

South-South cooperation in Latin America and the Caribbean: ways ahead following Accra

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South-South cooperation has gained prominence in global development policies as a result of its inclusion in the Accra Agenda for Action, the September 2008 agreement which reinforces the aid effectiveness principles of the Paris Declaration. This opens up an important forum for encouraging South-South cooperation as a mechanism for horizontal learning and for promoting the development of national capacities. However, strengthening South-South cooperation at the conceptual and operational levels still poses major challenges, as does improving the measurement of its scale and impact.

Looking to the new task team on South-South Cooperation within the Working Group on Aid Effectiveness (WP-EFF), the following pages aim to analyse the opportunities and challenges of South-South cooperation in Latin America and the Caribbean. As a region containing countries with numerous similarities in their political and institutional history and patterns of social and economic development, Latin America and the Caribbean constitutes a privileged environment where a number of shared agendas are already evolving. However, the operationalisation of South-South cooperation within the framework of the Accra Agenda for Action and the Paris Declaration also faces a series of specific circumstances¹ that future political decisions and analytical work need to address in concrete ways.

The ideas expressed in this document stem from the joint reflections of two researchers from the Colombian organisation Enlaza and the European think tank FRIDE, respectively. The analysis has benefited particularly from bilateral talks with Latin American and European experts over the past three months, on the one hand, and a workshop held on 6 March 2009 in Bogota, on the other. Both authors wish to express their deep gratitude to all interviewees for sharing their vision on South-South cooperation, which is increasingly important to Latin America and the Caribbean.

¹ Implementing Paris and Accra: Towards a Regional Agenda in Latin America and the Caribbean, FRIDE Background, January 2009

The effectiveness of South-South cooperation: inspired by Paris and Accra?

In Latin America and the Caribbean, South-South cooperation is a very important mechanism not only to achieve the Millennium Development Goals, but also for a regional development agenda concerned with social inequality and weak institutions, as well as with the fight against poverty. Among regional actors there is broad consensus on the need for South-South cooperation to be efficient and effective in achieving development results, beyond the procedures of “aid” (as opposed to “development”) highlighted by the Paris Declaration. However, the spirit of Paris and Accra can be a valuable source of inspiration, guiding South-South cooperation towards the leadership of recipient countries and horizontal relations between partners. In this sense, the aid effectiveness agenda is in reality based on “solidarity principles” and reflects a learning process undergone by both donors and recipient countries. While improving aid effectiveness implies significant progress for the developing countries, which is fought for in particular by the more aid-dependent countries in multiple rounds of negotiations, there is still concern that criteria and procedures might be imposed by the DAC. Tensions also remain outside the field of donors: not all southern countries accept the mechanisms established by the Paris Declaration as valid for all kinds of cooperation. Some countries apply the effectiveness principles when receiving assistance from DAC donors, but do not necessarily embed their own performance as providers within these same principles. In this context, the role of conventional donors engaged in triangular cooperation is essential to initiating dialogue on the adaptability of the Paris and Accra principles to South-South cooperation.

Investing in national capacities: the sustainability of South-South cooperation

The future progress and consolidation of South-South cooperation depends largely on the development of the national capacities of the provider countries. Firstly, it is necessary to strengthen national agencies in their management capacities, preventing rotation and promoting professionalisation. Secondly, greater investment in knowledge and training is required, including academic programmes in the countries themselves. Finally, the public policies and strategic planning of South-South cooperation should be promoted in each country. Institutionally, there is still a need to anchor South-South cooperation beyond the actions of the Ministries of Foreign Affairs, and to integrate South-South cooperation into the debate with civil society and public opinion.

The manifold character of South-South cooperation: finding an identity

South-South cooperation has manifold expressions and does not follow a blueprint as the provider countries, with their different abilities and incentives, vary widely. The difference in their models, patterns and mechanisms constitute, for many specialists in the region, a feature representative of richness, and should not be lost in the bid for aid effectiveness. In Latin America and the Caribbean, this diversity is perceived as an added value to improve the supply side of South-South cooperation. Moreover, despite extensive standardisation efforts, North-South cooperation also continues to be highly diverse, with substantial differences in quality and quantity among DAC donors. However, there is some risk that South-South cooperation centres on building its identity (and discourse) in contrast to traditional cooperation, which would complicate its complementarity with North-South cooperation. In general, more systematic analytical work is required to assess the differentiating features behind the many expressions of South-South cooperation.

Demystifying SSC: interests and incentives

A crucial step in advancing the discussion on South-South cooperation is to go beyond the idyllic image that is usually proposed. Like North-South cooperation, South-South cooperation forms part of the foreign policies of the provider countries and it is therefore necessary to analyse and understand the interests and incentives behind it. Some countries aim at international visibility based on values and ideologies, while others open up markets and access to natural resources, or seek support for positions in international forums like the United Nations. Often a combination of these intentions influences provider countries when implementing South-South cooperation. This embedding of South-South cooperation within the foreign policy objectives of each country is legitimate, especially at a time when the respective funds represent a significant effort on the part of the providing countries, where public opinion does not always understand the “altruistic” motivation behind the SSC. In this sense, a more honest debate is needed on whether South-South cooperation risks following the same vertical dynamic found in North-South cooperation, especially when it takes place between countries at different levels of development. This debate should also consider the possibility that the characteristics which distinguish South-South cooperation from conventional aid might not be detected in its foundations, but rather in its mechanisms and operative modalities. This is where the innovative nature of Southern countries and their greater room for action may be differentiated from the vertical logic of North-South cooperation.

Systematisation and good practices: the big challenge

Despite the fact that South-South cooperation has a long history, there is little data and analysis on the subject and the systematisation of practice and learning is still pending. It is imperative to invest in better information systems, statistics, reporting and monitoring and evaluation systems. In Latin America and the Caribbean, the supply and demand of South-South cooperation lacks clarity, and financial and statistical information on actual flows is still fragile. Systematising good practices could provide fundamental support to strengthening the technical capacities of countries, as well as to improving visibility, predictability and transparency. While this requires clarification on financing levels, special attention should also be paid to the quality and impact of South-South cooperation. The challenge is to find a means of unifying the information and establishing a mechanism for its homologation that is acceptable to all provider countries. In general, good practices in conventional international aid are identified and systematised by the DAC, but in the case of South-South practices, it seems clear that they should emerge from a joint approach on the part of Southern countries. In Latin America and the Caribbean there is no consensus on whether the DAC is the right platform to systematise these experiences while also strengthening the role of the position of South-South providers at the domestic, regional and global level. The region has a wide variety of institutions (including the SEGIB – the Ibero-American Secretary General - which publishes annual reports on South-South cooperation in the region) that could facilitate this process of systematisation and standardisation, but better coordination is needed to avoid the risk of duplicating efforts.

The fruits of South-South cooperation: measuring impact

Even with regard to the most modest actions of South-South cooperation, there is relevant information on their actual impact, which, nonetheless, is then not given in reports. A central problem is that the provider agencies often focus on financial management and logistics, and a culture of evaluation is still to be built. However, there is no doubt that South-South cooperation could enhance its legitimacy and visibility on the basis of impact assessments. This is, in fact, a necessary basis for the political discussion on how to approach aid effectiveness in the face of the characteristics of South-South cooperation. Some examples can be found in the boxes provided in the second SEGIB report on South-South Cooperation². Considering the budgetary constraints for such evaluations, greater creativity should be used in order to better understand the scope and results of the South-South Cooperation. In this sense, pilot evaluations with deft methodologies could allow for an analysis of costs and benefits, in order to obtain a clearer picture of efficiency and effectiveness levels. Another central issue of these evaluations would be to gather “lessons learnt”, since South-South cooperation is also facing challenges with regard to economies of scale and adapting to national and local contexts.

Coordinating platforms: how to reunify dialogue forums

Promoted by the Accra Agenda for Action, South-South cooperation is now part of the remarkable dynamism of the aid effectiveness agenda. In view of the need for systematisation (see above), the forums for South-South cooperation should be clearly identified in order to promote standards, best practices and information systems. At the global level, within the democratising logic of the WP-EFF, the new task team on South-South cooperation is being launched at the DAC, which, under the leadership of Colombia, could provide an important forum for mutual learning with a view to incorporating the aid effectiveness principles and improving coordination with conventional donors. Furthermore, the Development Cooperation Forum (DCF) at the UN/ECOSOC, which in 2008 presented a valuable report on South-South cooperation, is a multilateral platform favoured by many Southern countries. There is a certain dichotomy between the DAC and the DCF, with the former displaying effectiveness and an ability to achieve results quickly, while the latter is based on greater horizontality and legitimacy. It seems clear, however, that the promotion of South-South cooperation would benefit greatly from a prudent and strategic coordination between both forums, instead of an opposition between the two processes.

At the regional level, there are a variety of platforms to discuss and promote South-South cooperation, leading to a fragmentation of efforts. The intergovernmental organisations and agencies active in this area include SEGIB, SELA, UNDP, IADB and ECLAC. Thus, Latin America and the Caribbean are not lacking in opportunities for debate, but there seem to be difficulties in reaching conclusions and agreements to undertake more conclusive steps in key areas, such as information systems and standardisation. One possible solution could be found in a better division of labour between the platforms that should correspond to the desires of the countries of the region and reinforce the commitment to improve coordination and communication among various agencies.

In any case, a major challenge is to integrate the leadership of the players that are mobilising more funds for South-South cooperation and have greater influence in international forums. Brazil or Mexico could (and, to certain extent, should) boost the coordination and communication mechanisms in Latin America and the Caribbean. The South-South agenda in the region should elaborate clear answers to the question of whether its aim is a process of regionalisation (or a

² <http://www.segib.org/actividadesDatos.php?id=206&idioma=esp>

regionalist agenda) that could provide more institutional and political tools to build identity, as opposed to (rather than in addition to) traditional cooperation. The current context of crisis and uncertainty regarding development models may serve as a trigger for this process.

Triangular cooperation: beyond financing

In Latin America and the Caribbean, triangulation has been seen by many conventional donors as a creative funding mechanism in the face of the increasing scarcity of resource flows to the region. However, traditional donors have made rather few financial commitments to this scheme and it is not clear what amounts have already disbursed. For DAC members, triangulation poses several challenges, such as creating mechanisms to establish both rules for and inputs from each participating country, as well as joint planning processes, without generating high administrative and institutional costs. In addition, many northern donors consider their participation not only in financial terms, but also as a way to contribute their expertise and support to capacity development in recipient countries. Beyond financing, triangulation schemes can provide two very important contributions to South-South cooperation. On the one hand, triangulation will certainly increase the South's need to respond to the Paris and Accra-based aid effectiveness principles, since it involves committing resources from DAC members. On the other hand, and following the Accra mandate, the joint planning, implementation and evaluation activities promoted by donors can serve to strengthen the institutional capacities of the providers of South-South cooperation.

The financial crisis: an unpredictable setting.... full of opportunities?

The current financial crisis is leading to very profound global changes, for example with regard to power relations in decision-making on global public goods (see G8 -> G20). The global recession casts doubt on the development model that has been applied to date, thus leaving plenty room for new and creative solutions. In this complex context, South-South cooperation can be very important for the development of national capacities, which are proving crucial given that states are resurging as central actors in the global and national economies. However, this process also entails some risks, the first of which concerns the unpredictability of the crisis, which may lead to political turmoil. Secondly, southern providers can be affected by the need to reduce costs and therefore limit resources for South-South cooperation. Finally, conventional donors seem to promote South-South cooperation as a means to cut funding for development aid from the North and therefore "invite" the South to fill financing gaps.

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