

Chapter 1

Multilateral Support to South-South and Triangular Cooperation

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Abstract

In the past two decades, the world's attention has been increasingly drawn to an unprecedented phenomenon: Economies within many developing countries have grown much faster than those in some transitioning countries. New patterns of trade, investment and other economic linkages among the countries of the global South are emerging rapidly, eroding the structures inherited from a colonial past. These new dynamics are dramatically changing the institutional and power structures of the South, presenting an entirely different landscape of South-South relations and, for that matter, South-North relations politically, economically, and even culturally. This paper illustrates the changing dynamism in South-South cooperation. It also highlights practical ways in which some traditional donor countries and United Nations agencies have supported South-South cooperation through triangular partnership arrangements. It then makes an attempt at offering a set of value propositions of triangular cooperation for consideration by traditional donor countries, middle-income countries, low-income countries, multilateral organizations, as well as other South-South partners, including those within the private sector and development-oriented civil society organizations.

1. Reading the New Dynamism in South-South Cooperation

Over the past decade, various forms of assistance among developing countries have emerged. With increasing financial resources and an enhanced awareness of interdependence among Southern countries, there are now prospects for increased development assistance among developing countries. In the global South new groups of countries and

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the private sector, led by Southern multinationals and civil society organizations (CSOs), are entering the international development cooperation scene as new drivers of change.

On the economic front, despite the economic slowdown, South-South trade has grown to unprecedented levels. Intra-South trade is at a historic high, exceeding exports to the North. About 56 percent of developing country exports went to other developing countries in 2011.² Developing countries now provide 33 percent of global investments and are projected by the World Bank to account for more than half of total capital stock by 2030.³ In 2012, global foreign direct investment (FDI) declined overall by 18 percent but flows to the LDCs rose by 20 percent to a record \$26 billion. Between 2001 and 2011, total trade (exports plus imports) between African and Brazil, Russia, India, and China (BRIC) grew from \$22.9 billion to \$267.9 billion. In 2011 the total trade among BRIC countries and Africa was 43.6 percent of the total trade between the Organisation for Economic Cooperation and Development (OECD) and Africa.⁴ In March 2013, the fifth Brazil, Russia, India, China, and South Africa (BRICS) Summit decided to establish a development bank, a \$100 billion Contingency Reserve Arrangement, and a business council to address the financial, infrastructure, energy, and telecommunications needs of the South.

When it comes to South-South development cooperation, countries like Brazil, China, India, and South Africa are taking the lead. For example, South Africa recently co-financed the \$2 billion construction of the Mozal aluminium smelter in Mozambique. Brazilian cooperation with Africa now encompasses many areas, including agriculture, infrastructure, trade, and public administration. The country has also written off more than \$1 billion in debts of African countries. Most recently, Brazil decided to grant duty-free access to its market for products from the 50 Least Developed Countries (LDCs).

Commodity and energy producers in the South are looking more and more to these countries for new opportunities in trade, investment, and

2. United Nations Conference on Trade and Development (UNCTAD), *South-South Trade Monitor*, No. 2, July 2013, 1.

3. World Bank, *Global Development Horizons: Capital for the Future – Saving and Investment in an Interdependent World*, (Washington, D.C., 2013).

4. Daniel Poon, *South-South Trade, Investment, and Aid Flows*, Policy Brief, (The North-South Institute, July 2013), 2.

the transfer of technologies. China, with foreign exchange reserves that reach \$1 trillion, not long ago cancelled the debt of 31 LDCs in Africa, totalling \$1.27 billion. In addition to doubling its assistance to Africa, China has provided \$5 billion in preferential loans and buyer's credit to the region and has created a \$5 billion China-Africa development fund to encourage Chinese firms to invest in Africa. This will increase the import of zero-tariff products from Africa from 190 to 440. India, too, has built up a significant balance of payment surpluses. Its commitment to Africa's development was underlined by its pledge to provide \$200 million for NEPAD and a credit line of \$500 million to the "Team Nine" initiative in West Africa, in addition to the cancellation of a substantial amount of debt owed by some LDCs, especially in Africa. Several other initiatives are in the pipeline.

Developing countries like Algeria, Argentina, Botswana, Chile, Columbia, Egypt, Ghana, Malaysia, Morocco, Nigeria, Peru, Singapore, Thailand, Tunisia, Venezuela, among others have also expanded linkages with other countries in the global South by sharing substantial technical capacities, trading potential and financial resources. Some have established themselves as regional centres of economic, commercial, and financial services. They are investors in other countries in terms of both direct investment and portfolio investment. Nigeria, for example, has provided \$400 million to a trust fund within the African Development Bank. Their stock markets are expanding and engaging a widening spectrum of small- and medium-scale investors.

The six members of the Gulf Cooperation Council (GCC) – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates – command around \$1 trillion in resources, much of which is destined for investment in the South. These and other Organization of the Petroleum Exporting Countries (OPEC) countries has a track record of assistance going back to the mid-1970s. It is estimated that about \$2-3 billion annually has been provided from the GCC and other OPEC countries. Some of these countries have recently directed new resources to support South-South cooperation.

From the first United Nations Conference on Technical Cooperation among Developing Countries (TCDC) in Buenos Aires, Argentina, in September 1978 to the High-level United Nations Conference on South-South Cooperation (SSC) in Nairobi, Kenya in December 2009, and the

tenth United Nations Day for South-South Cooperation observed by the General Assembly on 12 September 2013, the world has undergone dramatic changes. South-South no longer just another idea or topic for discussion. It is a reality. It has become a worldwide phenomenon that is fast changing the ways in which development practitioners think, development organizations operate, development players interact, development effectiveness is measured, and the new development architecture is to be built.

2. Understanding the Premises of South-South Cooperation

In an opening address to the Twelfth Session of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries that was held in Yamoussoukro, Côte d'Ivoire, 10 June 2008, the honorable W. Baldwin Spencer, Prime Minister of Antigua and Barbuda and Chairman of the Group of 77 and China stated that “the new South-South dynamics have not only enhanced the general sense of



H.E. W. Baldwin Spencer, Prime Minister of Antigua and Barbuda and Chairman of the Group of 77 and China, addressing the opening ceremony of the IFCC-XII in Yamoussoukro, Côte d'Ivoire, in 2008

confidence in self-development in the more successful countries, but also contextualized the aspirations for interdependence among all developing countries in an entirely different economic context. It is important to note that South-South cooperation is not aid. It is an expression of South-South solidarity and promotion of two-way learning and cooperation based on true partnership for mutual development.”

According to Spencer, “the rapid economic growth of some major developing countries has, indeed, dramatically improved the development prospects of neighboring countries, spurring economic growth, intra-South trade and investment, as well as technology transfer and exchanges. Today, all of the 130 member countries of the Group of 77 and China, regardless of their size or level of development, have accumulated varying degrees of capacities and experiences in development that can be shared on a South-South basis. Many of our countries have developed long-term strategies for inclusive growth and development that can be made available for intra-South peer learning

and demand-based application.” He further pointed out that “It is also clear that South-South cooperation cannot replace North-South cooperation, and should not replace North-South cooperation.” He went on to say that “the existing international development cooperation architecture is obviously built, conceptually, structurally, institutionally and operationally, to primarily support North-South cooperation and aid flows. In the absence of enlightened re-thinking and restructuring, this existing architecture will remain inadequate in responding to the new Southern dynamics, thus falling short of helping to realize the full potential of South-South cooperation, including triangular cooperation for development.”

To develop South-South cooperation to its fullest potential, it’s necessary to first understand the basic premises for such cooperation. South-South cooperation refers to all forms of collaboration between two or more developing countries in pursuit of their individual or collective development through exchanges of knowledge, skills, technologies and technical know-how, financial resources, and trade and investment opportunities. South-South programmes or projects must be initiated, organized, and managed by developing countries themselves, with their governments playing a lead role, while also involving public and private institutions, non-governmental organizations, and individuals. South-South cooperation is multidimensional in scope and can therefore include all sectors and all kinds of technical cooperation, whether bilateral or multilateral, sub-regional, regional, or inter-regional.⁵

In the Nairobi Outcome Document⁶ of the High Level United Nations Conference on South-South Cooperation, held in Nairobi, Kenya from 1 to 3 December 2009, which was adopted by the United Nations General Assembly in its resolution 64/222 of 22 December 2009, Member States reaffirmed “that South-South cooperation is a common endeavour of peoples and countries of the South, born out of shared experiences and sympathies, based on their common objectives and solidarity, and guided by, inter alia, the principles of respect for national sovereignty and ownership, free from any policy conditionality. South-South cooperation should not be seen as official development assistance. It is a partnership among equals based on solidarity.” The document also acknowledged “the need to enhance the development effectiveness of

5. TCDC/13/3, para. 8

6. General Assembly resolution 64/222

South-South cooperation by continuing to increase its mutual accountability and transparency, as well as coordinating its initiatives with other development projects and programmes on the ground, in accordance with national development plans and priorities.”

3. The Supporting Role of the Multilateral System

In its Ministerial Declaration 2012, the Group of 77 stressed that the General Assembly High-level Committee on South-South Cooperation (HLC) is the central multilateral policy-making body in the United Nations system to review and assess global and system-wide progress on and support for South-South development cooperation, including triangular cooperation, and to provide overall guidance on future directions. The Ministers urged all partners interested in supporting South-South cooperation to be guided by the principles and objectives established in such internationally agreed documents as the Buenos Aires Plan of Action on Technical Cooperation among Developing Countries, adopted by General Assembly resolution 33/144 dated 19 December 1978, and the Nairobi Outcome Document on South-South Cooperation, endorsed by General Assembly resolution 64/222 dated 21 December 2009, as well as other relevant General Assembly resolutions. The Ministers, therefore, reiterated the Group’s position that any policy debate outside the United Nations system should be guided by the above agreed frameworks as well as the Yamoussoukro Consensus on South-South Cooperation.⁷

The United Nations’ system of agency-specific, region-focused, thematic or sectoral support to South-South cooperation is carried out by its various organizations, specialized agencies, regional commissions, as well as development funds and programmes, according to their respective mandates and areas of competence. For example, the United Nations Development Programme (UNDP) leads SSC in human development. Other United Nations organizations such as the United Nations Conference on Trade and Development (UNCTAD) leads the system’s support in promoting South-South trade and investment; United Nations Population Fund (UNFPA) SSC in population for development; United Nations Children’s Fund (UNICEF) in children; International Labour Organization (ILO) in social protection and decent work; International Fund for Agricultural Development (IFAD) in

7. See http://www.g77.org/ifcc12/Yamoussoukro_Consensus.pdf

financing agricultural development; Food and Agriculture Organization of the United Nations (FAO) in SSC in food security and agriculture; United Nations Educational, Scientific and Cultural Organization (UNESCO) SSC in education and culture; World Health Organization (WHO) SSC in health; United Nations Industrial Development Organization (UNIDO) in industrial development; United Nations Environment Programme (UNEP) in environment; United Nations Framework Convention on Climate Change (UNFCCC) in climate change; International Telecommunication Union (ITU) in telecommunication; the World Bank in facilitating South-South infrastructure financing, etc. Most of United Nations support to intra-regional SSC that is of a normative nature is provided by the regional commissions.

A number of United Nations agencies have also stepped up their efforts to further mainstream South-South cooperation in their policies, future strategic frameworks, operational activities, and budgets. UNDP's new Strategic Plan (2014-2017) has, for example, made South-South and triangular cooperation "core ways of working" in its programmes and operations at the global, regional, and country levels. The Medium Term Plan 2014-2017, the Programme of Work and Budget 2014-2015, and the new Strategic Framework of the FAO reflect South-South cooperation as a "key instrument for achieving organizational results." The Strategic Plan 2014-2017 of UNFPA includes South-South cooperation as a "focal strategy for development assistance." Similarly, South-South cooperation is emphasized in the new Strategic Framework: 2014-2017 of the United Nations Volunteers (UNV), incorporated into the ILO programme and budget for 2014-2015, and will be mainstreamed in the future programmes of UNIDO through its operational strategy.

In his recent report on South-South cooperation, the Secretary-General acknowledged the important role played by a number of United Nations specialized agencies, programmes, and funds in forging partnerships to scale up South-South cooperation. UNDP has continued to forge strategic partnerships with emerging economies and to establish centres for sharing South-South knowledge and experience. An innovative collaboration agreement signed between FAO, the Brazilian Agricultural Research Corporation (EMBRAPA) and the Brazilian Technical Cooperation Agency in 2013 has enabled experts from EMBRAPA to provide their technical expertise to developing countries

through FAO. UNEP has also scaled up its support to South-South cooperation in the context of the implementation of the Convention on Biological Diversity (CBD). UNEP launched its South-South Cooperation Exchange Mechanism that is linked with the CBD network of centres of excellence and supports the implementation of the Multi-Year Plan of Action for South-South Cooperation on Biodiversity for Development.

Paragraph 20(e) of the Nairobi Outcome Document requested United Nations funds, programmes and specialized agencies, as well as regional commissions, to help developing countries establish or strengthen existing South-South centres of excellence within their respective areas of competence, and enhance closer cooperation among such centres of excellence, especially at the regional and interregional levels, with a view to improving South-South knowledge-sharing, networking, mutual capacity-building, information and best practices exchanges, policy analysis, and coordinated action among developing countries on major issues of common concern. The same document encouraged such institutions and centres of excellence, as well as regional and sub-regional economic groupings, to establish closer links among themselves, with the support of the United Nations Office for South-South Cooperation, including its Global South-South Development Academy, Global South-South Development Expo, and South-South Global Assets and Technology Exchange.

The United Nations Office for South-South Cooperation (UNOSSC) is mandated by the General Assembly as a separate entity and coordinator for promoting and facilitating South-South and triangular cooperation for development on a global and United Nations system-wide basis. It has institutionalized its Multilateral South-South Support Architecture comprising the Global South-South Development Academy, the Global South-South Development Expo, and the South-South Global Assets and Technology Exchange



Global South-South Development Expo 2010, hosted by ILO in Geneva, Switzerland



H.E. John W. Ashe, Ambassador and Permanent Representative of Antigua and Barbuda to the United Nations and President of the seventeenth session of the High-level Committee on South-South Cooperation, addressing the opening segment of the Global South-South Development Expo 2012

(SS-GATE). The Academy, which provides knowledge products and services, has enabled development partners to gain access to more than 13,000 Southern experts and over 300 successful experiences in all areas of the Millennium Development Goals. With the co-sponsorship and active participation of 25 United Nations organizations, the 2012 Expo, hosted by UNIDO, once again served as a powerful United Nations system-wide platform for thinking as one, acting as one, and delivering as one when 1,000+ public- and private-sector South-South and triangular cooperation champions and practitioners showcased more than 60 successful and scalable solutions in sustainable development. The SS-GATE, with its current listing of over 4,000 transferable technologies in low-cost housing, agriculture, health, renewable energy, and the environment, has added a dedicated new service track to help match demand with supply of policy and technology solutions that could make significant contributions towards achieving the Millennium Development Goals and those to be set in the Post-2015 development agenda.



NERICA, or New Rice for Africa – a hybrid of Asian and African rice – is a high-yielding, drought-resistant and protein-rich variety that has contributed to food security and improved nutrition in several countries on the continent, including the Congo, Côte d'Ivoire, the Democratic Republic of the Congo, Guinea, Kenya, Mali, Nigeria, Togo and Uganda. Cultivating NERICA, farmers are able for the first time to produce enough rice to feed their families and turn a profit at market.

4. Innovating Triangular Partnerships for Development

The Nairobi Outcome Document also encouraged developed countries to support South-South cooperation under triangular cooperation through “direct support or cost-sharing arrangements, joint research and development projects, third-country training programmes and support for South-South centres, as well as by providing the necessary knowledge, experience and resources so as to assist other developing countries, in accordance with their national development priorities and strategies.”

Triangular cooperation involves Southern-driven partnerships between two or more developing countries supported by a developed country or countries, or multilateral organization(s) to implement development

cooperation programmes and projects. In many instances, Southern providers of development cooperation require the financial and technical support, and expertise of multilateral and/or developed-country partners in the course of assisting other developing countries. Developed countries are increasingly exhibiting strong support for this approach to development and a willingness to share their experience and lessons learned as long as the triangular cooperation process is led and owned by Southern actors in order to achieve development results.

The Japan International Cooperation Agency (JICA), for example, has a diversified portfolio of assistance programmes in all regions of the South, ranging from support for the Association of Southeast Asian Nations (ASEAN) University Network, to the development of earthquake-resistant housing in El Salvador and Mexico, to the strengthening of mathematics and science education in West, Central, East, and Southern Africa. The Asia-Africa Knowledge Co-Creation Program has grown steadily wider over the years. The Coalition for African Rice Development, a long-standing project that involves Japanese plant-breeding experts working with African scientists at several locations to develop breeds of rice suitable for prevailing conditions, will be strengthened in an ambitious effort to double the rice production in sub-Saharan Africa to 28 million tonnes over the next five years. The “Third Country Training Programme” in Malaysia is focused on “peace consolidation for multicultural nations.” At the fifth Tokyo International Conference on African Development held in June 2013, Japan reiterated its support for the economic growth of Africa by boosting trade, investment, and private-sector development with a combination of public and private resources worth approximately \$32 billion, including \$18 billion of ODA, in the next five years.

Under a triangular partnership modality, the United States Agency for International Development (USAID) committed \$5 million to the Sustainable Energy Fund for Africa, announced as part the USAID bid to free constraints on small businesses, most of which struggle with inadequate power. It also launched a major effort in January 2012 to move 30 percent of its funding to the private sector, entrepreneurs, and African CSOs. Other initiatives are aimed at supporting investment in African small and medium-sized enterprises (SMEs). This is part of an effort to promote private-sector-led development and to form innovative and high-impact public-private partnerships.

5. Concluding Remarks: Towards a Triple-win Scenario Moving Forward

Through the Nairobi Outcome Document, developing countries have committed to developing their own “country-led systems to evaluate and assess the quality and impact of South-South and triangular cooperation programmes and improve data collection at the national level to promote cooperation in the development of methodologies and statistics to that end, as appropriate, and encourage all actors to support initiatives for information and data collection, coordination, dissemination and evaluation of South-South cooperation, upon the request of developing countries.” They also committed to enhancing their “national coordination mechanisms, as appropriate, in order to improve South-South and triangular cooperation through the dissemination of results, the sharing of lessons and good practices, and replication, including through the voluntary exchange of experiences for the benefit of developing countries, and according to their policies and priorities for development.”

In view of the above, developing countries would welcome the continued support from the United Nations system and traditional donor countries, through innovative triangular partnership arrangements, in order to (a) help developing countries, at their request and with their ownership and leadership, to develop capacities to maximize the benefits and impact of South-South and triangular cooperation in order to achieve their national development goals and internationally agreed development goals, including the Millennium Development Goals and beyond; (b) help enhance the capacities of developing countries to formulate development cooperation programmes, strengthen the capacities of regional and sub-regional organizations and conduct research to identify areas where South-South cooperation and triangular cooperation would have the greatest impact; (c) help developing countries establish or strengthen existing South-South centres of excellence, within their respective areas of competence, and enhance closer cooperation among such centres of excellence, especially at the regional and interregional levels, with a view to improving South-South knowledge-sharing, networking, mutual capacity-building, information and best practices exchanges, policy analysis, and coordinated action among developing countries on major issues of common concern; and (d) help such Southern national or regional centres of excellence and economic groupings establish closer

links among themselves, and with UNOSSC's Multilateral South-South Support Architecture.

In conclusion, the following value propositions are offered for consideration by partners in development in general and those committed to South-South cooperation and triangular cooperation in particular in realizing a triple-win scenario moving forward:

Value propositions for traditional donors

- Remain engaged with mid-income countries (MICs) to help them address internal inequality and common development challenges (MICs become positive forces for an inclusive globalization) – multilateralism;
- Be recognized part of the MIC's success (appealing to donor country's taxpayers);
- Leverage the institutional, technical, and human capacities in the MIC (of which they were part of their creation) and facilitate, also through leveraging MIC's own resources, the transfer of MIC capacities and experiences to low-income countries, to achieve economies of scale instead of reinventing the wheel;
- Help MICs to improve competitiveness in global economy and expand domestic market conditions to allow low-income countries to become part of their global market value chain.

Value propositions for mid-income countries

- Continue to receive official development assistance (ODA) under a new "aid provision": The Triangular Window (including money to help address international inequalities and other structural and systemic development challenges);
- Strengthen both institutional and management capacities of their development cooperation agencies and institutions to better deliver their global development cooperation;
- Market their successes, development solutions, expertise, and appropriate technologies to the global South and the larger international development community;
- Create new avenues and channels for South-South cooperation in the economic, social, and environmental fields;
- Achieve a wider outreach to the global South and greater visibility for their successes and development work.

Value propositions for low-income countries

- Receive a net gain of ODA from traditional donors channeled through the MICs;
- Receive a net gain of Southern grants and concessional resources from the MICs leveraged by traditional ODA;
- Gain more appropriate development knowledge and solutions, including appropriate technologies from the global South, especially from MICs;
- Access MIC markets (SS trade) and sources of financing (SS Foreign direct investment);
- Benefit from strong advocacy by MICs for more international assistance (“Towards Greater Solidarity” – beyond politics).

Value propositions for the UN system and other multilateral institutions

- Develop new legitimacy in MICs and rationale for new strategic partnerships with MICs;
- Continue to help MICs address internal inequality and other domestic development challenges;
- Bring the MICs into the larger development delivery value chain;
- Promote the MICs visibility and credibility in a multilateral setting;
- Help enhance the voice and role of the MICs in policy-making and governance of multilateral institutions;
- Make the MICs a strong ally in promoting and defending universal principles and values, including those enshrined in the United Nations Charter.

Value proposition for other partners (private sector and civil society organizations)

- Become a new conduit to exercise corporate social responsibility (CSR) domestically and internationally (helping to improve their branding and image);
- Improve knowledge of markets in other MICs and low-income countries (aimed to develop low-end supply chains);
- Improve knowledge and participation in domestic and international development initiatives (teamed up with peers in the North).