

**REGIONALISM AND INFRASTRUCTURE DEVELOPMENT: A
COMPARATIVE CASE STUDY OF TRANSPORT DEVELOPMENT IN EAC
(EAST AFRICAN COMMUNITY) AND GMS (GREATER MEKONG
SUBREGION)**

By

MOON, Seon Ho

THESIS

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

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2017

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ABSTRACT

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By

Seon Ho Moon

Improving connectivity through cross-border infrastructures plays a vital role in development. However, such cross-border infrastructures are largely undersupplied, especially in developing economies, as they are regional public goods (RPGs) that confront coordination failures among national governments. While appropriate interventions are necessary for optimal provision of RPGs, in the absence of supranational authority ('anarchy'), such a role for regional cooperation is carried out by different regional actors and through different institutions (rules of the game). In the East African Community (EAC), regional cooperation for development is dominantly led by Kenya, a regional hegemon, while in the Greater Mekong Subregion (GMS), the process is essentially led by the support of the ADB. Both regional communities desperately strive to achieve economic development through high quality infrastructure and facilitation of trade. By scrutinizing the two selected regional communities, this paper aims to reveal the drivers behind the emergence of regionalism in the two regions and how they affect the dynamics of the provision of transport infrastructure. It will also seek for their implications for trade and economic development. In the course of analysis, international relations theories, political economy analysis (PEA), and descriptive statistics will be used to compare the two regions. The paper finds that due to absence of an effective coordinator and fragmented implementation of regional transport policies, balanced infrastructure development and growth in intra-regional trade have been relatively less successful in the EAC than in the GMS.

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I. INTRODUCTION

Improving connectivity through high-quality infrastructure is crucial for development as it generates large welfare gains through increased market access, reduced trade costs, and more efficient allocation of resources (ADB 2009, 4). Numerous studies attest that infrastructure plays a significant role in promoting and sustaining rapid economic growth as well as alleviating poverty (Hulten 1996; Esfahani and Ramirez 2003; Estache 2005; Rickards 2008; Datt and Ravallion 1998; and Fan and Zhang 2004). There is also ample evidence suggesting that returns on infrastructure investment often greatly exceed those from other forms of capital investment (ADB 2009, 7).

Such large economic benefits can also be enjoyed internationally with the development of cross-border infrastructures¹ such as transport corridors, ports, and railways. Cross-border infrastructures enhance regional connectivity and promote regional integration by reducing transportation costs which in turn affect the trade volume of the region (Francois and Manchin 2013; Limao and Venables 2001; Shepherd and Wilson 2006). WTO (2011) reveals that the amount of trade does not always exclusively depend on tariff reduction and suggests that transport infrastructure contributes to trade enhancement in developing countries. Knowing these circumstances, almost all regional communities in the developing world, prioritize the provision of high quality infrastructure for regional prosperity.

Yet, despite their explicit benefits and needs, there is a huge gap between the demand and the supply of cross-border infrastructures in developing economies. Rough estimates on overall infrastructure needs allow us to possibly conjecture this gap. Lim and Mako (2015, 4) estimates that 5-year (2016-2020) Emerging Market Asia demand for infrastructure

¹ Borrowing from Fujimura and Adhikari (2010, 4), ‘cross-border infrastructure’ can be defined as either an infrastructure with activities spanning two or more countries, or a national infrastructure that has significant cross-border impact. Typically, ‘infrastructure’ includes transport, energy, and ICT (information communication technology) facilities. In this study, the main focus would be cross-border transport infrastructures.

investment totals \$8.3 trillion. Such enormous needs is also true for Africa, where \$93 billion is required annually to fill in the infrastructure gap, and Latin America, where 6.2% of the region’s GDP has to be invested in infrastructure for a prolonged time to meet the region’s demand (Foster and Briceño-Garmendia 2009; Lardé and Sánchez 2014, 4). Considering that only small portion of infrastructure projects are being supported by governments or IFIs (international financial institutions), it is reasonable to infer that cross-border infrastructures are largely undersupplied.

Table 1. Infrastructure Demand by Continent

Region	Infrastructure Demand	Source
Emerging Market Asia	\$8.3 trillion (2016-2020)	Lim and Mako (2015)
Africa	\$93 billion annually (~2020)	Foster and Briceño-Garmendia (2009)
Latin America	6.2% of region’s GDP annually (2012-2020), approximately \$320 billion dollars in 2012	Lardé and Sánchez (2014)

Source: Organized by the author

The huge undersupply of infrastructure originates primarily from coordination failure among national governments that derives from lack of trust, uneven distribution of costs and benefits, and difficulty in financing. The typology used by Sandler (2004) gives meaningful insights in this regard by identifying how cross-border infrastructures can be categorized and what type of interventions are necessary for them to be optimally provided. As one of regional public goods (RPGs), almost all cross-border infrastructure projects fall under the category of ‘club goods’ where the good is partially rival for its members but excludable to non-members. (Fujimura and Adhikari 2010, 32; See Table 2). In other words, while the good can be excluded to non-members through tolls or other measures, the marginal cost of

supplying another user is almost zero. This results in undersupply of the good due to incentives for free-riding on the cost of others.

In overcoming the coordination failure, various supply technologies are suggested. These ‘aggregation technologies’ capture the nature of institutions and instruments that ought to be created to deliver the public good. Provision of cross-border transport infrastructure, for example, depends on the ‘weaker (or weakest) link technology’ where smaller (or smallest) contributions from weaker (or weakest) member countries ensure the effective aggregate supply level (Fujimura and Adhikari 2010, 33; See Table 2). This means that all party participation is essential and efforts to provide optimal level of infrastructure can be seriously undermined when one or few weak ‘links’ fail to supply the adequate quantity of the good. In order to realize the weaker link technology, collective action or supranational (or third party) intervention is needed to facilitate all party participation and assist weak link countries through provision of resources, skills, and knowledge.

Table 2. Regional Public Goods: Typology and Examples

Aggregate Level of RPG Determined by:	Pure Public Good	Impure Public Good	Club Good	Joint Products
<i>Summation</i> : sum of countries’ contributions	Cleaning a lake	Treatment of HIV/AIDS patients	Transnational park	Preserving rainforests
<i>Weighted sum</i> : differentially weighted sum of countries’ contributions	Curbing spread of AIDS	Reducing acid rain	Power grid	Eliminating transnational terrorist threat
<i>Weakest link</i> : smallest contribution	Implementing international standards for financial practices	Surveillance of disease outbreaks	Airport hub-spoke network	Prevention and mitigation of natural disasters
<i>Weaker link</i> : smallest contribution, followed by the second smallest contribution, and so on	Forestalling spread of an agricultural pest	Maintenance of sterilization	Transport infrastructure	Internet connectivity
<i>Best shot</i> : largest contribution	Curing a disease	Agricultural research findings	Satellite launch facility	Regional peacekeeping
<i>Better shot</i> : largest contribution, followed by the second largest contribution, and so on	Discovering effective treatment	Uncovering intelligence on political instabilities	Biohazard facility	Bio-prospecting

Source: Fujimura and Adhikari 2010; adopted from Sandler 2004, 21

The problem in the international community, however, is the absence of supranational authority ('anarchy') to levy tax or implement such types of interventions. Hence, self-reinforcing mechanisms such as binding treaties, agreements, or support from Regional Development Banks (RDBs) such as the Asian Development Bank (ADB) are necessary to facilitate the provision of RPGs (Fujimura 2004; Kuroda et al. 2007; Schiff and Winters 2002). A regional hegemon or influential donors can also intervene to take the lead in the coordination process. Indeed, wealthier countries or IFIs should play a leading role by promoting commonly shared vision and goals (Andrews-Speed 2011, 12-13).

While abundant literature discuss why RPGs are undersupplied and how they can be better provided, there seem to be fewer literature on the different dynamics exhibited in the provision of RPGs (and their implications to trade and economic development) that arise from the difference in actors and institutions (rules of the game) involved. Actors and institutions are, in turn, determined by various drivers for regionalism² that stem from history, international relations, distribution of power, and other regional settings. Accordingly, different regional communities may display different dynamics and outcome in overcoming the challenge of coordination failure. For instance, while both EAC and GMS desperately strive to provide high quality infrastructure, EAC is dominantly led by Kenya, a regional hegemon, and GMS is essentially led by the support of ADB. This might have a distinct impact on the progress that the two communities are making. Thus, by scrutinizing the two selected regional communities, this paper aims to reveal the drivers behind the emergence of regionalism in the two regions and how they affect the dynamics of the provision of transport infrastructure. It will also seek for their implications for trade and economic development. In the course of analysis, this paper will borrow international relations theories to explain for the

² "Regionalism includes formal economic cooperation and integration arrangements covering infrastructure, trade, investment, finance, and various types of regional public goods." (Kuroda et al., 2007).

drivers of regionalism and employ a modified version of the political economy analysis (PEA) to compare transport infrastructure development of the two regions in-depth. The paper will contribute to the development literature by providing a cross-regional comparison on the dynamics and outcome of transport infrastructure development.

II. DRIVERS FOR THE EMERGENCE OF REGIONALISM³

Unlike regionalism in EU or Northern America, members of both EAC and GMS are developing countries where developmental policies often take precedence over other integration policies. Hence, while there are numerous international relations theories that account for regionalism, identifying the main drivers for its emergence, particularly in regards to regional development governance, will be useful for analysis. Bruszt and Palestini (2016) classifies three main drivers for regional development cooperation to explain why state and market actors decide to cooperate and govern jointly over developmental policies. They are asymmetric interdependence, power and security, and critical events and diffusion of policy.

A. Asymmetric Interdependence

Increasing asymmetric interdependence among economies in face of regional and global market integration serves as a key driver for regionalism. State and market actors in close geographical boundaries are usually more interdependent and efforts to avoid the sub-optimal effect deriving from uncoordinated actions leads them cooperate and govern possible developmental externalities through regional development governance (Keohane and Ostrom

³ Much of the literature reviews in this section are indebted to *The Oxford Handbook of Comparative Regionalism*, edited by Tanja A. Börzel and Thomas Risse, Oxford: Oxford University Press, 2016.

1995; Milner and Moravcsik 2009; Börzel 2016).

Liberal theories in international relations namely, neo-liberal institutionalism, the political economy approach, and neo-functionalism supports the asymmetric interdependence argument. First, neoliberal institutionalism or rationalist functionalism focuses on the interdependence and shared interests among states. This approach argues that efforts to achieve shared interests through interdependence leads to establishing international institutions, which tend to be strengthened at regional level (Keohane 1984; Martin and Simmons, 1998). For supporters of this approach, globalization and global market force is the key external driver that fosters regional integration to increase cross-border mobility, economic linkages, and trade. Various regional institutions such as EU, NAFTA, and ASEAN are efforts to respond to globalization and deal with negative externalities such as diversion of trade and investment (Börzel 2016, 46). In particular, while developing countries once pursued protective regionalism, regional integration process now has become a way to be part of the global market and attract international investment (Mistry 2003; Puntigliano and Briceno-Ruiz 2013; Bruszt and Palestini 2016).

The second theory is the political economy approach or liberal theories of international cooperation that are more concerned with the domestic political process of interest aggregation and interest representation (Börzel 2016, 46). Domestic interest groups try to influence the state's international decision-making by actively lobbying their governments. The access to domestic decision-making processes by these interest groups and their capacity to push forward their agendas are crucial for penetrating their demand for regional institution-building (Rogowski 1989; Milner 1997). In the case of NAFTA and APEC agreements, the American businesses lobbied the governments to join them (Milner 1995; Cameron and Tomlin 2002).

Thirdly, neo-functionalism stresses the role played by interest groups, professional

associations, producer groups, and labor unions. These groups form transnational coalitions with groups in other states and ally with regional actors that share similar stances to regional integration. Then they may pressure the state government for more effective regional institution which promotes trade liberalization by compromising their sovereignty (Stone Sweet and Caporaso 1998). A good example would be European companies that joined with the European Commission to push for the Single European Market and Currency (Sandholtz and Zysman 1989; Cowles 1995).

B. Power and Security

Power and security issues involved in the geopolitics of the international system also serve as important drivers of regionalism. Such power-based approaches are vocally argued by neo-realists. This group of scholars assume that states are concerned with the equal distribution of power among them and thus believe that cooperation is generally risky (Baldwin 2013). Yet, powerful states promote regional integration in order to pursue their economic or geopolitical interests. According to the hegemonic stability theory, powerful states in the region takes the leading role in regional integration to ease the tensions and mitigate the security dilemma in the region (Gilpin 1987; Grieco 1997). For instance, the U.S. played the role as an exogenous hegemon in the integration process of the European Community and ASEAN (Gruber 2000; Acharya 2001). The creation of RDBs are also invoked as examples of this approach since they are considered as vehicles of global and regional powers to expand and stabilize their influence on a certain region (Vivares 2013; Babb 2009). The U.S. support for the creation of IDB as part of the Inter-American system can be viewed in this way. Recent tension between China and the U.S. over the establishment of Asian Infrastructure Investment Bank (AIIB) is another case that can be interpreted in this

context.

Second explanation based on the power-based approach is that states form regional alliance to balance the power against regional or exogenous hegemons (Walt 1987). For example, Brazil and Venezuela strongly supported MERCOSUR in order to prevent further U.S. influence in Latin America (Mera 2005; Tussie 2009). While this provides a different view from the hegemonic stability theory, both are power-based approaches that argue in favor of states acting to balance power in the absence of supranational authority (anarchy).

C. Critical Events and Diffusion of Policy

Policy ideas, especially in times of exogenous shocks or crisis, can also be drivers of regionalism and regional development cooperation. The collapse of the Soviet Union in 1989 triggered the Western European countries to create European Bank for Reconstruction and Development (EBRD) for economic transformation of the Eastern European countries (Bruszt and Palestini 2016, 381-382). In similar vein, Initiative for ASEAN Integration (IAI) that was launched following Asian Financial Crisis can also be viewed with this approach.

Regionalism and regional development cooperation can also occur through diffusion of policies either by direct (sender-driven) influence mechanisms or indirect (recipient-driven) mechanisms (Risse 2016, 88-91). These mechanisms can again be categorized into logic of consequence theorized by regional choice models and logic of appropriateness/arguing conceptualized by sociological institutionalism and social constructivism (Risse 2016, 89; See Table 3). First, on the direct influence mechanism side, regionalism can happen when physical or legal coercion is imposed through external stimuli. Yet, such a case is rather rare in the emergence of regionalism. Secondly, diffusion may also happen when promoters of certain institutional models or ideas provide rewards (in the form of financial or technical

assistance) or impose costs through sanctions. For instance, EU’s support for the African Union (AU) through development aid and market access to EU through European Partnership Agreements (EPA) can be viewed as a direct diffusion mechanism (Engel 2015). And thirdly, in regards to logic of appropriateness, norms socialization and persuasion can bring regionalism by promoting actors to meet social expectations (socialization) or persuade one another in order to convince others on the benefits of regional cooperation (Risse 2016, 90). UN and other international organizations (IOs) that are at the center of various regional governance such as security, development, gender, environment, and human rights are representative in this regard. On the indirect mechanism side, competition involves “unilateral adjustments of behavior” where actors compete each other to satisfy certain performance criteria (Risse 2016, 90). This mechanism usually refers to free trade agreement (FTAs) or preferential trade agreement (PTAs) where states compete to get advantageous access to markets. Lesson-drawing is concerned with how actors seek to resemble others for policies and institutions that have worked effectively in solving similar problems. Normative emulation is related to actors emulating for normative reasons such as increasing legitimacy, improving human rights, and curbing corruption while mimicry involves passive “downloading” of policy ideas or institutional models (Risse 2016, 90-91).

Table 3. Mechanisms of Policy Diffusion

	Logic of Consequences	Logic of Appropriateness/Arguing
Direct Influence (sender-driven)	<ul style="list-style-type: none"> - Coercion - Positive Incentives and Negative Sanctions 	<ul style="list-style-type: none"> - Norm Socialization and Persuasion
Indirect Diffusion/Emulation (recipient-driven)	<ul style="list-style-type: none"> - Competition - Lesson Drawing 	<ul style="list-style-type: none"> - Normative Emulation - Mimicry

Source: Risse 2016, adopted from Börzel and Risse 2009; Börzel and Risse 2012

Most diffusion mechanisms, whether they employ material incentives or sanctions or not, are essentially constructivist in nature since they entail ideational drivers such as policy ideas, norms, and discourses. Moreover, diffusion is an active process of translation, interpretation, learning, incorporation, and resistance where selective adoption and adaptation are more likely than passive adoption or institutional convergence (Solingen 2012; Klingler-Vidra and Schleifer 2014). In this sense, the diffusion explanation can be seen as part of the constructivist theory in international relations.

D. Combined Drivers

The three main drivers of regionalism are not mutually exclusive and can be combined to better analyze the emergence of regionalism and regional development cooperation (Börzel and Risse 2016). For instance, IAI can be explained with both ‘asymmetric interdependence’ and ‘diffusion mechanism’ as it seeks for deepened economic integration and also emulated European Cohesion Policy (Bruszt and Palestini 2016, 382-383). Fund for the Economic Convergence of Mercosur (FOCEM) can also be understood in this context as it aimed to achieve better economic cooperation and EU technocrats played an active role transferring knowledge to Mercosur officials (Dabene 2009; Jetschke and Murray 2012). Such combination of regionalism drivers seems all the more important for analyzing regional communities that are composed of developing countries. As briefly mentioned above, EAC and GMS are different from EU where most members are advanced capitalist economies with democratic systems and strongly emphasize integration through regional institution building. Conventional theories on regionalism such as neo-realism or neo-liberalism are rooted in the European experience which suggests that their explanatory power

may not be universal. In recent years, Eurocentric approaches to regionalism with heavy emphasis on compromising sovereignty through state-led formal institution building have been criticized for overlooking the focus on autonomy among developing countries in the context of decolonization and nationalism and the rising influence of non-state actors. Thus, rather than adopting one ‘universal’ theory, combining them to explain for the emergence of regionalism may provide a more clear picture of the reality.

In this paper, the case of EAC and GMS will be explained by combining two theories but with different gravity. While the two regional communities share the similar ‘primary’ driver for regionalism, they differ on their ‘complementary’ driver. In the following section, drivers for regionalism in EAC and GMS will be elaborated by delving into the development history of the two communities.

Below is a summary table of the regionalism drivers discussed in this section.

Table 4. Drivers for the Emergence of Regionalism – Summary Table

Drivers for Regionalism	School of Thought and Theories		Authors	Cases
Asymmetric Interdependence	Liberalism	Neo-Liberal Institutionalism	Keohane 1984; Martin and Simmons, 1998; Börzel 2016; Mistry 2003; Rivarola Puntigliano and Briceno-Ruiz 2013; Bruszt and Palestini 2016	EU, NAFTA, ASEAN
		Political Economy Approach	Rogowski 1989; Milner 1997; Milner 1995; Cameron and Tomlin 2002	NAFTA, APEC
		Neo-Functionalism	Stone Sweet and Caporaso 1998; Sandholtz and Zyman 1989; Cowles 1995	Single European Market and Currency
Power and Security	Neo-Realism	Hegemonic Stability Theory	Gilpin 1987; Grieco 1997; Gruber 2000; Acharya 2001; Vivares 2013; Babb 2009	EC, ASEAN, RDBs (e.g. IDB, AIIB)
		Regional Alliance Theory	Walt 1987; Gomez Mera 2005; Tussie 2009	MERCOSUR
Critical Events and Diffusion of Policy	Constructivism	Policy Diffusion	Engel 2015; Risse 2016; Solingen 2012; Klingler-Vidra and Schleifer 2014; Jahn 2015	EBRD, IAI, EU support for AU, UN and IOs, FTAs, PTAs
Combined Drivers	Different Combinations of the Drivers and Theories (e.g. asymmetric interdependence + policy diffusion)		Börzel and Risse 2016; De Andrade Correa 2010; Dabene 2009; Jetschke and Murray 2012; Bruszt and Palestini 2016	IAI, FOCEM

Source: Organized by the author

III. DRIVERS FOR REGIONALISM IN EAC AND GMS

This section will reveal the specific drivers for regionalism in EAC and GMS by

looking into their development history. Then, it will suggest which combination of theories best account for their emergence respectively.

A. The History of EAC

In the late 19th century and early 20th century, colonial interests in East Africa were dominated by the British (who controlled Kenya and Uganda) and the Germans (who controlled then Tanganyika (later Tanzania)). At that time, the British interests were focused on Uganda which led to the construction of the Kenya-Uganda Railway between 1897 and 1901. This railway connection served as a great incentive to draw European settlers to Kenya as the transportation of goods was made easier (Kafeero 2009, 82-83). As the European community grew, Kenya began to acquire a dominant position in East Africa. This was largely attributable to Kenya's economic structure (Kenya: settler plantation economy, not much export-oriented / Uganda: peasant economy, Tanganyika: mixture of peasant and plantation economy, both export-oriented) that allowed its monetary economy to develop thanks to the large capital brought in by settlers (Kafeero 2009, 82-83). Based on the accumulated capital, Kenya was able to better develop its manufacturing and services sector becoming the major supplier of manufactured goods in East Africa. The differing pattern of economic development of the three countries paved the way for later wide range of compatibility problems (Reith and Boltz 2011, 92-93).

When Tanganyika came under the British control after the defeat of the Germans in World War I, the need for a systematic integration of the three countries intensified (Kafeero 2009, 82-83). The customs union had already been established between Kenya and Uganda in 1917 so Tanganyika also joined the union in 1927. Such efforts were followed by the East African High Commission (EAHC) from 1948 to 1961. The EAHC provided a customs union,

a common external tariff, currency, and postage. It also dealt with common services in transport and communications, research, and education.

After independence (Tanganyika in 1961, Uganda in 1962, and Kenya in 1963), EAHC activities that were formerly run under the colonial rule were reorganized and the commission was replaced by the East African Common Services Organization (EACSO, 1961 ~1967). At the time, many observers thought it would lead to a political federation between the three territories. Yet, EASCO policies still echoed dominant colonial views and the new organization confronted numerous difficulties due to lack of joint planning and fiscal policy, separate political policies, and Kenya's dominant economic position (Kafeero 2009, 82-83). In 1967, the EACSO was again replaced by EAC. The aim was to strengthen the ties between the members through a common market, a common customs tariff, and a range of public services to achieve balanced economic growth within the region.

However, despite such ambitious goals, the EAC collapsed after ten years in 1977. The main culprits behind the collapse included lack of steering functions, disproportionate distribution of benefits among members, purely intergovernmental structure, and conflicting opinions among leading players (Reith and Boltz 2011, 92). Some of the detailed conflicts among the members include demands by Kenya for more seats than Uganda and Tanzania in decision-making organs, disagreements with Ugandan dictator Idi Amin who demanded that Tanzania as a member should not harbor forces fighting to topple the another member government (Uganda and Tanzania actually went into a war from 1978 to 1979), and the disparate economic systems of socialism in Tanzania and capitalism in Kenya. The three member states lost over sixty years of co-operation and the benefits of economies of scale.

The cooperation resumed after almost 30 years when the East African Heads of State signed agreement establishing the Permanent Tripartite Commission for East African Co-operation in Kampala, Uganda on 30 November 1993. With further agreements and meetings,

in November 1999, a Treaty for the establishment of the new East African Community was signed and from 7 July 2000 the Treaty entered into force. Its key objective was to develop policies at widening and deepening cooperation in all fields, not just economic or trade policies, for mutual benefits of its member (Article 5 of the EAC Treaty) (Van Hoestenbergh et al. 2009, 237). And in 2007 the membership was expanded to include Rwanda and Burundi. Most recently, the Republic of South Sudan acceded to the Treaty on 15 April 2016 and became a full member on 15 August 2016 (EAC 2016a).

B. The History of GMS

At the outset, inter-state cooperation around the Mekong River emerged in the context of decolonization and post-war reconstruction. After World War II, under the resolution of the UN Economic and Social Council (ECOSOC), The Economic Commission on Asia and Far East (ECAFE, later Economic and Social Council for Asia and the Pacific (ESCAP)) was created to assist post-war economic reconstruction providing some development projects in the region. The Mekong development cooperation scheme began to materialize around the lower Mekong when Cambodia, Laos, and Vietnam were declared independent from France in the 1954 Geneva Conference and the ECAFE published a report in 1957 titled 'Development of Water Resources in the Lower Mekong Basin' highlighting the need to harness the region's rich natural endowments to develop irrigation systems and dams. Based largely on the report, the Mekong Committee was established in September 1957 with the function to provide financial and technical support for development projects such as dam construction and hydropower generation (Vannarith 2010, 5). Yet, the committee was only joined by Cambodia, Laos, Thailand, and South Vietnam since People's Republic of China was not internationally recognized then and Myanmar was reluctant to be part of the

initiative (Vannarith 2010, 5). The committee lasted from 1957 to 1975 but its vision of carrying out large-scale projects was not realized with only few dams being constructed in its member countries (Vannarith 2010, 5-7). Maybe the only successful intergovernmental project was the Nam Ngum Dam and the Hydro Electric Power Plant completed in 1971 in Laos whose electricity was sold to Thailand.

Despite such ambitious plans for cooperation, the committee began to stumble from the late 1970s and had only interim status from 1978 due to changing domestic political situations and rising tension in the region.⁴ The regimes changed simultaneously in 1975 in Cambodia, Laos, and Vietnam. Also, from the late 1970s and 1980s, the countries surrounding the Mekong River were divided by different ideologies (Rosario 2010, 2). Thailand, despite a series of military governments from several coups, firmly aligned with western democracies and sought to establish a free-market democratic system. On the other hand, Vietnam ideologically aligned itself with the Soviet Union after its victory against the U.S. in 1975. The U.S. imposed economic sanctions on the country that were only lifted in 1994. Vietnam also invaded Cambodia in 1978 which worsened its relationship with China. Along with Vietnam, Laos also aligned itself with the Soviet Union since 1975. Soviet Union-Vietnam-Laos maintained a ‘special relationship’ with each other through the formalized treaty of friendship and cooperation in 1977 (Rosario 2010, 2-3). Cambodia’s alliance with China made the region a ‘three-way ideological stand-off’ among four countries (Rosario 2010, 2).

Almost two decades of confrontation unraveled with the collapse of the Soviet Union in 1989 that changed international political and economic environment. Facing possibility of

⁴ The interim status lasted until 1995 and in April 1995, the Mekong River Commission (MRC) was launched to replace the Mekong Committee. Yet, compared to the broader development goals of the GMS program, the MRC exclusively focuses on dealing with river and water resources. This paper discussed the Mekong Committee only to delineate the evolution of development cooperation in the region and not because it is the predecessor of the GMS program. The main focus of analysis in this paper are the drivers and dynamics of development cooperation associated with GMS which began from the early 1990s.

economic collapse, Vietnam withdrew its forces from Cambodia ending the ten years of occupation. Landlocked Laos, another former ally of the Soviet Union, had to search for ways to open up the economy. After the withdrawal of Vietnamese forces, the different factions in Cambodia agreed to end the internal conflict in 1991. As with the rest of its neighbors, Cambodia pursued for a series of economic reforms to move away from socialism and move into the market economy. For Thailand, it had to reestablish its relations with neighboring countries and expand economic activities with the main goal of normalizing its relationship with China. Thailand's flexible and adaptive foreign policy provided great advantage for the country to benefit from ADB-led regional cooperation (Rosario 2010, 2-3).

Under such historical circumstances, the origin of the GMS program can be traced back to 1987 when ADB decided to aid the construction of hydroelectric power plant in Xeset (Ogasawara 2011, 458). Located in southern Laos, Xeset is a tributary of the Mekong River where investigation for hydroelectric power development began in the 1980s. Yet, implementation for further plans seemed impossible due to the escalation of the Cambodian conflict and exacerbating Lao-Thai relations that rose from armed clashes around their border (Ogasawara 2011, 458). Here, ADB's active engagement played a significant role by bridging the communication between Electricite du Lao (EDL) and Electricity Generating Authority of Thailand (EGAT) (Rosario 2010, 4-5). Luckily, such efforts by the ADB were backed by the fact that positive Lao-Thai relations were encouraged by Hanoi and the Nam Ngum Hydro Power Plant, a successful legacy of the Mekong Committee, that still operated even in the 1980s with continued supply from the Lao-side and punctual payments on the Thai-side (Ogasawara 2011, 457). In particular, based on this legacy, there was a shared sense of credibility on the ADB's new project between the electric power staffs of two countries (Ogasawara 2011, 457). The Xeset hydroelectric project took 32 months to complete starting from 1988 and finishing in 1991.

The mitigation of conflict and intensified pressure for economic liberalization, along with the impact of the success of the Xeset project, brought GMS program on the table. With China, Vietnam, Thailand, and Laos firmly enrolled in ADB's development assistance by the late 1980s, Cambodia was also able to join this list after signing the Paris Peace Accord in 1991 that eventually ended its internal conflict (Rosario 2010, 7-8). In 1992, the ADB arranged the first Ministerial Conference in ADB headquarters located in Manila bringing all six countries at once (Cambodia, Laos, Yunnan Province of China, Myanmar, Thailand, and Vietnam)⁵. During this conference the concept of GMS was formally introduced and adopted. The countries agreed upon undertaking various feasibility studies and developing a master plan for the program. The ADB assumed the role as a facilitator of dialogues, a catalyst for potential projects, provider of technical and financial assistance, and as the secretariat to GMS (Rosario 2010, 8-9).

In 1993, the second ministerial meeting was held to identify seven priority projects: infrastructure, trade and investment, transport, energy, environment, tourism, and human resource development. The third meeting followed in 1994 to discuss profile of projects for possible financing. The ministerial meeting took place annually from then on and the GMS Summit meeting also began from 2002 occurring five times until now (latest in 2014). In addition, working group meeting have also taken place since 1992 several times a year on various sectors of the agreed development priorities.

C. Regionalism Drivers for EAC and GMS

This section aims to identify the 'primary' and 'complementary' driver for the emergence of regionalism in EAC and GMS by reflecting on their respective development

⁵ The Guangxi Zhuang Autonomous Region of China joined GMS in 2004.

histories. While both regional communities share ‘neo-liberal’ driver as the primary driver, they differ on the complementary driver for regional cooperation.

1) EAC

Although cooperation among Kenya, Uganda, and Tanzania originated from colonial backgrounds under the British control, the key driver for regional integration was to build a customs union and moreover, a common market to maximize the economic benefits of the three countries. Even in the 1980s and early 1990s after the former EAC collapsed, the three countries continued their cooperative efforts in search for spheres of common economic interest through the tri-partite working group and the tri-partite committee of experts devised by the Ministers of Foreign Affairs. With the force of globalization intensifying, the leaders of the three countries had to admit that their competitiveness must be strengthened by forming an economic bloc. The vision and the mission of the re-established EAC well-reflect such perceptions. The vision of EAC states that EAC “is to be a prosperous, competitive, secure, stable and politically united East Africa (EAC 2016b).” Moreover, remarks on political and social integration notwithstanding, its mission puts emphasis on increasing competitiveness and promoting trade and investment.⁶ Hence, we can argue that the primary driver for regionalism in EAC is most closely associated with ‘neo-liberal institutionalism’ which stresses the cooperation to achieve shared interests by establishing international institutions and the role of global market force as the key external driver to increase cross-border mobility, economic linkages, trade, and investment.

Yet, this is not the end of the story. While the rationale for economic cooperation is

⁶ “The mission of the Community is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.” EAC Homepage, <http://www.eac.int/about/key-documents>, accessed October 10, 2016.

clear for the region, the role of Kenya as the regional hegemon must not be overlooked. As previously mentioned, Kenya assumed a dominant economic position in the region thanks to the largely accumulated colonial capital. It has been leading the regional integration process in order to consolidate its position as the regional hegemon. Also, it not only seeks to exert its economic power but also tries to integrate the region to mitigate security concerns and promote peace and stability. Eastern Africa has suffered greatly from civil wars, cross-border conflicts, social strife, and arms trafficking (AfDB 2011, 2-3). In particular, Kenya has suffered greatly from lost trading opportunities due to closed borders (e.g. Somali and Kenya, to prevent infiltration of combatants and inflow of small arms and light weapons) and conflict in the border areas (e.g. the Oromo insurgency in Ethiopia) (Chikwanha 2007, 6-7). Kenya also had to bear the burden of thousands of Sudanese refugees most of whom have no means of earning an income (Chikwanha 2007, 6-7).⁷ Indeed, Kenya hosted the largest number of refugees in the region between 1990 and 2013 with more than 530,000 in its asylums (Verwimp and Maystadt 2015, 9-10). Since maintaining peace and security is critical to attract FDI, enhance growth, and reduce poverty, there are good reasons for Kenya and other northern EAC countries to mitigate conflict in the region (AfDB 2011, 2-3). However, such momentum to speed ahead in the area of peace and security is challenged by Tanzania, located at the south of the region and is in rivalry with Kenya, who holds back in this process (Hull et al. 2011, 25).

Such motivations for regional cooperation and the power game aspect within it is in line with the argument of the hegemonic stability theory which emphasizes the pursuit of economic and geopolitical interests by powerful states in the region to ease the tensions and mitigate the security dilemma. While the force of globalization and economic prosperity serve as the main driver of regionalism in EAC, security dilemmas and hegemonic lead of

⁷ This may actually explain for the recent expansion of the EAC to include South Sudan.

Kenya also plays a significant role in the process. Thus, this can be a complementary driver for regionalism in EAC.

In sum, it can be argued that regionalism for EAC emerged primarily due to a ‘neo-liberal’ driver (neo-liberal institutionalism) complemented by a ‘neo-realist’ driver (hegemonic stability theory). To put this in a simpler form, we can say that EAC came into being by **‘realist-liberal (complementary-primary)’ driver** for regionalism.

2) GMS

Similar to EAC, countries surrounding the Mekong River also strived to achieve economic prosperity and enrich the livelihood of people under the intensifying pressures of globalization. The Mekong Committee and various development projects that took place in the region’s history were mostly attempts to better the economic conditions, though not all of them were successful. It is well-known that the vision of the GMS program is to realize a prosperous, integrated, and harmonious sub-region with focus on increased physical connectivity, competitiveness, and building greater sense of community.⁸ Such tendencies, again, well correspond with major arguments of ‘neo-liberal institutionalism’ suggesting GMS also emerged from the ‘neo-liberal’ driver for regionalism.

GMS, however, experienced a slightly different path from EAC in terms of developing its institutions and procedures for regional cooperation. First, the critical event of Soviet collapse significantly reshaped the geopolitics of the region by unraveling the two decades of confrontation among GMS countries. As mentioned earlier in the history of GMS, the collapse of the Soviet Union forced socialist countries to open up their economies and implement economic reforms in face of possible economic collapse. Countries like Thailand

⁸ ADB Homepage, <https://www.adb.org/publications/greater-mekong-subregion-economic-cooperation-program-overview>, accessed October 14, 2016.

also pushed to normalize the relations with neighboring countries and expand its economic activities. These circumstances have triggered the need for regional cooperation and changes in policies.

Second, in the wake of cataclysmic geopolitical change, ADB played a significant role as the ‘honest broker’ to provide neutral coordination, technical expertise, broader perspective, and financial resources. The leadership of ADB contributed greatly to the success of the Xeset hydroelectric project and the first Ministerial Conference at ADB headquarters. Here, it can be argued that sender(ADB)-driven diffusion mechanisms to promote regional cooperation were present, especially in the form of norms socialization and persuasion in order to convince GMS countries on the benefits of regional cooperation.

Therefore, the emergence GMS is primarily attributable to a ‘neo-liberal’ driver and partially to critical events and ‘policy diffusion’ mechanisms. In simpler form, it can be said that GMS was established due to ‘**constructivist-liberal’ driver** for regionalism.

IV. ANALYTICAL FRAMEWORK FOR COMPARISON

To best accurately capture and reveal the diverging dynamics of infrastructure development which derive from differing regionalism drivers, one must look into various factors that influence cross-border transport development such as geography, economic structure, institutions (‘rules of the game’ or frameworks and procedures), and actors and how they interact. This not only provides a holistic view but also allows effective cross-regional comparison by sorting out region-specific factors and assessing the degree of impact of the regionalism drivers. For this purpose, this study will employ a modified version of the political economy approach (PEA) as its analytical framework. According to OECD-DAC⁹,

⁹ Adopted from Collinson (2003).

PEA is defined as an approach “concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain, and transform these relationships over time.” The most famous PEA framework utilized in the field of international development is the ‘Drivers of Change (DoC)’ approach created by Department for International Development (DFID) in U.K which aims to understand the political economy environment of the aid recipient country (DFID 2009). It considers the dynamic interaction between three sets of factors (structures, institutions, and agents)¹⁰ in order to identify the political economic processes that have critical impact on aid effectiveness, policy and institutional reform, and domestic sectoral development (DFID 2009).

This paper intends to modify the analytical framework of DoC so that it best suits the purpose of this paper. While the original version of the approach was designed for country level analysis focusing on selective factors from structural features, institutions, and agents, the modified PEA in this paper carries out a regional community level analysis with more elaborated factors. This allows a clear cross-regional comparison between the two regional communities and prevent inconsistencies that may arise from broad definition and selective use of various factors. As shown in Table 5, the unit of analysis is the regional community and PEA variables are broken down into specific categories. Filling in the blank spaces of the table will be the objective of the rest of the paper.

¹⁰ Here, structures are broadly defined as long-term contextual factors that are not readily influenced due to the time scale needed or have exogenous determinants (DFID 2009, 9). They include economic and social structures, geo-strategic positions, natural resource endowments, demographic shifts etc. Institutions are formal (constitutional rules, codified laws etc.) or informal (norms, values etc.) arrangements that shape the political economic processes and agents are key actors and stakeholders who exert power or influence in the policy or decision making process (DFID 2009, 9).

Table 5. Analytical Framework for Comparison – Modified PEA

Regional Community		EAC (East African Community)	GMS (Greater Mekong Sub-region)
Driver for Regionalism		Realist-Liberal	Constructivist-Liberal
PEA Variables			
Structure (Foundational Factors)	Geography		
	Culture & Identity		
	Economic Structure		
	History & Country Relations		
Institution (Rules of the Game)	Formal		
	Informal		
Agents	Key Actors		

Source: Organized by the author

V. STRUCTURAL FACTORS

A. Geography

Geographical feature is a crucial structural factor that affects the development of cross-border transport infrastructure. In particular, whether a country is landlocked or not determines how certain members of the regional community approach transport integration since cross-border transport infrastructures bear larger significance for trade and economic development depending on their geographical positions. In the EAC, the development of transport infrastructure is far more important for landlocked Burundi, Rwanda, and Uganda than Kenya or Tanzania (See Figure 1). Not only the three countries are smaller in terms of their land size and economy but they are also more than 1,000km away from the ocean port (Brenton and Hoffman 2016, 130-131). Therefore, transport integration is a must for Burundi, Rwanda, and Uganda while it is less so for the other two countries. Yet, Kenya's interest as a regional hegemon and growing private sector pressure within Kenya demand it to stay very

<http://www.un.org/Depts/Cartographic/map/profile/estafr.pdf>, accessed November 25, 2016

Due to aforementioned circumstances, transport infrastructure was developed rather asymmetrically in the EAC. For instance, while 94-97% of the key roads that link Rwanda-Uganda-Kenya (Kigali-Kampala-Nairobi) in the Northern Corridor are paved, only 57% of the roads are paved between Bujumbura (Burundi) and Dar es Salaam (Tanzania) in the Central Corridor (EAC 2011).¹² Greater traffic is concentrated along the Northern Corridor with more than 80% of the annual average daily traffic being above 1,000 vehicles while the same figure is only 39% for the Dar es Salaam-Bujumbura corridor (EAC 2011).¹³ The time and cost required for the movement of goods (mostly imports) are also larger using the Central Corridor than the Northern Corridor (AfDB 2013, 18-19). Surprisingly, it is more competitive for Burundi to utilize the Northern Corridor even when Bujumbura is closer to Dar es Salaam than to Mombasa (AfDB 2013, 19-20).¹⁴ Moreover, although both ports of Mombasa and Dar es Salaam are underperforming by global standards, the port of Dar es Salaam particularly faces severe capacity constraints which serve as source of port inefficiency and high logistics costs (Brenton and Hoffman 2016, 128-129). Freight forwarders and transporters in Burundi and Rwanda are even considering routing their containers through Mombasa and Teveta (border between Kenya and Tanzania) to avoid the congestion at the Dar es Salaam port (Brenton and Hoffman 2016, 133). It is told that the Kenyan Government has already secured funds to rehabilitate the roads at Teveta (Brenton and Hoffman 2016, 133). Such slow progress in expanding the Dar es Salaam port is likely to

¹² The Northern Corridor is the main corridor in East Africa connecting Kenya, Uganda, Rwanda, Burundi, South Sudan, eastern Democratic Republic of Congo (DRC), and northern Tanzania. The Central Corridor links Tanzania, Burundi, Rwanda, Uganda, and the DRC. See EAC (2011) pg17 and pg31.

¹³ Kenya alone accounted for half (52%) of average intra-EAC exports from 2010 to 2013. Uganda and Tanzania shared one fifths each (see Mathieson 2016, 10-11).

¹⁴ While the time required to import goods through the Mombasa-Bujumbura corridor takes a little more than 600 hours, it takes more than 800 hours when the Dar es Salaam-Bujumbura corridor is used. Also, importing goods through the Dar es Salaam-Bujumbura corridor costs almost double that of using the Mombasa-Bujumbura corridor. For detailed figures, see AfDB (2013) pg20.

have deleterious effects on Central Corridor development (Brenton and Hoffman 2016, 133). And yet, Tanzania seems more concerned with the cargo spreading to Zambia through the Southern Corridor which takes up the second largest portion (15%) of cargo in the Dar es Salaam port (Brenton and Hoffman 2016, 128).

In the case of GMS, two geographical features stand out. First, Lao PDR and Yunnan Province of China are the two landlocked countries (province) in the region (See Figure 2). Unlike other GMS countries that were in favorable condition to access sea transport, Lao PDR and Yunnan Province had to engage deeply and actively for regional integration in order to reduce transport costs and improve economic linkages within the GMS and with other regions. GMS cooperation would not have been possible if it were not for the active commitment of Lao PDR and Yunnan province of China that laid the cornerstones of the program. As Ogasawara (2011) pointed out, positive Lao-Thai talks after the collapse of the Soviet Union and Yunnan provincial government's aim to "open door of Yunnan to Southeast Asia" contributed significantly to moving the GMS program forward.

Figure 2. Greater Mekong Subregion



Source: United Nations Geospatial Information Section

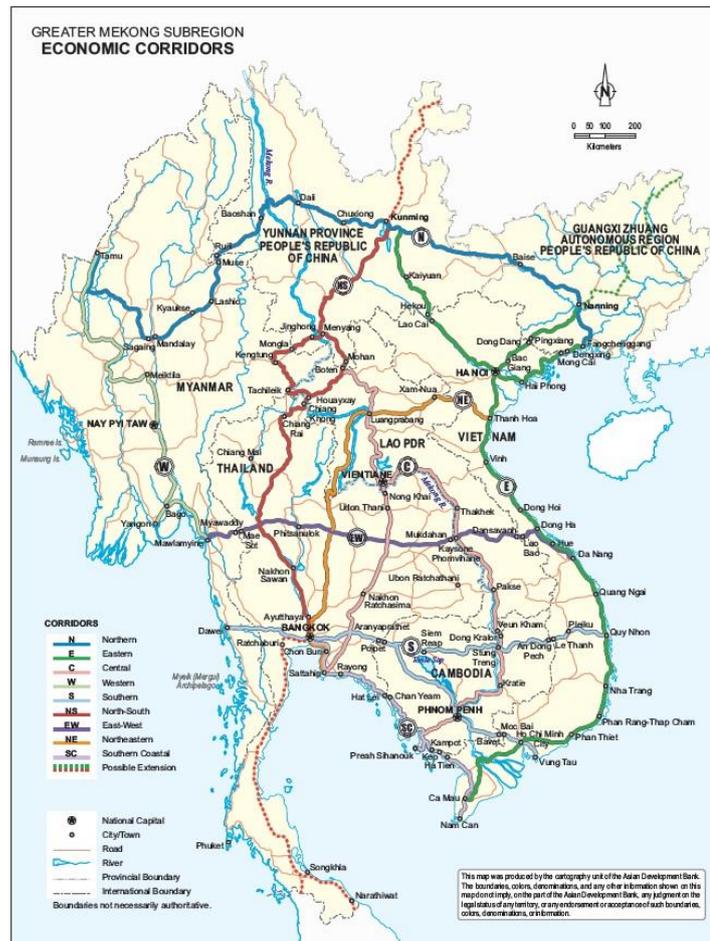
<http://www.un.org/Depts/Cartographic/map/profile/mekong.pdf>, accessed November 25, 2016

Secondly, as hinted in its name ‘Greater Mekong Subregion’, the Mekong River runs through all six countries. It was mentioned earlier that the regional development cooperation began with the Mekong development cooperation scheme to build irrigation systems and dams to harness the region’s rich water resources. Although historical ordeals prevented the regional cooperation from progressing seamlessly, the success of the Nam Ngum and Xeset hydroelectric projects served as positive legacies to expand the scope of regional cooperation.

The sense of achievement and trust built through successful management of sensitive water resources fueled ADB to elaborate its regional cooperative scheme for cross border infrastructures. In 1995, the ADB established a Transport Master Plan and further updated it in 1998 and 2003.¹⁵ Based on these plans, the ADB and GMS countries developed nine ‘economic corridors’ that entail transport infrastructure integrated with other economic opportunities (See Figure 3). According to the most recent review of GMS transport sector development by ADB (2014), overarching goals titled ‘completing the transport networks in GMS’ and ‘facilitating economic efficiency to reduce transport costs’ were rated ‘highly successful’ and ‘successful’ respectively. While such results may not be all credible, it can be said that transport network development in GMS were carried out in a balanced manner with broad member participation (an exception would be Myanmar which remained as a missing link until recently due to domestic political situations).

¹⁵ The evolution of the GMS transport sector program will be discussed in the ‘History and Country Relations’ section.

Figure 3. GMS Economic Corridors



Source: ADB 2014

B. Culture and Identity

While ethnic and cross-border conflicts are interspersed in East Africa, historical experiences and ties contributed to creating a common cultural base among citizens of EAC member states. In addition to the widespread use of the Kiswahili language, experience as small scale farmers or petty commodity producers under colonialism and the post-colonial nation building process fostered a sense of shared identity that assisted the establishment of the EAC (Mathieson 2016, 9). Also, the narrative of Pan-Africanism which originally inspired the initial post-independent East African integration movement continues to play its

role in emphasizing African distinctiveness, shared histories of struggle, and the need to ‘catch up’ and accelerate development (Shivji 2009).

The positive perception of EAC among EAC citizens attest the above explanation. The percentage of people with positive perception of regional integration greatly outnumbered those with negative perceptions in all five countries of the EAC (TMEA 2013). This has helped establishing a common tourist visa and free cross-border movement of people simply with ID cards. Therefore, culture and identity issues in the EAC does not seem to pose a significant risk to the idea of developing cross-border infrastructures in the region.

GMS celebrates cultural, ethnical, and linguistical diversity. In terms of ethnicity, there are about 80 different ethnic groups in the region. People inhabiting in the valleys and lowlands of the subregion compose the majority group while the ethnic minorities are usually found in the highlands, mountainous areas between country borders (ADB 2012a, 55-58). Both the majority ethnic populations and the highland ethnic minorities belong to three major families of languages used in Southeast Asia—Sino-Tibetan, Austro Thai, and Mon-Khmer (ADB 2012a, 55-57). These major families of languages can further be subdivided into numerous branches forming an important basis for distinguishing ethnic groups. While each ethnic group maintains distinct culture that is handed down to them by their ancestors, increasingly over time, many have been assimilated into mainstream national cultures moving to lower valleys or plains and adopting the mainstream language (ADB 2012a, 57-58).

Despite such diversity in culture at subnational level, the great demand for GMS countries to achieve economic prosperity and development seem to bond the six countries together. Going through period of ideological conflict and war in the late 20th century, GMS countries learned maintaining cooperation allows them to benefit from the ‘peace dividend’. Thus, in general, GMS countries share the common vision and goal towards strengthening regional competitiveness. Perhaps a challenge that they ought to overcome in the near future

would be how to incorporate the ethnic minorities still living in remote areas and face problems of marginality, poverty, and lack of basic infrastructure. Ensuring equitable distribution of benefits through tourism sector development, for instance, is an ongoing effort by the ADB and member governments.

C. Economic Structure

In the early 1990s, the level of economic development, industry, and exports were more or less similar between the two regional communities (with an exception of Thailand) (see Table 6). While GMS countries did show slightly higher figures for value added in the industrial sector and share of exports than EAC countries, the gap was not starkly large. Both communities were mostly agricultural and non-export oriented economies (see Table 6 and Table 7). However, in the following two decades, the two regional communities diverged in their path of economic development. On average (and also individually), the GMS countries achieved higher growth rate compared to EAC countries (see Figure 4). Moreover, they transformed their economic structure through export-oriented industrialization departing from the extremely volatile primary goods-based economy. The rise in GDP per capita, exports of goods and services (Table 6), and large share of manufactures exports in GMS countries (Table 8) indicate such a transition. While EAC countries did show some change in their economic structure, it was not as evident as that of the GMS countries (also see Table 6, 7, and 8).

Table 6. GDP per capita, Industry, and Exports¹⁶

Region	Country	GDP Per Capita (current US\$)		Industry, value added (% of GDP)		Exports of goods and services (% of GDP)		
		1992	2015	1992	2015	1992	2015	
GMS	Cambodia	253.2 (1993)	1158.7	13.0 (1993)	29.4	16.1 (1993)	67.6	
	China	Yunnan	293	4658	43.0	40.5	17.3	22.4
		Guangxi	268	5650				
		Lao PDR	250.8	1812.3	17.8	30.9	17.0	34.8
		Myanmar	N/A	1203.5	9.4	N/A	1.4	N/A
		Thailand	1929.5	5816.4	38.1	36.9 (2014)	37.0	69.3 (2014)
	Vietnam	144.1	2111.1	27.3	33.3	34.7	89.8	
EAC	Burundi	183.7	276.0	21.2	16.7	8.7	7.1	
	Kenya	328.0	1376.7	18.4	19.5	26.3	15.8	
	Rwanda	302.3	697.3	18.7	14.2	5.6	14.4	
	Tanzania	174.0	864.9	16.2	25.9	12.4	20.8	
	Uganda	153.9	675.6	13.2	20.4	8.8	17.5	

Source: World Development Indicators; ADB 2012b

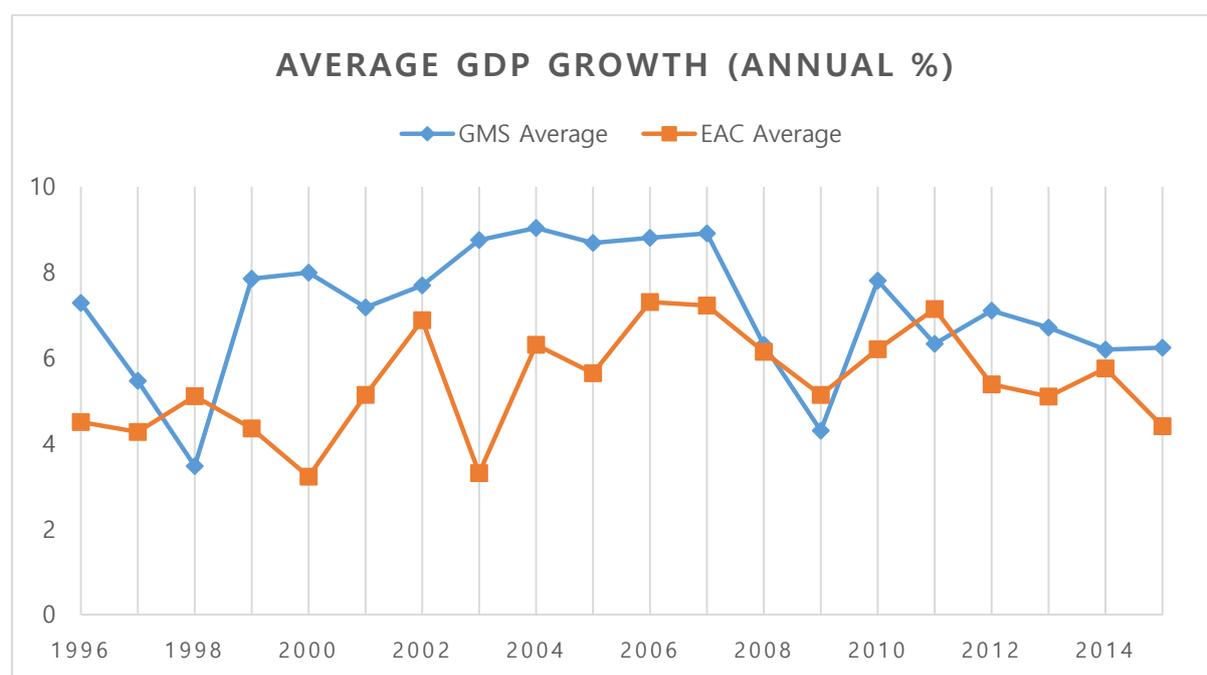
Table 7. Agriculture

Region	Country	Agriculture, value added (% of GDP)	
		1992	2015
GMS	Cambodia	46.5 (1993)	28.2
	China	21.4	9.0
	Lao PDR	61.8	27.2
	Myanmar	60.5	N/A
	Thailand	12.3	10.5 (2014)
	Vietnam	33.9	17.0
EAC	Burundi	53.5	42.9
	Kenya	28.7	32.9
	Rwanda	33.2	32.7
	Tanzania	48.0	30.5
	Uganda	51.1	24.7

Source: World Development Indicators

¹⁶ Due to difficulty in obtaining data, national figures were used for Chinese industry and exports section. Guangxi Zhuang Autonomous Region joined the GMS in 2004. Burundi and Rwanda joined the EAC in 2007.

Figure 4. Average Growth Rate¹⁷



Source: Data from World Development Indicators

Table 8. Composition of Exports

Region	Country	Manufactures exports (% of merchandise exports, 2014)	Food exports (% of merchandise exports, 2014)	Ores and metals exports (% of merchandise exports, 2014)
GMS	Cambodia	94.0	3.4	0.2
	China	94.0	2.7	1.3
	Lao PDR	N/A	N/A	N/A
	Myanmar	30.0 (2010)	19.6 (2010)	0.9 (2010)
	Thailand	76.3	13.7	1.3
	Vietnam	76.3	14.8	0.7
EAC	Burundi	24.2	72.1	3.3
	Kenya	36.9 (2013)	46.2 (2013)	2.2
	Rwanda	12.3	36.9	46.5
	Tanzania	18.9	57.8	17.4
	Uganda	25.6	65.5	0.6

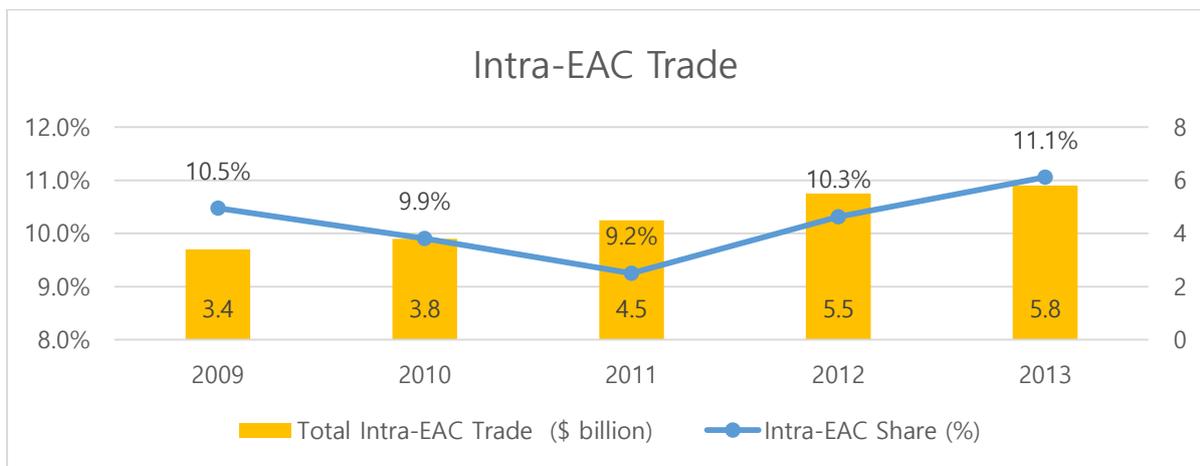
Source: World Development Indicators

The two regional communities also showed difference in intra-regional trade development. Since one of the goals of forming a regional community is to maximize the

¹⁷ For Yunnan and Guangxi province, Chinese national figure was used.

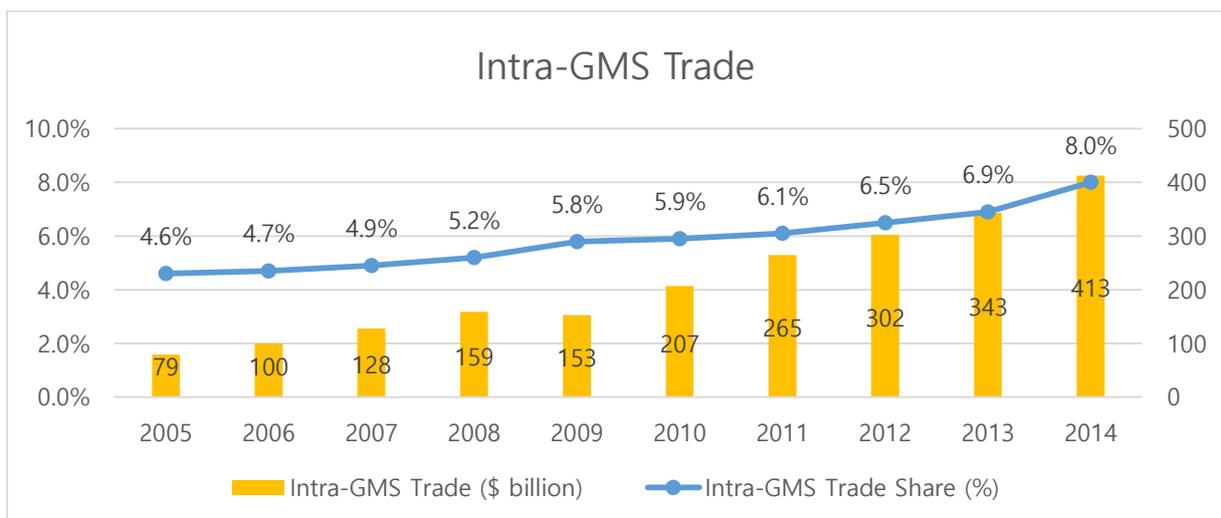
benefits deriving from intra-regional trade, it serves as an indicator for assessing the effectiveness of the integration. As shown in figure 5 and 6, the share of intra-regional trade in both communities are not large. However, particularly in the recent years, the amount and the share of intra-regional trade greatly increased in GMS countries while the same figures remained rather stagnant for the EAC.

Figure 5. Intra-EAC Trade



Source: Data from EAC Trade Report 2013

Figure 6. Intra-GMS Trade



Source: Data from 'GMS Statistics on Growth, Infrastructure, and Trade', ADB 2016

As discussed earlier, cross-border transport infrastructures reduce the time and cost of trade. Thus, it can be argued that effective transport integration contributes to export-oriented industrialization and rise in intra-regional trade. However, while both communities strived to provide cross-border transport infrastructures, the degree of change in their economic structures were quite unequal. This paper conjectures that differing regionalism drivers played a role in this regard. Further discussion will be made in the later section of this paper.

D. History and Country Relations

Since general history and country relations in the two regional communities were already discussed, this part will deal with the historical evolution of the transport sector and how the regionalism drivers are reflected in it. First, in the case of EAC, cross-border cooperation for transport had colonial roots. The major mode of transportation at that time was railways built by the Germans and the British rather than road transport. In 1947, the British colonial and trustee governments established the East African Railways and Harbours Corporation (EARH) to coordinate maritime, terrestrial, and lake trade between Kenya, Uganda, and Tanganyika (Mathieson 2016, 28). The EARH ran the ports of Mombasa and Dar es Salaam, ports of Lake Victoria, and the railways in all three countries (Brenton and Hoffman 2016, 131-132). It is known that EARH operated similar to a private company financing the maintenance from its own revenue and relatively free from government control (Brenton and Hoffman 2016, 131-132). The collapse of the first EAC dismantled EARH and the three governments divided it into five organizations all under the control of each government including budget allocations (Kenya Rail, Tanzania Rail, Uganda Rail, Kenya Ports Authority, and Tanzania Ports Authority) (Brenton and Hoffman 2016, 131-132). The subsequent economic and political instabilities in the region, mainly caused by the tension

between Uganda and Tanzania, led to underinvestment in railways and lake ports eventually resulting in severe deterioration of those infrastructures (Brenton and Hoffman 2016, 131-132).

As EAC returned in the late 1990s, the EAC Treaty emphasized “the need for coordinated, harmonized, and complimentary transport and communications policies” along with further improving physical connectivity. This time the governments in the region chose to focus more on road transport over railways reflecting the expanding traffic and the growing power of trucking firms in Kenya and Tanzania. Railways regained attention by the late 2000s (2009 Railways Master Plan). Yet, currently, controversies rage over the endorsement of standard gauge railway initiative which is officially rejected by the Master Plan but is being carried out by the governments along the Northern Corridor (Mathieson 2016, 26).¹⁸ In 2010, the EAC adopted ‘2010-15 EAC Transport Strategy’ that had no less than 247 projects worth US \$21 billion (Mathieson 2016, 25). While the strategy laid out criteria for selecting priority projects, actual choices by governments are expected to be dependent on the availability of finance and their respective interests (Mathieson 2016, 25).

The history of regional integration suggests that EAC emerged from ‘realist-liberal’ drivers for regionalism. This is strongly reflected in the evolution of the cross-border transport cooperation explained above. While the region as a whole cooperated to set comprehensive plans and strategies, they are being executed in a fragmented and uncoordinated manner as epitomized by the Kenyan government’s independent decision to carry out the standard gauge railway project with China. Lack of neutral coordination and the exertion of influence by the regional hegemon seem to affect national governments’ decisions to prioritize transport infrastructure projects selectively.

¹⁸ Recently, Kenya has entered into a \$4 billion bilateral contract with China for the construction of new standard gauge railway (Chinese Exim Bank will finance 90% of the railway) that connects Mombasa and Nairobi (Brenton and Hoffman 2016, 127; Mathieson 2016, 6).

As for the GMS, the consultation between ADB and six member countries led the cooperation and planning process for improving transport linkages. From the outset, before the first ministerial meeting in October 1992, a study team of ADB visited each of the countries to identify potential areas for sub-regional cooperation and including 7 prioritized road projects in the case of transport (Ishida and Isono 2012, 2-3). Similar process took place before the second ministerial conference in August 1993 where the member countries agreed on five principles for project selection, prioritization, and design especially focusing on the transport sector (Ishida and Isono 2012, 5-6).¹⁹ Following the conference, ADB and the consultants prepared 33 transport projects reflecting the results of the conference and continued discussions from them (Ishida and Isono 2012, 7). After the 4th ministerial conference, feasibility studies and engineering studies of cross-border transport infrastructure projects began to develop (Ishida and Isono 2012, 10).

These efforts culminated in the formulation of the Transport Master Plan by the ADB in 1995. And in 1998, the Transport Master Plan was updated to incorporate the ‘(economic) corridor’ concept that aimed at gaining an ‘initial explosive’ effect amid the rising fear of stagnation due to the Asian Financial Crisis (ADB 2014, 3; Ishida and Isono 2012, 10-11). Three main corridors, known as the flagship corridors, were identified: North-South, East-West, and Southern. The Master Plan was further updated in 2003 when all member countries finished signing the Cross-Border Transport Agreement (CBTA) for streamlining regulations and reducing nonphysical barriers in GMS. In 2006, the ADB published its first comprehensive GMS transport infrastructure assessment, Transport Sector Strategy (TSS) 2006-2015, based on its technical assistance (TA) in 2004 (ADB 2014, 3). Among more than 150 projects it examined, ADB prioritized 36 projects (road, railway, airport, and water transport projects) and almost all of them have been completed as of 2014 (ADB 2014, 5-6).

¹⁹ For the full list of prioritized projects and the agreed five principles, see Ishida and Isono (2012) pp2-7.

Later in 2008, another list of prioritized projects was adopted by the 3rd GMS Summit, known as the Vientiane Plan of Action (VPOA), which also resulted from the consultations by and among GMS countries with ADB acting as the Secretariat (ADB 2014, 5-6). While most of its 44 projects suffered lack of implementation due to rise in estimated costs and difficulty in financing, the projects were considered manageable in number and well-distributed among GMS countries (ADB 2014, 5-6). The most recent plan is the Regional Investment Framework (RIF) 2013-2022 adopted at the 19th ministerial conference which is a pipeline of new projects that seek for future implementation.

The planning and implementation of transport infrastructure projects in the GMS were carried out by continuous consultations between the ADB and the GMS member countries. Unlike the EAC, transport plans were created based on consultations and TA from the ADB and were adopted at a formal meeting, such as the ministerial conference or the summit meeting. In other words, the ADB played a vital role in coordinating and providing a vision for balanced development of the sub-region. Like the EAC, however, full implementation of the projects also remains as a large challenge for GMS countries. Yet, such concerns are more associated with financing difficulties rather than fragmented executions of the transport plan.

VI. INSTITUTIONAL FACTORS

As mentioned earlier, institutions are ‘rules of the game’ or arrangements that shape the political economic processes in policy-making and policy implementation. In the cross-regional context, formal institutions can be viewed as regional frameworks or procedures that shape the regional decision-making and policy implementation process. Informal institutions, on the other hand, can be seen as norms, values, or informal practices that exert influence

over regional decision-making and policy implementation.

A. Formal Institutions

Policy-making and implementation in the EAC are largely shaped by three major formal institutions: the Summit, the Council of Ministers (Council), and the East African Legislative Assembly (EALA). The Summit comprises of Heads of Government of Partner States and is responsible for strategic direction towards the realization of the goal and objectives of the Community. The Council of Ministers, usually abbreviated as the Council, is the central decision-making and governing organ of the EAC that constitutes Ministers or Cabinet Secretaries from the Partner States who are responsible for regional cooperation. The Council meets biannually prior to the meeting of the Summit. Regulations, directives and decisions taken or given by the Council are binding to the Partner States and to all other organs of the EAC other than the Summit. The East African Legislative Assembly (EALA) is the legislative organ of the Community comprising of 45 elected Members (nine from each Partner State) and 7 ex-officio Members consisting of the Minister or Cabinet Secretary responsible for EAC Affairs from each Partner State, the Secretary-General, and the Counsel to the Community. The members serve the position for five years.²⁰

While the formal institutions in the EAC are seemingly well-designed to carry out the functions of the regional community, the reality reveals that the power distributed among the three organs are skewed towards the Council and the Summit that are composed of national politicians, rather than EALA that consists of member state representatives (Mathieson 2016, 12). The Council often bypasses EALA procedures by including implementation plans, which are generally Acts that need to be voted by the EALA, in Protocols that translate EAC Treaty

²⁰ For more detailed explanation on the EAC organs see EAC homepage <http://www.eac.int/about/organs>.

principles into specific policies (Mathieson 2016, 12). Moreover, the Council significantly influences the EALA through its power to determine terms of service and control disciplinary actions against them (EALA 2013). In addition to the EALA, it also controls the EAC Secretariat with its power to approve all appointments within it and all procurement it undertakes (Mathieson 2016, 12). Such practices have resulted in fragmented, national interest-led policy-making where national priorities proposed by respective member states' politicians are packaged as regional agendas (Mathieson 2016, 11-12). For instance, the EAC Industrialization Policy adopted in 2012 focused on specific states in developing SMEs and the manufacturing sector without coordinating the comparative advantages of member states that could better produce economic prosperity (EAC Secretariat 2012).

In addition, non-state actors also engage in the regional policy-making process. Yet, their engagements through formal channels are very much limited. While the EALA mandated the Secretariat, national EAC ministries, the Council, and the sectoral committees to set regular consultation mechanisms with the civil society and private sector apex bodies, such as the East African Business Council (EABC) and the East African Civil Society Organizations Federation (EACSO), those procedures are rarely carried out in practice (Mathieson 2016, 13-14). Rather, powerful regional private sector actors, namely the Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KePSA), exert influence by lobbying the high level politicians and bureaucrats. Their efforts are usually directed for infrastructure improvement and transport integration. Nevertheless, private sector engagements are not always constructive for the region since strong regional players, such as the Kenya Transport Association (KTA) or the Tanzania Transport Association (TATO), often oppose to liberalize the sector in an attempt to maintain their monopoly (Mathieson 2016, 13-14).

In terms of implementation, the EAC Secretariat is considered to play an important

role in developing and implementing various policies. However, in reality, implementation and monitoring of EAC policies are left responsible for respective national ministries relevant to EAC affairs that usually lack the institutional capacity and political support (Mathieson 2016, 14-15). Formal monitoring and evaluation system to oversee the Protocols and track expenditures and progresses on projects do not seem to be firmly established. Furthermore, while the East African Court of Justice (EACJ) is founded to ensure the compliance of each member states through penalties and sanctions, the organ is rarely used and its authority is secondary to national courts. Only 44 cases were concluded in the first decade of its establishment (Mathieson 2016, 15).

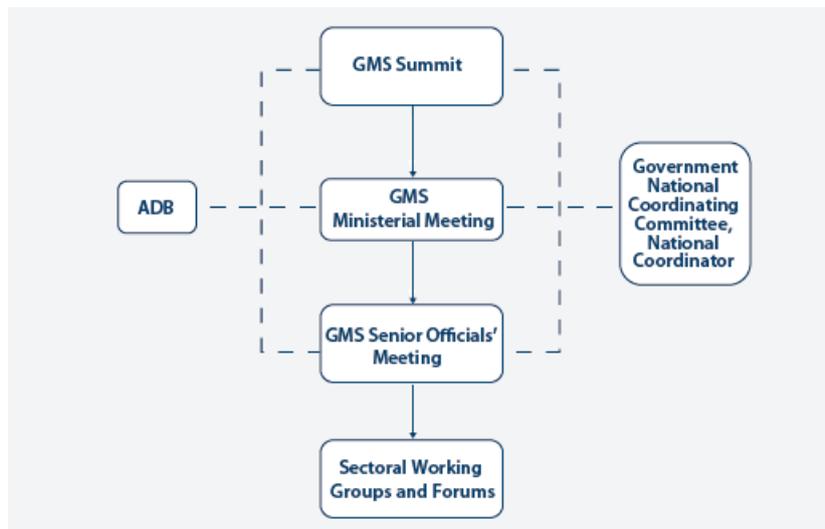
This picture is not much different in relation to the transport sector since there exists no formal institution with delegated authority or technical staffs to support and coordinate EAC transport policies (Mathieson 2016, 34). While the EAC has made notable achievements in developing its transport infrastructures, especially along the Northern Corridor, harmonization of 'soft infrastructure' such as regulations, laws, standards, and customs face implementation challenges. For instance, the axle load debate between Kenya and Tanzania in determining the maximum weight a truck can carry continues to be a contentious matter. In 2013, the EAC passed the Vehicle Load Control Bill which sets the permissible maximum gross vehicle weight at a metric tonnage of 56 and permits vehicles to have up to seven axles (Brenton and Hoffman 2016, 134). Yet, Kenya and Tanzania are interpreting the bill differently bringing confusion to the transporters and the enforcement authorities. Also, the implementation of the East African Single Customs Territory, which allows transporters to pay customs for their final destination at port entry to reduce transit time, is confronting challenges (Brenton and Hoffman 2016, 136-137). While Kenya, Uganda, and Rwanda have taken lead in setting up one-stop Electronic Single Window System (eSWS) for this process, various stakeholders are raising concerns over proper coordination under the customs

departments and lack of sufficient training of the freight forwarders to fully utilize the system (Brenton and Hoffman 2016, 136-137). Such challenges are not unique to the EAC but less coordinated policy-making and fragmented implementation seem to slow down regional integration.

GMS is managed by institutional arrangements that involve both the political and operational levels of GMS members. Its formal institutions are structured in three levels: the Leaders' Summit, the Ministerial Conference, and the working group and forum in the nine priority sectors (see Figure 7²¹). The Summit is the highest forum of the GMS Program, normally held every three years, where the GMS Leaders can “review and assess the progress made under the program; renew their commitment to subregional cooperation and its goals; provide support at the highest political level to the program, its projects, and activities; and provide broad directions for landmark or key initiatives under the GMS Program” (ADB 2016). Under the Summits is the annual Ministerial Conference that “provides policy directions and oversees progress in identifying and implementing “results-oriented” subregional cooperation initiatives” (ADB 2016). Sectoral working groups carry out the detailed work necessary for the each priority sectors.

²¹ The GMS Senior Official’s Meeting is usually considered a preparatory meeting for the Ministerial Conference.

Figure 7. GMS Institutional Arrangements

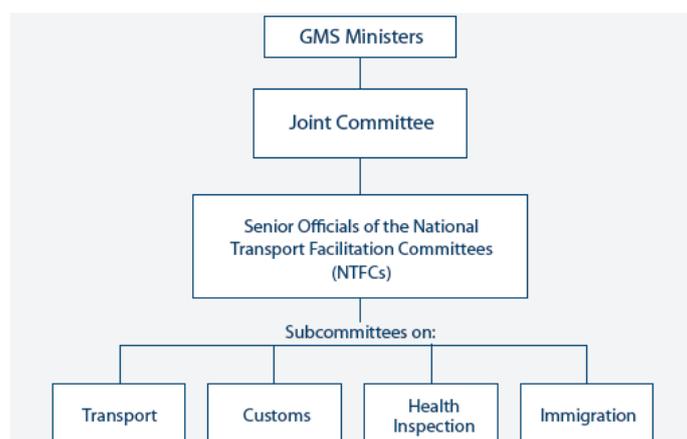


Source: ADB 2009, 229

Unlike the EAC, which is a treaty-based regional community subject to binding rules and regulations, the GMS involves “implicit or informal norms and understandings about the nature of acceptable behavior without any legal binding or enforcement capacity” (ADB 2009, 119). In other words, compliance with agreed principles and policies in the GMS are largely voluntary. Yet, one point that GMS differs from the EAC is that the ADB operates as the de facto secretariat providing technical, administrative, financial, and logistical support (ADB 2009, 138-139). For instance, by the end of 2013, among \$16.6 billion in investment projects and \$330.8 million in technical assistance the GMS program had mobilized, ADB’s support accounted for more than one-third of them amounting to \$6.0 billion and \$115.1 million respectively (ADB 2016). Furthermore, ADB services monitoring and evaluation on various projects in the nine priority sectors. Namely, the ADB and the ADB Institute (ADBI) publish reviews, reports, and discussion papers to continuously update and assess the impact of development projects in the region. Hence, despite the absence of enforcement mechanisms, the program still provides incentives and pressure for implementation under the coordination and support of the ADB.

In regards to transport, the GMS members rely on sectoral working groups mentioned above and the institutional frameworks established in accordance with the Cross-Border Transport Agreement (CBTA). CBTA is a compact and comprehensive multilateral instrument that covers issues ranging from single-stop/single-window customs inspections, the cross-border movement of people, requirements for vehicles making cross-border trips to road and bridge design standards, road signs, and signals (ADB 2009, 140). It aims to further increase and facilitate traffic and promote transport and trade facilitation beyond construction of physical infrastructure and was originally signed by Laos, Thailand, and Viet Nam in 1999. Cambodia later acceded to the agreement in 2001, followed by PRC in 2002, and Myanmar in 2003. The agreement came into force at the end of 2003 upon the ratification of six countries. The CBTA applies to selected and mutually agreed upon routes, as well as to points of entry and exit in the signatory countries (ADB 2009, 140). To coordinate the ratification and implementation of the CBTA and its annexes and protocols, senior officials from ministries and agencies involved in cross-border transport and trade facilitation comprise the National Transport Facilitation Committees (NTFCs). Respective NTFC members of the six GMS countries also comprise the various subcommittees of the CBTA including transport, customs, immigration, and quarantine and health (see Figure 8).

Figure 8. Institutional Framework of the GMS CBTA



The GMS has made great achievements in just a short few years considering that significant progress in Western Europe took decades (ADB 2011, 272). Establishment of “Fast Track” lanes along the East-West Economic Corridor (EWEC), inclusion of additional border crossings in the CBTA, and establishment and piloting of GMS Road Transport Permit System and the Customs Transit and Temporary Admission System (CTS) along the EWEC are some of notable achievements made in the past decade (ADB 2011, 273-275). Significant rise of intra-GMS trade from \$79 billion in 2005 to \$413 billion in 2014 suggests that implementation of CBTA was not all ineffective. Furthermore, the ADB, with the financial support of donor partners, has provided TA to accelerate the implementation of the agreement. For instance, according to a TA completion report by ADB in 2012, a number of workshops, field visits, and various capacity-building training programs on transport and trade facilitation were conducted for central government, border officials, provincial authorities, and even the private sector. Such interventions have contributed to realizing the plans of the agreement. While GMS also faces numerous implementation challenges, they mainly derive from difficulty in financing, underestimated costs, or severe domestic political instabilities (e.g. Myanmar). The type of rivalry or tension seen in the EAC, as for the case between Kenya and Tanzania, and fragmented implementation of policies are less witnessed in the GMS.

In addition to the various institutional arrangements, the GMS Business Forum promotes private investment in GMS countries. The GMS has also made good progress in involving the private sector. For instance, national chambers of commerce participate in GMS programs (ADB 2009, 141-142). And more recently, the GMS Freight Transport Association (FRETA), a regional coalition of carriers, freight forwarders, logistics associations and individual companies that are interested in facilitating and developing trade and transport in

the GMS, was established as part of the GMS-Business Forum. Its office in Vientiane hosted its first General Annual meeting on 31 October 2012. The GMS Transport and Trade Facilitation Forum and the ADB also support their activity.

B. Informal Institutions

While the influence of informal institutions (norms, values, and informal practices) in development cannot be overlooked, they are extremely difficult to analyze and compare as they build over long period of time and often originate from complicated historical and cultural backgrounds. Since reviewing all of them is not the main objective of this paper, informal institutions critical to development, namely patronage and corruption, will be discussed in this section.

Patronage and corruption appear in both regional communities and influence the development of cross-border transport infrastructure and trade. In the case of EAC, politically powerful trucking firms of Kenya and Tanzania, based on their connections with the president, have pushed for improvement of regional road networks rather than infrastructures for other modes of transportation. For example, the former president of Kenya, Daniel Moi, and Tanzania, Jakaya Kikwete, have family members running large trucking companies that have strong incentives to construct and rehabilitate roads (Brenton and Hoffman 2016, 132). Also, the strong alliance between powerful political elites and small group of business interests challenge the implementation of EAC policies through lengthy delays and blockages when they find those policies are against their interests. In Kenya, the top political elites are closely connected to tribally segmented business interests that finance their rise and in turn receive patronage once those leaders are in power (Burges et al. 2009). In Rwanda, the ruling Rwanda Patriotic Front (RPF) maintains important business interests through its large

holdings companies (Byiers et al. 2015). Such practices of patronage have limited the implementation of customs union and elimination of non-tariff barriers. Moreover, corruptions rising from bribery and rent extraction among police, custom agents, politicians, and powerful private groups at ports and various custom check points have negatively impacted development of trade in the EAC. According to a survey conducted in 2012, “86% of transporters in Kenya, 82% in Tanzania, and 55% in Uganda admitted making informal payments to those groups in the course of transporting goods” (TMEA 2012).

While direct connection to transport and trade seems less evident, patronage and corruption are also prevalent in the GMS. Historically, Thailand has been overwhelmed with patronage politics where vote-buying and skewed resource allocation to patronage networks were rampant. Countries such as Myanmar face problem of poor corporate governance in state-owned enterprises (SOEs) that are largely held and managed by military officials. Cumbersome procedures for starting and maintaining businesses in Cambodia and Laos raise the risk of bribery and corruption to expedite the process. Furthermore, lack of awareness towards corruption among border agencies in the GMS not only raises the cost of transportation and trade but also the risk of smuggling and transnational crime. For instance, when border control officials were asked whether or not there are rules on receiving presents at their border section and if they had received training on these rules, the vast majority of respondents from Thailand and Cambodia said that there are no such rules, and only 50% respondents from Vietnam answered yes (UNODC 2013). For Laos and Myanmar, while most of them answered that clear rules exist, only 2.4% Lao officials and 28.3% of Myanmar officials responded that they have actually received training on those rules (UNODC 2013).

Since most evidences are anecdotal and suggestive, the corruption perceptions index (CPI) published by Transparency International perhaps provide a clearer picture of patronage and corruption in both regions. The CPI reveals that the perceived level of corruption is more

or less similar between the two regions with an exception of Rwanda (see Table 9). The broad picture is also not much different when looking at the percentile rank of control of corruption in World Governance Indicator²² although GMS countries do show slightly better performance.

Table 9. Corruption Indices 2015 – GMS vs. EAC

Region	Country	Corruption Perceptions Index 2015		Control of Corruption: Percentile Rank 2015 (0=lowest rank, 100=highest rank)
		Ranking	Score	
GMS	Cambodia	150	21	12.5
	China	83	37	50.0
	Lao PDR	139	25	19.7
	Myanmar	147	22	16.8
	Thailand	76	38	43.8
	Vietnam	112	31	39.4
EAC	Burundi	150	21	10.1
	Kenya	139	25	13.5
	Rwanda	44	54	75.0
	Tanzania	117	30	25.5
	Uganda	139	25	12.0

Source: Data from Transparency International, World Governance Indicators

VII. AGENTS (KEY ACTORS)

Various agents shape the process of regional development cooperation. In the EAC, above all, Kenya and Tanzania are the major players that exercise influence over regional integration. Yet, they maintain differing views on the EAC. On one hand, Kenya strongly pushes for accelerated integration despite the disproportionate costs it has to bear as the lead government. As mentioned earlier, Kenya benefits more from the integration since it dominates intra-EAC trade with its primary and secondary goods. The average share of

²² Control of corruption indicator “captures the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as ‘capture’ of the state by elites and private interests (World Governance Indicators).”

Kenya's exports in intra-EAC exports between 2010 and 2013 was 52% followed by Tanzania (20%) and Uganda (19%) (Mathieson 2016, 10-11). Hence, it has been most active in implementing EAC policies and integration such as improving efficiency of the Mombasa Port, constructing the Standard Gauge Rail (though it remains controversial), dealing with weighbridge and visa issues, and rehabilitating roads (Mathieson 2016, 18-19). On the other hand, Tanzania, the second largest power in the region, competes with Kenya over the regional market. This competition has created a geopolitical clash between the informal grouping of Kenya, Uganda, Rwanda and Tanzania. Between late 2013 and 2014 when the informal group of three countries functioned as an alternative policy forum, Tanzania refused to sign an EAC Council of Minister's report on political integration expressing its discontents with the issue of land ownership and military cooperation (Mathieson 2016, 17). This symbolic incident explicitly show the reality of regional power politics and Tanzania's preference towards shallow integration to contain the influence of Kenya.

In the midst of regional power politics, the private sector has primarily driven transport sector development by placing pressure on the government. Group of transporters, logistics providers, and traders such as the Shippers' Council of East Africa (SCEA), the Kenya Private Sector Alliance (KEPSA), and the East Africa Business Council (EABC) engaged in continuous lobbying efforts to push for reforms in the ports and roads including removing roadblocks and weighbridges (Brenton and Hoffman 2016, 136). Also, as addressed earlier, trucking firms in Kenya and Tanzania have pushed for transport infrastructure development using their close ties with political leaders. The Kenyan government, in particular, has been most receptive to private sector interests by assisting Kenyan producers to reach the regional market (Brenton and Hoffman 2016, 6-7). However, because of limited formal channels to the EAC, lobbying efforts were carry out by few powerful organizations and concentrated at national high level political leaders.

Another important actor in relation to transport and other sector policies is the EAC Secretariat. Yet, while the EAC Secretariat is considered to play a significant role in developing and implementing various policies, it does not have any delegated authority nor the required expertise and technical staffs to coordinate transport infrastructure. As a result, the Secretariat advises member states on transport policy based on studies carried out by third-party funded international consultants. For instance, the Transport Master Plan Study was undertaken by a Canadian consultancy and funded by the AfDB; the 2011 Transport Strategy and Road Sector Development Program was prepared by a Greek-Nigerian conglomerate Africon Ltd; and the Standard Gauge Railway feasibility study was carried out by Santa Fe Railways funded by USAID (Mathieson 2016, 34). In the absence of an empowered and capable Secretariat, these planning studies become an end in themselves insulated from the likelihood of actually being implemented (Mathieson 2016, 34). Moreover, a number of parallel transport infrastructure initiatives emerged, such as the Northern Corridors Initiative and Standard Gauge Rail, which the EAC has no control and mandate (Mathieson 2016, 34). In other words, national organs of member states take a leading role in these initiatives, rather than them being led by the Secretariat or EAC ministries.

International development partners are also heavily involved in the EAC. In 2013, traditional donors contributed over 65% of the 2013/14 budget of the EAC while member states just contributed 28% (EAC 2013). This reliance on donor funding creates significant incentives for the EAC to develop policies that appeal to donors in order to continue accessing funds (Mathieson 2016). Majority of funding is tied to specific projects, objectives, or conditions set by donors and more flexible forms of support only take up a very small share of the total budget (EAC 2013). In particular, heavy donor involvement in the EAC Secretariat, investment projects, and Trade Mark East Africa (TMEA)²³, a not-for-profit

²³ “TMEA provides technical support to the EAC member states on transport infrastructural development and

organization funded by a range of development agencies, allows EAC transport sector priorities to be influenced by external donors. Hence, EAC agendas are often left less prioritized relative to other donor set policies or projects. And more recently, the rise of China as a development partner is changing the landscape of infrastructure development in the region. China invests billions of dollars in transport mega projects such as ports, roads, and railways as well as mining, energy, and housing. Yet, despite the Framework Agreement signed in 2011 between China and the EAC, Chinese infrastructure investments are negotiated at the national, not the EAC, level (EAC Secretariat 2011; Mathieson 2016, 37). As suggested earlier in the case of Standard Gauge Railway project between China and Kenya, regional transport infrastructure development is largely fragmented and the role of the EAC in regional transport policy advice and coordination remains marginal.

For GMS, the ADB, China, and Japan have been major players in the regional cooperation process. As already reiterated multiple times in this paper, ADB played a vital role in facilitating GMS cooperation in various sectors by providing not only the institutional framework and financial resources but also technical assistance for capacity building. The transport sector, *inter alia*, accounted for majority of the lending and TA. In addition to the ADB, China, especially in the recent years, has increasingly become an influential player in the region. While key project of the GMS program has been EWEC to strengthen the east-west axis for balanced development of GMS, one of the noticeable expansions within the GMS was the north-south axis which connects China with countries such as Vietnam, Thailand or Myanmar (Ogasawara 2011, 11). This can be reaffirmed by the fact that China's trade with GMS countries skyrocketed from \$1.6 billion in 1990 to \$20.8 billion in 2011 (Chen and Stone 2013, 8). The Yunnan Province has actively engaged in its economic relations with other members and currently, Kunming, its capital, became the core of

trade facilitation while also financing some modest strategic investments, including port access roads, one stop border posts, and short stretches of road in key cross-border locations.” (TMEA 2014)

economic activities that reach into the bordering countries of Laos, Myanmar, Vietnam, and beyond (Chen and Stone 2013, 8). The rising interest on GMS by the Chinese central government is also evident by the changes in the rank of Chinese representative in the ministerial meetings. At the initial stage it was lower rank central government officials and officials from Yunnan provincial government who participated in meetings. However, since the ministerial meeting held in 1995, the central government has begun to dispatch officials of higher rank. Then in 2002, the prime minister Zhu Rongji participated in the first summit, which fully appealed China's active commitment to the GMS (Ogasawara 2011, 11). Today, the growing ambition for China's 'Go Southwest' strategy to extend its economic interests and influence into Southeast Asia may perhaps reconfigure the driver for regionalism of GMS in the near future.

Japan has traditionally been a very influential player in East and Southeast Asia. It has been one of the largest donors to GMS countries, mainly Thailand and Vietnam. Also, even though the GMS was technically an ADB initiative, Japan's position as the bank's largest shareholder²⁴ assured its political economic influence over GMS cooperation. Working in consort with the ADB, Japan played a prominent role in moving Vietnam towards economic reform, Cambodia towards political reconciliation, and Laos towards basic self-sufficiency (Hartley 2015, 5). It also organized working groups and forums to facilitate public and private investment in Mekong planned infrastructure (Hartley 2015, 5). Japan's active engagement in the GMS is often viewed as extension of its foreign policy to harness economic benefits and exercise its leadership and even hegemony in the region (Cochrane 2012; Hartley 2015). However, in the recent years, the rising role of China in the Mekong is telling that potential future tensions may result between the two big players in East Asia.

²⁴ Japan and the US hold the largest shares in ADB with 15.6% and 15.5% respectively. <https://www.adb.org/site/investors/credit-fundamentals/shareholders> accessed 8 JAN 2017.

VIII. FINDINGS IN DEVELOPMENTAL OUTCOME

The findings from the comparative analysis above can be summarized as below (See Table 10).

Table 10. PEA Summary

Regional Community		EAC (East African Community)	GMS (Greater Mekong Sub-region)
Driver for Regionalism		Realist-Liberal	Constructivist-Liberal
PEA Variables			
Structure (Foundational Factors)	Geography	<ul style="list-style-type: none"> - Landlocked: Burundi, Rwanda, Uganda - Kenya (regional hegemon), Rwanda, Uganda vs. Tanzania → asymmetric transport development (Northern Corridor vs. Central Corridor) 	<ul style="list-style-type: none"> - Landlocked: Lao PDR, Yunnan Province → active commitment to GMS - Trust formed from cooperation around the Mekong River turned out as a valuable asset (Nam Ngum and Xeset hydroelectric project).
	Culture & Identity	<ul style="list-style-type: none"> - Widespread use of the Kiswahili language - Post-colonial nation building, Pan-Africanism 	<ul style="list-style-type: none"> - Economic rationale over cultural, ethnical, linguistic diversity
	Economic Structure	<ul style="list-style-type: none"> - Reliant on primary goods, less export-oriented except for Kenya - Stagnant growth of intra-EAC trade 	<ul style="list-style-type: none"> - Relatively successful export-oriented industrialization - Growing intra-GMS trade
	History & Country Relations (Transport Sector)	<ul style="list-style-type: none"> - Selective prioritization of projects due to lack of neutral coordination (e.g. SG railway) 	<ul style="list-style-type: none"> - Continuous consultations between ADB and members countries on infrastructure development
Institution (Rules of the Game)	Formal	<ul style="list-style-type: none"> - Treaty-based, binding rules and regulations - EAC Summit, Council of Ministers, EALA, EACJ - Weakly capacitated and empowered EAC Secretariat 	<ul style="list-style-type: none"> - Voluntary compliance - GMS Summit, Ministerial Meeting, Sectoral Working Groups - ADB as the de facto secretariat - CBTA
	Informal	<ul style="list-style-type: none"> - Patronage and corruption 	<ul style="list-style-type: none"> - Patronage and corruption
Agents	Key Actors	<ul style="list-style-type: none"> - Kenya, Tanzania + Private Sector (esp. in Kenya) - EAC Secretariat - International Donors + China 	<ul style="list-style-type: none"> - ADB - China - Japan

Source: Organized by the author

Modified PEA reveals two prominent features in regional cooperation and cross-border infrastructure development in the two regional communities. First, the implementation of regional transport policies is more fragmented and asymmetric in the EAC than in the GMS. As explained throughout the analysis, the development of transport infrastructure was less balanced in the EAC where the Northern Corridor, including the port of Mombasa, improved greater than the Central Corridor and the port of Dar es Salaam. While similar issues can also be observed for GMS in the rapid expansion of the north-south axis linking China and other GMS countries, they are less conspicuous compared to that of the EAC. Moreover, selective prioritization of infrastructure projects in the EAC, as epitomized in the case of the controversial construction of the Standard Gauge Railway led by Kenya and China, add to the fragmented cross-border transport development. In the GMS, transport policies and plans were carried out in a relatively coordinated manner with the assistance of ADB.

Such a divergence in two regional communities is attributable to the difference in regionalism drivers and the absence of an effective coordinator with strong authority and the capacity. In the EAC, realist-liberal driver for regionalism centered on Kenya and the lack of expertise and authority of the EAC Secretariat supported the fragmented implementation of transport policies. GMS countries, on the other hand, enjoyed the benefit of technical and financial assistance of the ADB. The case of EAC and GMS show that differing dynamics and developmental outcome could take place depending on the regionalism drivers and existence of an effective coordinator.

The second feature which stands out is the changes in economic structure, growth, and intra-regional trade. As noted in the beginning, numerous literatures attest that development of cross-border infrastructures promotes growth, alleviates poverty, and reduces

costs in trade. Hence, the differences in the economic structure and growth between the two regional communities eventually reflect their level of cross-border infrastructure development. As explained earlier, GMS countries outperformed the EAC in terms of average growth, intra-regional trade, and the transition of the economy through export-oriented industrialization. A glance of this result seem to suggest that the overall development of cross-border transport infrastructure has been more successful in the GMS.

Interestingly, however, the overall logistics performance and the quality of physical infrastructure is more or less similar between the two regional communities (see Table 11 and 12). Indeed, the EAC countries have shown greater improvements in the LPI rankings than the GMS countries in the recent years (also see Table 11 and 12). Yet, a deeper look inside their performance in relation to trade throws another picture. Table 13 explicitly show that time and cost to export in the GMS is much more favorable for export-oriented development than that of the EAC. These results suggest that not only ‘hard infrastructures’ such as ports, railways, highways, and border facilities but also ‘soft infrastructures’ such as transport laws, regulations, and organizational systems and their proper implementation are extremely important to harness the full benefits of cross-border transport infrastructure development. While measuring the exact impact of soft infrastructures on trade requires rigorous empirical testing, it is reasonable to conjecture that, for the EAC, fragmented implementation of transport policies and asymmetric infrastructure development have inhibited the positive impact of cross-border infrastructures. It can be said that the GMS, while institutionally shallower, has made more progress in providing and utilizing transport infrastructure for achieving economic objectives (e.g. intra-regional trade).

Table 11. Logistics Performance Index (LPI) Global Ranking – Overall 2007 vs. 2016

Region	Country	LPI, Overall (2007)	LPI, Overall (2016)
GMS	Cambodia	81	73
	China	30	27
	Lao PDR	117	152
	Myanmar	147	113
	Thailand	31	45
	Vietnam	53	64
EAC	Burundi	113	107
	Kenya	76	42
	Rwanda	148	62
	Tanzania	137	61
	Uganda	83	58

Source: World Development Indicators

Table 12. Logistics Performance Index (LPI) Global Ranking – Infrastructure 2007 vs. 2016

Region	Country	LPI, Infrastructure (2007)	LPI, Infrastructure (2016)
GMS	Cambodia	81	99
	China	30	23
	Lao PDR	120	155
	Myanmar	145	105
	Thailand	31	46
	Vietnam	60	70
EAC	Burundi	62	147
	Kenya	100	42
	Rwanda	148	76
	Tanzania	122	60
	Uganda	99	67

Source: World Development Indicators

Table 13. Time and Cost to Export

Region	Country	Average time to clear exports through customs (days, latest available year)	Time to export (day, 2014)	Cost to export (US\$ per container, 2014)
GMS	Cambodia	2 (2013)	22	795
	China	7.6 (2012)	21	823
	Lao PDR	5.6 (2012)	23	1950
	Myanmar	4.4 (2014)	20	620
	Thailand	1.3 (2006)	14	595
	Vietnam	4.1 (2009)	21	610
EAC	Burundi	20.6 (2014)	32	2905
	Kenya	10.3 (2013)	26	2255
	Rwanda	10.2 (2011)	26	3245
	Tanzania	12.4 (2013)	18	1090
	Uganda	10 (2013)	28	2800

Source: World Development Indicators

IX. CONCLUSION

Using international relations theories, political economy analysis, and descriptive statistics, this paper examined two regional communities that display differing features in regional development cooperation. By providing a comparative case study of cross-border transport infrastructure development, it revealed how the diverging regionalism drivers have affected the dynamics and the political economy that shape infrastructure development. It also suggested how these features connect to different developmental outcomes, especially in relations to trade. Yet, the causal relationship between regionalism drivers, soft infrastructure, and trade remains to be corroborated as an area of further empirical research. Moreover, this research has limitations in that it mostly used secondary data and lacked analysis on the integration of the two regional communities to other trade-hubs. For instance, GMS countries definitely gained much from being integrated to the global value chain of industrialized East Asian countries such as China, Japan, and South Korea. Nevertheless, this paper contributes to the existing literature by illustrating the historical evolution of two regional communities and how their diverging cooperation dynamics affected provision of public goods such as cross-border transport infrastructure.

While the explanations in this paper help understand the historical progress of the two regional communities for the past few decades, it does not forecast that the current trend will continue. As briefly discussed above, the rise of Chinese influence in the GMS and its potential tensions with Japan (and possibly other GMS countries) may alter the regionalism dynamics (for instance, a realist-liberal driver centered on China). Depending on the changes it will bring, development cooperation in the GMS may confront challenges or issues that have not been so much problematic in the past. Sustained efforts to keep up with the changes in regional order will help paint a more accurate picture of regional development cooperation in the near future.

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