

Learning South-South Cooperation: Perspectives from Partner Countries

15-26 November 2016

New Delhi



RIS

Research and Information System
for Developing Countries

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Prof. Sachin Chaturvedi

Director General, RIS

India's association and contribution to South-South Cooperation (SSC) has not only been historic in nature but India has also been engaged in the practice of Southern solidarity much before the formal mechanisms came up. The thought leadership provided by India and other newly de-colonised nations in late 1940s to 1960s and beyond helped in strengthening institutional mechanisms for SSC. India, right from the outset, realised the advantage of educating not only its citizens but also provide capacity building to other countries.

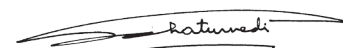
India, thus, instituted the Indian Technical and Economic Cooperation (ITEC) programme in 1964 to impart training and capacity building to participants from the countries of the global South. RIS is the host institution for the ITEC programme on SSC, which was first initiated in the year 2014. This year's edition of ITEC programme on Learning South-South Cooperation was organised from 15 to 26 November 2016 and had participation of 28 delegates from 23 countries.

The participants were introduced to the principles of SSC, its conceptual and normative differences from North-South Cooperation, different facets of SSC, various sectors where different aspects of SSC have emerged over the years having different modalities manifested in 'Development Compact'. Apart from the in-house subject experts, guest speakers from government, academia, research, media and civil society were also invited to interact with the participants and speak on specialised topics such as South-South trade and investment; Southern finance; science technology and innovation in the global South; intellectual property rights; and non-state South-South actors, among others.

The programme was designed to give the foreign participants an opportunity to appreciate and imbibe the theory and practice of SSC and also encourage them to share their best practices resulting in mutual learning over a period of two weeks.

This year again we have encouraged the course participants to articulate their ideas and impressions on SSC in a form that can be published by RIS. It is a matter of great satisfaction that they chose to do their group work on (i) International Development Architecture; (ii) SSC Development Compact; (iii) Non-State actors in SSC; and (iv) SSC and Climate Change. In addition, we have country status papers from Mexico, Argentina and El Salvador.

I am sure the academicians and practitioners from the global South would find these contributions interesting and useful reference.



Sachin Chaturvedi

International Development Architecture and South-South Cooperation

Origin and evolution

There are two sets of actors, donors and recipients in the traditional model conceptualised by the North in the international cooperation through intergovernmental organizations and international cooperation agencies – World Bank (WB), the United Nations (UN), the United States Agency for International Development (USAID), etc. The South also contributed a model through the South-South Cooperation (SSC) programmes. These programmes are a manifestation of cooperation among developing countries based on the principles of solidarity, non-conditionality, mutual benefit, and non-interference among others. Besides, the SSC model doesn't distinguish between donor and recipient countries; rather it considers cooperating countries as equal partners. It represents a complementary form of development cooperation.

Since the last decade with the emergence of new economic powers, SSC is increasingly playing a crucial role in the development architecture at the global, national, regional and even local levels. The SSC originated at the landmark Asian and African Conference, known as Bandung Conference, of the newly

independent developing countries, held in Bandung in 1955. It marked the first attempt of cooperation among developing countries “on the basis of mutual interest and respect for national sovereignty”, even though some of the newly independent countries had already started their cooperation efforts in a spirit of Southern solidarity with other developing countries.

The final communiqué, also known as the endorsed 10 principles, or “Bandung Spirit” and a strong political statement, contains basic principles to promote peace and cooperation in the world. Bandung boosted Afro-Asian cooperation in all spheres – political, economic, technical, social and cultural. It opposed colonialism or neo-colonialism by any imperialistic nation in all its manifestations. It implanted the seeds for what is called “South unity for South progress”. Important follow-up events to Bandung were establishment of Non-Aligned Movement (NAM) in 1961 (the political arm of developing countries in the multilateral arena); G77 in 1964; UNCTAD, the UN agency in-charge of focusing on the problems and challenges of developing countries; and the South Centre, an intergovernmental

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Group Members: Francesca Celina Caceres Escolan, Diyor Normatov, Najiran Syamsuddin, Irene Muparutsa Simaya, Valentina Ataeva, and Adriano Jose Timossi.

organization of developing countries, created in 1995 to provide technical support and for improving negotiating capacity of the South. These groups and organizations have been working for strengthening SSC, to initiate reform in the international development cooperation architecture and finance to properly address longstanding development challenges of the South.

As the South becomes an important player in the global arena, the need and the pressure for reforming international development architecture gained momentum, and in some cases even new structures have been created such as the New Development Bank (NDB) of the BRICS; representing important complementary mechanism to the World Bank for providing development finance to developing world. The SSC represents expression of solidarity among nations of the South for their mutual benefit and reaffirmation of their collective efforts to overcome the longstanding development needs and challenges at the national, regional and global levels.

This paper discusses diverse issues which SSC can take with its challenges and opportunities. It focuses on SSC's growing role in the development cooperation not as an Official Development Assistance (ODA) provider, but in the spirit of partnership. It addresses key principles guiding traditional development cooperation, and tries to identify new elements and challenges of the SSC and its role in strengthening international development cooperation architecture.

The South has established distinct institutions to provide international cooperation, and is also changing the *status quo* in modalities of cooperation. Consequently, trade and investment, capacity-building, technology transfer and financial assistance have become the main pillars of SSC modalities. These modalities are distinct but are utilized in an interlinked manner. This is the reason for naming them together as Development Compact.

Capacity-building

Southern countries have participated in this as per their capacities. It primarily focuses on training individuals in partner countries or developing training programmes in partner countries. Capacity-building is designed to meet specific project demands or reduce shortage of skilled personnel in the partner country. This is applied in skill-intensive areas, especially when technical assistance is required in installation of a plant or machinery, or in a broader sense, while adopting an externally developed technology. This also takes into account requirement of educational institutions, and delivers partially or completely self-financed programmes as per the mandate.

Trade and investment

There are many advantages of taking up the South-centric trade regime forward. To list, it permits southern countries to take advantage of inter and intra-industry economies of scale and scope, while providing their industries protection against the Northern competition, allowing them to benefit from similarity in their demand patterns and construct avenues for technological change suited to the requirements, etc.

Technology and knowledge-base

Southern countries were involved in these since many years, largely as the means of achieving self-reliance. The modalities consisted of training, technology transfer, cooperation for joint research and development (R&D), and most prevalently capacity-building in key areas of science and technology (S&T).

While catching-up in technology race the South struggled against a narrowly defined intellectual property regime, and southern partnerships were evolving across sectors to absorb implications of technological changes if it is not feasible to explore ways of accessing them. The repulsion from the South to the

WTO trade-related intellectual property rights (TRIPS) agreement came on the issue of access to medicines, and led to unresolved debate in adoption of WTO Doha Development Agenda in 2001.

New avenues for growth of South-South technological cooperation are opened, given the rate of expansion in project-based investments, loans and trade.

Development finance

This became visible since late 1940s and found general acceptance in the South. Exim banks of respective countries support export-import of goods, services (including consultancy services) and machinery and equipment. Concessional interest rates on advances offered under such arrangements differ depending upon the quantum, nature of the concerned projects, and the time over which advances are approved in different countries.

Grants

Grants are the conventional practice at bilateral and multilateral levels; the amounts have multiplied several times. Grants have evolved from being in kind to increasingly involving cash-flow.

Following are some case studies of the SSC using different modalities.

Role of BRICS in the International Development Architecture

Created in 2006, the intergovernmental association of Brazil, Russia, India, China and South Africa (BRICS) became the significant factor in world politics and in global economy. It is a powerful union commanding 42 per cent of world's population, 26 per cent of land territory and nearly 30 per cent of the world GDP. It symbolizes growing trend towards a multi-polar world. The member- countries strived hard to bring the association from a dialogue forum to a full-scaled mechanism for

strategic cooperation on key issues of world politics and global economy.

BRICS countries aim to promote common interests in the international arena by creating a system of mechanisms for cooperation, primarily in the financial and economic sphere, which would gradually evolve into concrete institutions and projects. It is very important to achieve tangible growth in moving beyond the international monetary and financial systems, primarily the IMF, the World Bank, WTO and other similar institutions. All this is intended to raise the role of BRICS to the level of an important instrument of global economy in 21st century.

BRICS is one of the most representative examples of cooperation from the South. Its fast-paced economic development was triggered, among other factors, by the SSC in different modalities. Based on its current political decisions, Russia has to resort to innovative ways of cooperation with the global South to continue having economic growth and geo-political power.

Indonesian Decentralization and Development Cooperation

As a developing country possessing considerably high endowments of natural and human resources as well as various advantages in the international economic and political arena, Indonesia has become an important actor of the SSC. Its commitment in the SSC was demonstrated by the inclusion of the issue of the SSC in the Jakarta Commitment and Aid for Development Effectiveness; signed by the Government of Indonesia and all other development partners in early 2009. Indonesia's position is oriented towards triangular cooperation schemes with developed countries as donors, developing countries as aid recipients, and Indonesia as the catalyst for good cooperation in providing technical and financial support.

In Indonesia, one of the advantages of decentralization is that most of the decisions and policies taken in an autonomous region can be decided without interference from the central government. At present, reforms associated with democratic governance at the local level emphasize that it is not only about “the machinery of government” but the importance also is of the community involvement and communication (interaction) with the local authorities. Some local governments in Indonesia have long cooperation ties with international parties, and therefore are engaged in the activities of the international relations. A representative example is the foreign cooperation programme known as Twin Towns (sister city) or Twinning. Gradually, this sister city cooperation programme has become the “embryo” or catalyzer for further cooperation.

The Sister Cities/Sister Provinces Programme is a friendship programme between two cities or even provinces across countries aiming to foster understanding and building friendly relationship through exchange of culture, education and human resource, among many others to create peace or promote cultural diplomacy. With this in mind, globalization facilitates and promotes exchanges among central governments. The decentralization needs to be increasingly competitive and should raise economic development. However, without the support of a legal basis as a reference in the process of international cooperation, there would be a failure in implementation.

- In Indonesia foreign relations and international cooperation by local governments must be held in accordance with the national foreign policy, which follows the Vienna Convention of 1961 on political relations abroad. Indonesia has following activities and sub-activities for international cooperation.
- **Economic Cooperation:** Trade and investment, employment, marine and

fisheries, science and fisheries, forestry, agriculture, mining, population, tourism, and housing

- **Social and Cultural Cooperation:** Education, health, youth, sports, art, and gender

Indonesia’s international cooperation can be properly accomplished if it fulfills the following

- Develop a partnership with a country that has diplomatic relations with Indonesia.
- The partnership does not disrupt political stability and security.
- The partnership does not lead to interference in internal affairs of each partner country.
- The partnership is based on the principle of equality and not imposing an ulterior agenda.
- The partnership observes and pays attention to the principle of equality and mutual benefit.
- The partnership supports conduct of government, national development, and regional and community empowerment

As one of the biggest countries in South-east Asia, Indonesia has positioned itself as the hub for SSC. The interesting thing is that diplomacy has been used as another modality of the SSC, including economic, social and cultural cooperation. The second important feature is that the Indonesian international cooperation policy takes place at the local and the regional level as well.

Sudan and South Sudan: A Case Study about Instability

South Sudan which till the end of 19th century was a hunting ground for slaves, followed by a civil war from 1955, emerged as an independent nation in 2011 through a peace deal brokered by African Union.

Looking at the international engagement in Sudan from an economic perspective, the role of a different array of actors engaged in aid, has been highlighted .

From a number of countries, China is often cited in the literature to have contributed to changing peace and conflict dynamics in Sudan and South Sudan. The support was in terms of economic investment, trade, infrastructural development and military co-operation (though, in strict sense, military cooperation is not considered as part of the development cooperation). China is South Sudan's biggest trade partner; this allows private enterprises to participate in development cooperation. Undoubtedly, this represents a unique opportunity to address underdevelopment through both development cooperation and commercial activity. As China has turned towards South Sudan, there is a growth in policy implications.

Egypt as a member of the African Union chose to take forward concerns over management of Nile waters by South Sudan. Kenya, Uganda, Ethiopia and South Africa are also supporting South Sudan through various means and multilateral platforms to maintain peace and stability in the region.

China and the African Union cooperation with South Sudan has proved to be influential. Whether for economic or political purposes, projects for cooperation were defined by the spirit of South-South cooperation. This proved to be beneficial but threatening to some extent as well. Some commentators believe that recipient countries need to request provider countries for maintaining reverence towards their domestic affairs and foreign policy.

Current trends

Since the past decades, traditional models of development cooperation have played an important role in providing financial support to developing countries in achieving their longstanding development goals. However, analysis done on such development cooperation raised some doubts. This was particularly true in connection with the conditions which were largely attached and implemented to the funding given. These affected negatively

the policies of the recipient countries in their efforts to achieve long-term strategies for development.

Some examples include request to conduct reforms in economic and social policies, reduction of subsidies in key sectors; tax reduction for international companies from donor countries, though in disadvantage to national industries; establishment of a set of rules and regulations aimed at opening up their economy to benefit donor oriented exports; the so-called tied aid, where recipient countries were requested to have products from companies of the donor country, and reduction of tariff barriers, which led to weakening of an already infantry industrial sector.

The SSC, on the contrary, is based on the partnership for mutual growth. Primarily, the agenda has not come with conditions but instead, is guided by a set of principles such as respecting national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and for mutual benefit. Most of these partnerships respect the need for the policy space for their own development. It does not bring in a set of rules and regulations or policies, particularly those implemented for the sake of so-called aid effectiveness, conducted by traditional donors, which in some cases stops development and impoverishes recipient countries and impact negatively in their efforts of implementing a proper industrial development strategy.

However, there are some growing concerns that SSC may lead to certain bottlenecks in the future, which prevailed in the traditional development cooperation architecture from the North, and which may lead to negative outcomes for the South. To avoid this, developing countries, particularly those currently involved in the development cooperation, may consider to work more closely for strengthening cooperation. The aim is to join hands in setting common guidelines for such a cooperation based on their view of the SSC and mutual respect to the South.

Challenges

Lessons from the SSC can be useful for discussing reforms of international architecture on the development cooperation. Some of the major pointers by analysts with respect to the architecture and delivery of the Official Development Assistance(ODA) include the following:

- Most of the aids are administered by many large public bureaucracies each with procedures of their own.
- Supply is excessive and duplicative. There are too many ODA providers and often too little a coordination among them.
- Recipient countries are chosen according to the instincts of ODA provider's self-interests and perspectives of the ODA provider's own domestic political leadership.
- The content and terms of aid are strongly influenced by needs and interests of the suppliers rather than those of the recipients. All too often, resource transfers are inefficient, unpredictable, overarched with conditions, linked to generating influence, and insufficient, with much of ODA flowing back to the ODA provider due to the tying of aid.
- The rules of engagement favour ODA providers rather than ODA recipients; often vitiating recipient's ownership of the ODA process and deliverables.
- The current aid system encourages leakages and corruption.
- ODA is often focused on the erroneous things; for example ODA recipients are supposed to focus on a multitude of projects (due to project-based ODA) rather to achieve national development objectives (through national budget support ODA).

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Facets of South-South Cooperation: Development Compact

The South-South cooperation (SSC) is a broad framework for collaboration among countries of the South in political, economic, social, cultural, environmental and technical domains. It may involve two or more developing countries; and can take place on a bilateral, regional, sub-regional or inter-regional basis. Developing countries share knowledge, skills, expertise and resources to meet development goals through concerted efforts.

Recent developments in the SSC have taken the form of increased volume of trade, flow of foreign direct investment, movement towards regional integration, technology transfer, sharing solutions and experts, besides other types of exchanges.

The SSC is initiated, organized and managed by the governments of the developing countries; even though the participation of public and private-sector institutions, non-governmental organizations and other individuals can also be there.

Guiding principles of the SSC

The SSC is a manifestation of the solidarity among peoples and countries of the South

contributing to their well-being, and their collective self-reliance and attainment of internationally agreed development goals, including Sustainable Development Goals. The SSC agenda and initiatives are determined by the countries of the South, guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and for mutual benefit.

The development compact

This paper discusses five aspects of the SSC – capacity-building, trade and investment, technology transfer, development finance, and grants, citing examples of cooperation projects of the countries among Global South for reaping mutually beneficial dividend.

Capacity-Building

This has engaged the attention of the policy-makers across the South. Almost all participants in the SSC have involved themselves to some extent as providers of training programmes. For instance, after attaining independence, Zimbabwe embarked on a deliberate policy to prioritise education ahead of other sectors. As

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a result, by the year 2000, the country could attain 92 per cent adult literacy and became the most literate country in Africa. As the ripple effect, the country represented as a model of education for other African countries. It entered into agreements with a number of countries of the region and the people of those countries were trained at Zimbabwe's Universities, and technical and vocational training institutions; the programme is continuing.

Egypt and Benin had a long association on providing educational scholarships to Beninese students to study in Egypt for various educational programmes, ranging from agronomy, social science, theology, culture, and agriculture.

Benin also benefited from the scholarship programmes offered by the Government of the Russian Federation; this resulted in hundreds of officials from Benin attaining graduate and post-graduate qualifications from Russian institutions.

Egypt's assistance to Benin was also quite evident in the health sector as part of which consignments of medicines were delivered to rural hospitals. Even health experts were sent from Egypt to mainly to rural areas of Benin. This cooperation undoubtedly boosted the Government of Benin's policy for capacity building for its hospitals as well as for making provision for requisite materials and medicines.

In the field of Good Governance, Israel, China and Singapore helped Benin in resolving its technical and governance challenges affecting public institutions, management thereof, and providing results-based incentives to specific Ministries to be effective in management.

Capacity-building efforts also comprise training programmes for administrative, managerial and decision making skills. Zimbabwe had sent experts to some African countries such as Namibia, Equatorial Guinea and South Sudan to assist in building capacity of their public institutions.

Providing concessional access to professional educational institutions under partially or completely self-financed programmes emerged as a preferred option. Zimbabwe is a beneficiary of such arrangements from Indian Institutions, especially in the information and technology sector. Zimbabwe's tertiary institutions had attracted students from different African regions.

Trade and Investment

The trade and investment permitted countries of the South to exploit inter- and intra-industry economies of scale while providing them with a degree of protection against Northern competition.

Trade and Trade Promotion: Zimbabwe and SADC: The Southern African Development Community (SADC) was initially established in 1980 as the Southern African Development Coordination Conference (SADCC) with the main objective to coordinate development projects for reducing member-states' economic dependence on the then Apartheid South Africa. In 1992, the SADCC was renamed as the Southern African Development Community (SADC), and then its membership extended to fifteen countries.

The SADC vision is to ensure the region's economic well-being, improvement in standard of living and quality of life, freedom and social justice and peace and security of the people of Southern Africa. It operates through a number of measures, which fall within the broader revised Regional Indicative Strategic Development Plan (RISDP) framework, for promotion of cooperation among member-states.

Trade within the SADC is principally guided by its Protocol on Trade, which came into force in 2001. Trade within the group has expanded over the years but concerns have also arisen lately on growing disparities in terms of trade.

It was at this point of time that member- states decided to emphasize on industrialisation, ahead of liberalisation. This resulted in the development of a Strategy and a Roadmap for Industrialisation of the Region, aiming to ensure continental integration a reality. The SADC would be better placed to reap more benefits than less industrialised regions.

Member states within the group also have bilateral trade arrangements dovetailing into broader regional framework. The regional trade arrangements have certainly boosted cooperation between and among members of this southern African enclave, helping than to learn from development experiences of one another.

The SADC is also envisaged to become a common market in the near future as the cooperation among member states strengthens.

Investment: Indian investment in Russia is estimated at about US\$8 billion, which includes Imperial Energy Tomsk; Sakhalin I; Volzhsky Abrasive Works Volgograd; and Commercial Indo bank.

Russian investments in India total about US\$ 3 billion, including Kamaz Vectra in Hosur; Shyam Sistema Telecom Ltd, Sberbank and VTB.

Zimbabwe has received a fair measure of Foreign Direct Investment (FDI); mainly from the South Africa and Zambia within the SADC region. South African investment extends to agriculture, mining, manufacturing, telecommunications and retailing. The Zimbabwe South Africa bi-National Commission held on 3 November 2016 had on its sidelines a business forum aimed at promoting trade and investment between the two countries.

Technology Transfer

Building a technology and knowledge base is an important emerging area in the South.

The similarity between them in stages of development and context of adaptation makes diffusion and adaption relatively successful. The modalities include training, technology transfer, cooperation for joint Research and Development and capacity-building in key areas of science and technology. Such programmes may help Southern economies over-ride high cost of development.

Syria has benefitted from the SSC by cooperating with Russia, Iran, India and China in the field of electricity through solar and wind energy.

Benin received tailor-made locomotives from India within a broader framework of cooperation and technology transfer. Under this, a group of Benin technicians also received theoretical and practical training on many aspects of diesel locomotive design features, layout, working of system, stripping and overhauling of engines, and troubleshooting.

In 2014-15, under the Indian Technical and Economic Cooperation (ITEC) programme, out of 20 slots, 12 have been utilized. Till 2007-08, Benin was allotted 5 slots, which increased to 10 following the first India-Africa Forum Summit in 2008. Being a francophone country, utilisation of ITEC slots mainly in the English language was a challenge for Benin.

Brazil's More Food for Africa programme Under the South-South Framework: The Brazilian Government is implementing More Food International (MFI), a cooperation programme, inspired by Brazil's More Food Programme, which offers subsidised credit facilities to small-scale farmers for acquiring agricultural equipment.

MFI was established as a credit facility for developing countries in which a concessional loan was offered on the condition of buying agricultural equipment manufactured and sold in Brazil. The loan was earmarked for small- to medium-scale farmers in a

few African countries, participating in the programme to strengthen their productive capacity through giving them the requisite agricultural equipment. The programme gave technical assistance in the area of agriculture, besides monitoring mechanism for evaluating impacts.

While the programme was launched in 2010, More Food for Africa was started in 2011 with Brazil approving a concessional loan facility for five African countries – Ghana, Kenya, Mozambique, Senegal and Zimbabwe. Ghana, Mozambique and Zimbabwe subsequently accessed the loan facility and negotiated purchase of equipment from 2011 to 2012, mainly tractors.

The Government of Brazil indicated that cooperation between the country and the African nations in the development of family farming under the More Food for Africa initiative was part of an engagement with the Food and Agriculture Organization (FAO), aiming to help nations in the continent to attain food security by increasing outputs.

Zimbabwe benefited tremendously from the programme as part which tractors and other types of agricultural equipment were distributed to small and medium scale farmers and cooperative sectors in agriculture. The equipment was distributed on a cost recovery basis whereby beneficiaries were expected to pay for the equipment over a period of time. Agricultural output increased substantially for beneficiary farmers of the programme.

Brazil Ethanol Technology: Zimbabwe is involved in a large-scale ethanol production as a way of import substitution in petroleum industry to reduce import bill. The ethanol production plant was sourced from Brazil, and it is meeting country's blending requirements. Brazil continues to provide technical knowhow and after-sales-service for the plant.

India Equipment and Knowhow in Zimbabwe: The Government of India is offering assistance to the Government of Zimbabwe in technology transfer through equipping Harare Institute of Technology (HIT) as well as opening up opportunities for HIT students to pursue technology related studies at top-ranking Indian Universities.

Benin and Morocco in leather processing programmes: In the field of technology transfer, they have collaborated in leather processing. Many Beninese technicians in the industry are being trained in Morocco. Appropriate technology from Morocco has revolutionized leather sector in Benin.

Benin and China in renewable Energy Technology: China has given Benin renewable energy technology, including smart electric metres for Benin Electrical Authority.

Development Finance

As an instrument for supporting partner -countries, development finance has been there since late 1940s and has found general acceptance in the South. Goods, services, machinery and equipment are exported to partner -countries under an agreement generally supported by the respective Exim Banks. The value of goods and services rendered under such schemes differ from country to country, from 100 per cent to zero. Interest rates on such advances also vary depending on the quantum, the nature of the projects concerned, and the time over which advances are approved.

Concessional Loans-China Exim Bank Facility to Zimbabwe: Zimbabwe has entered into several arrangements with China spanning a wide spectrum from agriculture, mining, industry and infrastructural development among others. This has seen China advancing a series of credit lines, the most prominent being in the construction and rehabilitation of

airports and expansion of the country's power generation capacity. Several projects under these initiatives have reached varying stages of maturity; the Victoria Falls Airport expansion project being completed, while Kariba South Power Generation Plant's expansion project is going on.

Credit Facility- The Development Bank of Southern Africa (DBSA) facility: The DBSA provided funds for rehabilitation of the 820km Plumtree-Bulawayo-Harare-Mutare highway in Zimbabwe. The rehabilitation programme was implemented through a joint venture partnership between the Zimbabwe National Road Authority (ZINARA) and Group Five International of South Africa with a loan facility of \$206 million from the DBSA in South Africa.

Line of Credit Facilities: Benin is interested in joining Team-9, and availing of \$250 million Lines of Credit (LoC) of India to ECOWAS. From the ECOWAS, Benin benefitted from the following LoCs since 2006:

- US\$ 15 million facility for rural electrification of 64 localities in Benin;
- Project related to extension of electricity to 58 rural communities implemented at a total cost of US\$18.8 million;
- The project, relating to second phase of rural electrification in Benin for 67 localities for US\$20 million, is underway.
- A Line of Credit of \$ 15 million for Benin agricultural equipment was accorded by India in 2009, which has been fully utilized.

Morocco, China, Israel and Brazil are the primary partners from the South, who have assisted Benin in infrastructure development and maintenance. This includes facilities such as airports, university residences, state offices, and factories for agro-processing.

Grants

Grants are an old-established practice at both bilateral and multilateral levels. Initially their amount was quite small but has increased over time. At some point, grants were extended totally in kind, but provider countries have now arrived at a point where even cash is being given.

There are also instances of LoCs being turned into grants, a process under which minimal cost is borne by the partner-country.

Many infrastructural projects are funded by grants and/or loans. Benin had received two grants of \$1 million each from India for mutually identified projects in health and education sectors, which have been utilised. An IT Centre of Excellence as well as a Centre of Demonstration of Technology were set up with Indian grants. India also donated 100 tractors each in 2009 and 2010, 4 AC Tata buses in July 2010 and 60 ambulances in February 2011 to Benin.

Conclusion

This paper has clearly illustrated that through SSC, developing countries are proactively engaging in global development architecture. They are going beyond their traditional role as recipients, and contribute their energy and successful development experiences for the own benefit of themselves and their partners.

The SSC enriches aid effectiveness agenda. Due to similar development levels and experiences, developing countries share good practices and development solutions highly adaptable to local economic and social conditions. Moreover, partners trust one another, and this trust increases as formal and informal peer linkages are built and strengthened.

However, SSC still faces several challenges; some related to institutional and technical

capacities of the Southern countries. These include improving quality of information (data, processes, cases, and change-agents) which would enable transparency and better quality and results; reinforcing results-orientation; and better alignment to national systems and development.

The SSC can benefit from the lessons learned from North-South cooperation, especially in the areas of mutual accountability and transparency, regular and efficient information, and result management. Moreover, many of SSC projects are still carried out in random and in isolated ways. The SSC would achieve better results if more regular and structured approaches are being adopted.

Southern countries also need to strengthen their capacities to match consistently demand and supply of development knowledge, generating practices and knowledge on how to improve modalities, and look for innovation and coordinating efforts to avoid fragmentation and overlapping (including with the traditional aid).

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Challenges for South-to-South Cooperation

South-South cooperation (SSC) is considered as one of the strongly emerging approaches for development. The collaboration paradigm among developing countries has been established as different development paradigm, and has drawn significant interest and experience over past decades (Centre for Policy Dialogue, 2015). Developing countries have several areas of commonality in terms of development challenges, economic and socio-economic factors as well as potential development solutions. As most of the developing countries have been borne out of the labyrinth of colonialism, a greater common factor extends their roots across histories, backgrounds and socio-economic contexts. Over the course of its development and emergence, the SSC has grown to be more than a development partnership; it is an “expression of collaboration and partnership” with the aims of “Sharing”, “Learning” and “Exploring” to outgrow traditional roles of developing countries as the recipients (OECD, 2011).

Integration of efforts among developing countries is essential in exploring opportunities to face challenges. Several areas of interest have been established, of which some of the most prominent ones are finance, trade,

industry and business, services, transport and infrastructure, food security, science and technology, environment, information and communication, and people to people contact (Chaturvedi, 2008). As there are many challenges faced by the countries of the global South, there are opportunity gateways also for development. This paper aims to point out different challenges and would suggest strategies to mitigate and consequently resolve them .

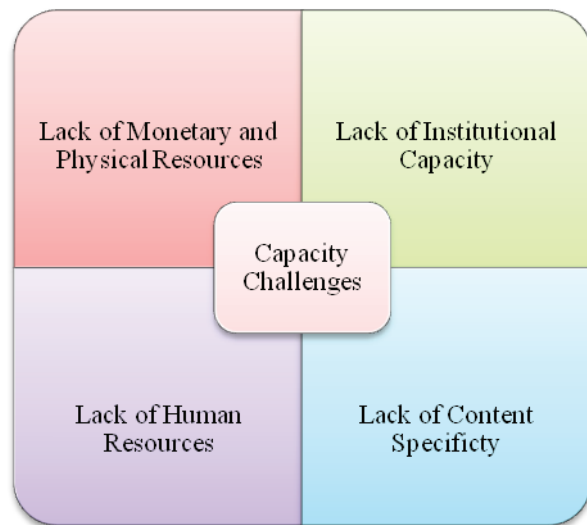
The challenges have been identified over three main categories – “Capacity Challenges” (Centre for Policy Dialogue, 2015); “Compatibility Challenges” mainly characterized by disparities in various areas (Centre for Policy Dialogue, 2015) and “Policy Challenges”. The rationale behind this is to provide a 3-Dimensional view of internal and external challenges faced by the SSC. This creates strategies between the internal points of strength and areas of development and the external opportunities and threats. A significant point of this approach is that it avails a multitude of combinations under a matrix structure providing insights on how to use inherent strengths to exploit opportunities, strengths to avert threats, opportunities to overcome weakness, and

eventually minimization of weaknesses and avoidance of threats.

Challenges for South-to-South Cooperation

Capacity Challenges

When viewing these, we are concerned mainly with different aspects of institutional and human resource capacity which would enable countries and management of the global South to effectively harness potential benefits of the SSC. The challenges also involve capacity to implement context specific development solutions and evaluations as well as the capacity to fund and finance activities. Over the course of the past decades and during the evolution



of the SSC paradigm, capacity challenges have significantly reduced and limited ability of developing countries to plan, design, build and implement programmes under the SSC model. Role of capacity development has been highlighted on many occasions on the international SSC arena - in Bonn Workshop on Capacity Development - Accra and beyond in Bonn, Germany (2008); the Regional Meeting of Asia-Pacific on South-South Cooperation and Aid Effectiveness in Seoul, South Korea

(2010); the 1st African Regional Meeting on Aid Effectiveness, South- South Cooperation and Capacity Development in Pretoria, South Africa (2010); the High Level Event on South-South Cooperation and Capacity Development in Bogota, Colombia (2010); and the 15th African Union Summit in Kampala, Uganda (2010). There were also several other important symposia, fora and high-level meetings that highlighted importance and necessity for developing capacities across countries of the South to empower SSC. Several capacity challenges were also emphasized involving legal, institutional, financial, infrastructural, human resource and political commitment (South Center, 2005).

Significant capacity challenges have also prompted the United Nations General Assembly (UNGA) to call upon several agencies and multilateral organizations to support investment and development in capacity development throughout countries of the global South (Cabana, 2014).

Capacity challenges may be divided into four components. They are: (i) Lack of Monetary and Physical Resources; (ii) Lack of Institutional Capacity; (iii) Lack of Human Resource Capacity; and (iv) Lack of Content Specificity.

Lack of Monetary and Physical Resources: Evidently developing countries face similar challenge of availing financial resources. Countries are continuously challenged by financial constraints on their national budgets. With the mounting financial pressure, governments and national organizations face difficulties in mobilizing requisite financial resources to drive SSC forward. The gap between the required and available financial resources exerts continuous pressure to optimize, prioritize and re-shuffle their SSC activities (Zahran, Enrique and Inomata, 2011). The inter-connectivity of four dimensions of capacity challenges creates a cyclic effect where each dimension affects the other. Lack of financial resources necessitates

efficient management of transaction costs and capitalization on complementariness (OECD, 2011). The efficient management of available resources necessitates development of skilled and specialized workforce, and consequently required institutional framework and capacities.

Lack of Institutional Capacity: This mainly refers to lack of establishments to effectively engage in identification, planning and implementation of SSC programmes. For the diversified activities of the SSC, there is often a lack of appropriate expertise. Besides, interdisciplinary nature of the SSC also poses a significant challenge to form required functional teams.

An additional challenge is the lack of inherent SSC institutional frameworks in the institutions. That is to say that involved institutions do not have the required internal capacities or mechanisms to facilitate SSC activities. This includes not having proper organizational and departmental structure, lack of regulatory frameworks as well as the processes. Some agencies continue to emphasize that absence of institutional frameworks constitute “raison d’ etre and assessment of effectiveness” of SSC as a significant challenge (Centre for Policy Dialogue, 2015). This challenge was also emphasized as having great impact on the ability to expand and evaluate SSC cooperation programmes (South Center, 2005). The institutional capacity challenges would commonly include limitation to streamline “integrated coordination mechanisms to facilitate the delivery of expected results” (United Nations Office for South-South Cooperation and Japan International Cooperation Agency, 2013)

Lack of Human Resource Capacity: Given a global skills shortage, particularly in developing countries, this challenge is further accentuated. The UN Economic Commission on Africa (UNECA) and the African Union (AU) have harped on the need to develop skills from a general perspective and for bridging

educational system gap to meet functional requirements of the markets while stating that “education and training policies need to meet the specific human capital needs of labour markets” (UNECA, 2013). This particular challenge was specifically addressed by Indian SSC for developing institutional capacity or organizations in partner- countries (Centre for Policy Dialogue, 2015).

With underdeveloped institutions and individuals, the SSC frameworks and programmes face additional challenges to the existing resource limitations. The combination of capacity challenges on both the institutional and individual levels causes adverse impact on the efficiency and effectiveness of the SSC programmes.

Lack of Content Specificity: Developing countries, particularly of geographical proximity, share many development challenges; and a significant degree of specificity and customization is required to ensure success of the SSC programmes. The difference in socio-economic contexts across Southern countries conventionally challenges outcomes of cooperation programmes. It has been noticed within some SSC programmes that some partner countries create standard packages not tailored-made for the country’s needs. In the age of modularity and mass customization, such countries would be prone to account for contextual differences. The growing computational power is opening great venues for proper data collection, sampling, feedback collection, field studies and statistical analysis. This would boost ability of the country to customize partnership to create best possible deals. The need for better context awareness and alignment is expressed by the OECD report “Unlocking the Potential for South-South Cooperation: Policy Recommendations from the Task Team on South-South Cooperation” in terms of “better alignment to national systems and development.” (OECD, 2011).

Compatibility challenges

These refer to differences in the mechanisms and the actuators (contact points) among the countries of the global South, and involve disparities in economic development (pace, level, scope, etc.) and in Science, Technology and Innovation (STI) agenda. Disparities are considered as a source of inconvenience while handling the SSC programmes. They have particularly affected the potential for Technical Cooperation among Development Countries (TCDC) (Hirst and Antonini, 2009). Because of differences in the STI strategies, and different technical development agenda, potential for TCDC is strongly reduced. Therefore, necessity of integration and harmonization of suggested interventions among developing countries becomes crucial. This harmonization is one of the recommendations in the Bonn Consensus on Capacity Development under the “strategies” item (MSA, 2014).

Policy Challenges

The general policy framework includes general political stability, approaches and orientations, and sectorial and methodological policies including specific aspects such as Intellectual Property Rights (IPR) policies, policies for segregation of political and developmental needs, approach to non-State actors, rise of the conditionalities among countries within SSC framework.

One main area of focus is the rise of the conditionality among developing countries’ cooperation programmes. With the disparities in the economic and technological development across countries, it has been observed that several countries have started adopting a “northern party role”. In this model, partner-countries offering cooperation within the SSC framework have started following northern countries, in terms of conditionality, and there is the apprehension emergence of a donor-recipient model within the SSC framework (Hirst and Antonini, 2009). This trend, if persists, would lead to a principle threat to the foundation of

the SSC framework, and would thus influence core principles of non-interference, non-conditionality, independence and sovereignty. It is imperative for the Southern community to strive for maintaining the mindset, that was established by the SSC; from traditional aid that is based on conditionality to a more “balanced” model involving collaboration and partnership (Purushothaman, 2013). Additionally, several countries within the SSC framework have been criticized for ignoring human rights violations in partner countries (The Reality of Aid Management Committee, 2010).

Conclusion and recommendations

In conclusion, the potential shown by the emergence and development of the SSC model continues to show a great promise for the future of developing countries. The non-existent conditionalities, if any, constitute a great opportunity for developing countries to take ownership of their development agenda and to fix accountability on the governments for results. Yet, some challenges emerge for SSC which have been categorized over three main groups: capacity, compatibility and policy. Though challenges vary in multitude and extent, the following recommendations would provide opportunities for future research.

Capacity-based Recommendations

- Skill development of individuals involved in the processes of researching, planning, development and implementation of the SSC programmes should be a significant area of focus. With a global skill gap and a continuous strain on resources, there is greater need for more qualified personnel to oversee SSC activities.
- If governments and organizations aim to grow activities under this umbrella, it is essential that required institutional capacities, mechanisms and organizational structures that accommodate for successful and convenient SSC activities are formalized, constitutionalized and operationalized.

- Adoption of traditional and generic management practices within evolutionary, diverse and specialized SSC would prove inefficient. There is a growing need to start developing specific and proprietary disciplines, practices and sciences concerned with the SSC.

Compatibility-based Recommendations

- Disparities in economic development among countries of the global South would continue to persist on the medium and long term basis. A set of commonly acceptable SSC standards should be set in place to ensure that the disparities do not affect streamlining of SSC activities. The proposed standards should be more specific and operational in comparison to the existing principles of SSC.
- The SSC frameworks must be set with clarity to ensure that one partner country within the SSC framework does not exert or exercise leverage or pressure over the other partner.
- In light of the previously mentioned disparities and the consequent variations in the STI agenda, there should be a consistent effort to harmonize development priorities within SSC to optimize activities. This can be through the formation of “STI strategies buckets” system that can be easily integrated and harmonized; thus reducing the impact of variations.
- The evaluation criteria of the Development Assistance Committee (DAC) are not suitable to measure adherence to principles of SSC. New criteria should be introduced to evaluate the extent of how SSC projects remain faithful to the pre-established principles.
- The SSC activities should follow modular and highly customized design for ensuring their easy conversion into optimized “smart” and “context responsive” solutions.

Policy-based Recommendations

- A very responsive and decisive framework to monitor some trends of conditionalities among some members of the southern community should be considered to restrict implicit use of partnerships for specific political or economic agenda.
- As developing countries gradually advance in terms of technological ability, the issue of IPR becomes very sensitive. An SSC IPR policy can facilitate and streamline sharing of technology and innovation among the developing countries.

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Non-State Actors in the South-South Cooperation: Roles, Responsibilities and Way Forward

The South-South Cooperation (SSC) has emerged as a crucial pillar of partnership for the overall development of the global South. It is a broad framework for cooperation and collaboration among countries of the global South in political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can be operationalised in a variety of ways and at multiple levels – bilateral, sub-regional, regional or inter-regional basis. The SSC is an opportunity for developing countries to share knowledge, skills, expertise and resources to meet their development goals through their concerted efforts. Recent developments in the Cooperation have taken the form of increased volume of South-South trade, South-South flow of foreign direct investment (FDI), movements towards regional integration, technology transfer, sharing of solutions and experts, and other forms of exchanges (UNOSSC, 2016).

Even though traditionally, development cooperation is considered a process involving two or more states, the idea has expanded at present to include non-state actors, like civil society organizations (CSOs), private sector enterprises, community-based organizations (CBOs), academia and philanthropic associations. This paper intends to highlight roles and responsibilities of non-State actors

in promoting SSC. It explains the concept and broadly agreed principles of the SSC and then identifies some important non-state actors engaged in the SSC. It also attempts to elaborate on these non-State actors.

South-South Cooperation

The concept of the SSC refers to processes, institutions and arrangements designed to promote political, economic and technical cooperation among developing countries in pursuit of common development goals (UNCTAD 2010). Unlike North-South Cooperation (NSC), the SSC is regarded as the horizontal cooperation among equals, rooted in solidarity for one another. According to Nairobi outcome document of the High-level United Nations (UN) Conference on SSC (2009), endorsed by Resolution A/RES/64/222 of the UN General Assembly (UNGA), “South-South cooperation is a common endeavour of peoples and countries of the South, born out of shared experiences and sympathies, based on common objectives and solidarity, and guided by *inter alia* principles of respect for national sovereignty and ownership, and free from any conditionality. The South-South cooperation is not to be seen as official development assistance. It is a partnership among equals based on solidarity” (UNGA 2010). These views

are also captured in the principles agreed by the Group of 77 (G-77) and China¹. Some broad principles of the SSC are as follows.

- It is a common endeavour of peoples and countries of the South and must be pursued as an expression of South-South solidarity and as a strategy for economic independence and self-reliance of the South based on their common objectives and solidarity.
- SSC and its agenda must be driven by the countries of the South.
- SSC must not be seen as an alternative for the NSC. Strengthening SSC must not be a measure of coping with waning interest of the developed world in assisting developing countries.
- Cooperation among countries of the South must not be analyzed and evaluated using the same standards as used for North-South relations.
- Financial contributions from other developing countries should not be taken as Official Development Assistance (ODA) from them to other countries of the South. These are expressions of solidarity and cooperation borne out of shared experiences and sympathies.
- The SSC is a development agenda, based on premise, conditions and objectives, which are specific to historic and political context of developing countries and to their needs and expectations. South-South cooperation deserves its own separate and independent recognition.
- The SSC is based on a strong, genuine, broad-based partnership and solidarity.
- It is based on complete equality, mutual respect and for mutual benefit.
- The SSC respects national sovereignty in the context of shared responsibility;
- It strives for strengthened multilateralism in promotion of an action-oriented approach to development challenges.

- The SSC promotes exchange of best practices and support among developing countries in common pursuit of their broad development objectives (encompassing all aspects of international relations and not just in the traditional economic and technical areas).
- The SSC is based on the collective self-reliance of developing countries.
- It explores to enable developing countries for playing a more active role in international policy and decision-making processes to achieve sustainable development.
- The modalities and mechanisms for promoting SSC are based on the bilateral, sub-regional, regional and interregional cooperation and integration as well as multilateral cooperation (G-77 2008; G-77 2009; South Centre 2009).

The set of broader principles of the SSC captures its essence. It establishes role of the SSC in broadening the horizon of development cooperation as well as in providing greater independence and ownership for higher benefit of developing world. It includes even those modalities which are not contained in the traditional NSC model. It is due to these reasons that developing countries have repeatedly pointed out that SSC is not governed by the same set of rules as the traditional aid under the NSC; it has its own modalities. These modalities can be best explained in the framework of Development Compact (Chaturvedi, 2016). The development compact is an attempt to capture diversities of modalities operational under the SSC (Box 1).

The discussion on the SSC, its principles and modalities indicate requirement for engagement of multiple stakeholders from developing world to achieve developmental goals of the South. In this context, roles and responsibilities of non-State actors become very significant.

Box 1: Development Compact

Development compact consists of five modalities of the SSC, which include capacity building, trade and investment, development finance, grants, and technology.

Capacity-building: Some of its elements include training programme in the host-country, sending experts to partner countries, awarding scholarships, third country training programmes, deploying volunteers, conducting feasibility studies, and prototype production and training centre.

Trade and Investment: It is diversified and include duty free trade preference, trade permits, infrastructural improvement for trade facilitation, trade promotion and trade support services, providing business facilitation services, assistance for improving regulatory capacity, providing investment funds, developing intra-regional supply chains, regional and sub-regional trade agreements, providing freely convertible currency for trade, and tax preference for the FDI.

Development Finance: It consists of mainly concessional loans on interest with or without capacity-building component as well as commercial rate of interest for different time periods.

Grants: It includes debt forgiveness and grant in kind.

Technology: It consists of elements like technical cooperation, joint scientific and academic research, turn-key projects, technology transfer with or without the component of capacity-building as well as subsidizing licensing or exemption from IPR arrangements.

Source: adapted from Chaturvedi (2016).

Non-State actors in SSC: role and responsibility

According to the Nairobi outcome document (2009), “South-South cooperation embraces a multi-stakeholder approach, including non-governmental organizations, private sector, civil society, academia and the other players contributing to meet development challenges and objectives in line with national development strategies and plans” (UNGA 2010). This multi-stakeholder approach clearly establishes crucial role of various non-State actors for more effectiveness of the SSC. The actors contribute significantly to coordinate and facilitate SSC through people-to-people contacts. They work in close coordination with other stakeholders. Some of them work closely with the state, while others work independently. To contribute constructively, some of the non-State actors play their role at bigger platforms, and some contribute at the grassroots level. Such a participation makes them important in the development of the global South, and also gives them the sense of ownership in the developmental processes. Besides, they provide essential feedback to the

government, thereby influencing government policies and efforts.

The non-State actors mainly include private sector, Civil Society Organizations (CSOs), academia and think-tanks. In this context, networks of grassroots non-State actors connect communities of *inter alia* common background, history and culture. Interactions among actors define relationships in these networks, and generate trust among actors, yielding stable networks and contributing to network efficiency. Examples include community-based organizations, women’s groups, farmers’ cooperatives, informal groups like grassroots organizations and informal private sector associations, etc. (Nshimbi, 2015).

Private Sector

Its participation is crucial for the development of the South and for the success of the SSC. The countries of the South utilize expertise, technology, efficiency and resources from the sector (RIS, 2016). The sector contributes in increasing business opportunities through trade and investment within the Southern countries, besides creating connectivity and infrastructure (e.g., roads, bridges, public

utilities, etc.) and investing in information and communication technology. It also plays an important role towards technology dissemination. Private sector enterprises also add value in the development of the social sectors like health, education and capacity-building. One important aspect, in this context, is public-private partnership (PPP), which supplements governmental efforts. The PPP generates employment and enhances prospects for economic development of the South (RIS 2016). Following are some interesting examples of the SSC through private sector participation.

- *TAMARO*: a joint venture between Tunisian and Senegalese companies created since 1981 for sugar production.
- *SETUNA*: a joint venture created since 1984 between Tunisian and Senegalese companies for animal food production in Senegal.
- *SONIBANK*: a joint-venture in banking sector, between Nigerian and Tunisian banks as well as between Tunisian and Senegalese banks.
- *PETROCARIBE*: an alliance in oil sector between some Caribbean countries and Venezuela on the conditions of the preferential payment. Launched in 2005, this alliance seeks transformation of Latin American and Caribbean societies, making them more just, educated, participatory and supportive.

The responsibility of the private sector increases under the present scenario. It needs to strengthen further business-to business (B2B) relations with the South. It should also undertake joint ventures in the non-traditional sectors. It can contribute towards financing for development. However, there are following challenges for this sector.

- Weak infrastructure and connectivity among Southern countries in terms of road, maritime and air connectivity.

- Similarities in economic fundamentals of the Southern countries, as most of them are producers and exporters of raw products.
- Political and security issues are also major obstacles for economic integration of some regions, for example Maghreb Union.
- Tax harmonization which can create enabling environment for private sector participation in the SSC.

Civil Society Organizations

They have a potential role in shaping the SSC. The Busan Partnership for Effective Development Cooperation (2011) recognized the vital and complementary role of CSOs in shaping development policies and partnerships. The Nairobi outcome document on Global Partnership for Effective Development Cooperation (2016) reaffirmed this. As CSOs are directly connected with the community, they are more participatory in approach. They promote and implement more inclusive partnerships. They also make concrete efforts to coordinate among different actors and stakeholders.

CSOs effectively share knowledge and expertise on developmental issues at the grassroot level; support disaster management and post-disaster reconstruction and promote social accountability. They can simply be innovators and providers of development cooperation in the global South. CSOs are also instrumental in technology transfer, capacity-building, technical assistance, promoting community participation and ownership for development as well as transparency and accountability. In addition, they function as a vital link between the community and the government. Following are some cases of CSOs in the SSC:

Some Indian SSC Efforts Involving CSOs:
Small Development Projects (SDPs): This is an Indian initiative in Nepal to link development projects with community and local development efforts while ensuring role of local agencies.

People's engagement, supplementing local efforts and direct partnership with communities in a multi-stakeholder approach are essentials of SDPs (Chaturvedi, 2016).

Engagement of Indian CSOs in South-South Cooperation: A Compilation of Case Studies: This is the first attempt to document, analyse and draw lessons from rich development practices of Indian CSOs-led SSC programmes. It covers a range of sectors where Indian CSOs are engaged for development through the SSC (PRIA 2016).

Academia and Think-Tanks

They play a significant and enabling role in the SSC, and contribute at the multiple levels. They while engaged with many stakeholders make efforts for documenting their practices. Think-tanks also create platforms for dialogue and debate. They provide opportunity to civil societies and all other stakeholders to participate at such platforms to generate valuable information and opinions related to developmental issues for the SSC. This helps State actors to have more informed public policy-making (RIS 2016). In addition, they educate people on such issues. All these contributions take place not only at the national stage, but also at the international platforms. It is crucial to mention in this context about some noteworthy initiatives, such as the Forum for Indian Development Cooperation (FIDC) and Network of Southern Think Tanks (NeST).

The FIDC, a tripartite initiative of the Development Partnership Administration (DPA) of the Ministry of External Affairs, Government of India, academia and civil society organizations, aims to encourage detailed analysis of broad trends in the SSC and contextualise Indian policies by facilitating discussions across different subject streams and stakeholders based on the theoretical and empirical analysis, field work, perception surveys and capacity-

building needs. At the domestic level, the FIDC would work towards raising awareness about development cooperation policies through seminars, discussion meetings, publications focussing on agriculture, health, education, HR development, infrastructure projects, environment and other social areas, including gender and humanitarian assistance. With a focus on the SSC, the FIDC would establish linkages and dialogue with international agencies and subject experts as well. Special focus would be extended to countries in the sub-region, where India has major development assistance projects.²

The NeST, on the other hand, is a collaborative initiative for the South by the South. It is primarily a think tank and academic forum providing policy inputs to the SSC. The idea of setting up NeST was first conceptualised at the sidelines of the first high-level meeting (HLM) of the Global Partnership for Effective Development Cooperation (GPEDC) in Mexico in April 2014 and as a follow-up to the Conference of Southern Providers, held in Delhi in April 2013. NeST was then formally launched at the IInd Delhi Conference on South-South Cooperation on March 10, 2016. The aim of the NeST is in providing a global platform for Southern think-tanks to collaboratively generate, systematize, consolidate and share knowledge on the SSC approaches. It welcomes inputs from a diversity of Southern stakeholders through open engagement of governments, CSOs, private sector institutions and different Southern practitioners, to contribute towards creating a unified understanding and framework for debates around the SSC.³

Conclusion

The SSC has its own importance. It involves partnership among Southern countries for growth and development. The diversity of actors and multiplicity of stakeholders make SSC more complex and interesting. Non-State

actors contribute significantly through SSC. Apart from the SSC, one strong thread which binds them is sharing of experiences with their counterparts in other parts of the world. Recognition and documentation of such efforts become vital for continued contribution of such non-State actors in the SSC. The State actors at the national and international levels, individually as well as collectively, should further facilitate such non-State actor's contributions in the best possible manner. They should work more closely to achieve developmental goals of the South in the best possible manner and with the sense of ownership.

Endnote

- ¹ These broad principles were contained in the Yamoussoukro Consensus on SSC (2008) and adopted in the Ministerial Declaration of the Thirty-second Annual Meeting of the Ministers of Foreign Affairs of the Group of 77 and China on 26 September 2008. These were reaffirmed in the Ministerial Declaration of the 33rd Annual Meeting of the Ministers of Foreign Affairs of the Group of 77 and China on 25 September 2009.
- ² (<https://fidc.ris.org.in/>)
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Enhancing South-South Cooperation in Climate Change and Sustainable Development Goals (SDGs): A Perspective from the South Centre

The South Centre, an intergovernmental and multilateral policy research and analysis think-tank of the developing countries, was established as a follow-up to the recommendations of the South Commission report “The Challenges to the South”; the result of three years (1987-1990) of intense work by a group of highly esteemed thinkers of the developing countries; who gathered to “try and work out solutions to major economic problems faced by the South” from a South perspective, in the words of its chairman, Mwalimu Julius Nyerere, the late president of the United Republic of Tanzania.

The South Commission report addressed challenges of the South in 1990s, especially the North-South dialogue, trade, finance, technology, regional cooperation and integration among developing countries, which remain very much the same or increased. It points out imbalances of the international economic and political systems and emphasizes that developing countries need to work collectively for their mutual development. It recommended establishment of a South organization charged with undertaking this challenge.

Since its establishment in Geneva in 1995, the South Centre worked intensively with the Non-Aligned Movement (NAM) and the Group of 77 (G-77) and China as well as their member states in many areas of economic, social and environmental issues to promote a more just and equitable world order and right to development; a key right, which commemorates 30 years of the adoption of its Declaration in 2016.

For the South Centre, South-South cooperation (SSC) has long been a reality for the South. It is reflected in the long history of political, economic, social, and development cooperation, which many developing countries have undertaken with one another. This paper discusses the framework that is being developed at the South Centre to help shape SSC in accordance with the principles of SSC that were long pushed by the South. The elements described were first presented by the South Centre in Marrakesh at in the UN High Level Forum on the SSC in Climate Change on 14 November 2016.

The SSC is shaped by the ideals of developing countries working together in a spirit of equality and mutual respect for each other's national sovereignty to promote mutual development considering their different national circumstances. These were first raised in the 1955 African-Asian Conference in Bandung that led to the creation of the NAM, and later in the 1964 Charter of Algiers creating G-77.

Since then, these key ideals of mutual cooperation and assistance and respect for national sovereignty have been reflected in many regional integration instruments created by developing countries in Africa, Asia, the Pacific, and Latin America and the Caribbean; and continually reiterated in several multilateral summit and ministerial declarations, issued by the NAM and the G-77. These were the very ideals that established the South Centre to promote and assist developing countries.

The SSC, as stressed by the G-77, requires a long-term vision and a global institutional arrangement. In this context, G-77 and China through "Yamoussoukro Consensus on South-South Cooperation" adopted a conceptual framework in 2008 and a set of principles on SSC. This constituted the very foundation of South-South cooperation, as defined by the South itself.

The principles for SSC stress South-South solidarity, ownership, equality, mutual benefit, collective self-reliance, national sovereignty, independence, and complementarities with and clear differentiation from North-South cooperation (NSC). The hallmarks of the SSC are to enable South to pursue its development agenda and to play a more active role in international policy and decision-making processes. The SSC therefore cannot be considered as a substitute for long-standing NSC, particularly in providing climate finance and technology transfer.

In this context, some of the questions necessary to be raised are as follows.

What are the SSC capacities and priorities, which need to be developed? Of great priority for SSC in relation to climate change and SDGs are the following capacities:

- Institutional capacity for delivery and absorption of the SSC - sourced finance, technology and expertise at the national, regional, and multilateral levels among developing countries;
- Policy integration capacity to enable developing countries to integrate appropriately the SSC support into long-term planning and implementation for SDGs and climate change; and
- Resource capacity needs to be generated internally within developing countries and externally to enable greater levels of the SSC support to flow among developing countries.

What modalities offer the greatest potential for the SSC, particularly in relation to climate change and SDGs? SSC modalities, which offer greatest potential would be those capitalizing and focussing on the enhancement of ability of developing countries to define their priorities, shape their programmes and projects, and enhance their direct cooperation among themselves through national, regional or multilateral institutions. These modalities would have to be diverse, given the nature of the SSC.

The SSC modalities must focus on the following PEERS-based process of cooperation among the developing countries:

P - People are important, and should focus on creating a community of practitioners and experts among developing countries and their institutions focused on enhancing and strengthening SSC initiative together;

E - Exchanging expertise and experience on SSC among developing countries;

E - Establishing SSC institutions and processes at the national, regional, and multilateral levels, particularly in the institutions of the South and

among multilateral partners such as the United Nations;

R - Resources are crucial and must be provided if SSC is to become a major driver for supporting action among developing countries on climate change and SDGs; and

S - Strategic Southern thinking and shaping of SSC policy directions by the South are crucial to generate a long-term engagement and ownership.

When practically applied, a PEERS-based process would reflect, for example, a focus on creating a broader community of the national-level expertise through cross-country exchange among developing countries in relation to preparation of, readiness for, and implementation of climate change and SDG-related actions. This would include looking at how support could be provided to build or strengthen national and regional institutions, which can support strategic and sustainable development-oriented integration of climate change and other policy imperatives into national long-term development plans and programmes. Such a modality for the SSC would allow partner developing countries to undertake climate change and SDG actions (developed and implemented) in a manner to become country-owned, nationally-appropriate

and nationally-determined, and consistent and coherent with country's national development, for poverty alleviation, and in tune with industrialization policies and strategies.

International community stakeholders, including IGOs, the UN, and the public sector, can best facilitate and support pragmatic SSC activities by:

Prioritizing and focusing on expanding developing country community of practitioners and experts on the SSC in relation to climate change and SDGs;

Working with developing countries and their institutions to develop institutional capacity through ministries for SSC activities in relation to climate actions and SDGs that would assist developing countries in integrating climate change and SDG-related actions and policies into their national development planning and programmes; and

Assisting and facilitating in cross-country flow of SSC-related resources, including finance and technology, by working with developing country governments and their regional and multilateral institutions to ensure that such flows are mutually supportive of the policy priorities of the participating countries in relation to climate change, SDGs and their national development priorities.

Mexico's Integration in Combating climate change through South-South Cooperation Principles

Mexico is a “megadiverse” country due to its vast quantity, diversity and uniqueness of plant and animal forms. It has seacoasts in the Atlantic and the Pacific Oceans, and has a mountainous landscape also. Its landscape diversity provides varied environment, soil and weather.

Geographic characteristics of the country make it highly vulnerable to climate change. Its location between two oceans, latitude and geographical relief, expose it to different hydro-meteorological phenomena. Besides, diverse socio-ecological and socio-economic tendencies, industrialization, urbanization, and indiscriminate use of natural resources accentuate climate-change effects.

The scientific evidence points out that in the forthcoming decades, Mexico would experience a generalized temperature increase of 6 per cent, which would be higher than the global increase. Consequently, there would be increased risk of climate events, such as heat waves or decreasing agricultural yields (even in locations where historically no yield losses were recorded), droughts and floods. The Mexican government has developed a legal framework as a solution to these pressing problems,

which would help the country abate effects of climate change. This comprises enactment of the General Law on Climate Change in 2012 - the second of its kind in the world - as well as a National Climate Change Strategy in 2013, and a Special Programme on Climate Change for 2014-2018 (2014). Along with the *supra* legal framework, Mexico has a law on the International Development Cooperation since 2011. Hence, this legal infrastructure as a whole reduces effects of climate change in Mexico as well as in the continent.

Since many years, Mexico has been forming cooperative bonds across the region. The main reason for this approach has been the Mexican Law for International Development Cooperation, which states that Mexico's main target region for the International Cooperation is Central America. Countries in Latin America and the Caribbean are very vulnerable to climate change.

As an upper-middle income country and one with strong political and economic ties with the developed countries, Mexico has the capacity and is predisposed to receive and offer international cooperation. Mexico acts as a recipient of financial assistance from the

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North and a provider of technical assistance to the South. The reasons behind this practice are wide and distinctive, but exist mainly because of the financial constraints that the Federal Public Administration is experiencing since the past decade.

Green South-South Cooperation

Climate change negotiations are dynamic, are for a noble purpose, and have a solid knowledge foundation derived from scientific inputs from all around the world. Still, these negotiations face one of the greatest challenges in the 21st century diplomacy. However, due to global efforts, climate diplomacy is experiencing a *momentum* derived from the latest accomplishments within the United Nations Framework Convention on Climate Change (UNFCCC); for example, the fast-tracked entry into the Paris Agreement.

Although this accomplishment took place within an archetypal institution from the North – which undoubtedly propelled some cooperation projects in the developing countries – the efforts of the global South have influenced it. All negotiation groups from the South enriched the agenda with issues promoting equality and accessibility to means of implementation such as finance, technology transference and capacity building along with ambitious goals. In doing so, Mexico took the lead and pushed forward, for example, inclusion of increase in the level of ambition, gender and human rights.

It is also important to note that Mexico's political agenda acknowledges that climate change actions need to be included in the developing world, the South. This implies that significant changes would take place in countries like Costa Rica. And this would have huge impact on the international cooperation agenda of the global South. This situation warrants some type of cooperation, though specifically in climate change negotiations; without compromising on transformational

projects from the North and the South, as it would be impossible to abate climate change effects.

Regarding climate change, Mexico is the leader in Latin America and the Caribbean (LAC). Many countries approach the Mexican authorities for cooperation projects -- specially the National Institute of Ecology and Climate Change. As a provider of assistance, acceptance rate of the Mexican government for these intended cooperations is very high, especially in terms of technical assistance and capacity-building.

These cooperation projects promote partnership among countries. In this regard, one of the highlights of cooperating with Mexico, and in general terms with the global South, is that recipient countries engage in cooperation projects knowing that their needs and priorities would be taken into account. In consequence, countries have an opportunity to progress of their own, while following their national plans.

Perspectives from the Mexican experience

The climate change cooperation has the following schemes: bilateral, multilateral, regional and triangular. The predominant cooperation schemes among Mexico and LAC are bilateral, regional and triangular.

Based on the experiences from the above-mentioned cooperation schemes regarding climate change, there are many lessons learned from the SSC in the region among Mexico and other countries. The following are the most relevant ones.

- The SSC brings in a fresh perspective to foreign policy and is a viable option to promote development – whether environmental, economical and/or social – in terms of a partnership.
- Based on the principles of non-intervention and self-determination, Mexico does not

interfere in the domestic policy of the recipient country.

- Mutual respect is promoted.
- Mexico continuously supports growth of its partners; however, it is important to include a tangible benefit to Mexico. Therefore, it is crucial that parties agree beforehand for a set of mutual benefits, which can be outlined later on cooperation agreements.
- The success rate of the finalized projects is very high, although institutions from the donor country and the recipient country should evaluate results and the impact of a project; at least at a basic level.
- Project evaluation is encouraged as it would provide tools for the improvement of future projects and would allow better planning.
- Considering that in most cases, cooperation schemes are among public sector entities, including international cooperation agencies and intergovernmental organizations, private actors should also be invited to be the part of the triangular cooperation projects.

Conclusion

The SSC provides a different perspective to cooperation among countries from the global South. Through its different modalities – trade

and investment, technology, capacity-building, lines of credits and grants – development can be achieved. For Mexico and its institutions dedicated to climate change, triangular cooperation is a very viable option as it favours development of donor and recipient countries. Accordingly, through SSC healthy environment would be ensured in the region, and Mexico would be able to acquire leadership again among Latin America and the Caribbean.

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Inequality, Sustainable Development Goals and South-South Cooperation: Issues of Cooperation between Argentina and India

The South-South Cooperation (SSC) among the developing countries is an effort to overcome colonial legacy and to build capacities needed to confront development challenges. It is a part and parcel of efforts by the developing countries to become equal and participating members of the international community. The SSC can be observed as the essential aspect of democratization of international community and international relations.

During the last decades, countries of the South have promoted several initiatives for safeguarding together specific interests questioning structure and functioning of the prevailing, unjust and inequitable international economic order.

A large number of intergovernmental alliances have been formed among these countries of South with the established groups such as the Non-Aligned Movement (NAM), the Group of 77 (G-77), the Union of South American Nations (UNASUR) and the Common Market of the South (MERCOSUR), etc. Such groups have been encouraged to strengthen South-South relations.

The South-South trade has expanded faster than North-South trade since the last few years. The South-South investment has also shown unprecedented dynamism. A further indicator of the increased importance of the SSC is the fact that countries in the South have become an additional source of development assistance.

At present, the SSC has several challenges and one of the most important one in Argentina, in other Latin American countries and most of the countries involved in the SSC is related to what idea of development should be promoted. More specifically, what is the level of social inclusion and reduction of inequalities accompanying growth in the recent years?

This is a relevant question not only for the countries promoting SSC, but is also a global problem; which is reflected in the new agenda for Sustainable Development Goals (SDGs).

Growth and reduction of inequalities in the South

Because of the distressing consequences of global inequality on the sustainable human

development, reduction of inequality *within* and *between* countries has been included in the SDGs 2030. The richest 10 per cent of the population lives on with up to 40 per cent of the total world income. And, the poorest 10 per cent get only between 2 per cent and 7 per cent of the total income. In developing countries, inequality has increased by 11 per cent.

Inequality is multidimensional, heterogeneous and multi-causal, and there are many conceptualizations. However, studies in the recent years point out that income inequality has strong influence on all other types of inequalities, and it is greater in the case of women, children, young or older living in rural areas and in marginal urban areas.

The consequences of this inequality are manifold. It offsets necessary togetherness and hampers sustainable economic growth. Over and above a certain threshold, inequality impairs growth and induces poverty, reduces security, changes quality of relationships in public and political spheres of life and also in people's sense of achievement and self-esteem. The concentration of wealth goes hand in hand with the concentration of power over the political decisions that governments adopt in the different spheres of public life, both domestically and internationally.

Since the last 15 years, significant growth of GDP has been witnessed in India, Brazil, Argentina, and other countries from the global South. This is reflected in certain social indicators of health, education, poverty, labour, etc. But advances were not enough (Table 1). India and Argentina have different population and social magnitudes. Inequality is there in the distribution of wealth, poverty and labour. India's economy have had high rate of growth (5 per cent GDP per capita average annual to 1990-2012). Argentina's economy for a few years had it, although with the levels and for the period of time lesser than India. The vast majority of workers in India are in informal jobs (82.2 per cent in 2011-12) and in Argentina it is 30 per cent. In addition, notable disparities exist

between men and women.

Extremely vulnerable by this social situation are infants, youth and women. The accumulation of physical, human and social capital of the children within the poorest families are diminished, affecting their present and future condition. Parents' educational level, access to adequate housing and sanitation, and household income level, which strongly determined by the head of household's unemployment, the type of labor insertion and the degree of participation of the parents. Members of the family in the labour market condition development of children and this would affect their social and psychological welfare.

It is important to keep in mind that more and more families have different trajectories and living options, such as double family transitions, one for the popular sectors and another for those who have a better position, delayed motherhood and professional development. Individual efforts to change their meaning are not enough; they express the combination of demographic, cultural, distributional factors and access to differential opportunities.

For public policies in each country and policies of the SSC, this social situation implies that it must be considered as a set of multiple dimensions influencing income and working conditions as well as global and local economic, political and institutional system (benefitting a few and exerting pressure on the most vulnerable, especially children, youths, women, minorities). A set of policies and experiences from countries of the SSC are required, which would reduce inequalities.

This is an important moment for reflection, especially because in several countries of the Latin American region, lower economic growth with worse social situation can change political orientation of the government.

At the same time, it is to be kept in mind that poverty reduction in Latin American countries is related not only to growth; the fact is that

Table 1: Basic Indicators-- India and Argentina

DEMOGRAPHIC

	Total population (thousands)	Annual no. of births (thousands)	Population (thousands), under 18	Urbanized population (%)	Life expectancy at birth (years)
	2015	2015	2012	2012	2015
India	1311050.527	25793.674	35.1	31.6	68.3
Argentina	43416.755	753.429	29.4	92.7	76.4

HEALTH

	Under-5 mortality rate (U5MR)	Annual rate of reduction (%) Under-5 mortality rate	Neonatal mortality rate	Total fertility rate	Average annual rate of reduction (%) Total fertility rate	Public spending as a % of GDP allocated to: health
	2015	1990-2012	2015	2012	1990-2012	2007-2011
India	48	3.6	28	2.5	2	1.1
Argentina	13	3	6	2.2	1.4	5.3

SOCIAL

	GNI per capita (US\$)	GDP per capita average annual growth rate (%)	GDP per capita average annual growth rate (%)	Informality jobs (%)	Population below international poverty line of US\$1.25 per day (%)	Share of household income %, poorest 40%	Share of household income %, richest 20%
	2014	1970-1990	1990-2012	2011-2012	2007-2011	2007-2011	2007-2011
India	1570	2	5	82.2	32.7	21	43
Argentina	13480	-0.8	1.3	28*	0.9	13	49

EDUCATION

	Total adult literacy rate (%)	Primary school net enrolment ratio (%)	Public spending as a % of GDP allocated to: education
	2009-2014	2010-2014	2008-2010
India	69.30256201	94.98471	3.3
Argentina	97.97376	99.85297	5.8

Sources: prepared on the basis of information from UNICEF, United Nations Population Division; United Nations Statistics Division; World Bank; United Nations Educational, Scientific and Cultural Organization (UNESCO).

Note:* 2013.

CHILD PROTECTION

	Child labour (%)	Child marriage (%), married by 15	Child marriage (%), married by 18	Birth registration (%), total	Justification of wife-beating (%), male	Justification of wife-beating (%), female
	2002-2012	2002-2012	2002-2012	2005-2012	2002-2012	2002-2012
India	11.8	18.2	47.4	41.1	51	54.4
Argentina	6.5	-	-	99	-	-

Sources: prepared on the bases of information from UNICEF.

it is easier to bring in social improvement when poverty levels are very high but after achieving a level, it is difficult to reduce further inequalities.

Alternatives to development with reduced inequalities

Reduced inequality transcends poverty alleviation. The latter is the manifestation of the former. That is why it is so important that SDG 10 emphasizes on inequality, which is central to advancing other objectives.

Within this framework of SDG 10, there are two major trends.

- **Guaranteeing minimum social protection:** This approach involves developing policies to reduce vulnerabilities affecting social plans, reaching to all sectors of population - medical insurance, differential revenues for gas- bottles and services, and others for attending training courses.
- **Promoting changes against injustice:** Another alternative is a policy agenda promoting deeper and more comprehensive changes against the economic, social and political injustices which are still present in the milieu. Here arises the emergence of inequality as a social and political process. There are factors external to individuals wherein individual efforts to modify them won't be enough. Increased inequality is linked to a range of economic policies dominating development agenda. These include financial liberalization, regressive taxation, privatization in the context of weak regulation, public spending policies, which fail to protect poor during the crisis or adjustment, and labour market policies, which lead to labour flexibility; informality and an erosion of minimum wages and bargaining power of unions.

A thorough review of the development model as well as the strategies and policies is required for its implementation. The

asymmetric appropriation of wealth by the productive factors is one of the determinants of inequity. Localization of wealth can be translated into employment production. In this context, some items are referred for considering whether the social policy would be productive in a broader sense.

It is emphasized that poverty and inequality cannot be addressed through limited approaches to social protection, or by believing that the benefits of economic growth are sufficiently reaching to poor.

What concrete policies are part of the agenda?

First of all, a horizon of development needs to be established. Is more inclusion desired or is the existing inequality just accepted and actions implemented to ensure that broader sectors of the population are not so marginalized?

Second, it is essential to advance agenda related to reducing inequality among countries. Will integration be promoted within the framework of the Pacific or Mercosur or Unasur or SSC? Without doubt, the development of local measures within the framework of globalized economies is not enough. There is need for regional economic and social integration policies. These include improved regulation and control of markets and financial institutions and encouraging development assistance and foreign direct investment for the regions needing the most. Another key factor in bridging this gap is to facilitate migration and safe mobility of people by deploying social policies of the regional integration. Clearly, income inequality is a global problem and requires global solution, and each country would influence it directly. Integration processes and the SSC is the key to improve negotiation among countries. More social investment is required.

Third, what are the set of policies to reduce inequality within and among the countries of

the South? For this, it is essential to reinforce redistributive effects of economic policy, starting from that all economic policies are social and social policy is not limited to fight against poverty and interventions of the Ministries of Social Development. The real inclusion comes from a progressive tax system, labour and income policies, health, education and housing. The challenges are as follows:

- **Active policy of productive development and work:** This is more than activation of consumption; it is to advance in growth centred on employment and structural changes. Developing countries have a high level of labour informality. In India, it is around 80 per cent. In Argentina, it is 30 per cent. There is much to be done in consolidating studies for understanding contribution to the growth of the GDP that the informal economy makes, to put into dialogue the most closely related views of the popular economy and those considered informal works (the size of productive units and access to social security). Informality persists and quality of employment remains the main challenge.

- **Tax and tax reform creating more progressive systems:** Fiscal policies prominently, have not favoured distribution. They limit redistributive capacity of budgetary policy. It is essential to have advancement in this respect.

- **Development of productive and state capacities at different levels of government.** The institutions are not neutral. This needs to be discussed to strengthen role of states in the distribution of wealth according to a new socio-economic order. Not only in terms of regional economies, but also in terms of tax and guarantee of the right to the city related to investment in public works, access to urbanized land and housing, and health and education services, which are great generators of employment.

- **New paradigm in social security rights policies:** This should not be limited to a social protection approach with emphasis on older

adults but also on the rights of working of women, youth and children. Social security is not to be based on the logic of insurance but on the principles of solidarity, universality and distribution, protecting all people from loss of income and costs associated with unemployment, maternity, chronic illness or disability and old age. Otherwise it would happen as it is happening at present; when economic swings or distributive changes are in favour of only a few having much of the wealth, but first to fall are the most vulnerable.

Good practices were developed in Argentina and Uruguay. For example, Universal Child Allowance in Argentina created in 2009 guaranteed right to social security in childhood, regardless of the work status of the parents; it promoted school attendance and health-care. This policy incorporated a distributive and inclusive bias to the Argentine family allowance system. Various evaluations showed that money was spent on the purchase of food, clothing, footwear, school supplies and building material. It became the supplement to the total family income of households with children. It didn't create disincentive to work, reduced child employment and improved health and attendance of children in school.

Social policy makes it possible to incorporate more people into social security schemes. Here is a whole pending agenda for updating social security system to characterize the present households in the countries, involved in the SSC. There appear themes such as reducing burden of growth and reproduction of society, including work related to care, assumed by women. In addition, participation of women in labour market and their working and living conditions need to be strengthened.

It should be noted that reduction in inequality involves not only having development strategies with broad labour-focused social policies, but also having a progressive tax system. There is an interrelationship between all these types of distributive regulatory and other such state

instruments. This is not pursued by any country or state organization. It requires broader consensus as well as evaluation of effects and analysis of the institutional and coordination changes. This is a long-term agenda in which academic and assessment institutions of the state have much to contribute with evidence and related studies, for example:

- Construction of alternative development scenarios and estimation of their effects as well as case studies.
- Causes of inequality in countries of the South.
- Combined assessment of a set of policies, analyzing positive effects and unintended effects.
- Further discussion of the principles of equal opportunities and outcomes as well as the positive and other unintended effects of such interventions on growth as well as the well-being of the population and workers.

Conclusion

Inequality was one of the major lacuna in the formulation of Millennium Development Goals (MDGs) agenda in the year 2000. The inclusion of the issue of inequality has been carried out for the first time in the SDGs 2030 by the United Nations system. This would open up for debating structural and pending issues such as need to modify some fundamental issues such as the financial and economic system, which allows exploitation of the poor by large multinationals and by rich countries.

In Argentina and Latin America there has been a strong commitment for talking about inequality lately. This is desirable as it was possible to place the poverty within the social dynamics and it to be understood as a byproduct of inequalities. This puts the social issue in connection with long-standing political and philosophical debates while observing the principles of justice that should govern a society with different forms of citizenship, among other issues.

El Salvador and South-South Cooperation Initiatives

El Salvador is the smallest and most densely populated country in Central America. As of 2015, the country had a population of approximately 6.38 million, consisting largely of Mestizos of European and Indigenous American descent. Its capital and largest city is San Salvador. As a lower middle income country, its GDP is \$24 billion USD and the income per capita is \$3,800 a year.

As of 2010, El Salvador ranks 12th among Latin American countries in Human Development Index and fourth in Central America (after Panama, Costa Rica, and Belize) due to rapid industrialization. The country, however, continues to face high poverty, inequality and crime rate.

Its political framework is a presidential representative democratic republic with a multi-form, multi-party system. The President (at present Salvador Sánchez Cerén), is both the head of the state and the head of the government. Executive power is exercised by the government. Legislative power is vested with both the government and the legislative assembly. The country has also an independent judiciary and Supreme Court.

After the Civil War and the Chapultepec Peace Accords (1992), El Salvador began a new era of economic transition, based on stabilization and macroeconomic programme. This programme was considered an economic

and social development plan, centred around the global goals to achieve sustainable economic growth.

In 1989, El Salvador adopted an economic model based on the following five pillars:

- Comparative advantage, based on the workforce
- Free Trade: to raise efficiency levels related to national production
- Salary adjustments according to the workforce productivity, instead of the cost of life or inflation
- Positive real interest rate, to escalate investments and savings
- Real exchange rate and increment competitiveness of national products to reduce or eliminate export and import distortions.

This model has had its support on two pillars: the stabilization and the macro-economic reorientation. The former grouped five policies to be implemented. They were regarding prices, fiscal, monetary and credit, and financial and commercial system. The pricing policy aimed at readjusting prices of water, electricity and sewerage. The fiscal pillar involved efforts to reduce fiscal deficit; the value-added tax (IVA) was the most important one, which led to stronger tax administration. The thrust of monetary and credit policies, was to allocate

resources for productive activities, limiting financing of the public sector. The policies of the financial system were created for state deregulation and subsequent privatization. Finally, the trade policies were to reduce trade imbalance through elimination and reduction of taxes on exports, simplification in procedures and gradual reduction mainly of import tariffs.

With regard to inflation and GDP, since the end of the eighties, the country showed lower inflation rate, which allowed real GDP growth; which increased by 5.2 percentage points, but since the 1990s it has been fluctuating (Figures 1 and 2).

During 1990s, the economy grew at 4.5 per cent; and inflation reduced instead from 24.7 per cent to 3.00 per cent.

In 2009, GDP declined by 3.3 per cent, and exports and remittances by 17 per cent and 9 per cent, respectively; more than 30,000 jobs were lost in the formal, and there was fiscal deficit and public debt.

During 1999-2003, GDP growth was weak, but then accelerated in response to strengthening of external and domestic demands; mainly due to private consumption. El Salvador is among the ten countries with the highest rate of private consumption in relation to the GDP of the world (World Bank), and is one of the few countries where consumption exceeds production.

The economy of El Salvador has undergone developmental changes through the implementation of three economic models - one of them is the primary agro-export model (from late nineteenth century to early twentieth century; and was in force until before World War I). This model was characterized as it revolved around the coffee production. After the World War II, the Industrialization for Importation Substitution (ISI) model was introduced, which lasted around three decades (1950-1979).

Then there was a breach, the so-called lost decade, its name was attributed to the Armed Conflict; it was till early 1990s, when the country adopted a new economic model, which as William Pleitez stated in his report, "this model since its implementation has not been able to get the country out of underdevelopment". Between 1999 and 2007, the country showed signs of strengthening its macroeconomic stability- low level of inflation, absence of financial and exchange rate crises and manageable level of public debt. Other macroeconomic variables, such as savings and investments, however, presented low rates, which were a constant challenge for consolidating and guiding long-term gains generated to boost investments and to encourage savings.

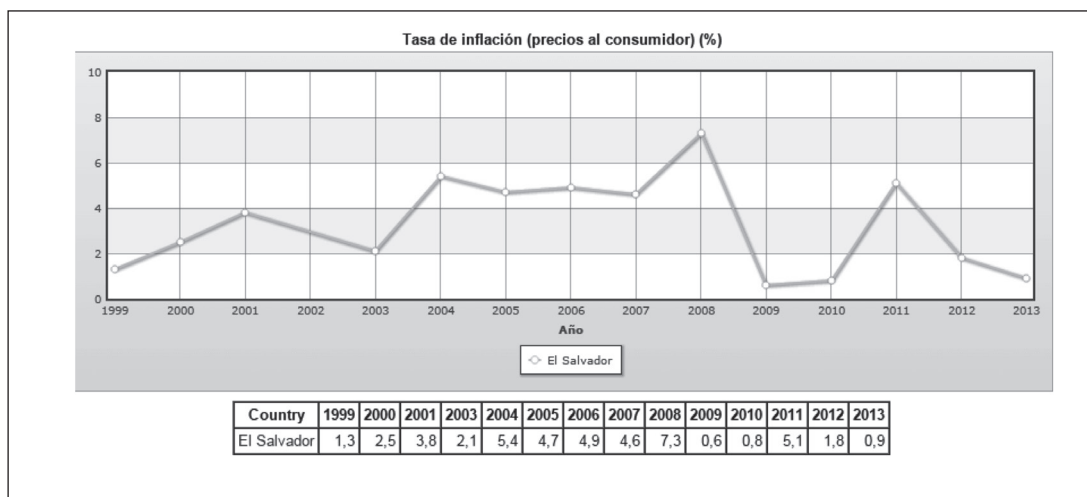
Since macroeconomic reforms encompassed both fiscal and monetary and exchange rate policies, tax reforms simplified the tax system to reduce and reorient expenditure and modernize the state; mainly focusing on education, housing and basic services (World Trade Organization, 1996).

With regard to monetary and exchange rates, the Central Reserve Bank (BCR) transferred medium and long-term loans to financial institutions rather than to economic activities. And in 2001, the Law of Monetary Integration came into force, bringing with it the introduction and circulation of the United States dollars as the official currency as the part of the monetary reforms, which were envisaged in early 1990s to reactivate economy and for contributing to a healthier financial system with lowering interest rates and reducing risks.

Commercial policy

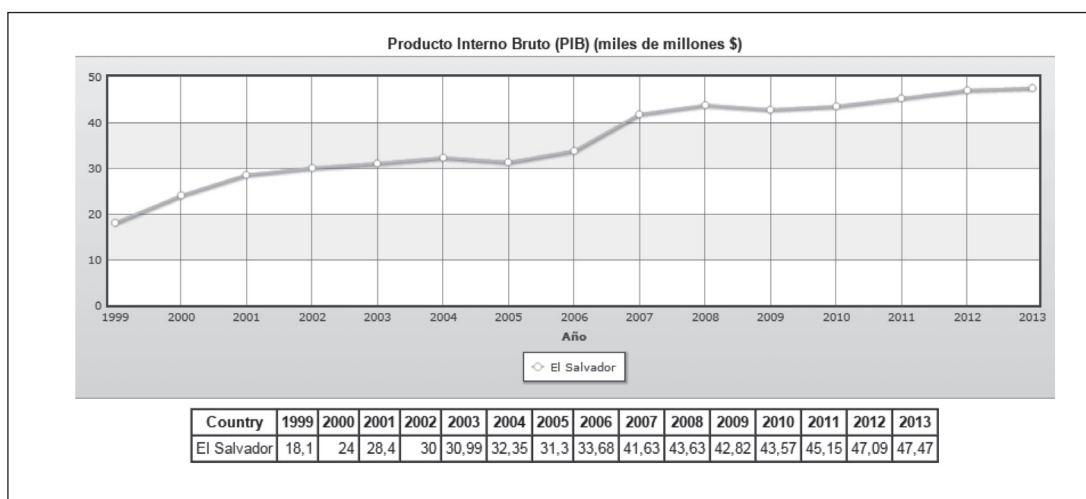
As discussed earlier, macroeconomic reforms have led to changes in legal regime, which impacted trade and investment. The positive and negative changes have helped solidify foreign trade policy, advanced integration process and strengthened trade and investment

Figure 1: Inflation between 1999 and 2013



Source: www.indexmundi.com

Figure 2: Gross Domestic Product (GDP) between 1999 and 2013



Source: www.indexmundi.com

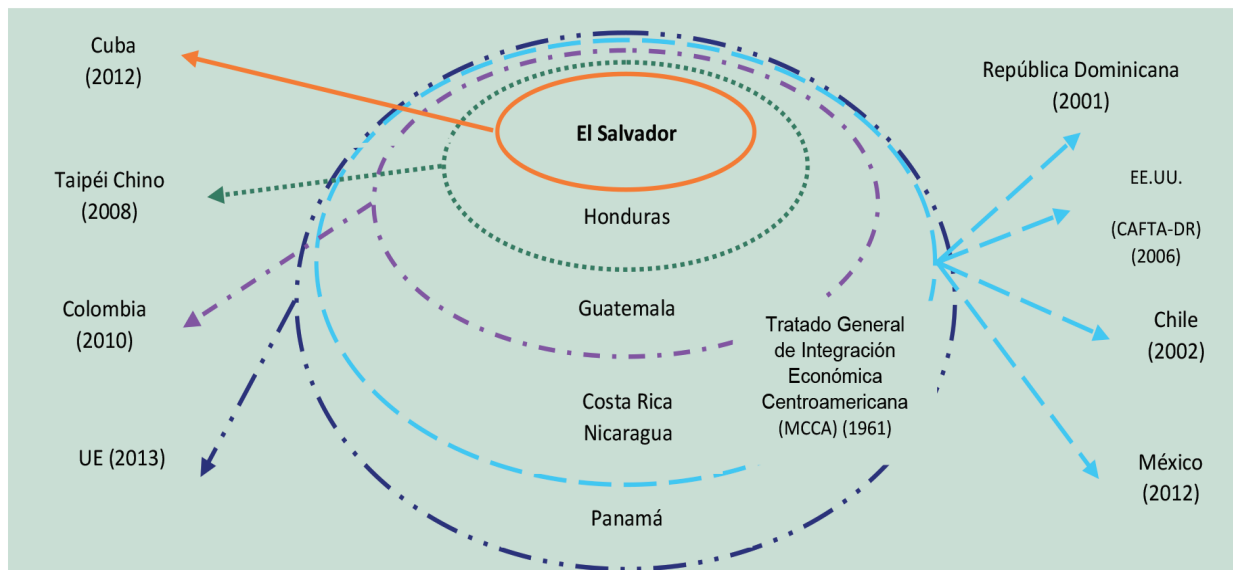
flow between El Salvador and the world. El Salvador has been actively involved in bilateral, regional and multilateral trade.

Instead of a productive economy, there is a strong consolidation of a service and consumption economy due to excessive imports and family remittances. In Five-Year Development Plans, formulation of an integral policy to promote export sector was through Free Trade Agreements (FTAs) (Figure 3),

expansion of trade relations and strengthening of Central America Common Market.

In terms of trade policy, El Salvador, within the objective set-out in the Five-Year Development Plan 2009-2013, aimed at strengthening the spirit of integration with a broader vision not limited to the Central American region but projected into the Caribbean, largely by establishing new trade relations with the emerging economies.

Figure 3: Trade Agreements (1961 - 2013)



Source: WTO.

Within the strategies envisaged to achieve the objective in the commercial matters, they are as follows:

- National development and solidarity contribution to the world through strengthening of international relations of El Salvador projected to the Caribbean, Asia and the United States.
- Economic and social integration of the Central American region: Promoting a Central American strategy for mobility, logistics, transport and ports, which may later translate into facilitation of trade in the Central American region.
- Strengthening of the national defense system.

South-South and triangular cooperation

Within the framework of the above cooperation, and in tune with the spirit of development

compact, El Salvador is promoter for generation of local and institutional capacities within social and productive realities of the development partners. In this, the search for structural changes in the development process of the peers have a great relevance.

In the framework of South-South and Triangular Cooperation the country seeks to identify, design, implement, monitor and evaluate integrated and integrated development initiatives, which would promote substantive changes and would impact transformation into specific products or public policies for development.

For this reason, the new tools prioritise transfer of capacities and strengths that accompany establishment of development processes from execution of projects of integrated nature and valuing an accompaniment of greater scope through consistent and continuous exchange, leaving aside specific actions.

The main objective of the trade policies centres around Central American integration, which is why the strategies for negotiating regional, multilateral and bilateral treaties are aimed at achieving a concordance between goals adopted at the Central American level which reflect in the coordination of government institutions with commercial areas and the private sector for formulation of the policies mentioned (World Trade Organization, 2003).

This coordination resulted in the introduction of new regulations on customs procedures, intellectual property and investment. Mainly creation of the National Investment Office (ONI), (Investment Law, 2001), seeks to guarantee freedom of investment and national treatment, streamline procedures and reduce transaction costs for the investor, through the ONI, which functions as a one-stop shop, where the investor performs all paperwork.

Like trade, investment has been

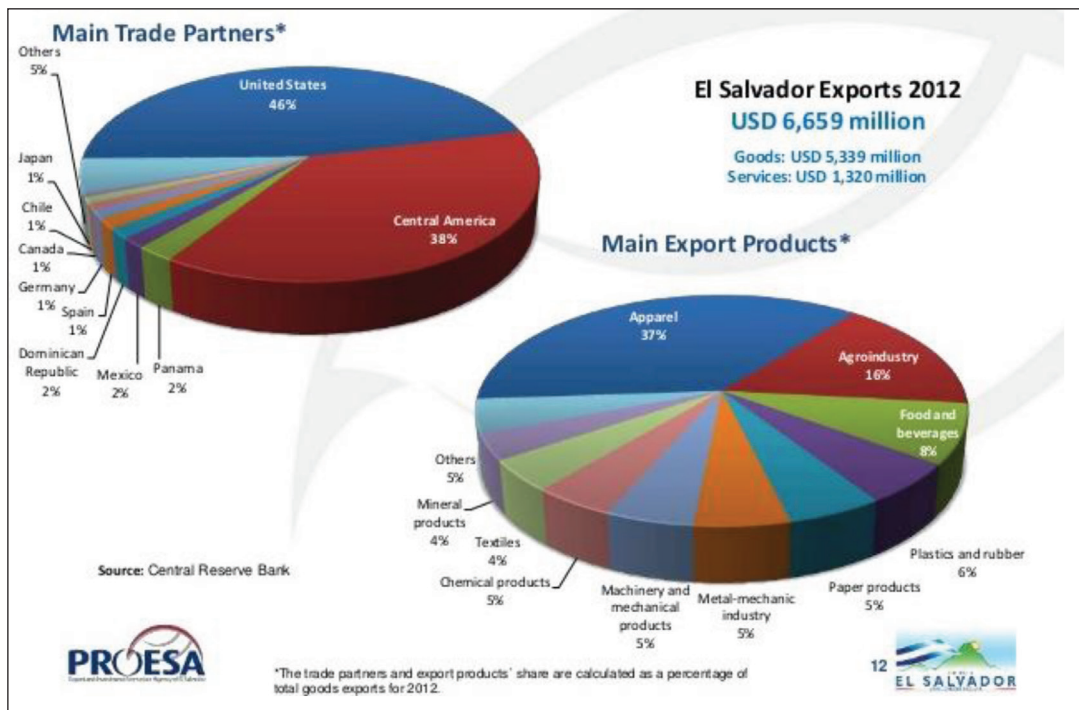
complemented by signing of bilateral, regional and multilateral agreements. The outlook for the promotion and protection of investments and exports has evolved as is seen Figure 4.

Conclusion

India's mission approach aims to identify growth drivers, which support partner development efforts. The first step is to identify partner countries based on the macroeconomics paradigms, the key of growth. It was interesting how they put in perspective two philosophies, the OECD based on economic cooperation with the new wave called South-South cooperation (SSC), based on the partnership, more than donor-recipient (the North-South way).

The SSC has emerged as an important mechanism for collective advancement of developing countries to help them to become the new growth poles of global economy referring to three-quarters of the world. What

Figure 4: Exports and Trade Partners of El Salvador



Source: Export and Investment Promotion Agency of El Salvador.

makes unique this type of cooperation is that it brings to the table a fresh perspective of development based on a spirit of solidarity, transparency and self-reliance.

As India has been contributing annually with almost a 1 billion USD supporting SSC, El Salvador started this year a new catalogue where 20 public institutions participate to enable services for Latin America and the Caribbean countries among other regions of the South. The supply built is compounded by 43 diversified capacities based on the issues of SSC. El Salvador is making a collective effort.

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