

South-South Cooperation (SSC) and multilateral governance of the aid system: The implications for Spanish aid

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South-South Cooperation (SSC) is not a new feature of the international development cooperation system. It is more appropriate in this sense to talk about a resurgence of SSC in recent years. Both the initial foundations of SSC and the impetus it has recently gathered are very much linked to its development in the multilateral realm. Its current characteristics, indeed its very existence, would simply not have been possible without those regional and global multilateral spaces for dialogue, consensus and technical support. Still, neither the countries of the North nor the DAC/OECD had showed much interest in SSC or in its horizontal way of doing business until very recently. The situation has now changed and SSC has come to occupy a privileged place in the priorities of multilateral organisations and in debates on aid effectiveness. This comment piece aims to offer an overview of the role of SSC in the global governance of aid, offering some consequences for Spanish aid.

South – South Cooperation & the multilateral governance of the aid system

The United Nations (UN) has played a prominent role in promoting SSC. In 1972, the General Assembly of the United Nations created a working group on Technical Cooperation between Developing Countries (TCDC) and the Buenos Aires Action Plan (BAAP) was announced in 1978, which is when SSC was given the official seal of approval. The UN Secretary General presents a biennial report on the state of SSC; similarly, in the year 2004, 19 December was highlighted as the UN SSC day, which is also when the SSC international prizes are awarded.

The UNGA High Level Committee for SSC created in 1979 is the general intergovernmental process for overseeing SSC processes. Amongst its other functions, the Committee prepares a report on the implementation of the BAAP and makes suggestions to speed up its progress through new actions and initiatives. The Committee has been meeting every two years since 1980 and it is made up by representatives of the majority of member states which take part in the UNDP.

In 1978, the Special Unit for SSC of the UNDP was given the mandate to coordinate SSC throughout the whole United Nations system by the UNGA. Its role consists of fostering technical and economic cooperation between developing countries and promoting the recognition and inclusion of the SSC as an option for development initiatives. The unit facilitates

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the consultation and dialogue process between countries in development, acts as a catalyst of innovative necessities for SSC, mobilises world support and administers the SSC Trust Fund, the Pérez Guerrero Trust Fund for TCDC and the Economic Cooperation between Countries in Development (ECDC). It also has the task of formulating the UNDP's South – South Cooperation Framework. The IV Framework (2009 – 2011) ² is currently pending approval, which will most probably take place in the second semester of 2009, after the commemorative BAAP conference is held in Kenya.

Although SSC has experienced new found energy and renewal in recent years in the context of the UN, it is worth pointing out that its potential was not explicitly recognised in the Millennium Summit, nor in the Declaration of Development Goals, nor in the list of indicators of goal number 8. The Monterrey Summit on Financing for Development (2002) found time to consider it in point 19 of its Final Declaration: "We encourage South-South Cooperation, including through triangular cooperation, to facilitate exchange of views on successful strategies, practices and experience and replication of projects."; and in point 43, in the section on the steps required to increase aid effectiveness: "(...) strengthen triangular cooperation, including countries with economies in transition, and South-South cooperation, as delivery tools for assistance".

More recently, SSC received reiterated backing from the UNGA in Resolution 62/209 of 11 March 2008, which encourages all member states to "deepen, intensify and enhance SSC, including through triangular cooperation". This support was repeated in the follow-up international conference on financing for development held to examine the application of the Monterrey Consensus (Doha, December 2008), with points 49 and 50 reflecting the complementary nature of SSC with respect to North-South Cooperation and encouraging developing countries to carry out South-South cooperation more effectively in line with the principles of aid effectiveness.

An area which Spanish cooperation has yet to explore and which deserves backing is the promotion of SSC within different UN multilateral development organisations. The incorporation of strategies geared to promoting SSC in UN programmes and agencies is one of the most salient features of the last three years. The strategy of the United Nations Industrial Development Organisation (UNIDO) and the creation of SSC centres in India and China and plans for the same in Brazil, Indonesia, Iran, Morocco and South Africa should serve as a reference here. Likewise, the United Nations Environment Programme (UNEP) has established SSC as one of the main pillars of its institutional work programme for the period 2008 – 2009. The United Nations Educational, Scientific and Cultural Organisation (UNESCO) added SSC as a fundamental component of its programme and budget for the year 2008 – 2009; organisations like UNCTAD, WIPO or the World Bank have combined efforts in different activities promoting and supporting SSC.

The World Bank, for its part, launched a South-South Experience Exchange in 2008, a financial facility to provide an incentive for South - South exchange of expertise and experience for the reduction of poverty and development. China, India, Mexico, Spain, Denmark, the United Kingdom and the Netherlands have contributed to the trust fund to finance the facility which is expected to secure contributions to the tune of 10 million dollars. Another factor which attests to the growing interest in this type of cooperation on the part of multilateral organisations is the priority given to SSC in the senior management programmes of organisations such as the FAO, FIDA, UNCTAD, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, WFP and the WHO. Such rapid growth is already creating challenges in terms of coordination and cohesion in the system; the annual UN inter-institutional meeting for SSC coordinators is an attempt to respond to that.

SSC and the new aid architecture

A debate on the need to establish some kind of mechanism for the global governance of aid has emerged in the framework of the new aid architecture. It would seem paradoxical that despite

² Fourth SSC Framework Project (2009 – 2011), 21/07/2008. UNDA & UNFAP Board.

the countries of the South making up a majority of any multilateral forum, it is exclusively or predominantly in the DAC/OECD, or in multilateral financial institutions - where voting power works in favour of the developed world - where decisions are made, directions are taken and the global development agenda priorities are established. It is vital to reflect for that reason on the opportunities that an increase in SSC creates for the expansion of a more inclusive aid governance framework, which cannot remain confined to the area marked out by the DAC/OECD and which, in line with changes in the development of the South, needs to include these countries.

The global governance of aid entails a common challenge in founding new forms of international cooperation in which developing countries, with their decades of experience in SSC, can provide some fresh air and ingredients such as horizontality, equity and consensus. It can be said in this sense that the gradual spreading of SSC is already taking place, in so much as it has already become a reality in different multilateral forums for dialogue and the coordination of positions between groups of countries.

One of the first steps was taken with the celebration of the first Development Cooperation Forum for the United Nations Economic and Social Council (henceforth DCF/ECOSOC)³. As the third National Plan of Spanish Cooperation puts it, "the growing role granted to the ECOSOC as a multilateral debating forum for development cooperation provides new opportunities and spaces to consider – in tandem with developing countries – the future reform of the architecture of aid". This is a bold decision by Spanish cooperation to the extent that making the ECOSOC "the centre of gravity" of the debate on development cooperation is key to democratising the architecture of aid, provided the DCF/ECOSOC is a functioning and flexible organisation, sufficiently equipped with technical and human capacities to drive that process onward.

The DCF is the result of the strengthening of the ECOSOC at the UN 2005 World Summit, where it was given a mandate to create a High Level Forum to meet biennially in order to review international development cooperation tendencies and to promote cohesion between different development activities and partners. Its objectives include promoting aid effectiveness, and serving as a platform where member states can exchange lessons learned and experiences in the formulation, support and application of national development strategies.

The DCF is open to the participation of all countries which are interested, as well as multilateral organisations, international financial and trading institutions, regional organisations, civil society and the private sector. Two important aspects can be highlighted in particular in terms of what it can offer; firstly, its ability to offer a space for mutual accountability with equal participation under obligatory UN rules; secondly, its function as a platform for debate on the role of emerging donors in the architecture of aid, on SSC and what it can contribute, and how it has some principles which differ from certain points of the aid effectiveness agenda.

The UN Secretary General has expressed his desire that the DCF/ECOSOC contribute to increasing the coherence and effectiveness of development aid, pointing to its role in undertaking analysis, and also in exchanging experiences on the scale, reach and effectiveness of the aid provided by parties outwith the DAC/OECD.

Throughout 2008 several preparatory meetings took place (in Cairo and Rome), accompanied by ECOSOC reports. Two documents are of particular importance: one, dedicated to the bolstering of the working framework of aid effectiveness; and another, which deals with SSC and triangular cooperation tendencies. This latter report, the most thorough to date despite some gaps and obvious limitations due to a paucity of reliable information, offers an overview of SSC from the starting point of global tendencies on a country by country basis, taking into account the scale, type of cooperation, its destination and other qualitative aspects (conditionality, degree of generosity, channels, priority industries, flexibilities, procedures,

³ <http://www.un.org/spanish/ecosoc/newfunct/develop.shtml>

follow up and evaluation, harmonisation and coordination). The following stand out amongst the report's final recommendations:

- Begin a dialogue between countries of the South and donors of the North in order to reach a definition of ODA, including the terms of concessional finance. The DCF offers itself here as a reference framework for this dialogue process.
- Discuss the modalities for compiling information on triangular cooperation. As a starting point, the DAC could require that its members begin to report these contributions separately.
- Strengthen the institutions and construct technical capacities in those countries which carry out SSC with a view to compiling and collecting data.
- Assess whether the technical cooperation supplied by SSC and triangular cooperation are more efficient in terms of the transfer of technology, capacity building and monetary values.
- Commission a study on best practices which includes the impact of SSC on infrastructure projects in post-conflict countries and the follow up and evaluation of systems. The compatibility of the implementation of the Paris Declaration (PD) with successful experiences of SSC and triangular cooperation should also be considered.

The first DCF/ECOSOC took place in New York on 30 June and 1 July 2008. The first DCF report was prepared for this meeting, and it devoted a paragraph to SSC and triangular cooperation where its key principles were reaffirmed (non interference in the internal affairs of member countries and the status of SSC as an additional option – not an alternative - to North – South cooperation), and different emphases were established: whilst developing countries emphasised the absence of conditionality, donor countries pointed to the holy trinity in their programmes of governance-stability-peace; at the same time as developing countries considered productive sectors and infrastructures as the priority focus of SSC, the DAC donors stuck closely to the MDG and assigned the majority of their resources to poverty reduction.

In the same document, some of the things which need to be done to understand SSC more profoundly were noted, such as the urgent need to shed some light on matters by carrying out analytical and statistical studies, as well as a breaking down the data into its component parts; assessing SSC and triangular cooperation with the aim of providing transparency and independent management; widening the awareness of the instruments and practices measuring its impact; and implementing SSC coordination mechanisms between developing countries with the aim of creating greater awareness of its benefits and exploring the opportunities offered by other developing countries. Finally, the terminology needs to be purged, reserving the term emerging donors for those OECD countries which are not members of the DAC.

Likewise, it was also acknowledged that developing countries engaged in SSC are resistant to committing to political dialogue at the country level in order to coordinate and harmonise cooperation if the context and terminology used is that of the DAC/OECD. This task of coordinating and supporting SSC at the national level should be carried out, according to the report, within the United Nations system, through the UNDP's SSC Unit; for that to be the case, the Unit needs to be technically strengthened and equipped with financial resources. For its part, the DCF - which advocates a political rather than a predominantly technical view of aid - would be the number one coordination sphere for the different actors in the cooperation system, and the discussion forum of any political aspects. Participation, commitment and the better understanding by the developed world of the necessities and priorities of developing countries would thus be favoured.

One of the questions raised is whether the DCF/ECOSOC might one day replace the DAC as the leading institution for global negotiations on aid ⁴. The South Centre carried out wide-ranging research published in 2008 in that direction in the form of two documents entitled Reshaping

⁴Molina, N., "Can the UN Development Cooperation Forum replace the OECD DAC as the place for global aid negotiations?", 17 July 2008. <http://www.eurodad.org/whatsnew/articles.aspx?id=2560>

the International Development Cooperation Architecture: Perspectives on a Strategic Development Role for the Development Cooperation Forum (DCF), and Developing Country Perspectives on the Role of the DCF: Building Strategic Approaches to Enhancing Multilateral Development Cooperation. These studies clearly back the idea of making the DCF a strategic sphere for multilateral discussion on development cooperation matters and building a new and more democratic discourse on aid and its imbalances.

Some organisations from civil society have criticised the OECD and its aid effectiveness agenda, seeing the PD as a regressive framework with which to position development aid in comparison with some of the achievements of previous conferences and the Monterrey Consensus, going on to point to the need for a wider discussion based on a universal platform such as the DCF, which is more democratic and egalitarian than the DAC. Going even further, ActionAid International representative Ramesh Singh made a recommendation in the name of civil society in his speech at the first DCF: "(...) it would make more sense if it was the UN and not the OECD which housed the next meeting of the High Level Forum on Aid Effectiveness in 2011".

These good intentions require that the DCF attain capacities of its own, human and logistical resources and greater flexibility, and become more inclusive, more feasible, and able to demand increased accountability. As it lacks infrastructure and is highly dependent on the will of individual countries, the DCF still resembles a loosely structured process more than a functioning platform for enhanced dialogue. In this regard, it is urgent to come up with the mechanisms which will make the DCF an organisation with continuity and efficiency in its recommendations. The challenge, in short, is to transform the increased legitimacy it enjoys through its wider representative nature into effectiveness.

The DAC/OECD and the SSC

Another aspect which particularly stands out is the rapid growth of interest at the heart of the DAC/OECD in SSC and in establishing a dialogue with so-called new donors or emerging donors. In the same vein, point 19b of the September 2008 Accra Agenda for Action recognises "the contributions made by all development actors, and in particular the role of middle income countries as both providers and recipients of aid (...) and the importance and particularities of South-South cooperation (...)". It is acknowledged that "we can learn from the experience of developing countries. We encourage further development of triangular cooperation." Mention was also made in the language of some of the emerging countries that "South-South cooperation on development aims to observe the principle of non interference in internal affairs", establishing equality between partners, respect of each other's independence and national sovereignty, diversity and cultural identity and local content.

In any event, the recognition of SSC's potential had already been noted by the DAC/OECD and the UNDP in the Forum on Partnership for More Effective Development Co-operation, jointly organised in Paris on 1 February 2005. In this forum – organised to promote wide-ranging dialogue and mutual understanding between the main suppliers of ODA, the governments of countries not belonging to OECD and international organisations committed to cooperation for development and the SSC initiatives - a joint declaration was made in which DAC members recognised the contribution of SSC and agreed:

- That SSC and triangular cooperation could improve the efficiency and effectiveness of aid through an emphasis on appropriation and inclusive association.
- To advance the interest in triangular cooperation, for which purpose the DAC will strengthen capacities of participants which are not members of the OECD.
- To identify and promote more systematic approaches in order to take advantage of the experience of shared expertise and lessons learned in SSC and triangulation.
- To acknowledge the capacity and preparedness of the UNDP to facilitate collaboration

between OECD countries and non members.

These efforts towards a strengthened dialogue have recently been taken up again in the context of the aid effectiveness agenda. Indeed, the recent creation of a Task Team (henceforth a TT) on SSC within the DAC Working Group on Aid Effectiveness, in which some of Spain's partners are involved, such as Colombia, Honduras and Mexico in Latin America, is a clear sign of this interest⁵.

The TT mandate is to boost the mutual learning process between the implementation of the PD and SSC, taking into account its special features and distinctive path. It will locate that part of SSC able (and willing) to adhere to the principles of aid effectiveness and participate in the negotiation processes between North and South which have emerged around this agenda. The aim is to consolidate this kind of cooperation into an efficient and useful mechanism to finance development as a complement to North-South cooperation. TT aims, besides, to identify, analyse and propose projects for the strengthening of SSC, with a view to measuring impact and results. Its specific objectives are:

- To create spaces and opportunities for the debate and the exchange of information on the practices of SSC and its interaction with the effectiveness agenda.
- To identify and agree on good SSC practices in the context of the PD and the AAA.

In the meeting of the Working Group on Aid Effectiveness (WP-EFF), the Colombian proposal to lead the TT was approved, but the country has still to look for a co-president preferably from a developing country. This is an important recognition of the leadership Colombia has exercised in its attempt to establish channels of communication between the DAC/OECD and the countries engaging in SSC. This leadership was also recognised in the Colombian co-presidency with Switzerland of Round Table Number 1 on ownership in the Accra Forum. In presiding the TT, Colombia must take responsibility for the implementation of the tasks assigned to it and the organisation of a world conference on South-South cooperation in the first half of 2010. At the multilateral level, the TT has the support of the UNDP's Office for Development Policies, the World Bank and the regional development banks. One of the most important challenges lies in linking up this task with the ECOSOC to ensure complementarity between the TT and the DCF.

In conclusion, the DAC is showing a growing interest in monitoring emerging countries and those state bodies involved in SSC, and not only with a view to gathering statistics from non DAC member countries. Proof of this is the latest Development Cooperation Report – 2009, which devotes a considerable space under the sub-heading "SSC offers new perspectives for international cooperation, but also poses new challenges". This amounts to inter-alia, initiating a dialogue with those emerging countries which carry out a kind of cooperation distinguished by principles different to those provided by DAC donors. This language even goes so far as to describe this as "no less urgent than promoting joint efforts to meet the MDG".

In the same way, it is proposed that DAC donors and countries committed to SSC share lessons and learn from each other's experience. The basic prerequisite for this, according to the DAC, is the existence of transparent information on aid flows. This dialogue proposal is located in the perspective of the Accra Agenda for Action, in so much as the importance of non-DAC member aid is recognised (point 19).

However, a number of questions have yet to be answered:

Could there be any relation between the recent interest of the DAC/OECD to include and dialogue with countries which engage in SSC and the fact that many of them have not signed

⁵See Schulz, Nils-Sjard, "The path to global governance of aid", FRIDE comment paper, April 2009.

the PD and prefer to move the debate on aid effectiveness to more universal multilateral areas

of debate, such as the DCF/ECOSOC? Are the DCF/ECOSOC and the DAC/OECD compatible? If they are, is it worth thinking about some kind of “gangway” between the two institutions to facilitate dialogue and, if necessary, joint action and the joint consideration of issues?

Should the countries that carry out SSC adapt to the criteria of the DAC, accepting its standards, parameters and requirements for the quantification of aid offered, or should the definition of these technical criteria be worked on and defined jointly?

Is there only one concept and model of what constitutes aid effectiveness, applicable to both North-South cooperation as well as SSC, which can be shared by DAC countries and developing countries?

Implications for Spanish cooperation

The support of SSC and the encouragement of triangular cooperation is a relatively recent approach for Spanish aid, though it is represented well enough in the recently approved National Plan. This means that in the next few years there is a need to advance in defining a coherent, joint strategy which goes beyond the experimental approach seen to date; devise methodologies for the identification of triangular cooperation activities; and establish wide-ranging dialogue with both partner countries interested in this kind of cooperation, and DAC member countries with experience in the field, in order to study the best ways of working and avoid mistakes.

It is vital to enhance the degree of knowledge and conceptual clarity in the Spanish aid system regarding SSC, as well as what working in triangular cooperation schemes actually entails. Indeed, the different actors of the Spanish aid system are currently faced with the challenge of familiarising themselves with SSC, getting to know and understand it as a working reality. In that regard, boosting research, exchange activities and joint efforts by research centres and agents within the Spanish aid system would all amount to significant initiatives. An essential prerequisite for identifying triangular cooperation initiatives which create activities with stimulating potential for the technical and institutional capacities of Latin American countries is a certain amount of common knowledge, shared concepts, and an ability to handle the terminology.

The third National Plan (2009 – 2012) calls for an even deeper and more thorough backing of SSC and the engagement in triangular cooperation activities. SSC appears in the section on geographical priorities, in group C countries, “Association with Middle Income Countries for the consolidation of development achievements”, where it is considered a complementary strategy to traditional cooperation. SSC is also included in the section dealing with strategies and priority actions for more efficient action on the ground, with work being promised with multilateral and regional organisations to encourage it. Furthermore, the contract with the AECID (Spanish Agency for International Development Cooperation) refers to the promotion of triangular cooperation with countries from Latin America, the Maghreb and Sub-Saharan Africa. The provisions contained in the Mixed Commissions signed with group C countries, which reflect to differing degrees mandates for the development of triangular cooperation activities, also need to be brought into play.

In line with its policy of strengthening an active and efficient multilateralism, Spanish cooperation should take more advantage of the multilateral contexts geared to promoting SSC, both in terms of Latin America (SEGIB) and the United Nations (especially in the DCF/ECOSOC, but also in SSC programmes in multilateral organisations like UNEP, FAO, ONUDI, IFAD, UNESCO, UNCTAD). Permanent support mechanisms to the SSC unit of the UNDP must be established, at the same level as that of donors like Japan at the very least.

The promotion of multilateral forums and spaces for the exchange of experiences which might be useful and applicable to the sphere of the management of triangular cooperation and in the planning and programming of Spanish cooperation are fundamental. The scale and speed in the growth of SSC in the multilateral development cooperation system are reasons enough to include support of SSC programmes in multilateral organisations as a part of any future revision of Spanish cooperation's multilateral strategy.

In the same way, financial support of SSC through contributions like that made in 2008 to the World Bank facility, or to trust funds like Pérez Guerrero and the SSC fund of the UNDP, are further signs of Spain's commitment.

The regional forums and institutions in Latin America which engage in SSC must be supported. In terms of ECLAC, a Spanish presence in projects with SSC elements is scarce and should be increased, as should the finance for the workings of the commission in its activities designed to promote SSC. It might be worth looking into ways of supporting IDB initiatives in horizontal SSC in the regional context, such as the Intraregional Technical Cooperation (CT-INTRA) programme.

Within the DAC, Spain should push for measures which would call for the separation and break down of contributions made to SSC and triangular cooperation, promoting initiatives with the aim of making the importance of this type of aid clearly visible, and creating a distinctive body of information. It is also worth looking into whether the UNDP's Special SSC Unit should be informed of activities carried out by different cooperation agents promoting SSC and triangular cooperation. Staying with the DAC, there is still a need to define a real commitment supporting the TT on SSC created in the Working Party on Aid Effectiveness.

In the same vein, some effective backing for Colombia ought to be looked into, all the more so given Colombia's request that Spain share the TT presidency. Whilst this proposal does not seem to be prospering, financial support for the TT, but also other innovative contributions, should be considered. Mobilising the technical and analytical capacities of different Spanish cooperation agents to work on this TT may be one route.

Conversations between some Spanish centres, amongst them the ICEI, the IUDC and FRIDE, with a view to accompanying Colombia in its TT tasks to the extent possible, is an interesting precedent which ought to receive the support and financial backing of Spanish cooperation organisations. Likewise, and in keeping with the provisions of the third National Plan on studies for development, an alliance between research centres in Spain, Europe, Latin America, Asia and Africa is worth considering; it would be geared to providing information, analysis, feasible proposals and elements for the pre-identification of potential triangular cooperation or SSC initiatives.

With the Spanish Presidency of the EU on the horizon in the first half of 2010, it is to be hoped that Spain can motivate its EU partners to commit more actively to SSC and triangular cooperation. Up until now, member states bilateral experiences in this field are few and far between, with the notable exception of Germany. Nevertheless, in the EU context, the recent support of the Czech Presidency⁶ to the UN organised High Level Conference on SSC, to be held in Kenya in June 2009, commemorating thirty years since the Buenos Aires Action Plan, should also be positively emphasised.

In short, there is a need to increase levels of awareness on the specific nature of SSC, and to take into account its purely political features, linking up this point with the question of policy coherency. It is important not to make the mistake of thinking SSC is something new. Efforts must be made to understand the logic of the SSC and its emergence in a context of an organisation in favour of the development of countries of the South. SSC is no panacea for the ills and shortfalls of the developing world. But, as Francisco Simplicio of the SSC Unit of the UNDP affirms, it is one of the few spaces left in development cooperation which is still open to innovation in terms of its procedures and also its philosophy and objectives.

⁶http://www.mzv.cz/un.newyork/en/czech_eu_presidency_2009/statements_by_the_czech_presidency_on/statement_on_behalf_of_the_european_39.html.

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