

Activity Brief  
Bogota  
6 March 2009

**FRIDE**  
FUNDACIÓN  
PARA LAS RELACIONES INTERNACIONALES  
Y EL DIÁLOGO EXTERIOR

# South-South cooperation: Regionalising the development agenda in Latin America and the Caribbean

## About FRIDE

FRIDE is an independent think-tank based in Madrid, focused on issues related to democracy and human rights; peace and security; and humanitarian action and development. FRIDE attempts to influence policy-making and inform public opinion, through its research in these areas.

In recent years, South-South cooperation has been acquiring more importance in the wider context of substantial changes to the international system at large, and a redefinition of the global development agenda in particular. The inclusion of South-South cooperation as a distinctive modality of cooperation in the Accra Agenda for Action (AAA) – the 2008 agreement that strengthens the bases of aid effectiveness embedded in the Paris Declaration – opens up new perspectives for reinforcing this type of cooperation as a horizontal learning mechanism and boosting the development of national capacities. However, a number of important challenges to strengthening South-South cooperation at the operational level exist in this regard, including the search for better ways of gauging scale and impact.

In a debate workshop of the **Europe-Latin America Forum** held on 6 March 2009 in Bogota, FRIDE, with the collaboration of the National University of Colombia and Enlaza Colombia, brought together 24 experts, including government representatives, technical advisors and academics<sup>1</sup>

<sup>1</sup> From Germany, Brazil, Chile, Colombia, Cuba, Spain, Haiti and Honduras, along with civil servants from the European Commission (EC), the United Nations Development Programme (UNDP), the Ibero-American General Secretariat (SEGIB) and the Latin American Economic System (SELA).

to discuss the phenomenon of South-South cooperation in the context of Latin America and the Caribbean. The lively debate, which was carried out under the Chatham House Rule, focussed on three central axes:

- South-South cooperation: the implications of Accra and beyond.
- Horizontal cooperation in Latin America: actors and experiences.
- The role of conventional donors: towards strategic contributions.

This activity brief aims to outline the main aspects of the discussion, some of which are controversial. The opinions expressed in this document do not necessarily reflect the points of view of all participants, nor are all of the opinions expressed during the workshop contained herein.

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## The context of crisis and its meaning

Many of those present at the debate agreed that the current global financial crisis and economic downturn signal a significant power shift in the international system. Furthermore, it was stressed that the present economic crisis is political in nature and is linked to the development model applied over the years. Some participants were of the opinion that the current context is going to be decisive for the development agenda and that South-South cooperation might increase in importance as a result. It is highly likely that the amount of Official Development Aid (ODA) offered to Latin America and the Caribbean will be adversely affected in the near future. Some experts mentioned the risk that conventional donors might support South-South cooperation as an option to reduce development financing from the North and “invite” the South to fill the financial gaps. At the same time, it is highly probable that Southern development cooperation suppliers also experience

difficulties in maintaining, and certainly in increasing, the resources available for South-South cooperation. Such a reality entails more demanding standards in terms of efficiency and effectiveness.

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## South-South cooperation: the implications of Accra and beyond

In Latin America and the Caribbean, South-South cooperation is seen as a highly important mechanism for driving forward the regional development agenda. This agenda necessarily goes much further than the scope of the Millennium Development Goals (MDGs), which ultimately conceive of development at the level of bare minimums. There was also widespread agreement amongst experts on the need to adapt the Paris Declaration to the Latin American and Caribbean context, as well as on the importance of holding a wide-reaching debate on regional development and the transition towards a distinctive regional agenda. Some of the main challenges shared by the countries in the region still stem from institutional fragility and a lack of social cohesion. Participants also mentioned the region’s significant asymmetries and the need to promote productive growth. Some of those present at the debate also highlighted the possible use of South-South cooperation as an instrument to build regional policies.

Some experts consider the spirit of Paris and Accra as a valuable inspiration, reorienting development cooperation towards horizontal partner relationships and recipient country leadership. As per this approach, aid is based on “principles of solidarity” and reflects a mutual learning process by donors and recipients. On the other hand, there is also a significant amount of distrust regarding the imposition of criteria and procedures by the Development Assistance Committee

(DAC). In the view of some Southern countries, the DAC is a non-representative group of countries and thus lacks legitimacy. One participant argued that Accra was an attempt to carry out a multilateral initiative that began in Paris, and reminded those present that currently no regional agreement on aid governance exists in Latin America. Not all countries of the South accept the mechanisms established by Paris as valid for all kinds of cooperation. This is evidenced by the fact that only 14 countries in the region signed the agreement, whilst the rest opposed it. Some apply the effectiveness principles in aid reception from DAC donors, but do not necessarily frame their own activities as suppliers within these principles. In this regard, triangular cooperation processes might be an important way to initiate an exchange of ideas on the appropriateness of the Paris and Accra principles, as well as on alternative standards for South-South cooperation.

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## Horizontal cooperation in Latin America: actors and experiences

As the debate continued, it became clear that South-South cooperation has many different expressions and does not follow a single model, given the diversity of capacities and interests among supplier countries. A more systematic analysis would be highly useful in order better to understand the specific features and differences among the various forms of South-South cooperation. For many of the participants, this diversity is very valuable and should not be squandered by staking everything on aid effectiveness. It was underlined that this diversity is seen in Latin America and the Caribbean as an added value that allows for improved South-South cooperation. It is worth acknowledging that in spite of considerable efforts towards standardisation, North-South development cooperation also follows widely

differing norms. There are substantial differences in terms of the approach, financing levels and quality of aid offered by DAC donors.

As for the differences between South-South and North-South cooperation, the debate laid bare a wide spectrum of opinions. These ranged from the rather minimalist conception of South-South cooperation as simply that which takes place in the South, to the idea that South-South cooperation is less bureaucratic and more in touch with the realities of recipient countries than conventional cooperation, as well as being unconditional and not interfering in the domestic affairs of states. One participant highlighted that South-South cooperation meant “ownership”. This debate concluded with a widely accepted assertion: namely, that South-South cooperation after all is not so very different from its North-South counterpart.

The discussion then turned to the self-perceptions of actors involved in South-South cooperation and the articulation of a unique narrative and identity. In this regard, some participants expressed concern that too much attention is given to the most distinctive characteristics of South-South cooperation with respect to conventional cooperation, rather than focussing on the complementarity of both forms of collaboration. There was some consensus on the need to overcome the somewhat idealised image of South-South cooperation that is sometimes propagated. It was also stressed that South-South cooperation is a foreign policy instrument of supplier countries, just as much as North-South cooperation. A better analysis and understanding of the respective incentives and interests would be interesting in this regard. Along these lines, one academic put forward the idea that national interest was a social construct made up of interests, values and identities.

Throughout the discussion, several specific interests of South-South cooperation were mentioned. On the basis of certain ideas and values, some countries sought greater international protection and/or support in international fora such as the United Nations (UN); others were more interested in gaining access to new

markets and natural resources; while other states expressed their interest in deepening dialogue with other countries in the region. In addition, a combination of interests and strategies was also observed. In this sense, it would be useful to hold a more open debate on the political agendas of South-South cooperation and on whether there is a risk of falling into the same vertical dynamics of North-South cooperation, especially when the countries in question have marked development asymmetries. One participant pointed towards the growing heterogeneous nature of the South and stated that there are “Norths” in the South, nicely illustrating the point. Further investigation into whether the distinguishing feature of South-South cooperation lies in its foundations or whether it is a question of mechanisms and *modus operandi* would also be interesting. It is precisely in this matter where Southern countries’ actions may have proved innovative, with significant differences from the vertical logic of North-South cooperation.

## Sustainability and effectiveness of South-South cooperation

Workshop participants reached an important consensus with respect to the effectiveness of South-South cooperation: the effectiveness criterion is beyond the debate on the concept or the true nature of South-South cooperation. All development cooperation suppliers are interested in being more effective, since it is a question of often-scarce public funds. The current crisis makes this debate all the more pertinent. According to one expert, the key question is how to turn effectiveness into a national criterion, or else how to establish an effectiveness regime.

Information on South-South cooperation is insufficient, and practices and experiences are not

systematised, despite the fact that the South-South phenomenon is hardly a new development. Most participants agreed that greater investment is required in better systems of information gathering, statistics, measurement, and monitoring and assessment mechanisms. In Latin America and the Caribbean, demand and supply in terms of South-South cooperation is unclear, and there is little transparency with regards to statistical and financial information on aid flows. Several experts underlined that systematising good practices would provide key support to strengthening national technical capacities, in addition to improving visibility and transparency. Whilst more clarity is required with respect to financial volumes, special attention should also be paid to the quality and impact of South-South cooperation.

Several participants argued that the sustainability of South-South cooperation depends in large measure on the development of national capacities of supplier countries. Some underlined the need to strengthen development cooperation agencies and organisations in terms of management capacities, which would also mean avoiding rotation and opting for professionalisation. The importance of further investments in training was also highlighted, including academic programmes in the countries in question, as well as promoting dialogue with civil society in order to increase awareness and include public opinion in the debate. It was also argued that strategic planning of South-South cooperation in each country would allow for a better consolidation of policies beyond the ministries of Foreign Affairs. One participant drew attention to the need for the creation of inter-ministerial groups.

There are very important accounts on the real impact of South-South activities, even though these are not reflected anywhere in the literature. One workshop participant explained that a crucial problem is that those leading supplier agencies focus above all on financial management and logistics, whilst there is still no proper culture of assessment. There were several other comments in the same vein calling for more rigorous and transparent means of measuring impact

in order to improve the legitimacy and visibility of South-South cooperation. There are currently some examples of systematisation in the tables offered by the Second Report on South-South Cooperation of the Ibero-American General Secretariat (SEGIB). These, however, are based on estimated figures, leaving a significant margin for error. Another key issue for such evaluations, which was raised during the debate, is the recording of lessons learned.

In terms of conventional development cooperation, good practices are already identified and systematised by the DAC. But in the case of South-South practices, these should emerge from a consensus process in the South. There is no consensus on whether the DAC represents the most appropriate platform to systematise Southern experiences. A great variety of institutions exist in Latin America and the Caribbean, including the Latin American Economic System (SELA) and SEGIB, which could facilitate this systematisation process, and several experts contended that better coordination is required to avoid duplicating efforts. The World Bank is launching an initiative on good practices and lessons learned in the area of South-South cooperation.

The ongoing debate on the most appropriate platform to promote South-South cooperation is related to the need for systematisation. At the DAC level and within the democratising spirit of the Working Group on Aid Effectiveness, a South-South cooperation working group has been launched under the leadership of Colombia. This new working group aims to facilitate mutual learning with a view to the incorporation of the effectiveness principles and coordination with conventional donors. For its part, the Development Cooperation Forum (DCF) of the Economic and Social Council (ECOSOC), which presented a report on South-South cooperation in 2008, represents a platform that enjoys a high level of acceptance amongst many Southern countries given its multilateral character.

One participant stressed that South-South cooperation first emerged in Latin America as an

innovation. In fact, there are a wide range of organisations at the regional level currently discussing this phenomenon. The organisations and inter-governmental bodies involved include the SELA, the United Nations Development Programme (UNDP), the Inter-American Development Bank (IDB), the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the SEGIB, as well as the ongoing regional integration processes. Some experts were of the opinion that this entails a risk of fragmentation. For several participants, the problem does not lie in a shortage of forums for debate in Latin America and the Caribbean, but instead in the difficulties in reaching conclusions and agreements that are binding and might allow specific steps to be taken.

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## Triangular cooperation: beyond financing

In Latin America and the Caribbean, aid triangulation is seen by various conventional donors as a finance mechanism in the face of scarcity and the ever shrinking resources that are earmarked for the region. Triangular cooperation, in short, is a way to continue cooperating with middle-income Latin American countries. However, the financial efforts made by traditional donors with regards to this formula are limited and information about concrete amounts is scarce.

One expert underlined that successful triangular cooperation was only possible if the three actors shared common interests and that, consequently, it is essential to define such interests, as well as the commitments each party would assume. The point was also made that triangular cooperation was particularly promising when grounded on previous positive experiences between the traditional donor and the cooperating country. At the same time, there was criticism of the current experimental approach of triangular cooperation and its concomitant lack of strategic thinking.

According to Northern donor perspectives, their participation should not be understood in merely financial terms, but also in terms of the possibility for sharing experience and good practices. Some experts underlined that apart from financing, triangulation formulae could be very relevant to South-South cooperation in two ways. On the one hand, they could propel the need for Southern responses to the aid effectiveness principles, given that DAC donors' resources are being committed. On the other hand, and in line with the AAA mandate, joint planning,

implementation and evaluation exercises could strengthen the institutional capacities of the suppliers of South-South cooperation.

Various participants agreed that the proliferation of actors in the architecture of international development cooperation presented a risk and could lead to greater fragmentation of the system, which could make implementing the Paris Declaration on Aid Effectiveness and the Accra Action programme all the more difficult.

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This workshop was held within the framework of the Europe-Latin America Forum, supported by the Ford Foundation.

This report was written by Julia Schünemann, Nils-Sjard Schulz and María Clara Sanín Betancourt.

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Goya, 5-7, Pasaje 2º. 28001 Madrid — SPAIN. Tel.: +34 912 44 47 40 — Fax: +34 912 44 47 41. Email: [fride@fride.org](mailto:fride@fride.org)