

PLENARY 3: **South South Co-operation, Triangular Co-operation and Knowledge Sharing**

16 April 2014

Objective:

Although South-South Co-operation (SSC) and Triangular Co-operation (TC) have become increasingly important to the development co-operation architecture, there is still room to increase and consolidate their potential benefit. Newer SSC and TC actors can learn from the experience of those who have been active for longer.

To support this endeavor, Session 3 of the First High-Level Meeting (HLM) took stock of practices in effective SSC and Knowledge Sharing (KS) and discussed the challenges that are still to be overcome in order to achieve a greater level of effectiveness and impact of SSC and Knowledge Sharing.

While the dialogue between the South-South and the North-South actors has evolved slowly and not without understandable difficulties, in practice these modalities have been actively collaborating on the ground, bringing together the comparative advantages of Southern and Northern co-operation providers to benefit poorer countries and the global provision of public goods. Session 3 also explored the concept of TC and its contribution to the effectiveness agenda.

During the preparatory process of this session, it became apparent that although Knowledge Sharing is a very useful modality of SSC, there are other important mechanisms such as grants, concessional loans as well as in-kind contributions of both goods and services. On the other hand, KS goes beyond SSC and can involve traditional donors and institutions, who can also share their expertise and technology in areas particularly important for developing countries. However, taking into account the increasing role of SSC, as well as the importance of sharing Southern solutions to southern development challenges, it is important to explore mechanisms to scale-up this useful development tool.

Participants:

Opening remarks by:

Armida S. Alisjahbana, Minister for National Development Planning of Indonesia
José Antonio Meade, Secretary of Foreign Affairs, Mexico

Moderator:

Leonardo Kourchenko

Panelists on the segment of SSC and Triangular Co-operation:

Abul Maal A. Muhith, Minister of Finance of Bangladesh
Justin Yifu Lin, Director of the National School of Development, University of Beijing
Thomas Silberhorn, Parliamentary State Secretary of BMZ, Germany
Fernando Abreu, Executive Director of the Brazilian Co-operation Agency

Discussants on the segment of SSC and Triangular Co-operation:

Seiji Kihara, Parliamentary Vice-Minister for Foreign Affairs of Japan
Richard Ssewakiryanga, CPDE Co-Chair
Martín Rivero, Executive Director of the Uruguayan Agency of International Cooperation (AUCI), and Executive Secretary of the Ibero-American Program of Strengthening South-South Cooperation (SEGIB)
Mmakgoshi Phetla-Lekhethe, Deputy Director General, Head of International & Regional Economic Policy at National Treasury, South Africa

Panelists on the segment of Knowledge Sharing:

Emilia Pires, Minister of Finance of Timor Leste
Manasvi Srisodapol, Deputy Permanent Secretary of Foreign Affairs of Thailand
Jorge Daccarett Bahna, Executive Director of the Chilean Cooperation Agency
Suleiman Jasir Al-Herbish, Director General of OFID

Discussants on the segment of Knowledge Sharing:

Niklas Gustavsson, Executive Vice President, Sustainability & Public Affairs of Volvo
Moonjong Tcha, Senior Advisor to Deputy Prime Minister of the Republic of Korea
Lapo Pistelli, Deputy Foreign Minister of Italy
Wencai Zhang, ADB Vice President

Key issues discussed:

Armida S. Alisjahbana, Minister for National Development Planning of Indonesia and José Antonio Meade, Secretary of Foreign Affairs of Mexico opened the discussion. Minister Alisjahbana noted that in a global context with changing dynamics, new approaches to development co-operation are needed beyond financing, and development is closely linked to learning from other countries' experiences. She spoke of Indonesia's process of capacity development where the experiences of other countries provide lessons and highlighted the importance of striving towards more tangible results in international co-operation

Mr. Meade shared the Mexican perspective of SSC, where SSC is understood to be complementary to - and not a substitute for - North-South Co-operation. The fact that the South is stimulating co-operation processes does not imply that traditional providers should reduce their efforts in providing ODA. Along with the growth of SSC in terms of modalities and scope of action, there is a responsibility, as emerging economies, to strengthen and scale up co-operation efforts towards development. In this regard, he proposed to reflect on how to institutionalise good practices, how to guarantee complementarities, how to address predictability in the co-operation flows from all actors and how to move forward in measuring, monitoring and evaluating results.

One of the topics discussed was how the new SSC modalities have reshaped the development co-operation architecture. Abul Maal A. Muhith, Minister of Finance of Bangladesh, spoke of Bangladesh's experience with microcredit projects as an instrument to boost poverty reduction and foster development in the Global South. The key challenges which remain in SSC include

(1) adequate financing; (2) knowledge sharing; (3) SSC as facilitator for trade and investment; (4) need for better coordination between UN organisations and UN SSC.

Another key question discussed was how the impact of SSC schemes can contribute to shaping more effective SSC strategies. Justin Yifu Lin, Director of the National School of Development, University of Beijing outlined how three dimensions of SSC in China can trigger the achievement of impact and effective SSC strategies: Firstly, funding to developing countries, bilateral and multilateral countries is a crucial factor. Secondly, China's export of skills, commodities and resources has proved vital in achieving development impact. Thirdly, making China's experience of development from a poor infrastructure and business environment available has proved effective in SSC. As a key recommendation, he encourages countries from the Global South to identify their own competitive advantage in order to engage in SSC exchanges; to identify sectors in which the competitive advantage can achieve the most impact, and to tackle bottlenecks to improve the business environment accordingly. Boosting capacities to create an enabling environment will lead to creation of markets, jobs and ultimately, to poverty reduction.

Thomas Silberhorn, Parliamentary State Secretary of BMZ, Germany, explored the value of TC, and how trilateral cooperation can become more demand driven. According to him, new partnerships are the only way to cooperate in a changing world. KS and best practices should be of equal benefit for all partners involved in the initiative and TC should constitute a link between South-South and North-South Cooperation. According to the German model, Germany sees itself as an equal partner in Trilateral Cooperation, encompassing the areas of joint planning, joint implementation and joint funding. He further presented the criteria according to which TC projects can be selected, which include the following: (i) TC arrangements should be based on needs of recipient countries; (ii) Southern partners are to take lead and steer entire process; (iii) value added of triangular vs. bilateral co-operation needs to be clearly identified; (iv) contributions in trilateral cooperation are complementary to those of Southern actors. He highlighted the need to increase visibility of the value added of TC and the use of the comparative advantage of each partner. He further proposed the creation of a new group on TC at global level to foster knowledge exchange.

A final consideration referred to the question of how SSC providers can play a more active role at the global level. Fernando Abreu, Executive Director of the Brazilian Cooperation Agency, highlighted the fact that they are not considering themselves as providers but as partners of SSC. Brazil's emphasis on demand-driven, non-conditional approaches to SSC, non-interference with domestic policy and issues such as a country's policies on human rights issues, transparency, and governance, mark Brazilian SSC. Likewise, sharing experiences with other partners from the South and country ownership are considered crucial elements, e.g. in Brazil's social inclusion programmes such as school feeding programmes with 98 countries around the world. ABC does not consider TC part of SSC, but rather a mechanism of collaboration. Brazil emphasized the fact that the UN is the right forum for discussion, and suggested a need for specific methodologies of assessment of SSC.

On KS, speakers confirmed the benefits of sharing knowledge and mutual learning and the fact that every country, regardless of their income level or co-operation role, can participate based on their individual experiences. Emilia Pires, Minister of Finance from Timor Leste, described how Timor Leste took ownership and leadership of their own solutions and engaged in what could be called "Fragile-to-Fragile Co-operation", a subset of SSC. Timor Leste promoted this co-operation by sharing its experiences on how to conduct fragility assessments with other countries such as South Sudan, Guinea Bissau and Somalia. This exchange does not imply that North-South Cooperation is less important or necessary. In this effort, the New Deal for Engagement in Fragile States has proved to be a major step forward. At the same time, traditional co-operation is still of fundamental importance, along with peace building and state building efforts. She also highlighted the usefulness of collecting information on what should not be done, rather than only emphasising best practices and success stories.

Manasvi Srisodapol, Deputy Permanent Secretary of Foreign Affairs of Thailand, outlined the following key benefits of KS: it is a modality that helps all engaged partners to advance and learn; it allows tackling common challenges while contributing to build networks with all types of

actors. Also, KS fosters closer co-operation and helps to develop the habit of collaboration. The challenge is to match comparative advantages with cooperation partners' demand, and stepping up capacities for KS and systematisation of knowledge available to share. Examples can be found in the sectors of public health and tourism.

Jorge Daccarett, Executive Director of the Chilean Cooperation Agency mentioned that for many partners, a large part of SSC in practice finds expression in the form of KS. He confirmed that in a multipolar world, every actor can cooperate through KS. Considering the differences between ODA and KS, the greatest challenge can be found in measuring the actual process of South-South knowledge exchange and the return on investment for countries to invest in KS. In this regard, if the substance of what is being shared is public policy then impact should be measured in terms of what the policy is addressing. Capacity development at the institutional level is therefore paramount to manage KS processes and measure impact.

The relationship between SSC and KS was also discussed by Suleiman Jasir Al-Herbish, Director General of OFID, who mentioned that the evolution of his institution is a manifestation of the South-South co-operation, aimed at sharing resources, experiences and strengthening cooperation. The Busan principles constitute the guidelines for OFID's co-operation and its commitment is translated into the development of important projects, infrastructure building and advocacy for the eradication of energy poverty.

Discussants provided examples of KS processes that included private and public collaboration, such as the experience shared by the Vice President of Volvo and the coming Expo in Milan, which will constitute a multi-stakeholder KS space. Korea shared the following elements as pillars of KS in a multipolar world: respect ownership, enhance effectiveness, strengthen capacity building and develop comprehensive support packages for sustainable impact. It was recognized that there is a growing demand of KS and therefore, the need to improve coordination among co-operation mechanisms is key. Finally, the Vice President of ADB noted that it is not whether we should do KS but how to do it, specifically, how to identify knowledge to share, how to measure impact, how to deliver effectively, how to institutionalise operational mechanisms for KS. As a development bank, it can be a disseminator, but countries should say what role should ADB play in the KS processes.

Main conclusions and next steps:

The growing relevance of SSC and KS was confirmed during the session. There was a strong focus on addressing the "how" of SSC and KS, which represents a step forward in overcoming development challenges, improving the effectiveness of the cooperation, scaling up efforts and fostering closer cooperation and knowledge exchange among the diversity of actors. Every country can co-operate and share their experiences. One example which gives expression to this line of argumentation is the cooperation among fragile countries which was brought up by Timor Leste. There are differences in perspectives and interpretations of what SSC and KS imply, however, there is richness in this form of development co-operation which reflects the diversity of actors in the changing cooperation architecture and opportunities of learning from each other. However, as confirmed by Armida S. Alisjahbana in her closing remarks, it is key to clearly distinguish between SSC and KS. SSC goes beyond KS as it also includes elements such as trade, concessional loans and technology transfer. At the same time, KS includes more than South-South knowledge sharing, such as the sharing of experience between the North and the South. Capacity development at the institutional level is both a crucial pillar as well as a modality of SSC. It is vital to manage SSC and KS in practice and to sustain the process of change in the livelihoods of people. Also, it is key to strengthening the global flow of information and knowledge and to strengthening mutual learning and fostering greater co-ordination between actors and modalities of co-operation as the world is heading towards the implementation of the post-2015 agenda and future sustainable development goals.