The Future of South-South Development Assistance and the Role of the UN

Remarks by Mr. Yiping Zhou, Director of the Special Unit for South-South Cooperation in UNDP to the OECD meeting of National Focal Points for Policy Coherence for Development,

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Mr. Deputy Secretary-General,
Madam Moderator,
Friends and Colleagues,

I wish to thank OECD for inviting me to talk about South-South cooperation.

In the space of just a few years, we have seen the growing prominence of Southern providers of development assistance. The traditional forms of ODA have been eroding in the wake of devastating budget deficits and massive bail-outs resulting from the financial and economic crisis. In response, emerging economies that have fared better than developed countries in the midst of the crisis have stepped up their commitments to other developing countries, sparking a wave of interest in both the spirit and practice of South-South cooperation.

As the key note speaker for this session, Dr. Lars Engberg-Pederson, so rightly pointed out that there are today more actors joining the international development cooperation and there is therefore a pressing need to build a new development architecture that addresses the concerns and interest of both the old and the new actors in development. Such a new architecture requires an inclusive normative framework that is premised on mutual trust and accepted by all actors concerned. The role of the UN in this context is obviously becoming crucial, thus my following intervention.

I. Some conceptual Issues

To understand the concept a bit better, we need to disaggregate some of the activities that are commonly lumped together when talking about South-South cooperation. Historically, when talking about development cooperation, or North-South cooperation, the discussion focuses on official development assistance (ODA) in monetary terms without including other elements of North-South relations in the mix, such as trade, investment, market-driven technology transfers, joint research, person to person cultural exchanges or any other commercial relationships. However, today’s debate over the issue of South-South cooperation does not appear to differentiate between various aspects of country-to-country relations and development cooperation elements that the OECD terms ODA. As a result, there is a lack of clarity over the definition of South-South cooperation. Without taking into account the various aspects of South-South interactions, it is impossible to have a valid definition. In fact, a deeper understanding of South-South cooperation requires defining each aspect of South-South relations such as South-South trade, South-South investment, South-South technology transfers, and South-South development cooperation.
During future deliberation in settings like this which focus on development cooperation, it is imperative to focus on one aspect of the larger subject of South-South partnerships. South-South development cooperation has certain features that are similar to traditional North-South development cooperation, and others that are significantly different. Traditional ODA refers to transfers of public funds, while private funding is channeled through market mechanisms and is counted separately from ODA. On the other hand, South-South development assistance is manifested in public and private funding or partnerships as developing countries see value in creating beneficial environments for trade, investment and development in partner countries using their full range of resources—both public and private. In this context, development assistance from one developing country to another is to be seen as a continuum from policy advice to technical assistance to pre-investment activities—all working seamlessly together to create an enabling policy, institutional, technical as well as environment for sustaining economic growth. Thus, public and private support to developing countries is not compartmentalized. Rather, it consists in public-private endeavors and this is the unique characteristic of South-South cooperation. To put this in more concrete terms, look at India’s IT programme—the India Africa Connect initiative which involves long-term economic collaboration including some funding from public sources. Other emerging actors like China, Brazil, South Africa, Russia, Turkey and others also offer similar assistance combining expert services, grants, concessional and non-concessional loans, trade credits and private investment.

These types of “assistance” combined are not neatly compatible with traditional ODA both in concept and in terms of approaches and delivery patterns. They must be discussed in different forums designed to address each of the relevant dimensions of South-South relations. Once we are clear on the appropriate inclusive forum for each issue, then the debate on the norms to govern South-South development cooperation and other related issues can be more meaningful.

In terms of the content of the discussions on South-South cooperation, there is a growing degree of interest in the topic among diplomats, academics and policy makers all trying to better understand the contents of the mixed basket that is South-South cooperation. I believe this analysis is a positive trend as long as it enables emerging economies to better express their political commitment to promoting South-South cooperation by assisting poorer countries to harness related opportunities. However, it is necessary for these new actors in development cooperation to have the opportunity and space to contribute to the debate and to actively participate in setting forth the norms and principles to guide and inform this rapidly expanding form of cooperation, both to encourage ownership of the agenda as well as to bring the experience of the South into discussions to uncover best practices and lessons learned.

Traditional North-South development cooperation has come a long way in establishing certain norms of development cooperation which are clearly based on long experience and are aimed to improve the effectiveness of development, as seen in the Paris Declaration. However, given the differentiated and special characteristics of South-South cooperation, certain general principles of Paris are compatible, as is the case with country ownership, leadership and transparency; while others may not be easily made compatible, such as issues of alignment and the delineation of other elements that Paris does not speak to. Thus, providing space for emerging players to contribute to the ultimate improvement of globally
and multilaterally accepted norms for all development cooperation, including South-South development cooperation, is essential and will take time. As the UN Secretary-General stressed at the recent G-77 and China Ministerial Meeting in New York, “policy coordination among South-South partners is increasingly important”. This requires OECD to adopt a more open-minded approach to enable this kind of inclusive process of dialogue and exchange to take place. An ideal framework would require reshaping the development cooperation architecture to incorporate the concerns, contributions and approaches of the new actors. Additionally, this new architecture would support mutual learning between traditional and new actors in the field of development assistance as they learn to better complement each others’ efforts leading to greater collaboration, inclusiveness and innovation.

II. The Role of the UN

Thirty-two years ago at the first UN Conference on Technical Cooperation among Developing Countries in Buenos Aires, member States made clear that developing countries have the responsibility to determine what/how/when and with whom South-South cooperation is to be conducted. This conference also assigned supportive roles to the developed countries and multilateral agencies.

Today, there are four key areas where multilaterals, particularly the UN System, can provide support to South-South efforts.

The first role is that of advocacy: continuing to promote the importance and contributions that Southern countries can make in helping other Southern countries. This is accomplished through support to research, meetings and workshops, information sharing and the like to guide the UN General Assembly and the Secretary-General’s support to South-South cooperation. My Special Unit for South-South Cooperation in UNDP has been charged with this advocacy role on a global and UN system-wide basis.

The second role is that of norm setting for a possible more inclusive multilateral development cooperation framework. The UN, in particular, is obviously a more legitimate body for this process due to its universal membership and representation. By helping to create space for dialogue, the UN offers its convening power toward creating inclusive norms and frameworks to guide South-South and triangular cooperation. As you know the High-level Committee on South-South Cooperation of the UN General Assembly for which the Special Unit serves as the Secretariat, has the mandate from the UN General Assembly for setting norms governing South-South and triangular cooperation. In this effort, the role of the Development Cooperation Forum under ECOSOC as an inclusive policy dialogue among all interested actors to improve development effectiveness including those may be relevant to South-South and triangular cooperation is indeed very important and commendable.

The third role is that of a knowledge-broker and match-maker between solution providers and solution seekers. As a recent UNDP-produced global MDG assessment report shows that in all the MDG areas, the South has a wide range of MDG-focused solutions that could and should be mobilized and supported by the international community towards accelerating the MDGs in the global South. This UN’s brokerage role, however, must be demand-based, allowing the cooperating partners to judge a solution’s scalability, adaptability and effectiveness by themselves and on its merits. This is a necessary and important role for UN organizations, specialized agencies and regional commissions within their
respective technical and substantive competencies to facilitate exchanges among Southern countries, particularly as the UN has the global perspective and presence in many countries to properly position it for greatest effectiveness in this role.

The fourth role is that of mobilizing partners and resources to facilitate transactions that go beyond just the exchange of ideas. This speaks to the need for the development and provision of exchange mechanisms. There are some notable examples already in existence that make this point elegantly, for instance: UNIDO’s Centre for South-South Industrial Cooperation which facilitates matches among Southern industries; the World Bank’s South-South Experience Exchange Facility which enables exchanges of knowledge and finances the matches; the Special Unit’s South-South Global Asset and Technology Exchange (SS-GATE) which lists and facilitates South-South matching and transfer of clean and appropriate technologies; the FAO Special Programme for Food Security which promotes the exchange of agricultural experts among Southern countries; UNESCO’s South-South Cooperation Fund supporting South-South collaboration in education; and the South-South Trust Fund created by the UN General Assembly to support South-South cooperation initiatives.

In terms of funding modalities, traditional OECD members have an historical opportunity to use resources and experience to leverage the resources and technical competencies of the global South in accelerating the MDGs. The Administrator of UNDP, Ms. Helen Clark, emphasizes the UN’s role in promoting and scaling up Southern solutions in pursuit of the MDGs through South-South and triangular innovative approaches. In this regard, the Special Unit for South-South Cooperation has since 2005 committed to the UNDP/UNFPA Executive Board and recently to the UN High-level Conference on South-South Cooperation held in Kenya in December 2009 to step up efforts toward meeting the MDGs via South-South and triangular cooperation.

The Special Unit for South-South Cooperation

In its role as coordinator of the UN system’s South-South efforts, the Special Unit performs four main functions: advocacy, convening, coordinating and developing mechanisms and raising resources. To carry out this broad mandate, the Unit has a multilayered four-pillar multilateral South-South support architecture, namely:

(1) **The High-level Committee on South-South Cooperation of the General Assembly (HLC):** We are the Secretariat of The UN General Assembly High-level Committee on South-South Cooperation which is the major policy-making body on South-South cooperation within the UN system. The Unit is responsible for monitoring progress in South-South collaboration and preparing the Secretary-General’s biennial reports to enable Member States to make informed policy decisions for the advancement of South-South and triangular cooperation to achieve the internationally agreed development goals, especially the MDGs. For example, the Nairobi outcome document of the United Nations High-level Conference on South-South cooperation was in part, informed by reports prepared by the Special Unit. We also convene the annual United Nations Day on South-South Cooperation declared by the General Assembly since 2004.
(2) The Global South-South Development Academy (GSSD Academy): The Unit has institutionalized this role as a Knowledge-broker through its Global South-South Development Academy to document and disseminate Southern development solutions. In past few years, we have facilitated a large number of UN organizations and other development partners to have established more than 60 rosters of development experts. We also assisted a number of such organizations and agencies to have documented, published and disseminated more than 300 Southern development solutions in most of the MDG areas.

(3) The Global South-South Development Expo (GSSD Expo): Since 2008, the Unit launched the Global South-South Development Expo which has become the premier showplace for highlighting successful Southern development solutions among policy makers and UN system members. The Special Unit has since 2008 created an inclusive policy exchange DG SPACE as an integral component of our annual Global South-South Development Expo. This provides a unique space for Director Generals of development cooperation (both South-South and triangular partners) to regularly meet and share best practices in managing and effective delivery of SS and triangular cooperation. The third of such DGs meeting is schedule for 22-23 November in the ILO headquarter in Geneva, where some 40 Director Generals are expected to attend.

(4) The South-South Global Assets and Technology Exchange (SS-GATE): The Unit has since 2007 piloted and developed the SS-GATE – a “development NASDAQS” and a transaction mechanism for Southern solutions and technologies to be listed, matched with technology-seekers and interested investors, and conclude transaction deals. Just last week the SS-GATE facilitated the signing of an agreement for the transfer of “Rice Husk Boards Technology from Thailand to Vietnam.

I would like to offer here the services of our above 4-pillared global and multilateral South-South support architecture to all partners interested in facilitating South-South and triangular cooperation. The Unit is committed to working with partners such as OECD Secretariat and its Member States, as together we can make South-South and triangular cooperation work more effectively towards accelerating the progress of the MDGs.

Thank you.