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## New dynamics in South-South cooperation

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# The Current Column

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## New dynamics in South-South cooperation

Bonn, 27 May 2013. With the economic weight and political clout of rising powers and middle-income countries in steady upswing, South-South cooperation has taken on a new meaning. While it has been a mainstay of political pronouncements by the G-77 and China since the Bandung conference of 1955, it is only now becoming a serious challenge to a world order dominated by the West.

It is against this backdrop that South-South cooperation is undergoing transformative change. Two major trends can be identified: Firstly, governments are willing to treat financial support to fellow developing countries as a distinct policy area, separate from other dimensions of South-South cooperation such as trade and investment. Secondly, Southern providers have begun to realise the benefits of policy dialogue among themselves. Such dynamics have begun to erode the dominance of traditional donors and raise fundamental questions about the future of the OECD's Development Assistance Committee (DAC).

However, three contested issues will need to be addressed if Southern providers are to play a significant role as collective actor:

- Is South-South cooperation a voluntary exercise or is it an expression of global citizenship?
- Does South-South cooperation only address domestic development in partner countries or should it also contribute to the provision of global public goods?
- Finally, what is the adequate institutional home for South-South cooperation at the global level?

### South-South development cooperation – an elusive concept?

In the past, the term South-South cooperation was indiscriminately used for all facets of interaction among developing countries, not subject to any formal definition. It denoted any form of economic, political, social and cultural exchange, with

no distinction between public or non-state involvement. Neither were the motives or objectives of the actors specified. South-South cooperation covers a wide range of modalities, from strictly market-driven activities to the transfer of official resources for genuinely humanitarian purposes. Southern governments now appear ready to talk of South-South *development* cooperation, which implies the unidirectional provision of public funds from one developing country to another. A rigorous definition for this is still lacking since many countries from the South reject the DAC concept of official development assistance (ODA).

So far, South-South development cooperation is mainly practiced on a bilateral basis. Gaps in transparency as well as in monitoring and evaluation are common phenomena as governments use „aid“ (a term despised by Southern actors) for a variety of foreign policy objectives. The prevailing sense of rivalry has impeded the open exchange of experiences among Southern providers. The expanding volume and rising expectations of the outside world seem to have changed attitudes. A new spirit of cooperation is driving governments and think tanks in their search for a dialogue on shared concepts and norms. However, important differences in the understanding of South-South cooperation will have to be resolved before Southern providers can make their influence felt as a collective force.

### Controversies hamper collective action

While some Southern actors emphasise the voluntary nature of their engagement, others speak of irrefutable responsibilities linked to the notion of global citizenship. The insistence on voluntarism may spring from the fear of externally imposed obligations. Similar anxieties are known to traditional donors who keep making pledges on the 0.7% goal, but remain quiet, for the most part, when it comes to implementation.

So far, South-South cooperation is understood as support to fellow countries in their quest for economic and social development. It is open to what extent Southern providers will be ready to align

their activities with efforts on transnational challenges, thus contributing to the provision of global public goods. A key characteristic of South-South cooperation, in the eyes of its actors, is its demand-driven quality. This implies that the priorities of the beneficiary are the sole yardstick in designing programmes. Interpreted in a narrow sense, this (bottom-up) orientation could hint to a contradiction with (top-down) global frameworks, like the Millennium Development Goals. Upcoming intergovernmental negotiations at the United Nations about the post-2015 agenda will tell if Southern providers are ready to integrate their activities into an overarching context.

As much as Southern actors are ready to engage in policy dialogue with each other, they are still in search of a suitable institutional home at the global level. Regional organisations and development banks have made first steps in facilitating the sharing of experiences. But there exists no inter-continental structure for this purpose. The idea of a Southern DAC does not seem to attract much political backing since this would label participating countries as donors. Some voices advocate the Development Cooperation Forum as possible space but enthusiasm is low in certain quarters of the South due to the perceived lack of effectiveness and efficiency of the United Nations.

There is a clear division among Southern providers regarding the post-Busan Global Partnership for Effective Development Cooperation. Countries like Indonesia and Nigeria, which play a leading role there, emphasise the universal nature of the organisation. They are opposed by heavyweights such as India, Brazil and China which name continued OECD control as reason for staying on the sidelines.

### **How should traditional donors react?**

Political pressure to engage with Western actors will not produce tangible results due to the new distribution of power in a multi-polar world. It would seem a wiser course of action to accept that Southern providers will first need to define their own concepts and norms before they are ready to interact with the North. The future framework for international development cooperation would need to be a genuine synthesis of Southern and Northern thinking to meet with broad acceptance. If traditional donors want to turn the post-Busan architecture into a model case of inclusive global governance they should dissolve the DAC and strive for universal principles and norms under the Global Partnership.



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