

Recommendations

# UNLOCKING THE POTENTIAL OF SOUTH-SOUTH COOPERATION

POLICY RECOMMENDATIONS FROM THE TASK TEAM ON SOUTH-SOUTH COOPERATION

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TASK TEAM  
ON SOUTH-SOUTH  
COOPERATION

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### I. A NEW GLOBAL DEVELOPMENT COOPERATION LANDSCAPE

The global landscape of development cooperation has changed drastically in recent years. The era of one-way cooperation has become outdated, as countries of the South are engaging in collaborative learning models to share innovative, adaptable and cost-efficient solutions to address their development challenges. Conscious that effective cooperation should go far beyond financial contributions and North-South technical assistance, a large and expanding group of Middle and Low Income Countries (MICs and LICs) are creating new and innovative responses to their socio-economic-environmental challenges, ranging from poverty and education to climate change, post-conflict and reconstruction.

In this context, South-South Cooperation (SSC) has become the expression of collaboration and partnership among countries from the South, interested in sharing, learning, and exploring their complementary strengths to go beyond their traditional role as aid recipients. Knowledge Sharing, one of the most dynamic dimensions of SSC, has developed into a third pillar of development cooperation, complementing finance and technical assistance. This changing context is allowing the emergence of a paradigm where “Horizontal Partnerships”, based on equity, trust, mutual benefit and long-term relations, become an alternative way to do development cooperation.

This new way of doing things is not limited to emerging actors; it also includes traditional donors willing to increase their effectiveness by engaging in Triangular Cooperation (TrC) or directly supporting South-South schemes. By leading and investing in sustainable horizontal partnerships, the developing countries, specially MICs, are playing a key role in transforming the development cooperation agenda, helping accelerate the achievement of global and national development goals, in particular the Millennium Development Goals (MDGs).

Although not a substitute, SSC has proved to be a valuable complement to North-South development cooperation, particularly when addressing emerging development challenges, like climate change, food security, social protection and public security.

The proliferation of new actors and cross-regional modalities is enriching the understanding and practice of development cooperation and generating important changes in the global development architecture towards a more inclusive, effective, and horizontal global development agenda.

The evolution of SSC leaves important lessons about its strategic role in enhancing ownership and strengthening national capacities. Nations that have successfully included South-South and Triangular initiatives in their national cooperation strategies have also evolved their level of engagement to go from activities to projects and from projects to medium and long-term programs in relative short periods. This trend demonstrates the transformative power of SSC and its contribution to institutional change and strengthening.

## II. WHAT IS THE EVIDENCE SAYING?

The evidence that support this document was collected since November 2009, in a very dynamic partnership with Southern academic institutions, governments, civil society organizations and debated in specialized workshops held in Barbados, Guatemala, Mexico City, Bali, Johannesburg and Bangkok, which will be complemented with another workshop in Bogotá, September 2011. Early finding have demonstrated that:

1. SSC is an expression of the increasing collaboration and partnership among countries from the South, interested in sharing their development experiences and learn from each other.
2. These new arrangements among Southern countries are conceived as **horizontal partnerships, where activities are based on trust, mutual learning and equity and conceived to establish long-term relationships.**
3. Through South-South cooperation, developing countries, particularly Middle Income Countries but increasingly Low Income Countries, are **proactively engaging in the global development architecture**, going beyond their traditional role as recipients and contributing their energy and successful development experiences in benefit of their own and their partners development.
4. South-South Cooperation has certain characteristics that can **enrich the aid effectiveness agenda**:
  - Due to similar development levels and experiences, developing countries can share good practices and development solutions that are highly adaptable to local economic and social conditions;
  - Partners trust each other, and this trust increases as formal and informal peer linkages are built and strengthened.
5. South-South Cooperation has demonstrated to achieve good development results when:
  - All partners have strong leadership and are willing to engage in horizontal partnerships. Political commitment from high-level authorities is essential to ensure sustainability of South-South co-operation;
  - Partners can identify mutual benefit, learn from each other and clearly define responsibilities in the cooperation arrangement;
  - Cooperation is built upon long- term relations, and willingness to scale up and diversify partnerships;
  - There are highly motivated change agents who can make a decisive difference in promoting **endogenous capacity development**. Their **leadership** can be decisive to boost reforms at the institutional and policy levels in the countries involved.
6. There are opportunities to enhance and improve the **bridges between North-South and SSC**. **Triangular cooperation** could serve to promote **win-win-win situations**, in which all partners (traditional donors and developing countries) learn, contribute and share responsibilities. We define TrC as an arrangement under which donor and international organizations support and complement specific South-South cooperation programs or projects by providing technical, financial, and material assistance.

7. To be effective, triangular arrangements need:
  - a. Strong partner countries' engagement and shared ownership among all partners;
  - b. Efficient management of transaction costs (which tend to be high in this type of cooperation), and good use of **complementary strengths** in first-hand knowledge, expertise and resources.
8. **SSC still faces several challenges** that in some cases are related to institutional and technical capacities of Southern countries – particularly those of Middle-Income Countries. They include:
  - a. Improving the quality of information (data, processes, cases, change agents) that would enable transparency and better quality and results;
  - b. Reinforcing results-orientation;
  - c. Better alignment to national systems and development.
9. In the above mentioned areas, South-South cooperation can benefit from the lessons learned in North-South cooperation, especially in the areas of **mutual accountability and transparent, regular and efficient information and result management**.
10. Many of SSC projects are still carried out in random and isolated ways. SSC would achieve better results if more regular and structured approaches were adopted.
11. Southern Countries need to strengthen their capacities to match demand and supply of development knowledge consistently, generating practices and knowledge on how to improve modalities, look for innovation and coordinating efforts to avoid fragmentation and overlapping (including with traditional aid).

With the evidence gathered and its analysis, the TT-SSC expects to contribute to the preparation of Busan High Level Forum on Aid Effectiveness and influence other global development policy processes like the G20 and the UN DCF-ECOSOC.

### III. POLICY RECOMMENDATIONS

To fulfill its mandate, the Task Team on South-South Cooperation has put strong focus on SSC based on knowledge and experiences sharing among practitioners around key development challenges, which is gaining important dynamism in many Middle Income Countries and in some Low Income Countries.

Working at the crossroads of policy, practice and analysis, and using a groundbreaking methodology, the TT-SSC uses the power of collaborative networks to understand the dynamics of South-South Cooperation and Triangular Cooperation, to document good practices, and to recommend on how unlock its potential to foster development effectiveness.

Based on the results of the analytical work, and a lively process of consultations with our partners, the TT-SSC presents the following draft recommendations to be taking into account in the preparation of the Busan HLF-4.

#### *a. Enriching the aid effectiveness agenda*

1. **Produce and implement guidelines on how to build horizontal partnerships for development cooperation.** When focused on Knowledge Sharing, South-South Cooperation, is usually grounded on horizontal partnerships, based on equity, trust, mutual benefit and long-term relations. To ensure its effectiveness, we commit to work together to produce and implement guidelines with key practices for

horizontal partnerships, which will be adaptable to country, regional and global development priorities and monitored through a continued learning process.

2. Enable practice-policy alliances to empower change agents to enrich policy making. South-South Cooperation triggers the emergence of formal and informal practitioners networks and facilitates their participation in policy-making processes. We commit to promote the engagement of practitioners and their networks in our South-South and Triangular Cooperation initiatives, as a tool for promoting leadership and contributing to good-fit technical cooperation, while strengthening practice-policy alliances in developing countries.

### ***b. Adapting the aid effectiveness principles***

3. Support country-led capacity development plans for mutual accountability, transparency and results management. SSC still faces several challenges that in some cases are related to the institutional and technical capacities of southern countries. They include improving the quality of information, reinforcing results oriented approaches and achieving better alignment to national systems and development plans. We commit to support the design and implementation of country-led capacity development plans to scale-up the effectiveness of South-South and Triangular programs and initiatives. The support of multilateral organizations and donors, including through the adaptation of their aid experiences and lessons learned, as well as the involvement of Southern academia will be key for the success of these plans.

### ***c. Finding complementarities and promoting convergence between North-South and South-South partners***

4. Develop evidence-based guidance and toolkits to boost complementary strengths among development partners. Although still facing challenges such as excessive transaction costs, TrC offers opportunities to bridge North-South and South-South cooperation. We commit to develop evidence-based guidance, toolkits and studies in order to outline criteria for effective TrC such as recipient's leadership, shared ownership and complementary strengths.
5. Endorse and build on G20 Recommendations on Knowledge Sharing. Mechanisms to promote KS are key for scaling up and taking full advantage of the potential of SSC. If correctly monitored and assessed, operated under partnership models and permanently strengthened with best practices and lessons learned, they can effectively broker demand and supply, support implementation, and offer funding to SSC partners. We encourage the WP-EFF to endorse the G20 recommendations on KS, and commit to enrich them with additional country-led initiatives, including from non-G20 members.

### ***d. Measuring progress***

6. Provide a clear evaluation framework to measure our progress. Much has been learned around the practices and processes of SSC and TrC, with valuable key lessons for the countries and organizations engaging in these programs and initiatives. With a view to 2015, we commit to move towards a results-oriented approach with a clear evaluation framework and shared commitments.

## IV. LOOKING FORWARD – TOWARDS THE ACHIEVEMENT OF THE MDGS

Despite the magnitude of current global south-south exchanges, and the positive outcomes achieved benefitting millions of people around the developing world, the potential of horizontal partnerships is yet to be unlocked. Much has been learned around the practice and processes of SSC and TrC, with valuable key lessons to guide our way to the achievement of the 2015 MDGs. It is time to move decidedly towards a common understanding and shared commitments to improve the results, effectiveness and impact of SSC.

The development community is called to converge in a common agenda to empower horizontal partnership with the adequate policy framework, incentive-schemes and financial tools to scale them up and produce a game-changing move in development cooperation with a view to 2015.

We encourage the development community to examine and endorse the above-mentioned policy recommendations and work together to ensure they will be adequately reflected in the political agreements at the Busan High-Level Forum 2011.

KEY CHALLENGE	AVAILABLE EVIDENCE AND REFERENCES	KEY FINDINGS (PRELIMINARY) FROM THE EVIDENCE	ASPECTS FOR THE GOOD PRACTICE PAPER	DRAFT POLICY RECOMMENDATIONS / COMMITMENTS TO BE AGREED
All	<p>Adaptation to local contexts (PALAMA, Indonesia-Uganda microfinance, Argentina-Haiti Public Spending),</p> <p>Horizontal political engagement (APRM, IBSA, ACMECS, Plan Trifinio),</p>	<p>South-South knowledge exchange is grounded on horizontal partnerships, based on equity, trust, mutual benefit and long-term relations.</p> <p>This type of cooperation involves mainly MIC, but also increasingly LIC (which are both providers and receivers) and traditional donors as triangular partners.</p> <p>Overall, the horizontal character of South-South and triangular partnerships is a key contribution to the evolving global development agenda.</p>	<p>Guidelines for horizontal partnership (KEY PRACTICES, summarizing all other practices below):</p> <ul style="list-style-type: none"> <li>- How to set up horizontal partnerships (joint leaderships, two-/multi-way alignment)</li> <li>- How to create and sustain trust (role of key players, practitioners, change-makers)</li> <li>- How to define and ensure mutual benefit and mutual responsibilities (formal and informal)</li> <li>- How to engage in long-term relations (diversity of mechanisms and actors)</li> </ul>	<p>Set-up a battery of guidelines, aligned with priorities of relevant global development agendas and adaptable to regional characteristics, to be followed up by Government and supported by the Southern academia (and their regional and global networks), as a continued learning process.</p>
Role of Practitioners	<p>PALAMA, Belo Horizonte, ACMECS, Mercy Corps, SEGIB, Estrategia Caribe-Colombia and others.</p> <p>Long-term relations (Nigeria Aid Corps, China IPRCC, IBSA, CARICOM AIDS)</p>	<p>Practitioners and change agents play a key role in South-South knowledge exchange especially through informal networks, with important lessons for good-fit technical cooperation and policy-making. For example, they engage in trust-based relations, which bring in the right incentives for change.</p>	<ul style="list-style-type: none"> <li>- How to connect practitioners</li> <li>- How to create spaces for practitioners for exchange and recognition</li> <li>- How to linkup practitioners with policy-makers and academia</li> </ul> <p>How to translate individual capacities into formal policy and institutional change, and institutionalize individual championship.</p>	<p>Deepen engagement of practitioners and their networks (including TT-SSC CoP) as a tool for good-fit technical cooperation, promote further academia-practice-policy alliances in developing countries.</p>

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Ownership and mutual accountability/Transparency and result management	Colombia Maps, SEGIB Ibero-american program, ACMECS, Mexico-Chile Fund and others.  Long-term relations (Nigeria Aid Corps, China IPRCC, IBSA, CARICOM AIDS)	Challenges such as accountability, transparency, result management and others highlighted in the benchmarks (see above) require developing better capacities in South-South partners to address institutional and operational constraints.	<ul style="list-style-type: none"> <li>- How to identify weak areas (such as information systems, documentation of experiences, transparency and accountability, etc), with the support of Southern academia</li> <li>- How to promote capacity development around ownership and mutual accountability in knowledge exchange</li> <li>- How to generate capacity to improve them (role of countries and multilaterals)</li> <li>- How to measure advances</li> <li>How to coordinate CD efforts regionally</li> </ul>	Support the design of country-led capacity development plans, generate multilateral and donor support for the implementation of these plans, giving a role of Southern academia in training and institutional/operational learning, country coordination around CD through existing platforms at country and regional levels.
Triangular Cooperation	ICEI case studies, Mozambique-Brazil-Germany case study (tbc), outcome Bali workshop	Triangular cooperation, although still facing challenges, offers opportunities to bridge North-South and South-South cooperation, as a model for win-win-win situation where all partners learn and contribute.	<ul style="list-style-type: none"> <li>- How to ensure triangular cooperation is demand driven</li> <li>- How to set up triangular cooperation among equal partners, including mutual accountability</li> <li>- How to deepen the analysis of transaction costs and complementary strengths</li> </ul>	Develop evidence-based guidance and toolkits outlining criteria for triangular cooperation such as recipient's leadership and shared ownership. Draft studies on efficient management of transaction costs and complementary strengths as criteria for division of labor in triangular partnerships.
Mechanisms for Knowledge Exchange	Case stories Bogota on mechanisms, plus analytical work of the G20 KS pillar.	Multilateral mechanisms for KE are key for scaling up and taking full advantage of the potential of SSC, by brokering demand and supply, supporting implementation, and offering funding. Country-led assessment and further coordination is needed to ensure that such mechanisms are demand-driven and efficient.	<p><i>(From G20 recommendations)</i></p> <ul style="list-style-type: none"> <li>- How to balance political and technical leadership in managing KE mechanisms</li> <li>- How to broker demand and supply under countries' leadership</li> <li>- How to support implementation with a smart menu of modalities</li> <li>- How to support the generation of national capacities as KE partners</li> <li>- How to fund flexibly and in a targeted way</li> <li>- How to ensure quality (benchmarks, criteria)</li> </ul>	<p><i>(From G20 recommendations)</i></p> <p>G20 practices for effective mechanisms are to be monitored and further adapted, so that learning can take place, both on existing and on new mechanisms.</p> <p>The G20 partnership on Knowledge Sharing is to be enriched with strong country leadership around evidence, practices, and political guidance, gearing towards a better responsiveness of multilateral mechanisms to country needs.</p>

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Looking forward	Results from Bangkok and Bogotá workshop (agreement on next steps)	More focus on results (complementing the process character) is needed for 2015 and beyond (contribution to public policies and institutions, achievement MDG, deepening multi-	<ul style="list-style-type: none"> <li>'- Evaluation framework' to be designed (especially around capacity development results)</li> <li>- Role of academia in assessing and learning</li> <li>- Generating comparative studies?</li> </ul>	Much has been learned around practices and processes, with valuable key lessons. It is now time to move towards a common understanding and shared commitments on how to improve the results and impact of SSC.

## The Challenges

**Adapting the aid effectiveness principles (AAA para. 19a) means that:**

- (1) ... Ownership and mutual accountability should form the basis of horizontal partnerships. **But...** to which extent does South-South knowledge exchange really foster national ownership and the fulfillment of mutual responsibilities?
- (2) ... Information and result management has to be ensured in SSC. **But...** which capacities for providing SSC information need to be strengthened and how can they be used for achieving results at the country level?

**Enriching the aid effectiveness agenda (AAA para. 19b) Means that:**

- (3) ... Pressing development challenges such as climate change and poverty reduction might be addressed through mutual learning and exchange of local solutions. **But...** how are the solutions transferred from one developing country to another?
- (4) ... South-South knowledge exchange often involves champions and thereby creates better incentives for capacity development. **But...** how can South-South capacity development generate actual policy and institutional change?

**Ensuring complementarities with NS cooperation (AAA para. 19e) means that:**

- (5) ... Triangular cooperation should contribute to bridge South-South and North-South cooperation, by promoting horizontal partnership. **But...** how are actual comparative advantages used, transaction costs managed and recipient-led mutual learning among all partners fostered?
- (6) ... One-off and random knowledge exchange should be overcome through regional and global mechanisms. **But...** how can demand and supply of solutions be matched, resources facilitated and lessons learned systematized.



## The Task Team on South-South Cooperation

### ABOUT THE PROCESS



*Working at the crossroads of policy, practice and analysis, and using a ground-breaking methodology, the TT-SSC has unleashed the power of collaborative networks to build evidence on what works and what does not work in South-South and Triangular Cooperation.*

In 2008, the Accra Agenda for Action (AAA) acknowledged the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid. It recognized that much can be learned from the experience of developing countries and encouraged further development of triangular cooperation.

The AAA opened a new space for South-South and Triangular Cooperation as key forms of development cooperation. At the same time, it highlighted the lack of knowledge that the development community was facing in understanding the dynamics and features of technical cooperation and knowledge exchange among developing nations. This necessity resulted in the creation of the Task Team on South-South Cooperation (TT-SSC) in 2009.

The TT-SSC is an international platform of more than 80 countries and institutions with strong regional pillars in Africa, Asia-Pacific and Latin America and the Caribbean, created with the objective of informing global policy-making with evidence-based analysis on what works and what does not work in South-South and triangular knowledge sharing.

It is designed to serve as a Southern-led initiative that brings together a wide array of actors (both governmental and not governmental, national and local, public and private, developed and developing) to facilitate the emergence of evidence-based good practices on South-South knowledge exchange, while enriching, adapting and ensuring complementarities with the aid effectiveness agenda.

Such diverse and flexible structure has made of the TT-SSC an interesting pilot on how to build knowledge by putting in motion collaborative networks at the cross-roads of policy, practice and analysis. Responsive to the opportunities of a multi-polar world, the TT-SSC has gained traction as one of the key global arenas where policy makers and practitioners can learn how the dynamics of South-South and Triangular cooperation can help shape the new global development cooperation architecture.

A key milestone in this process was the Bogotá High-Level Event on South-South Cooperation and Capacity Development (March 2010) and its outcome document The Bogota Statement. The Bogota HLE was successful in advancing the debate about SSC as a tool for horizontal development partnerships and capacity development, which makes it a key milestone in the Road to Busan, High Level Forum, 2011.

In November 2010, G20 leaders reinforced the mandate of the TT-SSC by charging it, together with UNDP, to recommend how knowledge sharing can be scaled up, in particular in the area of brokering, best practices and funding.

In order to meet both mandates, the TT-SSC strongly relies on the evidence and experiences shared by practitioners from all over the world through case stories and studies. Current efforts are particularly directed to generate good practices and policy recommendations for the Busan High-Level Forum on Aid Effectiveness (Nov/Dec 2011) and the G20 development agenda.

The TT-SSC aspires to mutually enrich and adapt the aid effectiveness principles (ownership, alignment, harmonization, results and mutual accountability) and to further explore complementarities and synergies between South-South and North-South cooperation.



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