

FOREIGN AID IMPERATIVES IN THE GREATER MEKONG SUBREGION: CASE STUDIES OF AUSTRALIAN, JAPANESE AND THAI AID COORDINATION

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Although Australia and Japan are among the largest aid donors in the Greater Mekong Subregion (GMS), there is limited academic research on their activities as donors and on their relationships with recipient countries in the region. In this study, the aid activities of Australia, Japan and Thailand (an aid recipient/donor) within the region are investigated, with a particular focus on aid coordination practices. The empirical results show that bilateral aid coordination and cooperation are highly elusive and have been further complicated by the emergence of new donor countries that are supportive of the South-South cooperative model rather than of the traditional North-South model.

JEL Classification: O19, O2, O5.

Key words: Aid, official development assistance, Greater Mekong Subregion, Australia, Japan, Thailand, aid coordination, cooperation.

I. INTRODUCTION

Recent studies (Aldasoro, Nunnenkamp and Thiele, 2010; Bigsten, 2006; Emmanuel, 2010; Torsvik, 2005) have highlighted a range of problems in the coordination of foreign aid furnished to least developed countries. Aldasoro, Nunnenkamp and Thiele (2010) raised concerns regarding the overall aid effectiveness targeted at these countries as a consequence of aid proliferation and

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aid coordination efforts from developed countries. Emmanuel (2010) stated that there has been a proliferation of aid by donors for reasons of self-interest rather than to target needs based on specialization, such as infrastructure development, and that the donor activities have not been geared towards economic development. The immediate effect of “aid proliferation is an increase in the transaction costs incurred by recipient governments while absorbing foreign aid” (Kimura, Mori and Sawada, 2012, p. 1). Moreover, Bourguignon and Sundberg (2007) found that, although official development assistance (ODA) agencies, international financial institutions and non-governmental organizations (NGOs) have an imperfect grasp of local knowledge and do not have control over the aid implementing policies in the recipient country, they nevertheless try to impose policy directives by insisting that certain conditions be met in order for aid to be given. The proliferation of aid donors, matched by problems with how aid is being directed, has led to the fragmentation of aid, whereby smaller aid projects result in increased administrative work for recipient countries and greater complexity in the coordination and cooperation of the aid projects (Kilby, 2011).

These problems have led to a situation in which the efficiency and performance of the recipient country has been undermined, and they are increasingly leading to difficulties in achieving not only donor objectives but also international objectives (Koeberle and others, 2005). Consequently, it is now widely recognized that there is a need to redesign delivery systems and to improve aid quality in order to improve harmonization procedures of aid (Eyben, 2007). Even within the Development Assistance Committee (DAC) countries, to which 28 of the 33 Organisation for Economic Co-operation and Development (OECD) countries are signatories, there have been calls for increased collaboration and coordination among donors (Torsvik, 2005). Evidence therefore points to a persistent lack of coordination in aid efforts among major donors (Aldasoro, Nunnenkamp and Thiele, 2010). France and Japan, which are often “berated for being selfish donors”, turn out to be among the least likely to proliferate (concentrate aid), while Norway, which is widely believed to be a superior donor, is a strong proliferator (Aldasoro, Nunnenkamp and Thiele, 2010, p. 927). Bigsten (2006) stated that donors may have common interests in development but disagree on the best method to achieve it.

The existing literature highlights the importance of having a specific foreign aid framework to improve aid effectiveness and coordination (see, for example, Baulch, 2005; Eyben, 2007; Lessmann and Markwardt, 2012). The study by Bourguignon and Sundberg (2007) indicated that a new aid model is emerging. The two main features of the new model emphasize the country ownership of the development strategy as the focal point for donor alignment and the allocation of aid on the basis of performance. A literature review exploring the relationships between donors and recipients has, however, demonstrated that it is easier to get donors to agree on

policies than on goals, procedures and practices (Bigsten, 2006). This is particularly the case with aid efforts originating from both Australia and Japan, where aid coordination and the conformity of aid goals have been highlighted as areas of ongoing concern (Carroll and Hameiri, 2007; Furuoka, 2005). Therefore, in the coordination and harmonization of aid activities, the issues appear to be far greater than country ownership, donor alignment and the allocation of aid based on performance; the issues often involve value-based donor goals, intentions and procedures.

At a closer glance, Japan, for instance, has struggled to gain recognition that its aid programmes are indeed aligned specifically with its Official Development Assistance Charter, which seeks to direct foreign aid towards promoting human rights, democracy and freedom (Furuoka, 2005). Nikitina and Furuoka (2008) stated that Japan's aid priority continued to be linked with its economic interests. Similarly, Australia has received criticism of its aid programmes for being overly politicized and ideologically driven, as opposed to being practical and realistic in addressing regional developmental issues (Carroll and Hameiri, 2007). The present study thus seeks to explore donor relationships in GMS through empirical evidence. The first objective of the study is to investigate the relationships between the two donor nations (Australia and Japan) and Thailand as a regional partner in facilitating coordinated aid programmes to decrease poverty in GMS. This study does not, however, address foreign aid projects of each country in GMS but presents an overview of the cooperation and coordination efforts and mechanisms of Australia, Japan and Thailand in providing foreign aid.

The present paper is structured as follows. In section I, the introduction presents the socioeconomic background of the donor activities in GMS, the rationale for the donor partnership arrangement. This is followed by a brief history of the donor organizations. In section II, the concept of foreign aid as an instrument for human development is explored. In section III the theoretical paradigm used in the present paper is considered, while section IV presents the research methodology, emphasizing the case study as the research strategy and triangulation as the research technique. An analysis of the empirical research is given in section V, and the results are presented in section VI. In section VII, potential policy implications are discussed, along with limitations of the study. Conclusions are drawn in section VIII.

Socioeconomic background of donor activities in the Greater Mekong Subregion

In 1992, the GMS Economic Cooperation Program, commonly known as the GMS Program, was borne out of an initiative of the Asian Development Bank (ADB). This initiative brought together five countries in South-East Asia and Yunnan Province

of China, which at that time were collectively one of the least developed areas in the world. Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam, which share the Mekong River, were brought together under the GMS Program to focus on achieving faster socioeconomic development in line with achieving the Millennium Development Goals of the United Nations (Dore, 2003; Krongkaew, 2004). In 2001, the Governments of the six countries or areas concerned agreed to an enabling policy, which culminated in 2008 in the Vientiane Plan of Action for GMS Development for 2008-2012, to facilitate (a) effective infrastructure linkages for cross-border trade, investment and economic cooperation, and (b) a framework for developing human resource capacity and skill competencies (ADB, 2001; 2002; 2012). Table 1 highlights the net foreign aid received by GMS countries¹ in 2012, which totalled \$5.7 billion. The same year, members of DAC were the major financial contributors to ODA, contributing \$127 billion in net ODA worldwide (OECD, 2014a).

Table 1. Net official development assistance and official aid received in the Greater Mekong Subregion, 2012

Country	United States dollars
Viet Nam	4 115 780 000
Cambodia	807 410 000
Myanmar	504 050 000
Lao People's Democratic Republic	408 920 000
Thailand	-134 790 000
Total	5 701 370 000

Source: World Bank, "Net official development assistance and official aid received", 2014. Available from <http://data.worldbank.org/indicator/DT.ODA.ALLD.CD>. Accessed 31 August 2014.

GMS has become an area where competition for foreign aid is intense and complex (Sneddon and Fox, 2007). Table 2 illustrates the top 10 donors to, and the demographic profiles of, the GMS countries. Although they have market-based, open economies and the potential benefits of aid to the region are large, these countries have different levels of development, political stability and governance frameworks (Krongkaew, 2004). The level of complexity and the potential for accelerated economic development in the Subregion are, however, attractive to donor countries

¹ Although the Greater Mekong Subregion includes Yunnan Province of China, in this paper "GMS" refers mainly to Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam, the so-called CLMV.

**Table 2. Top 10 donors for each Greater Mekong Subregion country:
gross official development assistance, 2011-2012 average**

(Millions of United States dollars)

	Cambodia	Lao People's Democratic Republic	Myanmar	Thailand	Viet Nam	Total
Australia	86	54	51	12	141	344
Japan	159	73	68	292	1 698	2 290
France		16		15	241	272
Republic of Korea	60	29		4	177	270
United States of America	82		31	56	100	269
Germany	48	28		20	118	214
Sweden	32		19	9		60
Denmark			16		64	80
United Kingdom			55			55
Switzerland		23				23
Norway			21			21
Luxembourg		17				17
International Development Association (World Bank)	45	56			1 112	1 213
Asian Development Bank	101	69			346	516
European Union institutions	47	18	47	22	91	225
Global Fund	37		34	45		116
United Nations Children's Fund			16			16
United Nations High Commissioner for Refugees				8		8
Total	697	383	358	483	4 088	6 009
Net private flows	244	-69	318	-135	4 576	
Net official development assistance/gross national income (percentage)	6.10	4.70	N/A	0	3.10	
Gross national income per capita	800	1 260	504	5 210	1 400	
Population	14.9	6.6	52.8	66.8	88.8	

Source: Organisation for Economic Co-operation and Development, "Aid statistics: aid at a glance charts", 2014. Available from www.oecd.org/dac/stats/aid-at-a-glance.htm#recipients. Accessed 22 May 2014.

with a view to better harmonizing and coordinating their support (Mekong River Commission and Ministry of Foreign Affairs of Denmark, 2007). The GMS Program provided the focus and a subregional developmental framework to initiate coordinated aid work.

The GMS Program brought together countries, some of which were once communist and others capitalist, in an area that was known for wars and conflicts. The GMS Program was part of the new sense of cooperation and development within Asia, which saw the Association of Southeast Asian Nations (ASEAN) embrace this cooperative stance and, by 1999, it expanded its membership to include Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam (Krongkaew, 2004). This was a clear indication that stability and economic development in South-East Asia among countries with diverse economic, political and social values was considered paramount to the development of the region. With the exception of China, countries in GMS are members of ASEAN. The development of the GMS Program has the potential to benefit and accelerate economic development and growth in the Subregion (Sunchindah, 2005). Notably, Thailand is a founding member of ASEAN, and its role as a senior and lead partner in the GMS Program is viewed as facilitating and strengthening the developmental goals of ASEAN (MFAT and United Nations Country Team in Thailand, 2005).

Rationale for partnership arrangement: Australia, Japan and Thailand

Foreign aid from Australia and Japan to the GMS countries is tied to their foreign relations policies, which are guided by the countries' commitment to multilateralism and regionalism, and as leading trading countries in the region. As illustrated in table 2, Japan and Australia are the two largest donors to GMS. Their interest in the Subregion and Thailand's declaration in 2003 that the country would no longer seek foreign aid but would assist other GMS countries (Pinyorat, 2003) provide the framework for the present study of foreign aid coordination and cooperation in the region.

With regard to the Millennium Development Goals, Australia currently approaches development assistance wishing to balance humanitarian aid with its own foreign policy priorities (Wesley and others, 2011). Because many countries in GMS are economically and politically fragile, Australia's strategy is to promote integration and cooperation within the region with a focus on promoting growth and stability. Australia has noted that it has broad interests, covering economic, political, security and environmental matters in GMS. Australia is also focused on supporting peace in the region and on enhancing GMS economic integration in the ASEAN subregion (DFAT, 2010). With the objective of developing sustainable economic growth in GMS,

Australia intends to support the countries in South-East Asia through investments in infrastructure (such as roads and energy generation) and facilitating cooperation by reducing barriers to trade and helping to improve the water management of the Mekong River. Aid to GMS is delivered from Australia through partnerships and joint financing with multilateral development banks, such as ADB, and subregional organizations, such as NGOs (AusAID, 2007).

Japan is a signatory to the Paris Declaration on Aid Effectiveness and has been actively engaged in the development of GMS. Since becoming a signatory in 2005, Japan has confirmed its commitment to being a leader in supporting partner countries in improving aid effectiveness, with a focus on Asia. Japan has a series of economic partnerships and bilateral investment agreements with GMS countries with the expectation that these investments will promote the maturing of markets and support the future vitalization of Japan's economic growth. Japan therefore seeks to incorporate its GMS aid initiatives with its own business interests (Japan, Ministry of Foreign Affairs, 2009a). In conjunction with ADB and under the ASEAN-Japan Plan of Action, Japan has focused on creating an East-West economic corridor that promotes economic integration by helping to facilitate the shipment of goods across GMS. A second East-West corridor within GMS is also being planned (ASEAN, 2014). Assistance has come from Japan in the form of developing port facilities, building bridges and roads, providing technical advice on investment, supporting tourism and developing manufacturing (Japan, Public Relations Office, 2010). In 2009, Japan committed 500 billion yen (US\$ 1 was then equal to about 94.7 yen) in assistance to GMS over a three-year period. To maximize this assistance, the heads of the Governments of Japan and of the GMS countries and areas adopted the Mekong-Japan Action Plan 63 for the development of the region (Japan, Ministry of Foreign Affairs, 2009a). These actions (63 action development plans) fall under the broad areas of developing infrastructure, enhancing cross-regional economic rules and systems, supporting the development of a society that values human dignity, strengthening cooperation for stability, continuing Japan's ODA, enhancing human exchanges, promoting tourism and protecting cultural heritage. As highlighted in table 2, Japan is the largest donor to GMS, with Viet Nam being the largest recipient, followed by Thailand.

Thailand was chosen as a case study because both Australia and Japan have their head offices for GMS in Bangkok. Although Australia does not provide Thailand with direct aid, it does provide the other countries in GMS with aid, and Japan provides all the GMS countries with aid. The study of Thailand provides an understanding of when and how countries in the Subregion graduate from being a recipient country to being a donor country and why countries engage in both recipient and donor activities. This also enables the study to account for the

evolving nature of North-South to South-South aid cooperation.² The second research objective builds on this point and is aimed at exploring the nature and acceptance of aid cooperation and coordination within a triangular partnership arrangement in GMS as an extension of the traditional bilateral donor-recipient framework.

The present study is based on focus group interviews with foreign aid officials from the Australian Agency for International Development (AusAID) and the Japan International Cooperation Agency (JICA) located in Thailand, and with representatives from the Thailand International Development Cooperation Agency (TICA). In the sections below, the philosophical and theoretical base with regard to poverty eradication and the values placed on this base by countries are explored. Specifically, the economic and social developmental values of Australia and Japan in providing foreign aid are studied. In this paper, these elements are discussed within the context of GMS. Rather than concentrating on the individual countries of the Subregion, the author addresses the role played by Thailand as both a recipient country and a donor country in providing its neighbouring countries with pivotal guidance for accelerated growth prospects, and Thailand as a country from which both Australia and Japan can garner further regional support for their activities. In this regard, the participation of Australia and Japan in providing harmonious coordinated foreign aid seems important. It is with this understanding that the relationships between AusAID, JICA and TICA are explored in this paper. In the section below, a brief history of the three donors is provided as the backdrop to understanding the complexities of cooperation between the three donors and their coordination of aid activities in GMS.

Brief history of the Australian Agency for International Development, the Japan International Cooperation Agency and the Thailand International Development Cooperation Agency

Australian aid activities commenced before the Second World War with grants generally below \$100,000 made to Papua New Guinea. In 1950, the foreign ministers of the Commonwealth countries met in Colombo and launched the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific (ABS, 2001). This was the first planned range of aid activities that the Commonwealth provided to low-income Commonwealth member countries in South Asia and South-East Asia. Under this Plan, Australia provided aid in the form of education, scholarships, technical cooperation, training and staffing assistance. In 1952, joint aid activities with

² The term North-South describes a geographical division whereby North represents the richer countries (Australia, Japan and New Zealand, and countries in Europe and North America) and South represents the poorer countries (in Africa, Asia and South America).

other countries of the Commonwealth began. However, Papua New Guinea, which was administered by Australia, was the major aid recipient of Australian aid, along with India.

In the 1960s, with the independence of many South-East Asian countries, and the strategic nature of South-East Asia to Australia, Indonesia overtook India as Australia's second-largest aid recipient. This signalled a shift from aid based purely on historical ties with the Commonwealth to aid based on national political interest. As reflected in table 3, in 2012/13, Australian aid was mainly to low-income countries in the Asian and Pacific region, with a stronger focus on partnerships with recipient countries through a country programme approach. A substantial amount of Australia's total budgeted bilateral aid went to East Asia³ (38 per cent), followed by the Pacific (33 per cent). Indonesia was the single largest beneficiary (16 per cent), followed by Papua New Guinea (15 per cent). GMS countries received 11 per cent of total Australian aid. Based on India's preference to receive aid from fewer but larger donors and for smaller donors to channel aid through multilateral organizations and NGOs, Australia has phased out bilateral aid to India (DFAT, 2013).

Table 3. Bilateral aid from Australia, 2012/13

(Millions of Australian dollars)

East Asia (not including Indonesia)	739.70
Pacific (not including Papua New Guinea)	603.20
Indonesia	541.60
Papua New Guinea	500.70
South and West Asia	493.30
Sub-Saharan Africa	385.60
Middle East and North Africa	59.60
Caribbean and Latin America	46.80
Total	3 370.50

Source: Australia, Department of Foreign Affairs and Trade, "Countries and regions", 5 April 2012. Available from <http://aid.dfat.gov.au/countries/Pages/default.aspx>. Accessed 11 April 2014.

³ Although South-East Asia is not normally included under East Asia according to ESCAP definitions, the Department of Foreign Affairs and Trade of Australia includes countries in this subregion in the East Asia category.

In 1954, Japan's international aid assistance commenced when it joined the Colombo Plan and began providing mainly neighbouring Asian countries with technical cooperation (JICA, 2014a). In the 1960s, as Japan developed, it established the Overseas Technical Cooperation Agency and the Japan Overseas Cooperation Volunteers, which provided neighbouring low-income countries in Asia with knowledge and technical expertise. JICA was established in 1974 to support formally countries' technical cooperation. Initially, as Japan recovered and developed, its overseas aid was carried out by a number of institutions, which included the Overseas Economic Cooperation Operations of the Japan Bank of International Cooperation, the Ministry of Foreign Affairs and JICA. In 2008, Japan's ODA executing agencies were realigned and integrated; as a result, the activities carried out by the Japan Bank of International Cooperation and part of the grant aid provided by the Ministry of Foreign Affairs came under JICA (JICA, 2009).

Japan's experience as a recipient of a large amount of assistance to rebuild its economy after the Second World War has been the driving force behind its current aid operations in terms of grant aid, loan aid and technical support.

Japan's ODA is broadly divided into bilateral aid, through which assistance is given directly to developing countries, and multilateral aid, which is provided through international organizations. JICA provides bilateral aid in the form of technical cooperation, ODA loans and grant aid (JICA, 2014a). Unlike technical cooperation and grant aid, ODA loans are concessionary loans to developing countries that are to be repaid. Of the total value of ODA provided by Japan in 2012 (see table 4), 55 per cent went to East Asia (including South-East Asia), with GMS countries receiving the major portion – 41 per cent (JICA, 2013). This is followed by South Asia, which received 20 per cent of Japan's total aid, and of this, half (10 per cent) went to India.

Thailand has been providing its neighbouring countries in GMS with assistance through expertise in, for example, project development, programme implementation and training. It has also been providing scholarships under the Thai International Cooperation Programme since 1963, when Thailand was still a large recipient of ODA (TICA, 2009). TICA was established in 2004 and incorporated within the Ministry of Foreign Affairs of Thailand (TICA, 2013). Its purpose is to oversee the administration of Thailand's international development cooperation, with the implementation of its development cooperation programmes as its principle responsibility. The Government of Thailand administers assistance to neighbouring countries through TICA and the Neighbouring Countries Economic Development Cooperation Agency (NEDA). TICA coordinates and implements the technical cooperation programmes, while NEDA provides other developing countries with loans (JICA, 2014b).

Table 4. Official development assistance from Japan, 2012

	Millions of yen	Percentage of total ODA from Japan
East Asia (including South-East Asia)	624 129	55.18
South Asia	230 974	20.42
Africa	92 839	8.21
Middle East	81 082	7.17
Central and Eastern Europe	28 745	2.54
Central Asia and the Caucasus	24 324	2.15
South America	21 927	1.94
Central America and the Caribbean	15 049	1.33
Pacific	12 081	1.07
Total	1 131 150	100

Source: Japan International Cooperation Agency, *JICA 2013: Japan International Cooperation Agency – Annual Report* (Tokyo, 2013). Available from www.jica.go.jp/english/publications/reports/annual/2013/c8h0vm00008m8edo-att/all.pdf. Accessed 11 April 2014.

Note: ODA – official development assistance.

ODA from Thailand is mainly directed to GMS, especially Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam, and to other regions in the world. In table 5, ODA support from Thailand is shown for 2012. A total of 60 per cent of Thailand's ODA goes towards developing GMS, followed by 18 per cent to

Table 5. Official development assistance from Thailand, 2012

	Millions of baht	Percentage of total ODA from Thailand
Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam	187.3	60.21
South Asia and Middle East	56.0	18.00
Africa	25.8	8.29
East Asia	13.5	4.34
South-East Asia	11.5	3.70
Latin America	11.4	3.66
Pacific	4.1	1.32
Commonwealth of Independent States	1.5	0.48
Total	311.1	100

Source: Thailand International Development Cooperation Agency, "TICA and ODA", 2 July 2013. Available from www.tica.thaigov.net/main/en/organize/36580-ODA.html. Accessed 13 April 2014.

Note: ODA – official development assistance.

countries in both South Asia and the Middle East (TICA, 2013). The principal engagements of TICA in recipient countries are in either bilateral or triangular cooperation arrangements.

The next section of this paper provides a discussion on the importance of foreign aid for human development and of capacity-building for alleviating poverty.

II. FOREIGN AID AS AN INSTRUMENT FOR HUMAN DEVELOPMENT

In 1945, the Marshall Plan (officially the European Recovery Programme) was implemented in war-devastated economies of Europe to rebuild those countries, and since then, with the continuing efforts of the international community, aid has been provided by wealthy countries to eradicate poverty and accelerate human development around the globe. In 2000, the Millennium Development Goals, which had been agreed to by representatives from 192 countries assembled under the auspices of the United Nations, set the framework for human development in the areas of eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality, reducing child mortality, improving maternal health, combating prevalent diseases, ensuring environmental sustainability and developing a global partnership for development (UNDP, 2011; Baulch, 2005). The Goals address human development improvements to enhance human capabilities as a means to advance the productive lives of individuals (UNDP, 2011). The philosophy behind the Millennium Development Goals is to increase the basic standards of living of people across the globe, targeting improvements in human capital (mainly nutrition, health care and education), infrastructure development (sanitation, access to clean water, energy, information and communications, sustainable farm practices, transportation facilities and sustainable environmental policies) and the economic, social and political rights of people (mainly concentrated on gender equality, political participation, inequality and security).

The Millennium Development Goals emphasize that the achievement of the Goals would be a cooperative effort of wealthy and poor countries and that their achievement would need to be specific to the individual country's needs. The idea is to avoid the "one size fits all" approach and to bring about cooperation among countries with a better understanding of the needs and capabilities of both the donor and the recipient countries. However, some researchers (see, for example, Vandemoortele, 2009) have argued that, in avoiding the "one size fits all" approach, the Millennium Development Goals have become an instrument for a certain policy framework. Vandemoortele (2009, p. 355) elaborated that the "global MDG canon" (proponents of the Millennium Development Goals) advocates a "money-metric and

donor-centric view of development, and is not ready to accept that growing disparities within countries are the main reason why the 2015 target will be missed". The Goals are therefore not without their critics. For example, Baulch (2005) reported that some donors did not distribute their aid in a manner consistent with the Goals. The criticism has been targeted at two main areas: the lack of analytical power and the justification of the objectives within broad cultural fields (Deneulin and Shahani, 2009; Vandemoortele, 2009). Measurable official indicators (for example, to determine the level of equality and empowerment of women) have therefore not been pursued in international publications. The complexity at the implementation level was expressed by Vandemoortele (2009, p. 356), who argued that the "development or policy framework belongs to the realm of sovereign policy-making at the country level".

To brace the implementation of the Millennium Development Goals, in the 2005 Paris Declaration on Aid Effectiveness, it was recognized that the "volumes of aid and other development resources must increase to strengthen both donor and recipient government commitments to aid effectiveness" (Beloe, 2005). However, Beloe (2005, p. 3) was of the view that "donor and partner governments have, in the most cases, not established effective structures and processes for determining what a local definition of aid effectiveness might be". This contention forms the thrust of the present paper, where the concept of donor partnership development is discussed within coordination and cooperation frameworks for the delivery of human development programmes in GMS. The purpose of this paper, however, is not to provide structural solutions to the cooperation and coordination problems in foreign aid disbursement, but to study a phenomenon in the context of a single region, GMS, through case study methodology.

III. THEORETICAL PARADIGM

Any theoretical base for studying a phenomenon has to begin with strong arguments that are based on values (Willig, 2001; Wood, 2003). Reflections that provide interpretative arguments originate from such a platform. Values are culture-based and as such "culture is ... a purely mental phenomenon and hence a psychological phenomenon ... constrained by psychological processes of cognition and learning" (D'Andrade, 2001, p. 243). In this study, perceptions are viewed as knowledge mentally organized in the form of schema or mental structures (Singh, 2002). It is from this premise that this paper develops the reflections of the three agencies – AusAID, JICA and TICA.

The three agencies are viewed as stakeholders with an interest in poverty reduction through targeted human resource capacity development in GMS. Although their relationships have grown out of a mutual interest to provide countries in their

region with human developmental aid, the agencies may have different philosophical values for providing such aid. The areas in which their values overlap are viewed as areas of common interest and where their work relationships are supportive of each other's foreign aid engagements. In a sense, the common areas are viewed as fields in which there may be a convergence of effort in foreign aid cooperation and coordination. The common areas are therefore where maximum capacity-building between the agencies will occur. The literature suggests that countries engage in foreign aid for numerous reasons, including historical relationships, altruistic motives, reciprocity and trade development (see, for example, Dreher, Nunnenkamp and Thiele, 2011). Conditionality imposed by donor countries further complicates progress towards a common coordinating mechanism (Adam and others, 2004). Conditions are commonly attached to the provision of aid, which could include conditions to enhance aid effectiveness, such as anti-corruption measures. They could also include austerity measures, such as the privatization of public service agencies, which are frequently opposed by recipient countries. Some countries place *ex ante* conditionality on aid, which requires a country to meet certain conditions and prove it can maintain them before it would receive any aid. Other countries resort to *ex post* conditionality, which involves the country receiving aid agreeing to conditions set by the donor, or lender, that they would carry out after receiving the aid.

This scenario has become more complex due to increased donor activities by non-DAC donor countries such as China, whose values regarding human development policies may clash with those of Western countries (Gu, Humphrey and Messner, 2007). China's increased prominence in aid activities seems to be in tandem with its growing global economic status, and the values and aspirations of China will therefore undoubtedly influence the way foreign aid is distributed. As Bergsten and others (2006, p. 1) envisaged, China may well "define the strategic future of the world for years to come".

The present paper contains a discussion on the engagement of Thailand, a country that is still a recipient of human development aid but that has taken on the role of donor within a subregional context. Telephone discussions and a research meeting in Bangkok provided the necessary personal contact for developing the relationship to enable the focus group interviews. The data were triangulated from the focus group interviews and from secondary data (both through an Internet search on the relevant government websites, as well as through information and documentation provided by government representatives). Research meetings⁴ were held in Bangkok with the regional representatives from AusAID, JICA and TICA in February 2011 to

⁴ Ethics approval granted by Swinburne University, Melbourne, and the University of the Thai Chamber of Commerce in Thailand.

discuss the framework of the research. This was followed up with separate focus group interviews with representatives from the three agencies in March 2011. The focus group transcripts were sent by e-mail to the three agencies to check for accuracy, and changes were made where necessary. After the data were analysed, a public workshop was held in April 2011 to provide stakeholders⁵ with the results and an opportunity for them to learn more about the project.

IV. RESEARCH METHODOLOGY

To scope the activities and conceptualization of current aid efforts, an initial exploratory examination of the secondary data was undertaken, along with telephone discussions with the representatives from the relevant aid agencies in Bangkok to develop an understanding of the foreign aid scene prior to the commencement of the project. Further e-mail communication took place, detailing the type and extent of aid operations under way in Thailand and GMS. This was then followed by three separate focus group interviews of approximately 90 minutes each with a total sample (N = 12) drawn from official representatives from AusAID, JICA and TICA in their respective boardrooms in Bangkok.⁶ These representatives provided their professional insights into patterns of cooperation, coordination, activity selection and initiating structures for aid projects. It is recognized that the number of participants limited the generalization of this research; however, it did allow for the contextualization of the phenomenon under study, and it provides a basis from which to explore further the topic in the future. The research also allowed for a tentative exploration of the dynamics that underpin the identification, cooperation and coordination of aid activities by Australia and Japan in GMS. As official international representatives for the three countries, the representatives from AusAID, JICA and TICA were well placed to participate in this project and to provide insights into the research phenomenon being investigated.

⁵ A public invitation was sent to the three aid agencies, the Asian Development Bank and the International Monetary Fund, and an open invitation was sent to academics, students and the general public involved with the University of the Thai Chamber of Commerce.

⁶ The participants from the Australian Agency for International Development were at the adviser Mekong Subregion level; those from the Japan International Cooperation Agency were senior advisers in evaluation, planning and project formulation; and those from the Thai International Development Cooperation Agency were senior managers from the Partnership and Development Cooperation, and the Human Resource Development, both departments within TICA. The smallest focus group comprised one participant, with four and seven participants in the other two groups, respectively. Due to ethics protocol, detailed information on the participants has not been reported.

Case study research strategy

The case study as a research strategy was chosen as it seemed appropriate when studying the operations of the three national agencies with similar phenomenological aims, that is, eradicating poverty and enhancing economic growth through human development (Yin, 2009). For this study, the case study approach was applied as a research strategy rather than as a case method. Yin (2009) stated that case study research could mean a single case study or multiple case studies that investigate a phenomenon within its real-life context. In this paper, the research strategy chosen is based on Flyvbjerg's (2006, p. 219) support for "Kuhnian insight that a scientific discipline without a large number of thoroughly executed case studies is a discipline without systemic production of exemplars, and a discipline without exemplars is an ineffective one". The majority of the case study approaches chosen to study poverty outreach outcomes and human developmental policies have mainly used published official data as the basis for developing the cases (see, for example, Tsai and Huang, 2007; Zeller and others, 2006). For the present paper, the author was mindful of the context and actor-centred epistemology and therefore chose a phenomenological approach as the most suitable link between the poverty reduction outcomes sought by the agencies and economic development, which is an overarching development target of the developing world (Wood, 2003). Further, an interpretative method of analysis was employed to triangulate the observations of the focus group participants and the documented evidence (in the form of journal and newspaper articles) supplied by the agencies (Creswell and others, 2003).

Triangulation

The interview results were triangulated into a single case study, which is presented in the results section. The results, which were based on case studies of the three agencies, were analysed and interpreted and the preliminary results were presented in a public workshop hosted by the University of the Thai Chamber of Commerce. At the workshop, representatives from civil society, the public, the Government of Thailand, aid agencies, the United Nations Volunteer Programme and ADB were present. Informed discussion responses from the public workshop provided valuable stakeholder insights, which were analysed together with the focus group interview results. The results show that informed and transparent decision-making processes between aid agencies and stakeholders improve coordination and cooperation roles to achieve the common goal of foreign aid, which is poverty reduction through human development.

This research project specifically explored the decision-making processes involved in aid cooperation and the coordination of aid activities among the three aid

agencies. Full anonymity was assured in the focus group interviews; therefore, only the names of the three agencies and the total number of respondents have been identified. The responses from the focus group interviews were used to provide a collective or consensus view and for this reason the statements are not specified to a particular, identifiable individual. To assure confidentiality and the accuracy of the information, the analysis of the transcripts was forwarded by e-mail to the participants separately (by agency) for verification.

V. CASE STUDY ANALYSIS

The framework for the analysis of the responses from the focus groups is provided in table 6. The interpretations and feedback are presented as three case studies further on in this section. The focus group interview responses were thematically clustered into two categories. The theme of the first category is cooperation and coordination, which details the procedures observed by the donor countries in advancing foreign aid in the region. The theme of the second category is the concerns related to the cooperation in, and coordination of, foreign aid in GMS as experienced by the donor country. The analysis and discussion in section V of the present paper are based on the conversations that took place during the individual focus group interviews of the representatives from the three aid agencies in Bangkok. The analysis of the three case countries is under the two categories mentioned above.

Cooperation and coordination framework

A representative from AusAID acknowledged that there was a fairly systematic process in the country's identification of priority-based and suitable foreign aid projects for the targeted aid countries. The representative noted that, for country-level projects, a situational analysis took place, involving all of the key factors – the economic, environment and health factors, public administration, the key challenges, gender equality – that a country might face. This is done every few years and updated regularly when major changes occur. In looking at this process, the representative stated that the design of a country's strategy was the more public part, meaning that the overarching procedure of the aid going to a particular country could be a public process involving consultation and engagement with other development partners, other donors and the Government.

To detail the actual process that AusAID follows in identifying and initiating aid projects at the country level, the steps observed are:

Table 6. Analysis framework of Australia, Japan and Thailand's cooperation and coordination in the provision of foreign aid in the Greater Mekong Subregion

Category	Case study 1: Australian Agency for International Development	Case study 2: Japan International Cooperation Agency	Case study 3: Thailand International Development Cooperation Agency
Cooperation and coordination	<ul style="list-style-type: none"> • National priority identification • Initiating aid projects • Project planning and coordination with other donors • Determining at which level coordination is most effective and why • Working with Japan 	<ul style="list-style-type: none"> • Policy decisions and coordination • Identifying and selecting aid projects • Monitoring and evaluation of projects • Communication of project to stakeholders • Recipient country as coordinating body 	<ul style="list-style-type: none"> • Cooperation and coordination mechanisms • Project approval process • Thailand aid relations with Australia • Thailand aid relations with Japan • Thailand – future aid cooperation and coordination
Concerns	<ul style="list-style-type: none"> • Where coordination can be approached differently • Concessional lending (China) • Transparency • Neighbouring Countries Economic Development Cooperation Agency • Non-governmental organizations • Risk and accountability 	<ul style="list-style-type: none"> • Non-governmental organizations and foreign aid • Communication lapse 	

- (a) Start with the strategic priorities of the recipient country;
- (b) Develop an overarching agreement with the country – the development and cooperation statement;
- (c) Make public the assistance to be provided.

The identification of aid projects within an overarching framework supporting the strategic priorities of the recipient country is a collaborative effort guided by

research and cooperation between AusAID and the recipient Government. A representative from AusAID explained that there was a significant amount of public research on development challenges in a country. A Government has its own ideas on particular challenges, and communities have their own ideas. The representative noted that there was a process to determine an agreed set of priorities and of common challenges, and afterwards the more technical project priorities would be agreed upon.

One representative from AusAID explained that major themes were identified in the development and cooperation statement, and from those themes the project's needs would emerge. The representative noted that the actual process varied from project to project in terms of where, with whom, what type of project and who the agency's partners would be; for example, their aid involved not only those activities that they funded and managed directly, but also work that they financed and the Asian Development Bank or World Bank, for example, implemented. In these cases, AusAID is clearly involved in its own project planning processes, that is, the general process identification. A representative from AusAID stated that the project identification and approval process involved an internal peer review procedure, combined with an independent expert appraisal, which occurred for all projects over a certain funding threshold. Normally, however, this meant most projects.

A representative from AusAID noted that the projects were assessed against a set of criteria, including effectiveness, efficiency, sustainability, gender and equality. Based on the peer review, the projects fall into one of three categories: a formal agreement to proceed; not to proceed; or amend the concept. If there is an agreement to proceed, the design phase follows, which is where the more detailed work occurs. This process can take months. It is in this phase that there is often more detailed consultation with other development partners, including other donors. A representative noted that an independent expert appraisal would follow.

One representative from AusAID stated that, as a standard part of any project's internal approval process, a consultation with other donors to discuss their priorities in that sector would be undertaken. This consultation normally happens at the country-office level before the project stage. However, in the case of Japan, a representative from JICA explained that there was an agreed commitment at the leaders level to cooperate more on aid. A representative from AusAID cautioned that the process might not be as smooth as expected, stating that there could be differences, often at the country level, on what they should and should not be working on together. It was further expressed that there was often tension between those involved in the formalized macro-level cooperation agreements undertaken at high-level meetings, and those on the ground. However, a representative from AusAID said that this was not the case with every country partner.

Japan has a slightly different approach towards foreign aid intervention in GMS. While Australia engages more often in bilateral arrangements with countries in GMS, Japan appears to engage actively in both bilateral and trilateral partnership arrangements (including with Thailand). A representative from JICA explained that cross-border cooperation was seen by Japan as an important element in the development of GMS, and that Japan's involvement in trans-border cooperation was an economic regional matter led by the Ministry of Industry and Economics. Projects in this field are raised initially by Japan for the countries in the region. Once decided upon at the policy level, the implementation is done through an agency, such as JICA. These regional cooperation initiatives also have to reflect Japan's international aid policies.

Aid project identification starts in August of each year, when JICA announces the start of the aid project proposal identification process to various ministries in the recipient countries. Before compiling the different project proposals of the recipient countries, Japan's priority areas are made known to the coordinating organization in the recipient country. For example, in Thailand, the proposals submitted by the relevant ministries involved in aid and development are initially screened by TICA. Submissions to JICA from TICA are then screened according to Japan's core policy for Thailand, its global policy and any other circumstances important to the selection of projects. The screened results are then forwarded to the head office in Japan for further screening based on criteria important to Japan's national criteria.

In designing projects, JICA establishes the project design matrix, where measures for the overall goal, the objectives, the conditions and the expected output are stated. The project design matrix is used at various stages of the project and at its completion in order to review the progress and to determine whether the project was successful. A representative from JICA explained that there was a monitoring information system with a midterm evaluation, a termination evaluation done six months before the end of the project, and sometimes post evaluation done three years after the completion of the project. A representative noted that, as a general rule, there was no coordination with other groups during the implementation of projects; however, information was sometimes exchanged.

Information dissemination on projects is in Japanese and in English on the JICA websites, where the reports are summarized in brief. The focus of the coordination efforts is either directed at individual country stakeholders, such as TICA, or, if it is more relevant to engage with a range of country stakeholders, the consultation is extended. One representative from JICA noted that the stakeholders were those who were directly involved in the projects, which in Thailand was TICA, and if there was a wide range of stakeholders, such as other government agencies, they were not involved in project coordination.

The main theme is that the recipient country is the key coordinating body. For example, according to a representative from JICA, in Cambodia in the 1990s, the officials from the Government of Cambodia found coordination difficult due to a lack of capacity. The representative said that this was no longer the case, even though they were continuing to build capacity, and that Japan respected the will of the recipient Government to coordinate aid projects in the country. In many cases, such as aid coordination with the Lao People's Democratic Republic, coordination mechanisms are co-chaired by the national government representatives and the donor.

A representative from TICA identified two principal levels of aid coordination in undertaking foreign aid projects – internal and external. Different departments and agencies oversee Thailand's aid coordination and cooperation activities. NEDA and TICA are the two principal agencies involved in external and internal aid coordination, while other government departments and agencies are also involved when they have specific expertise relevant to a project.

Under the authority of the Ministry of Finance, NEDA is responsible for providing all the aid loans, which are mainly soft loans. Although NEDA operates within another ministry, it invites representatives from other areas, including TICA, to be involved in the approval process for the work plans of different projects. TICA, on the other hand, is the central coordinating body for technical cooperation. TICA operates under, and is managed by, the Ministry of Foreign Affairs. It is responsible chiefly for bilateral cooperation, with the Ministry of Foreign Affairs coordinating regional cooperation and delegating trilateral cooperative projects to TICA. TICA focuses solely on managing government-to-government cooperation, with the limited involvement of NGOs or large businesses in development and aid coordination.

Problems in aid coordination have been identified regarding Thailand's internal arrangements, not only within Thailand but also by third countries where the aid is dispersed. One representative from TICA noted that the aid policy coordination was often difficult because different ministries were involved. This suggests that greater congruence could be achieved in the overall strategy among the different ministries in managing aid coming into and going out of Thailand. Nevertheless, when examining the specific aid project coordination and what procedures are put in place to coordinate the aid activities in which Thailand is involved, a representative from TICA highlighted a distinct project approval process.

In determining which projects to undertake and to ensure that the aid activities fit with all of the other existing aid projects taking place in countries where Thailand provides aid support, TICA carries out a needs assessment before a project is approved. This involves examining the broader development objectives of the

recipient country. A representative from TICA emphasized that support was driven by the recipient country's needs, which were identified through macro-level planning undertaken by the recipient country. Recipient countries are therefore expected to look at their country needs, convey their needs to TICA, and then officials from TICA look at their own expertise. Thailand attempts first and foremost to match its particular aid projects with the recipient country's needs. This allows the process to be driven by the recipient country, and the responsibility for the coordination of the aid projects also falls to the recipient country.

Once a country has proposed a project, TICA ensures that the activities to be undertaken in the recipient country are not duplicated by other donors, or vice versa. It does so through a comprehensive examination of what types of aid activities are already taking place in the recipient country before the project is approved. TICA also relies on the agencies or ministries that have particular expertise relevant to the specified aid project (for example, the Ministry of Agriculture for agricultural projects). Each project implemented by TICA undergoes an iterative monitoring and evaluation process. The in-country coordination that TICA is involved in also tends to occur through coordination meetings organized for donors by the recipient country. These coordination meetings take the form of a round-table coordination meeting among donors, and a representative from TICA attends the meeting. These meetings are viewed as external coordination mechanisms among donors and the recipients of aid projects in recipient countries.

The round-table scenario tends to be a common technique used in coordinating aid projects within GMS, with different donors invited to attend forums established principally by aid recipients. Round-table events are aimed at creating opportunities for donors and recipients to meet and for donors to discuss what they have done in the recipient country and what they plan to do in the future. Round-table meetings are also initiated by multilateral agencies or organizations such as the World Bank or the United Nations Development Programme (UNDP) to coordinate the aid coming through particular countries. UNDP has been particularly active in seeking to promote trilateral cooperation between countries. This has been done by organizing round-table meetings in other countries, such as the Lao People's Democratic Republic or Viet Nam, to help to promote communication between donors.

Although the round-table events are aimed at having communication between various donor countries and recipient countries, a representative from TICA noted that they did not provide detailed information on the projects. The implication is that general information pertaining to a particular country project rather than detailed information is provided by the aid agencies at these meetings. Forward planning is limited to discussions about each donor country's national plans, with time frames of under two years, thereby limiting the possibility of more long-term strategic actions

with regard to aid coordination taking place. It is felt that more effective and coordinated cooperation between donors and between donor countries and recipient countries must take place.

The round-table event was identified as not being the most effective way to achieve cooperation between different donor countries and agencies. However, a representative from TICA noted that the meetings were better than nothing because, although they did not facilitate the process of coordinating aid activities, they created an opportunity for further communication between participating countries. In between these meetings, donor countries or agencies are responsible for project coordination.

In 2002, Australia announced the appropriation of 21.6 million Australian dollars for a new trilateral aid partnership with Thailand to implement jointly activities in third countries in GMS (DFAT, 2002). However, there has not been any progress, and a representative from TICA said that there had not been much activity with AusAID, implying that AusAID was still considering whether to go ahead with the partnership. More recently, in 2010, a consent paper was developed between the two countries, signalling the possibility of trilateral cooperation. Aid cooperation between AusAID and TICA, however, has been described as being disjointed, with divergent agendas for the same aid activities. A representative from TICA noted that this was why it took three to five years for negotiations between Thailand and Australia to establish an aid partnership policy. This suggests that commitment at the national policy level alone is not sufficient, that commitment and support have to be provided at the operational levels – that is, through cooperation between AusAID and TICA in Thailand – for partnerships to develop.

Direct aid from Australia to Thailand has not stopped completely, but there has been a shift away from the government-to-government level. During the focus group interview, a representative from TICA noted that AusAID did not want to provide Thailand with government-to-government aid. Rather, aid from AusAID – and all NGO aid from Australia – has been redirected to reach specifically the likely recipient, at the micro level. For example, the support of Australian universities in providing students from Thailand with competitive scholarships, such as the Endeavour Awards Scholarships, is an ongoing aid programme that Australia provides in the region.

Despite the shift in Thailand's aid status, Japan has continued to maintain its support for domestic aid to Thailand. Although Thailand announced that it was not an aid recipient country, it was noted in the TICA focus interview that the Government accepted technical cooperation, not financial assistance, from other countries. Japan has therefore been able to continue providing technical cooperation, with some 20 projects currently under way in Thailand. Although the overall leadership responsibility

is with the implementing agency (TICA or NEDA), all aid projects coming into Thailand need TICA approval.

In discussing the future of aid cooperation and coordination, a representative from TICA noted that the Agency would continue providing technical assistance but also work with traditional donors on trilateral cooperation. The representative emphasized the importance of trilateral cooperation and of drawing in traditional donors, including Australia, to aid their technical cooperation. The representative stated that they would talk more with officials from AusAID to convince them to participate in trilateral cooperation. The way forward would thus be to look further at the 2010 consent paper on trilateral cooperation, which was discussed between representatives from Australia and Thailand. This situation also highlights the potential for Japan to extend its current trilateral cooperation with Thailand.

Concerns

The growth of the ASEAN subregion – one of the fastest developing areas in the world but one that is comprised of countries at different levels of economic development – creates opportunities for donor countries to assist in the growth of ASEAN, especially in the least developed countries in GMS. A representative from AusAID noted that this in itself created problems, stating that, at the ASEAN level, regional cooperation and coordination was quite difficult, particularly within the trade sector. There are a number of Governments that fund different programmes that may not necessarily be aligned to the same objectives. The representative noted that it was ultimately up to the members of ASEAN to agree on priorities and to tell donors if they (the members of ASEAN) were funding the same projects in least developed countries such as in GMS.

In reference to GMS, an AusAID representative explained that, in the Subregion, there were regular high-level meetings between all donors and Governments, often chaired by the heads of the Governments or the deputy heads. The high-level meetings with the donors are relatively new; they have taken place in the last few years and they relate to the DAC principles and their effectiveness. A representative expressed concern about concessional lending, or soft loans, which were provided by donors at a lower-than-market rate or for longer repayment periods. However, there is confusion among countries about what constitutes effective aid, as DAC is not clear on whether this type of loan assistance can be considered ODA (Hubbard, 2007).

China's entry to the aid donor "market" has brought greater complexity to the aid cooperation and coordination scene. China is currently an aid recipient and an aid donor. The Government of China has a large number of infrastructure projects in GMS

funded through its concessional lending. One AusAID representative noted that China was the largest aid donor in GMS, but that the aid was mainly in the form of concessional lending, not grants. The representative noted that, although China received aid, it was an emerging global power, and the world's second largest economy. The representative went on to say that China was engaging in aid activities in GMS, as the Subregion was seen as being in its backyard and therefore of importance to the country.

A representative from AusAID stated that Chinese aid was tied to the projects delivered by Chinese companies or State-owned enterprises, but that this type of donor support was not limited to China. The representative from AusAID noted that the Koreans and the Japanese used the same approach, but that the Australians did not. The representative stated that Australia did not tie their aid in that way and that aid allocation to projects was always done through internationally competitive bid processes.

Transparency and governance are important principles of DAC. When aid is provided with linked benefits to donor countries, compromises can take place. A representative from AusAID explained that one should never expect a donor to apply principles of transparency beyond what they had in their own domestic situation. The representative said that it was illogical to think that China would have large public consultations, and that if they behaved a certain way towards their domestic constituency it would not make sense for them to act towards a foreign country constituency in a different way. The representative from AusAID added, however, that the situation was changing and that China's policies were improving. The representative noted that, in Africa in particular, China has had some bad experiences with projects failing, and the Chinese officials realized this had damaged China's reputation, and as a result they were changing their practices.

A pertinent point was voiced by a representative from AusAID regarding the complexity involved in implementing the DAC principles. According to the representative, the DAC principles were best practice and agreed to by all DAC signatories, but not even all of the members of DAC always adhered to those standards. The representative went on to state that the principles were an objective and that there were aid donors that were not part of DAC, who may or may not be working towards the principles.

A representative from AusAID reflected on the role of NGOs mainly as consultants, noting that the responsibility for consulting with them could occasionally be a very sensitive issue, varying from country to country. The representative said that, in Cambodia and in the Lao People's Democratic Republic, NGO involvement in activities led by the Government did not always go smoothly; when a country was at

a certain stage of political development or governance – not as it was in Australia – it could be complex, particularly on more contentious issues such as resettlements of populations to carry out infrastructure projects.

In countries such as Cambodia and the Lao People's Democratic Republic, there is therefore a tendency for NGOs to work directly with AusAID. A representative from AusAID noted that, generally, it was not unusual for NGOs to meet directly with the embassy, or AusAID, but that consultations with NGOs took place at different times during a project's implementation. The representative went on to say that the consultations were sometimes formal and sometimes more informal, and at times, as in the case of Australia, an NGO was part of a forum on a particular issue, organized by an NGO, a Government or another donor.

A representative from AusAID noted that about 15 per cent of Australia's aid was implemented through NGOs. Concern was raised by some recipient countries regarding the NGO voice in the internal appraisal process, even though the NGOs clearly participated in the aid work in the recipient countries. The representative stated that the process was quite different in Australia, where there were formal procedures for NGOs to follow when consulting on aid project opportunities. The AusAID representative explained that the opportunity for NGOs to engage in aid consultation was also extended to aid activities in the region. It was further noted that AusAID valued the input provided by NGOs, and if an NGO disagreed strenuously about projects or project outcomes, their concerns were taken seriously. The representative stated that NGOs were often quite happy to use the media as a means to criticize, but that this was acceptable.

Corruption and accountability were raised as areas of concern. The concerns included the financial risks of working in countries with less developed systems of accountability, and not having public access to published financial management data. The representative from AusAID added that it was an ever-present risk that some funds would be misused, but that there were many ways to reduce such occurrences. It was noted that, as part of the initial assessment of a project, there was an assessment of the financial risks regarding the capacity of the partner to manage the funds effectively, whether they were judged to be an effective partner. Such assessments are also made on an ongoing basis.

AusAID works with different partners and risk is assessed in different ways. A representative from AusAID noted that the World Bank, for example, had extremely vigorous criteria in a country such as Cambodia for tracking the use of funds within government agencies, and that it was not uncommon – if there seemed to be a problem – for the disbursement of funds to stop. There would be an investigation, and every person involved would be dismissed if necessary. It was also noted that there was always tension during tracking.

VI. RESULTS

The results of the present study incorporate a number of outcomes that provide a holistic understanding of the phenomenon of aid cooperation and coordination by three aid agencies in GMS. In particular, in the design of the research strategy, two approaches involving the representatives from the aid agencies and public feedback were incorporated. First, one-on-one interviews with the 12 representatives from the 3 agencies – AusAID, JICA and TICA – formed the basis of the inquiry into foreign aid delivery in GMS. Second, a workshop was held in Bangkok to present the initial results and to provide stakeholders with a “public voice” at an open dialogue session. The outcome from these two research approaches, together with the support of the existing literature, provided the basis for the interpretation of the results.

The central theme of the discourse generated from the case studies was the coordination and cooperation of aid delivery in GMS. Thus, cooperation and coordination in the delivery of foreign aid in GMS and the concerns arising from this delivery formed the basis of the narrative inquiry⁷ in the case studies presented in this paper. The case studies highlight a commitment and a desire of all three agencies to engage in the development of GMS, which is seen as crucial for stability and security in the region, and is therefore important to their national interests. The three countries are also important to GMS, as Japan and Australia are the largest aid donor countries, and Thailand, having achieved the status of a middle-income country, is now working in partnership with other donors, providing countries in GMS with technical aid assistance.

The discussions on the coordination and cooperation of aid delivery in GMS are categorized in table 7. Although Thailand is a non-DAC country, it does report to DAC⁸ (Dreher, Nunnenkamp and Thiele, 2011). The results suggest that the two main donors, Japan and Australia, and Thailand, as both a recipient and a donor of foreign aid, have different approaches to identifying at the national level the delivery of foreign aid to recipient countries. For example, Australia approaches its delivery mainly through bilateral engagement and has not actively undertaken partnership arrangements. Japan is engaged in bilateral aid with Thailand, and is in a triangular

⁷ The present study uses case study methodology. Clandinin and Huber (2010) described the case study methodology as employing the narrative inquiry format, through which experiences of the participants provide explanations regarding the phenomenon being studied.

⁸ There are a growing number of countries that are not members of the Development Assistance Committee (DAC) but that provide development finance. However, not all non-DAC countries providing development finance report to DAC. See www.oecd.org/dac/stats/non-dac-reporting.htm for the list of non-DAC countries that report to DAC.

Table 7. Results from the cooperation and coordination focus group interviews and discussions

	Case study 1: AusAID	Case study 2: JICA	Case Study 3: TICA
National priority identification (policy decisions)	<ul style="list-style-type: none"> • Mainly bilateral • Situational analysis: country factors – economic, environment and health, public administration, all key challenges, gender equality; done every few years with updates when major changes occur 	<ul style="list-style-type: none"> • Bilateral and partnership arrangements • Cross-border/trans-border cooperation 	<ul style="list-style-type: none"> • Bilateral cooperation • TICA and Neighbouring Countries Economic Development Cooperation Agency coordination • Macro-level planning based on needs of recipient country
Identifying aid projects	<ul style="list-style-type: none"> • Collaborative effort guided by research and cooperation between AusAID and the aid recipient Government, based on strategic priorities of the recipient country • Identification of priorities based on government and public interest; common interests based on themes in the development and cooperation statement 	<ul style="list-style-type: none"> • Bilateral and regional cooperation initiatives coordinated with Japan's international aid policies • Japan's priorities are made known to coordinating organizations in recipient countries and to ministries in recipient countries • Ministries in the recipient country submit proposals to coordinating organization • Coordinating organization submits proposals to JICA 	<ul style="list-style-type: none"> • Request from recipient country • Needs assessment by TICA, examining broader development objectives of recipient country • Project needs are matched to the availability of internal Thai expertise
Assessing aid projects	<ul style="list-style-type: none"> • Against set criteria, including effectiveness, efficiency, sustainability, gender and equality • Peer review • Make public "what we are going to do to assist" 	<ul style="list-style-type: none"> • Japan's core policy for the country • Japan's global policy • Japan's national criteria 	<ul style="list-style-type: none"> • Assessment against project activities by other donors • Cooperates with relevant recipient country agencies or ministries

Table 7. (continued)

	Case study 1: AusAID	Case study 2: JICA	Case Study 3: TICA
Designing aid projects	<ul style="list-style-type: none"> • Consultation with development partners • Other donors • Independent expert appraisal • NGO involvement 	<ul style="list-style-type: none"> • Development of project design matrix for monitoring progress • Bilateral and partner engagement 	<ul style="list-style-type: none"> • Recipient engagement
Monitoring and evaluation	<ul style="list-style-type: none"> • Project reports on a progressive basis, depending on project length 	<ul style="list-style-type: none"> • Project design matrix for monitoring progress • Midterm review • Six months before project completion • Some post-evaluation (e.g., three years after project completion) 	<ul style="list-style-type: none"> • Not discussed
Communication with stakeholders	<ul style="list-style-type: none"> • Project report summaries on AusAID website 	<ul style="list-style-type: none"> • Report briefs on JICA website • Communiqué with coordinating organization 	<ul style="list-style-type: none"> • Round-table meetings (e.g., initiated by multilateral agencies such as World Bank and UNDP)
Recipient country coordination	<ul style="list-style-type: none"> • With NGOs and multilateral organizations such as World Bank, Asian Development Bank and UNDP 	<ul style="list-style-type: none"> • Recipient country is key coordinating body of project 	<ul style="list-style-type: none"> • Round-table meetings led by recipient country with different donors invited to attend forums

Note: AusAID – Australian Agency for International Development; JICA – Japan International Cooperation Agency; NGO – non-governmental organization; TICA – Thailand International Development Cooperation Agency; UNDP – United Nations Development Programme.

aid relationship with Thailand in GMS; in this sense, Japan is seen to advance Millennium Development Goal 8 (global partnership for development). As a donor country, especially related to technical cooperation in GMS, Thailand relies on the national priority interest identified by the recipient country, and the need assessment is done within the context of the recipient country's broader developmental objectives. In the context of development aid to GMS, TICA manages government-to-government cooperation. The approval to proceed with a project is determined by Thailand's ability to support the project, especially with regard to technical aid. It is seen as problematic that Thailand's internal activities relating to aid allocation and administration are shared by two agencies operating in two different ministries – NEDA functions within the Ministry of Finance and TICA operates within the Ministry of Foreign Affairs. This highlights the fact that, while attention is paid to donor and recipient problems regarding coordination and cooperation, very little is known about the problems related to aid coordination processes within a country.

Table 7 highlights the coordination difficulties that result from not having a common base among the three aid agencies for identifying aid projects. Prior to advancing bilateral aid funds, which are based on the recipient country's strategic priorities, Australia, in support of transparency and good governance, has aid selection criteria. These criteria include "soft" factors, such as gender equality and humanitarian values. Although Japan is not stringent regarding soft conditions, it has its own prescriptive approach, which includes domestic and international developmental priorities, in deciding on aid engagement. Mutual economic benefit is often a criterion for Japan's aid engagement. In the South-South cooperation approach, which is advocated by Japan and many other Asian economies including Thailand, donor countries share their experiences of economic development with recipient countries. Given that their recent experiences include being an aid recipient, many of these donor countries' developmental experiences are dissimilar from those of traditional donor countries (Aldasoro, Nunnenkamp and Thiele, 2010). Because they are familiar with the complexities involved in the progress from recipient to donor, many Asian donor countries shy away from conditionalities, especially those of transparency and governance (Nikitina and Furuoka, 2008).

For aid projects, Australia's bilateral engagement is based on both government-to-government engagement (at the policy level), and on projects, which are mainly coordinated by NGOs and multilateral organizations. During the early stages, consultations take place with recipient countries, other donors, NGOs and multilateral organizations, such as the World Bank, ADB and UNDP, to establish priority areas of need. This process differs from that of Japan, where projects are initiated at the policy level with the relevant ministry in the recipient country and then,

if the project will proceed, its implementation is through an agency, such as JICA.⁹ A similar process is followed when Japan engages in trans-border aid disbursement if more than one recipient country is involved. To coordinate the activities, a “master plan” – the project design matrix – is developed for each project, where objectives, conditions and outcomes are established, monitored and evaluated. Again, at the design and implementation stages, there is a difference between Japan’s approach and Australia’s approach. Japan’s approach is closely associated with the recipient country, while Australia engages with independent organizations, which administer, monitor and evaluate the aid projects. During the implementation phase, the agencies do not view the coordination of projects as being important, except to exchange information as and when necessary. The general discourse that took place during the forums highlighted the fact that there does not seem to be a formal mechanism publicizing the progress of projects during the implementation stage. It is only upon the completion of the projects that project briefs are posted on agency websites.

Agency websites seems to be the most popular venue for communicating with stakeholders. Both AusAID and JICA are fairly transparent in publicizing project summaries and briefs on their websites. While Japan engages directly with TICA and considers TICA to be a stakeholder and partner in the development of GMS, Australia deals on a project-to-project basis with organizations in the individual aid recipient countries in GMS. This decreases the engagement of AusAID with TICA and the necessity to update TICA on project development in the region. The use of round-table forums in GMS where recipient countries engage in dialogues with donors seems unique to the region. Though TICA sees this as an external coordination mechanism for aid projects in recipient countries in GMS, the agency has expressed some doubt regarding its effectiveness. The round-table forums address the projects but no details on coordination are provided, nor are any coordinated long-term strategic plans addressed. The importance of the round-table meetings, however, is to facilitate further communication between recipient and donor countries. Whether this happens is a question of due diligence, which needs to be addressed by both the recipient and the donor countries.

This research set out to explore both the relationships between Australia, Japan and Thailand in providing coordinated aid programmes, and the support for partnership arrangements in GMS. The findings suggest that there is a lack of coordination in aid activities, which generally arises due to the different approaches taken by the three aid agencies. The philosophical base on which aid disbursement is

⁹ Japan has two government agencies involved in dispersing foreign aid: the Japanese International Cooperation Agency and the Japanese Bank for International Cooperation. The latter is the agency that oversees all concessional loans.

built has implications for this lack of coordination between the agencies. The South-South approach, where the donor and recipient countries engage, has a commercial and experiential dimension, while the Western-orientation or traditional North-South approach has poverty reduction alone as the overarching philosophy for foreign aid transactions. Therefore, countries on either side of this divide working towards the common objective of providing foreign aid will have problems in the coordination of their activities. Australia follows the traditional, or North-South, approach, while Japan and Thailand have strong leanings towards the South-South philosophy.

VII. POTENTIAL POLICY IMPLICATIONS

Potential policy implications for aid development

The increasing shift in the global economies towards Asia and the concomitant increase in the number of non-DAC members engaging in foreign aid activities raise several questions regarding foreign aid coordination. The consensus reached by the OECD countries on the DAC principles for effective aid (OECD, 1992) took place at a time when Western countries had dominance over global development. It is possible to argue that the consensus was largely based on Western developmental values, as it took place prior to the emergence of Asian economies as aid donors. Many of the current Asian donors have now accumulated experiences as recipient countries and further acquired developmental experiences as they progressed through the various stages of economic development. Expanding on this premise, one could ask (a) whether the DAC principles for effective aid, and the Paris Declaration in particular, need to be adjusted to reflect the aspirations of non-DAC countries regarding aid imperatives, and (b) whether the philosophical base that enshrines poverty eradication as an international public good could also benefit donor countries and raise the total welfare in recipient countries. Based on these arguments, multiple approaches to aid disbursement may therefore be needed. Kaul (2013) stated that, as developing countries have become increasingly active partners in global policymaking, their concerns with fairness and justice in fostering a better balance between growth and development, as well as between public and private interests, would intensify.

Potential policy implications for aid coordination and cooperation for the alleviation of poverty

The intense competition and proliferation of aid donors and the engagement of new non-DAC aid providers have become concerns that need to be addressed. These issues were discussed at the Fourth High Level Forum on Aid Effectiveness, held in Busan, Republic of Korea, in November and December 2011. Evidence from

the present study suggests that even the existing DAC partners have different philosophical stances when it comes to aid delivery. The differences in their positions arise from an understanding based on experiences, which seem to guide the Japanese involvement in GMS. Australia, on the other hand, is more in tune with the guidelines of the DAC principles. Unless there is either a broadening of the scope for participation to include both DAC and non-DAC players or an acceptance by the new players of the established DAC principles, the coordination and cooperation of aid and its effectiveness is elusive.

Based on the analysis and discussion above, there are policy implications for each donor with regard to the coordination of and cooperation in aid activities to alleviate poverty in GMS, which is a common objective.

Australia's objective to support economic progress and development to alleviate poverty is closely aligned with the DAC principles for aid effectiveness. This study, though exploratory in nature, suggests that the role played by the donor in the traditional sense is one of power and, as competition among recipient countries to receive aid has grown, this notion of donor dominance has been accentuated and seen negatively by aid recipients. With the increases in aid and in competition to deliver aid, the notion of a true partnership between players is becoming important. DAC countries such as Australia, although altruist in their approach, are yet to explore fully true partnerships with developing countries, and more so with countries that are transiting from recipient to donor. The notion of shared experience and skills and mutual development, rather than one of helper and being helped, should provide the basis of shared ownership among partners.

Japan's experience as a recipient and a donor has provided the foundation for a politically motivated and economically gainful relationship with recipient countries. Japan has sought an aid framework in which a partnership that eventually provides economic benefits to the recipient and to Japan is fostered. This is part of the South-South aid thrust that seems to be gaining momentum, especially during the last two decades, with a greater flow of aid taking place between one developing country and another, rather than from developed to developing countries (UNCTAD, 2005).

The policy implication this phenomenon has for aid effectiveness is enormous. When aid goals are set by the North and when the goal priorities in the South may differ, approaches to the provision of aid become complicated and aid effectiveness is questionable. This dilemma has to be addressed, not at operational levels but at top policy levels.

Limitations of the study

In hindsight, there are some limitations to the study, and if they have been avoided, the quality of the present paper would have increased. As one reviewer suggested, the study would have benefited from some demographic information about the respondents, such as their qualifications, experience and position held. However, because the sample was small, this personal information may have compromised the confidentiality of the participants. The small sample size may also have compromised the quality of the responses. This limitation was unavoidable, as the total population was small. An extended study that could have included in-country interviews in Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam may have added greater value to the results and the findings. This is a recommendation for future studies.

VIII. CONCLUSIONS

Coordination and cooperation among aid providers has been an ongoing issue that has been widely written about and regularly addressed at international forums. In the present paper, coordination and cooperation among aid providers was investigated within a triangular aid framework involving the foreign aid support in GMS of two developed countries and of a developing middle-income country. A number of countries, including Thailand, have graduated into the middle-income country category, and seek to actively participate in the development of low-income countries, especially those located in their subregion. Their participation, however, is often limited to technical support and the procurement of machinery to support economic development projects. By contrast, developed countries, such as Australia and Japan, provide foreign aid support for larger projects, including substantial infrastructure developments.

Aid coordination becomes an issue when the countries that have interests in the development of the region have different approaches to aid delivery. Although Australia and Japan are members of DAC, and Thailand has a role in reporting to DAC, all three countries have not only operational differences in their aid distribution but also philosophical differences regarding how aid should be identified at the national level. Australia is heavily involved in bilateral aid initiatives, through NGOs such as World Vision, and through international financial institutions such as ADB and the World Bank. Japan also engages in bilateral efforts, and through international financial institutions for foreign aid delivery; however, in recent years Japan has increasingly been involved in partnership arrangements for its aid distribution. What this says is that formalizing structures to coordinate the activities and achieving operational common grounds could become problematic. The application and the

combination of the different aid structural forms, in a philosophical sense, therefore require a framework to optimize foreign aid impacts in developing countries.

Different philosophical stances to foreign aid disbursement have created separate pathways where the divide is increasing rather than narrowing the gap between the different donor country's coordination and cooperation activities. Australia's stance on good governance and transparency as criteria for aid support is much more stringent than Japan's liberal stance in support of mutual economic benefits. The South-South cooperative approach to aid intervention has further complicated aid coordination activities in developing countries. The traditional North-South approach to aid is increasingly supplemented by South-South cooperation. The proliferation of donors has further complicated coordination activities in developing countries.

The widening of the aid delivery gap between traditional donor countries and new donors will become an area of contention, where the developing countries will benefit the least. Aldasoro, Nunnenkamp and Thiele (2010) stated that a series of high-level meetings organized by OECD with repeated calls for coordination (Monterrey, Mexico, in 2002), harmonization (Rome in 2003), effectiveness, alignment and mutual accountability (Paris in 2005), and an accelerated pace of change (Accra in 2008) has achieved little. Concerns relating to proliferation and competition among DAC and non-DAC donor countries were raised at the Fourth High Level Forum on Aid Effectiveness, but it appears that the world is not any closer to solving the differences between these two "camps". The concerns regarding the lack of cooperation and coordination in foreign aid activities among donor countries will therefore remain major factors that detract from the spirit of poverty alleviation in the developing world as an international public good of the highest order.

Therefore, discussions on the allocation of foreign aid to developing countries, which have generally focused on economic growth, the reduction of extreme poverty and policy that supports economic management (Baulch, 2005; Burnside and Dollar, 2000; Collier and Dollar, 2002) must have a wider appeal. The discussions need to include the following considerations:

- (a) Is the relationship between economic development, poverty reduction and improvement in human values sustainable in the current context of the foreign aid environment?
- (b) Do the philosophical bases of the Millennium Development Goals, the Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action need to be revised in the context of non-DAC donor participation and of countries that seem to emphasize mutual benefits in the framework of aid delivery?

In the present paper, it is concluded that, unless these differences in values between the traditional DAC donors and the donors who emphasize aid activities from a position of mutual benefit, especially the non-DAC donors, are addressed, the optimization of aid effectiveness and efficiency through well-coordinated foreign aid activities among donor countries will remain questionable.

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FOCUS GROUP INTERVIEW GUIDELINES

Exploring the role of coordinated aid programmes in the Greater Mekong Subregion

Thank you for agreeing to participate in this research project. Your generosity in giving your valuable time is greatly appreciated. Before I begin our discussion, I would like to draw your attention to the informed consent form, which provides you with information and choices about your participation.

The international community has been presented with a dilemma regarding how it achieves important developmental objectives as envisaged by Development Assistance Committee countries and targets for poverty alleviation set through multilateral declarations, including the United Nations Millennium Development Goals. In this pilot study, we are interested in exploring the relationship between the aid donors supporting the development of the Mekong Subregion. The purpose of our discussion today is to explore and collect your professional and personal opinions about these relationships. We would also like you to illustrate this with examples from your professional/personal experience.

With this in mind, I would like to start by asking the following questions:

1. "Help them to help themselves". What are your views?
2. Does aid effectively stimulate sustainable economic activities? If so, how? If not, why not?
3. How do you identify, monitor the development of, evaluate and report on aid projects?
4. How are these activities (question number 3) coordinated with other aid agencies?
5. What are your guiding principles in providing aid?
 - a. Do you seek fiscal and budgetary reforms as a condition of aid support?
 - b. Do you seek democratic governance reforms as a condition of aid support?
 - c. What other factors apply as conditions of aid support?
6. How important are the United Nations Millennium Development Goals and the Development Assistance Committee Guidelines of the Organisation for Economic Co-operation and Development in the selection of your aid project support?

7. What other factors need to be considered in supporting coordinated sustainable economic development initiatives to alleviate poverty in the Greater Mekong Subregion?

8. Based on your experience, do you have a personal or professional “vision” for achieving poverty reduction in the Greater Mekong Subregion?