intended to improve human and institutional capacities (which Third World countries particularly the least developed ones lack) by sharing experiences and best practices in pursuit of knowledge creation and exchange,
- (5) The practices and experiences that are shared are derived from certain geographic, climactic, and cultural similarities between partners, and
- (6) It is a complement rather than a substitute for North-South cooperation.

The notion of global partnership for development is SSC's major contribution to international development discourse. This was recognized in the Fourth High-Level Meeting on Aid Effectiveness held in Busan, Korea in 2011.

5.2 SSC in Southeast Asia

5.2.1 Incentives

This study covers the SSC (mainly technical cooperation programs) of three Southeast Asian countries, namely, Indonesia, the Philippines and Thailand. The first two are both maritime countries while the latter is part of mainland Southeast Asia. This geographical characteristic has profound implications on their technical cooperation programs. As archipelagic countries, the waters around Indonesia and the Philippines have served as natural barriers against external security threats from neighboring countries during the Cold War. Unlike Thailand the two maritime countries were not directly threatened by political strife in CLMV. Thailand's geographic proximity to and awareness of security threats from these countries created a structural incentive to take them into account in their national development strategy. This is the main reason why Thailand's development cooperation past and present is overwhelmingly focused on CLMV.

On the other hand, the archipelagic characteristic of the Philippine state is referred in some policy documents as a source of distinctive experience that the country can share to

other developing countries through technical cooperation. As the largest Southeast Asian country in terms of size and population, Indonesia has consistently projected itself as a regional leader and global player. As such, it played actively in the framing of the principles of SSC. This regional and global responsibility attached to its international/regional role provided an incentive to enhance its SSTC in the new millennium. Moreover, commitment to international obligations such as BAPA, TCDC and others were essential drivers in the development of technical cooperation programs of the three Southeast Asian countries during the incipient stage.

5.2.2 Level of Promotion and Clarity of Purpose

The three cases demonstrated the importance of promoting SSC in the highest political level. In terms of budget, scope of activities, institutional framework and policy, Thailand's cooperation program is apparently the *most* advanced and well-developed among the three. Thailand has allotted a specific budget item for its cooperation programs from state coffers. It has a dedicated agency that plans, implements, evaluates annually and publicizes its aid program, including technical cooperation. This organizational and institutional advancement is due to promotion of SSC at the highest political level. Thai prime ministers were actively involved in the evolution of the country's cooperation to what it is now. For example, then PM Chatichai's policy of turning CLMV from "battlefield into a marketplace" in late-80s provided encouragement to all sectors in Thailand to revive and strengthen their economic ties with them, particularly Laos. In the government side, it later led to the appropriation of a special fund for the development of neighboring countries, a precursor to the establishment of NEDA. More importantly, then PM Thaksin's announcement in 2003 that Thailand would become an aid donor was instrumental in reorganization and reform of existing aid institutions and policies. DTEC, the precursor to TICA was directly under the Office of the Prime Minister since it was created. Thailand's cooperation policy is also well-integrated in national development plans and serves both diplomatic and commercial interests. Of the three, Thailand is the only SSC provider that strives to align its aid program to DAC and recent discourse on aid effectiveness although Indonesia has shown signs recently that it is also moving toward this direction.

Motivated by the new global role accorded to it after joining G20 in 2009, Indonesia's SSC has been promoted at the highest ministerial level. BAPENNAS, Ministry of Foreign Affairs and SETNEG have played active roles in this effort recently. The creation of NCT in 2010 was a huge stride to bring Indonesia's SSTC into the spotlight and public awareness. This was reinforced by series of seminars and workshops on aid effectiveness, technical cooperation and the likes that were either sponsored or jointly organized by the Indonesian government which had the effect of gradually increasing the number of stakeholders of SSTC. More importantly, the government aligned SSC with the National

Medium Term Development Plan (2010-2014) and in the National Long-Term Development Plan (2005-2025) as a strategy in realizing its national development missions and Indonesia's role in the international community.

On the contrary, the technical cooperation program of the Philippines is the least developed among the three. In terms of budget and scope, the program has stagnated since it was started in 1981. The Philippines has sponsored an average of about 2 to 3 non-degree training programs annually since it was started. Budget allotted from national coffers have remained the same without sharp increases or decreases. There was also little or no effort at all to promote SSC at the highest political level. The agency in-charge of technical cooperation, the TCCP, is an inter-ministerial agency on paper that is under the Department of Foreign Affairs. However, it was often headed by an alternate-chair from DFA rather than the highest ministerial officer from NEDA or DFA. This indicates lack of interest in SSC. Moreover, SSC was never aligned with the country's Medium-Term Development Plans (2004-2010 or 2011-2016) as a component of development strategy. Unlike TICA, TCCP lacks adequate authority to consolidate all technical cooperation activities of the government. JICA does not even consider it as its counterpart and due to lack or insufficient publicity, the public knows very little about its activities.

5.2.3 Level of development

All three countries have started their technical cooperation programs while still aid recipients. Although not elaborated in the study, there is a clear positive relationship between level of economic development and level of SSC. That is, the higher the level of development the better and well-developed, well-organized the national cooperation program. Southeast Asian countries with higher level of development like Singapore, Malaysia and Thailand have well-articulated programs and policies, well-developed institutional and organizational capacity than those with Indonesia and the Philippines. Although a threshold is difficult to assess, the cases at least indicate that South-South partners start to enhance their SSC programs when they reach or are nearing the upper middle income status. This is evident in the case of Thailand which graduated to that status in the new millennium. Indonesia is on transition to become a full-fledged SSTC partner. Such effort has to be supported by consistent outstanding economic performance in the next few years.

5.2.4 Role of traditional donor

The role of traditional donors in encouraging recipient countries to engage actively in development cooperation activities is important. Literature shows that traditional donors usually provide funding for training programs under Third Country Training Program in which they (for example, Germany and Japan) provide funding for participants from beneficiary country (Timor Lester) to attend a training program conducted in partner country

(Indonesia or Thailand). As discussed, Japan's first technical cooperation program was actually similar to this modality wherein funds were provided by the United States under its 3CT program in the 1950s.

Japan provided support for SSC bilaterally and regionally. Bilateral support is based on specific needs and request of SSC provider. Among the three countries covered in this study, Thailand was the first to receive trainees (mainly from Laos) under Japan's TCTP in 1976. In order to institutionalize its bilateral support for national cooperation programs, Partnership Programmes (PP) were signed with Thailand and Singapore in 1994, Philippines in 2002, and Indonesia in 2003. Japan through JICA also provided hard (financial) and soft (technical/knowledge) assistance to Indonesia and Thailand in the form of joint seminars, formulation of evaluation guidelines in Indonesia, inputs to various studies and reports on making their cooperation programs more effective.

Japan's regional support for SSC in Southeast Asia was part of an effort to adjust its role suited to new economic realities of the region. Japan has appropriated massive amounts of ODA to Singapore, Thailand, Malaysia, the Philippines and Indonesia since late-1970s. By the new millennium, economic advances are remarkable as indicated by their economic status: Singapore with high-income status, Thailand and Malaysia with upper middle income status, and Philippines, Indonesia and Laos with low middle income status. Singapore, Malaysia and Thailand have expanded their development cooperation programs. As a group, ASEAN has also aimed to integrate its members into a Community by 2015. To achieve this, it became imperative to address the development gaps between members. Region-specific needs were identified and were launched as IAI Work Plan in 2000.

In this context, the Japanese government through JICA has extended support to ASEAN goals since the 1990s by encouraging the more developed members to actively engage in SSC with neighboring countries and by enhancing SSC processes through consensual leadership. This initiative was made when no regional mechanism had existed for needs and resource matching for SSC. Through JICA's (particularly JICA Thailand Office) consensus leadership style, a needs-oriented project formulation for SSC (mainly technical cooperation) was institutionalized through JARCOM.

5.3 Five Stages of Recipient-to-Donor Transformation: A Proposed Theory

Finally, based from the experiences of three Southeast Asian countries in this study, four stages of recipient-to-donor transformation are identified: The first stage, the *incubation period*, is when technical cooperation/assistance program was started while the country is still receiving foreign assistance. In this period, incipient institutional framework for cooperation is established. As demonstrated by the three Southeast Asian countries in this study, incentives are important in starting and sustaining national cooperation programs. In their cases obligations from international agreements were essential drivers. New incentives have

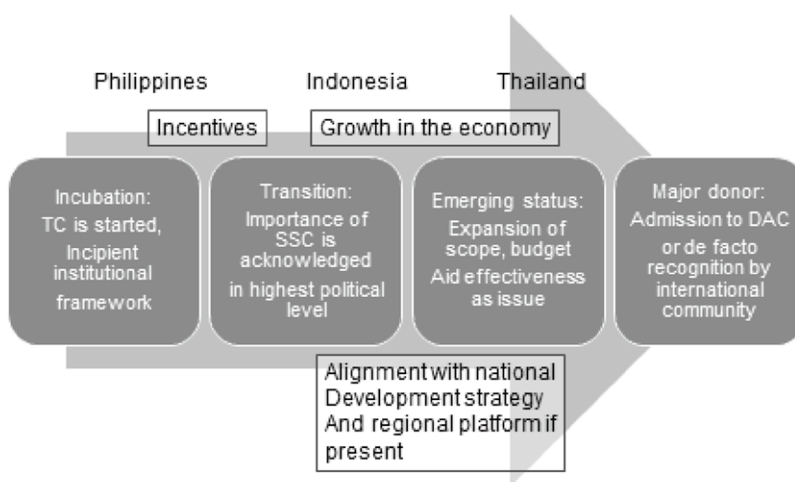
to be clearly identified if the nation wants to proceed to the next stage of the process, transition period.

During transition period, the importance of sustaining SSC is well-recognized. Cooperation policy is articulated in the highest political level, usually by the highest executive official. Because its importance is acknowledged, the government aligns cooperation with national development plans and if present, regional goals. Transition period is also marked by remarkable advances in the economy of SSC partner. This makes expansion possible in the next stage, emerging donor status.

During the emerging-donor-status stage the country achieves remarkable improvement in its cooperation programs. A dedicated agency with adequate authority is created to manage various assistance programs which by now have expanded from initially providing mainly technical cooperation to extending bilateral aid in the form of concessional loans and grants. The new emerging donor also tries to apply or in some cases reject openly the recent global discourse on aid effectiveness and international aid practices in its own programs.

The last stage is recognition as a major donor country either by membership to DAC or de-facto recognition by international aid community. None of the three countries under study has yet to achieve this stage. Apart from Thailand, Singapore and Malaysia are promising candidates for this status. These four stages are not only present in the three countries under study. It can be argued that ALL (re)emerging non-DAC donors in Asia have gone through the stages one after the other. Major Asian donors like Japan and South Korea have gone through the same process.

Figure 24: Four (4) Stages: From Recipient to Donor



Source: The Author

BIBLIOGRAPHY

- Akiyama, Takamasa and Masanori Kondo, eds. "Global ODA since the Monterrey Conference." *Trends in Development Assistance Series 2*. Tokyo: Foundation for Advanced Studies on International Development (FASID), 2003.
- Amsden, Alice. *Asia's Next Giant: South Korea and Late Industrialization*. New York: Oxford University Press, 1989.
- Amyx, Jennifer. *Japan's Financial Crisis: Institutional Rigidity and Reluctant Change*. New Jersey: Princeton University Press, 2004.
- "Annual Audit Report on the TCCP: For the Year Ended 2012." Quezon City: Commission on Audit, 2012.
- Arase, David. *Buying Power: The Political Economy of Japan's Foreign Aid*. Colorado and London: Lynne Rienner Publishers, 1995.
- Arndt, Channing. "Technical Cooperation." In Finn Tarp, ed. *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. London: Routledge, 2000.
- Ashoff, Guido. "Triangular Cooperation: Opportunities, Risks, and Conditions for Effectiveness." *Development Outreach Special Report*. World Bank Institute, 2010. Retrieved from:
<http://siteresources.worldbank.org/WBI/Resources/213798-1286217829056/ashoff.pdf>
- Bearce, David H. and Daniel C. Tirone. "Foreign Aid Effectiveness and the Strategic Goals of Donor Governments." *The Journal of Politics*, Vol. 72, No. 3, July 2010, 837–851. doi:10.1017/S0022381610000204
- "Beneficiary countries of Indonesia SSTC Programme." Retrieved from:
<http://isstc.setneg.go.id/index.php/beneficiary-countries/8-beneficiary-countries/9-beneficiary-countries>
- Bernstein, Richard and Ross H. Munro. *The Coming Conflict with China*. New York: Vintage Books, 1998.
- Brautigam, Deborah. *The Dragon's Gift: The Real Story of China in Africa*. UK: Oxford University Press, 2009.
- Buenos Aires Plan of Action (BAPA) is available at:
<http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/BAPA.pdf>
- Bureau for Technical Cooperation (BTC), Ministry Secretariat (SEKNEG). Government of Indonesia. Retrieved from <http://isstc.setneg.go.id/index.php/about-us>
- Calder, Kent. "Japanese Foreign Economic Policy Formation: Explaining the Reactive State." *World Politics*, Vol. 40, No. 4, 1988, 517-541.

Chandy, Laurence, Akio Hosono, Homi Kharas and Johannes Lin, eds. *Getting to Scale: How to Bring Development Solutions to Millions of Poor People*. Washington, DC: Brookings Institution Press, 2013.

Chapter 7 of the 11th NESD, pp. 94-96. Available at:
http://www.nesdb.go.th/Portals/0/news/plan/p11/Plan11_eng.pdf

Clapp, Jennifer and Peter Dauvergne, *Paths to a Green World: The Political Economy of the Global Environment* Second Edition. Cambridge, Massachusetts, USA: MIT Press, 2011.

Daianu, Daniel. "Dynamics of the 'Economy-Security' Nexus in Transition States." Retrieved from <http://www.nato.int/docu/colloq/1999/pdf/284-290.pdf>

Dos Santos, Theotonio. "The Structure of Dependence." *The American Economic Review*, Vol. 60, No. 2, Papers and Proceedings of the Eighty-second Annual Meeting of the American Economic Association, May, 1970, 231-236.

"Effective Technical Cooperation for Capacity Development: Thailand Country Case Study," Joint Study on Effective Technical Cooperation (TC) for Capacity Development (CD), 2008.

Eichengreen, Barry, Marc Uzan, Nicholas Crafts, and Martin Hellwig. "The Marshall Plan: Economic Effects and Implications for Eastern Europe and the Former USSR." *Economic Policy*, Vol. 7, No. 14, April 1992, 13-75.

Evans, Peter C. "Japan's Green Aid Plan: The Limits of State-led Technology Transfer." *Asian Survey*, Vol. 39, No. 6, November-December 1999, 825-844. DOI: 10.2307/3021141

Fengler, Wolfgang and Homi Kharas, eds. *Delivering Aid Differently: Lessons from the Field*. Washington D.C.: Brookings Institution Press, 2010.

Finnemore, Martha and Kathryn Sikkink. "International Norm Dynamics and Political Change." *International Organization*, Vol. 52, No. 4, 1998.

Flamholtz, Eric and Yvonne Randle. *Growing Pains: Transitioning from an Entrepreneurship to a Professionally Managed Firm*. CA, USA: Jossey-Bass, 2007.

Global Monitoring Report, 2012. Retrieved from <http://www.cbd.int/financial/southsouth/>

Glosserman, Brad. "Japan-ASEAN Summit: Playing Catch-Up with China?" *Pacific Forum*, PacNet No. 52, CSIS, December 18, 2003.

Goldin, Ian, Halsey Rogers and Nicholas Stern. "The Role and Effectiveness of Development Assistance." In *A Case for Aid: Building a Consensus for Development Assistance*. Washington DC: World Bank Publications, 2002.

Harmer, Adele and Lin Cotterrell. "Diversity in Donorship: The Changing Landscape of Official Humanitarian Aid." *HPG Research Report 20*. London: The Humanitarian

Policy Group of the Overseas Development Institute, 2005.

Higuchi, Toshihiro. "How US Aid in the 1950s Prepared Japan as a Future Donor." In Jin Sato and Yasutami Shimomura, eds. *The Rise of Asian Donors: Japan's Impact on the Evolution of Emerging Donors*, 29-48. London and New York: Routledge, 2013.

"History of NEDA", Retrieved from:

<http://www.neda.or.th/eng/index.aspx?pageid=2&parent=1&folder=1&subfolder=1>

"History of the 0.7% ODA Target," Organization for Economic Co-Operation and Development (OECD). Retrieved from: <http://www.oecd.org/dac/stats/45539274.pdf>

Hopkins, Raymond F. "Political Economy of Foreign Aid." In Finn Tarp, ed. *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. London: Routledge, 2000.

Hosono, Akio, Shunichiro Honda, Mine Sato and Mai One. "Inside the Black Box of Capacity Development." In Homi Kharas, Koji Makino and Woojin Jung, eds. *Catalyzing Development: A New Vision for Aid*. Washington D.C.: Brookings Institution Press, 2011.

Hosono, Akio. "Scaling Up South-South Cooperation through Triangular Cooperation: The Japanese Experience", In Laurence Chandy, Akio Hosono, Homi Kharas and Johannes Lin, eds., *Getting to Scale: How to Bring Development Solutions to Millions of Poor People*, 236-304. Washington, DC: Brookings Institution Press, 2013.

Hosono, Akio. "South-South/Triangular Cooperation and Capacity Development," In Hiroshi Kato, ed., *Scaling Up South-South and Triangular Cooperation*, Tokyo: JICA Research Institute, 2012.

<http://ssc.undp.org/content/ssc/about/Background.html>

http://ssc.undp.org/content/ssc/about/what_is_ssc.html

<http://www.imtgt.org/>

<http://www.mfa.go.th/main/en/policy/9868-Foreign-Policy.html>

[http://www.tica.thaigov.net/main/en/aid/40615-ASEAN-Economic-Community-\(AEC\).html](http://www.tica.thaigov.net/main/en/aid/40615-ASEAN-Economic-Community-(AEC).html)

<http://www.un.org/millenniumgoals/bkgd.shtml>

"Indonesia South-South Cooperation: Developing an Evaluation Mechanism for Training Program" Bureau for Technical Cooperation, 2011. Retrieved from:

<http://isstc.setneg.go.id/index.php/news/1-news-1/117-indonesia-south-south-cooperation-developing-an-evaluation-mechanism-for-training-program>

"Indonesia-Japan: Dynamic Development for Prosperity: Practices of South-South and Triangular Cooperation (SSTC)." Jakarta: JICA Indonesia Office, 2011.

Information Office of the State Council of People's Republic of China, "China's Foreign

Aid.” 2011.

“Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan 2 (2009-2015)” retrieved from:
<http://www.aseansec.org/wp-content/uploads/2013/06/22325.pdf>

Interview with Dr. Sachiko Ishikawa, JICA Senior Adviser for South-South Cooperation and Peacebuilding. October 23, 2013.

Iqbal, Farrukh and William E. James, eds. *Deregulation and Development in Indonesia*. CT, USA: Praeger, 2002.

Ishikawa, Sachiko (interview, October 23, 2013 JICA Headquarters)

“Jakarta Commitment.” Retrieved from: <http://mdtf.undp.org/document/download/9714>

“JICA’s Support for South-South and Triangular Cooperation: For inclusive and dynamic development,” (Tokyo: Operations Strategy Department, JICA, 2013).

JICA-ASEAN Regional Cooperation Meeting (JARCOM) DVD, October 2004.

Jerve, Alf Molten. “Asian Models for Aid: Is There a Non-Western Approach to Development Assistance?” *Chr Michelsen Institute (CHI) Report 12*. Bergen, Norway: CMI, 2007.

Johnson, Chalmers. *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*. Stanford, CA: Stanford University Press, 1982.

Khadka, Narayan. “U.S. Aid to Nepal in the Cold War Period: Lessons for the Future.” *Pacific Affairs*, Vol. 73, No. 1, 2000), 77-95.

Kharas, Homi, Koji Makino and Woojin Jung, eds. *Catalyzing Development: A New Vision for Aid*. Washington, DC: Brookings Institution, 2011.

Kim, Sang-Tae and David Seddon. “ODA Policy and Practice: Japan and the Republic of Korea.” In David Arase, ed. *Japan’s Foreign Aid: Old Continuities and New Directions*, 152-190. New York: Routledge, 2005.

Kobayashi, Takaaki and Yasutami Shimomura. “Aid Volume in a Historical Perspective.” In Yasutami Shimomura and Hideo Ohashi, eds. *A Study of China’s Foreign Aid: An Asian Perspective*. UK: Palgrave MacMillan, 2013.

Krauss, Ellis S. and T.J. Pempel, eds. *Beyond Bilateralism: U.S.-Japan Relations in the new Asia-Pacific*. Stanford, CA: Stanford University Press, 2004.

Kurlantzik, Joshua. *Charm Offensive: How China’s Soft Power is Transforming the World*. US: Yale University Press, 2007.

Lancaster, Carol. *Foreign Aid: Diplomacy, Development, Domestic Politics*. Chicago, USA: University of Chicago Press, 2008.

- Lin, Teh-chang. "Beijing's Foreign Aid Policy in the 1990s: Continuity and Change." *Issues and Studies*, January 1996.
- Lumsdaine, David H. *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*. N.J., USA: Princeton University Press, 1993.
- Maswood, S. Javed. "Japanese Foreign Policy and Regionalism." In S. Javed Maswood, ed. *Japan and East Asian Regionalism*. The Nissan Institute/ Routledge Japanese Studies Center. London and New York: Routledge, 2001.
- Mauludiah, Siti N. "Development Cooperation in the Asian Century." *Asian Approaches to Development Cooperation Dialogue Series*. Washington, D.C. & New York City, April 22-25, 2013. Retrieved from: <http://www.asiafoundation.org/resources/pdfs/AADCUSAReportFinalSept.112013.pdf>
- Mawdsley, Emma. "The Changing Geographies of Foreign Aid and Development Cooperation: Contributions from Gift Theory," *Transactions of the Institute of British Geographers*, Volume 37, Issue 2, 2012a, pp. 256-272. DOI: 10.1111/j.1475-5661.2011.00467.x
- Mawdsley, Emma. *From Recipients to Donors: Emerging Powers and the Changing Development Landscape*, London: Zed Books, 2012.
- "Measuring aid: 50 Years of DAC Statistics – 1961-2011" April 2011, p. 13. Retrieved from: <http://www.oecd.org/dac/stats/documentupload/MeasuringAid50yearsDACStats.pdf>
- Naim, Moises. "Rogue Aid." *Foreign Policy*, March/April: 95/96, 2007.
- "Official Development Assistance – Definition and Coverage." Retrieved from: <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>
- Okano-Heijmans, Maaïke. "Japan's 'Green' Economic Diplomacy: Environmental and Energy Technology and Foreign Relations." *The Pacific Review*, Vol. 25, No. 3, July 2012, 339-364.
- Organization for Economic Co-Operation and Development (OECD), *Effective Aid Management: Twelve Lessons from DAC Peer Reviews*. Paris: OECD, 2008. Retrieved from: <http://www.oecd.org/dac/peer-reviews/40720533.pdf>
- Partnership Programme. Retrieved from: http://www.jica.go.jp/english/our_work/types_of_assistance/citizen/partner.html
- Patel, Nishika. "India to Create Central Foreign Aid Agency." *The Guardian*, July 2011. Retrieved from: <http://www.theguardian.com/global-development/2011/jul/26/india-foreign-aid-agency>
- Pempel, T.J. "The Economic–Security Nexus in Northeast Asia." *Policy Brief No. 12*, August 2012. Retrieved from: <http://igcc.ucsd.edu/assets/001/503986.pdf>
- "Philippines' Technical Cooperation Program with Developing Countries." *TCCP Booklet*.

- Manila, Philippines: TCCP Secretariat, 2008.
- Pruittiporn, Nakornchai. "Ragional Cooperation between Thailand and Indochina." *Working Paper No. 32*. Tokyo, Japan: Department of Research Cooperation, Economic Research Institute, Economic Planning Agency, 1994.
- Putnam, Robert. "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization*, Vol. 42, No. 3, 1988, 427-460.
- Reid, Anthony S. J., ed. *Indonesia Rising: The Repositioning of Asia's Third Giant*. Singapore: Institute of Southeast Asian Studies, 2012.
- Rhee, Hyunjoo. "Promoting South-South Cooperation through Knowledge Exchange," In H. Kharas, K. Makino and W. Jung, eds. *Catalyzing Development*. Washington, D.C.: Brookings Institution Press, 2011.
- Riddell, Roger C. *Does Foreign Aid Really Work?* Oxford, U.K.: Oxford University Press, 2007.
- Roadmap for an ASEAN Community 2009-2015*. Jakarta: ASEAN Secretariat, 2009.
Retrieved from:
<http://www.aseansec.org/wp-content/uploads/2013/07/RoadmapASEANCommunity.pdf>
- Saidi, Myriam Dahman and Christina Wolf. "Recalibrating Development Co-operation: How Can African Countries Benefit from Emerging Partners?" *OECD Development Center, Working Paper No. 302*, 2011.
- "Saudi Arabia Pledges \$5 billion in Aid to Egypt," CBS News, July 2013. Retrieved from:
[http://www.cbsnews.com/8301-202_162-57592930/saudi-arabia-pledges-\\$5-billion-in-aid-to-egypt/](http://www.cbsnews.com/8301-202_162-57592930/saudi-arabia-pledges-$5-billion-in-aid-to-egypt/)
- Schraeder, Peter J., Steven W. Hook, and Bruce Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows." *World Politics*, Vol. 50, No. 2, 1998, pp. 294-323.
- Shimoda, Yukimi and Shigeki Nakazawa. "Case 4: Flexible Cooperation for Indonesia's Multidimensional Challenges for South-South Cooperation under a Shared Vision." In Hiroshi Kato, ed. *Scaling Up South-South and Triangular Cooperation*, 149-71. Tokyo: Japan International Cooperation Agency-Research Institute, November 2012.
- Shirley, Mary M. *Institutions and Development*. Cheltenham, UK and MA, USA: Edward Elgar, 2008.
- Siitonen, Lauri. "Political Theories of Development Cooperation." *WIDER Working Papers*, July 1990.
- Soderberg, Marie. "Challenges or Complements for the West: Is There an 'Asian' Model of Aid Emerging?" In Jens Stilhoff Sorensen, ed. *Challenging the Aid Paradigm: Western Currents and Asian Alternatives*. Basingstoke, UK: Palgrave MacMillan, 2010.

Sorensen, Jens Stilhoff, ed. *Challenging the Aid Paradigm: Western Currents and Asian Alternatives*. UK: Palgrave MacMillan, 2010.

Sources of Expertise for Thailand's Best Practices in Development, Volume 2. Bangkok: TICA & UNDP, n.d.

“South-South Cooperation Key to Development: UN Chief.” Malaysia Sun, September 2013. Retrieved from:
<http://www.malaysiasun.com/index.php/sid/217035976/scat/b8de8e630faf3631/ht/South-South-cooperation-key-to-development-UN-chief>

“South-South Cooperation.” United Nations Development Programme (UNDP). Retrieved from:
http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus_areas/focus_development_finance/south-south_cooperation.html

“SSC brings more Options for Development.” United Nations Office for South-South Cooperation, 2013. Retrieved from:
http://ssc.undp.org/content/ssc/news/articles/2013/ssc_brings_more_optionsfordevelopment.html

“Status Update of the IAI Work Plan I (2002-2008).” Retrieved from:
<http://www.asean.org/images/2012/Economic/IAI/IAI%20Work%20Plan%20I.pdf>

Suryabrata, Wismana A. “Sharing Experience on Implementing Paris Declaration: The Jakarta Commitment and Aid for Development Effectiveness Secretariat (A4DES).” Retrieved from: <http://www.oecd.org/dac/evaluation/dcdndep/47080421.pdf>

Thailand Development Assistance: Report 2007-2008. Bangkok: Ministry of Foreign Affairs and TICA, 2008.

Thailand International Development Agency, *TICA Highlights*, (Bangkok: TICA, n.d.) available at: <http://www.tica.thaigov.net/main/en/e-book/1558>

Thorbecke, Ericke. “The Development Doctrine and Foreign Aid 1950-2000.” In Finn Tarp, ed. *Foreign Aid and Development*. London: Routledge, 2000.

Togo, Kazuhiko, *Japan's Foreign Policy, 1945-2009: The Quest for a Proactive Policy*. Boston, USA: Brill, 2010.

Trinidad, Dennis D. “The Foreign Aid Philosophy of a Rising Asian Power.” In Yasutami Shimomura and Hideo Ohashi, eds. *A Study of China's Foreign Aid: An Asian Perspective*. UK: Palgrave MacMillan, 2013.

United Nations Office for South-South Cooperation website. Retrieved from
<http://ssc.undp.org/content/ssc/about/Background.html>

“Vision and Mission”, Retrieved from:
<http://www.neda.or.th/eng/index.aspx?pageid=2&parent=1&folder=1&subfolder=2>

Wade, Robert. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. New Jersey: Princeton University Press, 1990.

Walters, Robert S. *American and Soviet Aid: A Comparative Analysis*. US: University of Pittsburg Press, 1970.

“What is South-South Cooperation?” United Nations Office for South-South Cooperation, Retrieved from: http://ssc.undp.org/content/ssc/about/what_is_ssc.html

“What is TICA”, “Scope of Work”, retrieved from:
<http://www.tica.thaigov.net/main/en/organize/24387-What-is-TiCA.html>

Widiarta, I Inyoman and Dadeng Gunawan. “Indonesia’s Role on South-South and Triangular Cooperation.” Retrieved from:
http://www.riceforafrica.org/new/downloads/Meetings/seminar/JICA-West-Africa2012/6.Indonesia_SSTC_EN18Sep2012.pdf

Woo-Cummings, M., ed. *The developmental state*. Ithaca, NY: Cornell University Press, 1999.

Yoshimatsu, Hidetaka and Dennis D. Trinidad. “Development Assistance, Strategic Interests, and the China Factor in Japan's Role in ASEAN Integration.” *Japanese Journal of Political Science*, Vol. 11, No. 2, 2010, 199–219.

Appendix A: List of TCCP Projects, 1980-2010

YEAR	CODE	TCCP SPONSORED PROJECTS
2010	Health Promotion	Training on Health Promotion
2010	Gender	Workshop on Gender Technology and Climate Change Mitigation and Adaptation
2009	Greenhealth	Workshop on Greenhealth - Technology Based Enterprises: Functional Food and Herbal Medicines
2009	EED	Entrepreneurship and Enterprise Development
2007	TREND	Training of Trainors for Entrepreneurship Development
2006	FPID	Food Processing and Industry Development
2005	NTFP	Training Course on Non-Timber Forest Products
2004	Ent Dev	Training Course on Enterprise Development
2003	PQIBE	Productivity and Quality Infusion in Basic Education
2002	TQMHC	International Training Course on Total Quality Management for the Health Care Sector
2001	PQIBE	Training Course on Productivity and Quality Infusion in Basic Education
2000	DRST	International Training Course on Disaster Risk Science and Technology
2000	IBEUW	International Training Courses on Innovative Business Enterprises from Urban Wastes
1999	Basic Malariology	International Course on Basic Malariology
1999	IEMT	Environmental Management Courses
1997	Weather Forecasting	International Training course on Weather Forecasting
1997	DEMPW	Designing Entrepreneurship and Management Programs for Women
1997	PMTC	Productivity Management Course
1996	RDWWFD	Regional Database Workshop for Women in Fisheries Development
1996	SBCC	International Training Course on Small Business Consultancy
1996	TQMSME	Total Quality Management Course
1995	RDWWFD	Regional Database Workshop for Women in Fisheries Development
1995	TMTP	Technology Management Tools and Practices Training Course
1995	TQM	Total Quality Management Course
1994	SICC	Small Industry Consultancy Course
1994	DEMPW	Training Course on Designing Entrepreneurship on Development Program for Women
1993	Enviro Mgt	Environmental Management Courses
1993	PSPC	Project Study Preparation Course

1992	Weather Forecasting	International Courses on Weather Forecasting
1991	PEFA	TCDC Programming Exercise in Food and Agriculture
1990	WIIMFP	Workshop on Improved Irrigation Management with Farmer's Participation
1990	WTTM	Workshop on Technology Transfer Management
1989	SICC	Small Industry Consultancy Course
1989	PPDOM	Power Plant Design, Operations and Maintenance Course
1988	TFDC	Tuna Fisheries Development Course
1988	Weather Forecasting	Weather Forecasting Course
1987	PPDOM	Power Plant Design, Operations and Maintenance Course
1987	SICC	Small Industry Consultancy Course
1987	Social Forestry	Social Forestry Development Course
1986	EMC3	Energy Management Course
1986	SBCC3	Small Business Consultancy Course
1985	EMTC2	Energy Management Course for LDCs
1984	EMTC	Energy Management Course for LDCs
1983	SBCC2	Small Business Consultancy Course
1983	PSPC3	Project Study Preparation Course
1982	PSPC2	Project Study Preparation Course
1982	SBCC	Small Business Consultancy Course
1981	PSPC	Project Study Preparation Course
1980	Aqua Mgt	Aquaculture Management Course
1980	Basic Rural Banking	Basic Rural Banking Course
1980	Tax Research	Seminar on Tax Research

Source: TCCP Secretariat, Manila, Philippines

Appendix B: Major Cooperation Areas under Partnership Program between Japan and ASEAN-4

Partnership Program	Cooperation Areas
Japan-Indonesia	<ul style="list-style-type: none"> -Microfinance for African Region-Establishing Micro Finance Institution (MFI) -Integrated Maternal, Neonatal, and Child Health (MNCH) Services with Mother and Child Health (MCH) in the Era of Decentralization -Project for Diffusion of Appropriate Agriculture Technology
Japan-Philippines	<ul style="list-style-type: none"> -Human Resource Development Assistance Package for Timor Leste (English Language Training Course) -Human Resource Development Assistance Package for Timor Leste (Results Monitoring and Evaluation Course)
Japan-Singapore	<ul style="list-style-type: none"> -Community Policing Strategies evolving from the Koban system of Japan and the NPC system of Singapore -Maritime Safety Management -Non-conventional Water Resources and Environmental Management in Water Scarce Countries
Japan-Thailand	<ul style="list-style-type: none"> -Modernization of Irrigation Water Management for Sustainable Development -IT Bridging Program for Laos Capacity Building on HIV/AIDS Counseling and Management for Timor Leste

Source: Extracted from “Partnership Program: Challenges to Inclusive and Dynamic Development through Triangular Cooperation with New Partners,” JICA, 2009

ABOUT THE AUTHOR

Dr. Dennis D. Trinidad completed his B.A. and M.A. in Political Science (both with *magna cum laude*) from De La Salle University-Dasmariñas and University of Santo Tomas, Philippines, respectively. He earned his Doctor of Philosophy in Law from the University of Tsukuba in 2004 as a Japanese government scholar. He was a Lecturer (1995-1998) and later Assistant Professor (1998-2000) at De La Salle University-Dasmariñas. At age 25, he was appointed Chair of the Social Sciences Department of the same university. After completing his PhD study, he joined the International Studies Department of De La Salle University, Manila as Associate Professor and Coordinator of Japanese Studies program in 2004. He served as Chair of the International Studies Department from 2006 to 2008 and was Director of Social Development Research Center (SDRC) at De La Salle University between May 2011 and September 2012. He was reappointed Chair of the International Studies Department in May 2013.

Dr. Trinidad was awarded the Japanese Studies fellowship grant of the Japan Foundation in 2008; and was a Visiting Fellow at the Japan Institute of International Affairs (JIIA), Tokyo from October 2012 to March 2013 before coming to IDE-JETRO, Japan as a Visiting Research Fellow in September 2013. His field of expertise is political economy while his research interests are mainly in development cooperation, political economy of development and politics of economic reform. His most recent publication was a chapter entitled “The Foreign Aid Philosophy of a Rising Asian Power” in Shimomura and Ohashi’s, (Eds.) *A Study of China’s Foreign Aid: An Asian Perspective* published by Palgrave MacMillan in November 2013 and a journal article entitled, “Financial Liberalization and Reform of Japan’s Ministry of Finance: Implications for Japanese Developmental State” published by Asia Pacific Social Science Review Journal in December 2013.

Institute of Developing Economies, Japan External Trade Organization
3-2-2 Wakaba, Mihama-Ku, Chiba-Shi, Chiba 261-8545, Japan