

# South-South and Triangular Cooperation in the Development Effectiveness Agenda

## Concept note

### 1. Background

International development cooperation dynamics have been drastically transformed in the last 50 years. As the development landscape continues to change, so too should international development cooperation as one of its most important tools. Four shifts in the global arena are particularly relevant for development cooperation: (a) the emergence of new centers of economic dynamism reinforce international development efforts; (b) the intensification of global challenges calls for scaling up as well as leveraging of development cooperation around common goals and agreed actions; (c) the transforming relationship among States, markets and individuals suggests different ways to deliver assistance; and (d) the growth of new institutional actors strengthens the ranks of development partners.<sup>1</sup>

The rising relevance of new actors, notably emerging providers from the South, has challenged the preconceived notion of traditional cooperation schemes. In the context of development effectiveness, there is a growing need for consensus on the part that South-South Cooperation (SSC) should play in the larger international development cooperation architecture, and how it can better contribute to the achievement of the Millennium Development Goals as well as the Post-2015 Development Agenda.

Developing countries laid the foundations for South-South Cooperation in the Declaration on Promotion of World Peace and Cooperation, adopted in Bandung, Indonesia in 1955. Since then, SSC has developed as an independent and valuable modality of cooperation. Especially from the 1970s onwards, many Southern countries have become important providers, mainly through knowledge sharing schemes. In recent years, they have increased both the volume and quality of their cooperation, becoming fundamental actors of the global development agenda.

SSC was first discussed within the United Nations System in 1978 with the adoption of the Buenos Aires Action Plan for Promoting and Implementing Technical Cooperation among Developing Countries. This document establishes the objectives of cooperation among developing countries and proposes 38 recommendations to promote it at the national, regional and global scale. SSC was further discussed in the High-Level United Nations Conference on South-South Cooperation, which took place in Nairobi in December, 2009. The outcome document of this conference outlines the main principles of SSC: solidarity, respect for national sovereignty, national ownership, equality, non-conditionality, non-interference and mutual benefit.

The 4<sup>o</sup> High Level Forum on Aid Effectiveness (Busan, 2011) contributed to the construction of a comprehensive development cooperation architecture, by joining together for the first time a wide variety of State and non-State actors, including emerging economies. Southern providers joined the Global Partnership for Effective Development Cooperation under the

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<sup>1</sup> General Assembly-Economic and Social Council, *Quadrennial comprehensive policy review of operational activities for development of the United Nations system Report of the Secretary-General, A/67/93–E/2012/79*, June 11, 2012, para.20.

principle of shared but differentiated responsibilities. The Partnership's First Ministerial-Level Meeting should provide an ideal setting to further advance on this framework, establishing the ground rules for all development actors to contribute to achieve a more efficient cooperation, in order to face the development challenges beyond 2015.

## 2. South-South cooperation in the new international context

SSC and North-South cooperation (NSC) come from different historical backgrounds and for the past 50 years have developed separately as distinct traditions of cooperation. However, the international commitment to collectively achieve economic and social progress, and in particular the goal of achieving the Millennium Development Goals (MDGs) by 2015, as well as the emerging consensus around the need of establishing an ambitious post 2015 development framework, calls for new, innovative partnerships that go beyond the pre-established cooperation schemes.

SSC has proven particularly beneficial in a wide spectrum of areas, ranging from vital aspects such as emergency relief and recovery after natural disasters, to capacity development on relevant areas such as social protection, education, environment, health and democratic systems. The expansion of trade and investment among developing countries holds tremendous potential for sustainable development to alleviate poverty, meet the large deficit of decent jobs and foster the transfer of technology, management skills and a wide range of proprietary goods and services.

South-South Cooperation has considerable comparative advantages as a tool to foster development. Countries that receive SSC benefit considerably by learning from the experiences of other nations that went through similar problems in similar development challenges and found successful solutions to them.

*Knowledge Sharing* is a central modality of SS cooperation through which Developing Countries can share positive (and negative) experiences in the vast realm of public policies. There exist a number of concrete initiatives that, with the support of Multilateral and regional institutions, foster this kind of exchanges. Recognizing its centrality, the steering committee of the GPEDC decided Knowledge Sharing --a major modality of SS cooperation but also an important feature of N-S, S-N and even N-N exchanges-- as a stand-alone issue in our next High Level meeting agenda.

On the other hand, it must be said that SSC still faces important challenges, such as: a) secure financial resources for the execution of convened projects; b) increase the predictability of our cooperation; c) reduce the risk of dispersion of thematic areas; d) avoid proliferation of short-term and isolated activities; e) establish specific procedures for evaluation, transparency and mutual accountability; and f) improve means of coordination and information collecting at the national level.

***To achieve its full potential, participants in South-South cooperation be much more strategic in setting and pursuing common goals, and take stock from the lessons learned through decades of international development cooperation achievements and mistakes. South-south providers should also build on the tools made available by the***

**information and communication revolutions of the past two decades that make it possible to overcome geographical and other barriers<sup>2</sup>.**

### **3. The rise of the South as provider of international development cooperation**

While during the period 1991-1995, some 75% of global cumulative growth was attributable to High Income Countries, around 90% of such growth in the period between 2006 and 2010 came from Middle Income Countries.<sup>3</sup> South-South merchandise trade grew from \$577 billion in 1995 to more than \$2 trillion in 2006, and accounted for 20 per cent of world trade in 2007.<sup>4</sup>

The capacity of developing countries to reach for new development opportunities has been strengthened by the spectacular growth of national foreign currency reserves and sovereign wealth funds. In 2008, the foreign reserves of developing countries stood at \$4.2 trillion, 150 per cent of developed-country holdings. By the end of 2011, they had increased to \$7 trillion.<sup>5</sup>

In the past few decades, other actors, particularly the private sector and the Southern partners, have become more relevant in the international cooperation arena. In 2010, it is estimated that SSC's value was 15 billion dollars, most of it from the BRIC countries. It is likely that SSC will represent 20% of Official Development Cooperation (ODA) by 2015.

As the 2012 Secretary-General Report on South-South cooperation asserts, this kind of cooperation is no longer merely an alternate modality supporting the development of poor countries, but it underpins the buoyant intra-South trade that has changed the geography of international economic relations and made developing countries the drivers of global growth; in a changing world working to reorganize itself in the face of severe crises and tectonic shifts in economic performance and potential, South-South cooperation has been a key factor of stability and hope.<sup>6</sup>

However, it is worth emphasizing that, while SSC has a role to play in the international development architecture, and that while it has specific advantages for the partners participating in it, SSC is not a substitute for traditional NSC. Technical and financial support by traditional donors has still, for the foreseeable future, an important role to play in supporting development efforts of developing countries. Therefore the increasing importance of SSC is not reason for traditional donors to avoid diminish of avoid honoring their commitments. Instead, the idea is to harness each form of development cooperation comparative advantages' to promote sustainable and resilient development. Triangular

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<sup>2</sup> High-level Committee on South-South Cooperation, *Review of progress made in implementing the Buenos Aires Plan of Action, the new directions strategy for South-South cooperation and the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation*, SSC/17/1, April 2, 2012, para. 71.

<sup>3</sup> General Assembly-Economic and Social Council, *Quadrennial comprehensive policy review of operational activities for development of the United Nations system Report of the Secretary-General*, A/67/93-E/2012/79, June 11, 2012, para.21.

<sup>4</sup> General Assembly, *Promotion of South-South cooperation for development: a thirty-year perspective*, Report of the Secretary-General, A/64/504, October 27, 2009, para. 17.

<sup>5</sup> High-level Committee on South-South Cooperation, *Review of progress made in implementing the Buenos Aires Plan of Action, the new directions strategy for South-South cooperation and the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation*, SSC/17/1, April 2, 2012, para. 10.

<sup>6</sup> General Assembly, *The state of South-South cooperation*, Report of the Secretary-General, Sixty-seventh session, A/67/208, July 30, 2012, para. 1.

cooperation is an excellent example of how these different forms of development cooperation can mutually reinforce each other.

#### **4. Triangular cooperation: effective collaboration between different partners**

One particularly successful manner in which developed countries can strengthen SSC is by engaging in Triangular Cooperation. Triangular projects are an innovative tool of collaboration among traditions of cooperation in order to tackle challenges in which Southern partners might already have experience and proven solutions. Cultural and contextual similarities among developing countries contribute to adapting such experiences to local contexts, which at the same time ensures *ownership*. Triangular Cooperation has the potential to facilitate more effective and committed international cooperation towards vulnerable countries.

Given the increasing interdependence among nations, it is necessary aim international cooperation towards creating global public goods. Cooperation relations among developed and developing countries in benefit of a third country can generate expertise and on-the-ground practical knowledge, improving the possibilities for a lasting impact.

Triangular Cooperation allows countries to establish relations based on each other's complementary capacities and comparative advantages. It can significantly reduce transaction costs for all actors involved, while at the same time ensuring that cooperation efforts are truly channeled to the groups and sectors that need it the most. It promotes using already existing human and technical resources to face issues that concern more than one nation and require consistent cooperation to address. This can be especially important to tackle regional challenges.

Triangular Cooperation is a novel way of promoting inclusive and broad partnerships that have a significant impact towards achieving the Millennium Development Goals. Its modalities need to be further explored and scaled-up in the new development structure, through a strong commitment from Northern and Southern partners. To this effect, it is important to retrieve and assess best practices, to systematize the lessons learned and to improve the existing coordination and management processes. That way, triangular schemes can be replicated in other contexts, and/or transformed into long-term and predictable programs that promote positive impact in vulnerable countries.

The Global Partnership for Effective Development Cooperation can greatly benefit from an exchange of experiences regarding Triangular Cooperation, since it represents the ultimate example of how different cooperation actors and traditions can work together towards a common goal. Triangular projects are valuable case studies in terms of exploiting comparative advantages and promoting the creation of synergies to ensure that all cooperation efforts work in a complementary and mutually reinforcing manner, thus supporting the argument that effectiveness can be achieved in a multi-stakeholder cooperation architecture.

#### **5. South-South Cooperation in the Development Effectiveness Agenda**

The development effectiveness agenda (before "aid effectiveness" agenda) has progressively evolved to include the variety of actor and traditions of international

development cooperation, aiming to coordinate efforts to maximize its impact on the ground. The Paris Declaration, adopted in 2005, established quantifiable goals to enhance effectiveness, some of which were intended to be fulfilled by donors, others by recipients, and a few by both. The Declaration did not recognize the participation of other actors in the international development cooperation architecture, and had no mention of an emerging category of Southern providers.

After Paris, it became increasingly evident that there was a particular group of actors that, regardless of their fundamental importance to cooperation efforts, had not been properly included in the effectiveness process. Southern providers were difficult to place: they could not be considered within the same category as net recipients, on account of their geopolitical and economic stance; but neither were they in a position to assume the same level of commitments as donor countries, due to their persisting internal development challenges. Thus, the Paris Declaration was successful in that it established the principles for aid effectiveness, but had a major gap with regards to the role of South-South Cooperation within this framework.

The Accra Summit (2008) was an important step toward bridging this gap. The process leading up to it was more inclusive, headed by a Working Party on Aid Effectiveness that integrated recipient countries and non-DAC Southern providers such as China, Thailand, Mexico and Colombia. Even though the Accra Action Plan (AAA) was still structured around two types of cooperation actors (donors and recipients), it had the first recognition of a third category of countries with a dual character, as well as their positive contribution to international development efforts. Accra triggered a follow-up process to give meaning to that recognition, creating a Task Team on South-South Cooperation (TT-SS), whose main objective was to integrate Southern providers into the aid effectiveness agenda in a consensual and legitimate way, adapting the principles of the Paris Declaration to the reality of their cooperation traditions and modalities.

The Busan High Level Forum represented a major breakthrough in this inclusion process, on account of two important shifts: first, the agenda changed its approach from *aid* effectiveness to *development* effectiveness, going beyond Official Development Assistance to incorporate a variety of international cooperation flows, including South-South Cooperation; second, recognizing the multi-stakeholder nature of the new international development cooperation architecture, a wide array of actors were invited to participate more actively and on an equal footing in the process, including Southern providers as well as civil society organizations, the private sector, local governments, parliamentarians, youth groups, international organisms and multilateral development banks.

The integration of South-South Cooperation into the newly-agreed *development* effectiveness agenda rested on a solid conceptual framework that was reflected by two articles in the Busan Outcome Document, in particular:

- Article 2 recognized that the nature and modalities of South-South Cooperation are different from those of traditional cooperation flows, and therefore the responsibilities of Southern cooperation providers differ from those that apply to traditional donors. Though all parties pledge to increase their efforts towards a

more effective cooperation, Southern providers adopt the principles, commitments and actions agreed in Busan on a voluntary basis.

- Article 14 emphasized the need to include Southern providers in the effectiveness agenda, specifying that 1) they are still developing countries, and as such must remain eligible to receive international cooperation and 2) So-South Cooperation is complementary to North-South flows. In this context, Southern providers, as well as other cooperation actors, are welcomed into this agenda under the principle of *common goals, shared principles and differential commitments*.

The GPEDC has the mandate to monitor the implementation and build on the commitments enshrined in the Busan outcome document (as well as in Paris and Accra) and to foster dialogue around its themes and concerns.

Taking all of those elements into account, the GPEDC is a useful platform to build on a common understanding of the role of the different actors in the international development architecture, and to explore the possibility of setting a number of steps and differentiated voluntary commitments taking fully into account the needs, capabilities and resources available for each actor, in order to advance towards the common goal of achieving concrete development results in an effective and measurable manner.

All southern countries, however the poverty and development challenges they face at home, have positive (and negative) experiences to share with others in the vast realm of public policies. *Sharing technical capacities, knowledge and experiences in order to promote capacity building* is and will continue to be the main modality of SS cooperation. The support of traditional bilateral donors as well as from the Multilateral and regional institutions (through triangular cooperation), facilitates for all developing countries to participate in such schemes.

However, it has to be recognized that, because of their economic development in recent years, some countries are in a particular good position to participate as providers of SSC. These countries, many of them MIC's, are in the process of scaling and expanding their portfolio of cooperation, still including the exchange of technical experience, but also including other modalities: from providing grants or concessional loans to granting market access to less developed countries.

These countries have also been increasing the dialogue among themselves, in order to advance in contextualizing and perfecting a common conceptual framework that enhances the tools for making their efforts more effective, maximizing their impact on the ground. A path-breaking meeting of this constituency took place in New Delhi in April 2013. In this context, the term *Southern Providers of Development Cooperation* seems to be gaining ground to gather this diverse group of actors, and perhaps, to identify a *new constituency* in the IDC architecture.

The Development Cooperation process can be a context for this constituency to have a responsible dialogue with the other development partners, net recipients and traditional donors, in order to identify which particular and differentiated commitments are applicable to them, while fully recognizing that Southern providers are still developing countries, which face a number of very relevant development challenges, and that they participate in the international development scheme with a dual character. In that regard, the discussion on the possible establishment of differentiated commitments for South-south Development Cooperation Providers goes hand to hand with the discussion on the way that the international community has still a role in supporting the development efforts of Middle Income Countries.

It is also important to underline that being a voluntary agenda, the GPEDC allows for a free-flowing discussion, while individual countries are always free to advance at their own pace.

## **6. The way forward: towards the First High Level meeting of the GPED in Mexico**

The Meeting in Mexico constitutes the First of the Global Partnership. As such, it provides an opportunity for advancing in an ambitious, but at the same time realistic agenda. We have the opportunity to build on the results of the 4HLF, and continue advancing towards an even more significant and inclusive result.

Concerning SSC, participants in this type of Cooperation, and particularly South-south Cooperation providers might try to build on the conceptual framework agreed in Busan and give in Mexico a first step towards translating such framework into specific voluntary actions and commitments, taking fully into account the characteristics of SSC previously described, as well as that, while it has an increasing role to play international development architecture, it is not a substitute for traditional forms of cooperation, nor a reason for traditional donors not to honor their long standing commitments.

The exchange of statistical information on SSC (much of it already available through existing but diverse platforms) as well as the establishment of some general common guidelines for accounting SSC flows can constitute a first step. For undertaking this endeavor, the technical advice and support of the Organizations of the Joint Secretariat, as well as others, in particular from the UN System, can be adamant.