

Special Issue

# DEVELOPMENT COOPERATION REVIEW

## Editorial

## Special Articles

### **TCDC to Triangular Development Cooperation: Reconfiguring Partnerships for Efficacy and Localisation**

*Sachin Chaturvedi*

### **South-South Cooperation and the 2030 Agenda: BAPA+40 and Beyond**

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### **Contemporary Relevance of Dependency Theories**

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# Development Cooperation Review

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**Special Issue**

# DEVELOPMENT COOPERATION REVIEW

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## Editorial

Celebrating the 40<sup>th</sup> anniversary of the Buenos Aires Plan of Action (BAPA+40), Development Cooperation Review (DCR) presents a special edition capturing the essence of BAPA+40 and the way forward for South-South Cooperation (SSC).

This edition is part of a bigger effort towards capturing the best practices of SSC and highlighting the challenges faced by developing countries on their development trajectories. From the Bandung Conference (1955) to Buenos Aires Plan of Action (1978) developing countries have laid the foundations for SSC, identifying its non-negotiable principles and established mechanisms for implementing cooperation through the Economic Cooperation among Developing Countries (ECDC) and Technical Cooperation among Developing Countries (TCDC). Overtime, Southern partnerships have evolved to reflect a multiplicity of linkages forming criss-crossing patterns recognising plurality of ideas, diversity in the nature of partners, and the existence of multiple and interlinking modalities of cooperation.

In light of the maturing of Southern cooperation, BAPA+40 presents as an opportunity to take stock of the evolution of SSC and set forward a course of action to deepen South-South solidarity. At the heart of the conference rests the role of SSC towards the achievements of the goals of Agenda 2030 and the

Recognising this, DCR special edition presents an array of special articles and perspectives to contribute towards the sharing of knowledge on Southern led development cooperation. *Sachin Chaturvedi*, in his special article, reflects upon the need to revisit the idea behind TCDC and ECDC as the evolving development cooperation architecture is becoming increasing triangular in partnerships, to achieve the overarching Sustainable Development Goals. Chaturvedi draws upon the differences and similarities between TCDC and Triangular Cooperation (TrC) to reflect upon the way forward for SSC in the era of the Sustainable Development Goals (SDGs). The special article by *Paulo Esteves, Camila dos Santos, Citlali Ayala, Alexandra Teixeira* and *Camila Amorim Jardim* discussed the role of SSC towards the achievement of the SDGs, wherein Agenda 2030 presents itself both as a challenge and as an opportunity. The authors articulate the need for Goal 17 of the SDGs, to observe differential responsibilities of developed and

developing countries towards the achievement of the sustainability goals. further Esteves et.al. explore how the homogeneous South can adapt to an increasingly asymmetric development architecture and adopt the 'Leaving No One Behind' approach of the SDGs, moving towards the aim of a people-centric development.

In his contribution, *Bernabé Malacalza*, brings forward the key issues pertaining to the changing development cooperation landscape; expanding development finance; and the role of Latin American countries towards SSC and the SDGs. *Malacalza* contemplates the occasion of the 40<sup>th</sup> anniversary of BAPA as a time to experience a 'wind of change' through consensus building on principles, values and procedures among Southern partners, as they move forward in a post BAPA+40 world. The special article by *Pratyush Sharma* revisits the dependency theories to situate their relevance in contemporary times. The article reflects upon the theories and the binaries of North-South on the eve of BAPA+40, to argue that while the South continues to be juxtaposed to the North, the role of SSC towards fostering global partnerships is more imperative today than realised in the past.

In the perspective section on Lexicon and Syntax of Development Cooperation, *Milindo Chakrabarti* critically examines the final draft outcome document for the Second High-Level United Nations Conference on South-South Cooperation. Among several issues examined, he underscores the need to maintain SSC and triangular cooperation as separate modes of development cooperation and focuses on the prevailing contestations around impact assessment, monitoring and accounting of SSC in terms of developing unique template for them.

The DCR special issue also presents a brief commentary on the recently published research paper (No. 30) by the United Nations Conference on Trade and Development (UNCTAD). The perspective presents some general and detailed observations on the paper on the issues related to defining and reporting/evaluating of SSC. The aim of the perspective is to highlight the heterogeneous nature of SSC that is characteristic of a set of actors that are diverse in their cooperation and approach, however fused together based on their collective understanding of the core principles of SSC.

RIS has endeavoured to launch the special issue of DCR, to bring forth a Southern lens when taking stock of the transformation of international development cooperation. DCR is an evolving and a natural outcome of valuable work put in by members of platform like the Network of Southern Think-Tanks (NeST) and Forum for Indian Development Cooperation (FIDC). It solicits comments and feedback from its readers and invites policymakers, officials, researchers, academics and practitioners to contribute to the forthcoming issues.



# Technical to Triangular Cooperation: Reconfiguring Development Partnerships for Localisation



*Sachin Chaturvedi\**

Like the current triangular cooperation, TCDC also envisaged genuine and equal participation with the idea of collective gain, with no one benefiting more or anyone having a feeling of being deceived in the partnership. There is role to be played by all with horizontality as the fulcrum for balancing the all.

## Introduction

Among the various development strategies, localisation is emerging as the new normal. More and more efforts are being made to ensure growth with local contents and local hands with local livelihood security with as less carbon footprint as possible. This has given a greater flexibility for the national governments to choose policy options from successful experiences and strategies. Specific experiences from emerging economies - be that China or India, and even earlier the newly industrialised countries (NICs), stand for that endogeneity. Efforts are on to identify the most appropriate modality in this regard.

It is in this context the celebration of the 40<sup>th</sup> Anniversary of the Buenos Aires Plan of Action (BAPA+40) be leveraged to revisit the essential idea of TCDC/ECDC that got strengthened at the Buenos Aires conference in 1978. This idea was to explore technical cooperation among the developing countries and the consequential expectation was the outcome of economic cooperation among the developing countries and from this perspective the TCDC and ECDC were very much wedded to the idea of collective development in the South within the resources the partner countries may spare.

However, it is important here to point out that 1978 was not the first time when the need for technical cooperation among the developing countries was highlighted. It was right from the Bandung days that the South was exploring possibilities for technical cooperation.

\*Director General, RIS. Views expressed are personal.

The launching of Non-Aligned Movement (NAM) facilitated cooperation on this front. In the Third NAM Foreign Ministers' meeting in 1972, a detailed framework for South-South cooperation (SSC) in the field of science and technology and for a New International Economic Order was evolved. The declaration at the Kuwait Summit, in 1977, articulated TCDC quite well, when it said: "An historical imperative brought about by the need for a new international order with a conscious, systematic and politically motivated process, developed to create a framework of multiple links between developing countries."

In the recent past the modality of triangular cooperation (TrC) has multiplied engagement of the Southern actors. Earlier, the TrC was defined more as a partnership between an OECD member and a developing country in an LDC, for instance, Germany and Brazil and Japan and Kenya have emerged as leaders in these partnerships in several LDCs. However, over the years more and more of the Southern actors are cooperating in a third country, for instance IBSA development projects and the recently announced India-China partnership in Afghanistan. One finds that more and more of the cases are being conceptualised within the framework of TrC.

In fact one may wonder how this transition from TCDC to TrC should be viewed. What differences and what similarities are really there? What kind of future one may expect are some of the questions this paper intends to address. This paper is structured to explore the transition from technical cooperation among developing countries (TCDC) to triangular cooperation (TrC). The Section II of the paper discusses the

local specificity and experiences while section III focuses on legacy of TCDC and ECDC and their inter-linkages. Section IV looks into new impetus for triangular partnerships whereas section V concludes with new paths in times of SDGs and way forward.

### **Local Specificity and Experiences**

Emphasis on local specificity is emerging as an extremely important facet of development planning and provides policy planners a policy choice for modulating it to local aspirations and priorities. The expectation is that, the process would factor-in local challenges within the development priorities and policy framework. At several meets of the developing world, four major listed impediments on way to development included collapsing commodity process; high real interest rates on loans; decline in private and official resource transfer and protectionism in industrial countries. These factors have adversely affected prospects for fellow developing to move up the ladder.

With faster economic growth in emerging economies many of these economies have made efforts to come out of these challenges in their own ways. India for instance, has launched programmes like 'Skill India' and "Start-up India" for providing an ecosystem to address some of these challenges apart from keeping inflation low with low rate of interests. In the process, however, exclusions have multiplied globally. The recent initiatives in India may eventually help in ensuring Access, Equity and Inclusion (AEI) for bringing in greater inclusion.

In the recent past, one of the successful efforts in India was to open bank accounts for people for direct benefit transfers. Since

2014, more than 344 million people could get bank accounts for themselves, under the PMJDY (Pradhan Mantri Jan Dhan Yojna). Of this almost 60 per cent are opened in the bank branches located in rural or semi-urban areas. The total deposits in all these accounts stood at Rs. 91,141 crore. The extent of zero balance account has gone down from 58 per cent in 2015 to 15 per cent in 2019 with average balance more than doubling from Rs. 1,065 to Rs. 2,603 in the same period (Bakshi 2019). Efforts have also been to formally connect PMJDY with other financial inclusion programmes; for instance, these bank account holders have been provided with Rupay debit card with in-built accident and life insurance cover with coverage of Rs. 100,000 and Rs. 30,000 respectively.

These local measures indicate how important it is to indigenise growth process and explore options that may eventually help in deployment of factors of production for local gains and for creation of local economic surplus. Technical cooperation among developing countries, in this respect, would be highly effective if details are worked out well and a general template is evolved.

As emerged from the classic paper of Rodrik (2004), generalisation in economic growth prescriptions have not helped developing countries in the last 50 years. The paper argues out, based on experiences of the Southeast Asian countries how distinct growth strategy may help manage economic issues much better than the prescriptions. As Table

**Table 1 Experience of East Asian Economies**

Institutional domain	Standard ideal	“East Asian” pattern
Property rights	Private property enforced by the rule of law	Private, but govt authority occasionally overrides the law (esp. in Korea).
Corporate governance	Shareholder (“outsider”) control, protection of shareholder rights	Insider control
Business-government relations	Arms’ length, rule based	Close interactions
Industrial organisation	Decentralised, competitive markets, with tough anti-trust enforcement	Horizontal and vertical integration in production (chaebol); government mandated “cartels”
Financial system	Deregulated, securities based, with free entry. Prudential supervision through regulatory oversight.	Bank based, restricted entry, heavily controlled by government, directed lending, weak formal regulation.
Labour markets	Decentralised, de-institutionalised, “flexible” labor markets	Lifetime employment in core enterprises (Japan)
International capital flows	“prudently” free	Restricted (until the 1990s)
Public ownership	None in productive sectors	Plenty in upstream industries.

Source: Rodrik (2004).

1 shows the East Asian countries could adopt their own property rights, corporate governance, industrial organisations, capital flows, public ownership, and even on business to government relations and labour markets. The effort of localised prescriptive strategies probably has helped several developing economies, in fact, diversity of local eco-system with narrowing institutional designs, economic systems, modalities of transactions, market-state relations and macroeconomic frameworks.

### Legacy of TCDC and ECDC

The two concepts of TCDC and ECDC evolved as major instruments for SSC. These programmes evolved at different tracks of UN and at the fora of developing world like the NAM and G-77 process. At the UN, ECDC appeared in 1974, in light of the debate on NIEO through the General Assembly Resolution 3201. It identified the limitations of the global development strategies, its imperatives for an interdependent world and exclusions that it was leading to. They were defined most elaborately in the Buenos Aires Plan of Action (BAPA) on TCDC, adopted in 1978 and in the Caracas Programme of Action on ECDC adopted in 1981.

The BAPA and other efforts at G-77/NAM enriched the TCDC/ECDC process at multiple levels. Most important of these were the ability of developing countries to think of a roadmap for excellence and second their ability to work with the developed countries.

### Evolution at NAM and G-77

The first move for TCDC was initiated at the Bandung Conference in 1955 and then through the creation of G-77 at the

first meeting of the UNCTAD in 1964, deliberations at the NAM also played an important role.<sup>1</sup>

The technical cooperation as a major tool to achieve the objective of economic cooperation among the developing countries (ECDC) emerged out of the BAPA. The sectors identified included: trade, technology, food and agriculture, energy, raw materials, finance and industrialisation.

The idea was to explore opportunities and accordingly prioritise utilisation of skills through the national focal points for ECDC. It was also proposed to review the developments at the biennial meetings of the heads of national technical cooperation agencies of the Group of 77. In order to facilitate flow of information among the developing countries, a Development Information Network (DIN) was launched at UNDP.

However, things could not move forward as desired and envisaged. The administrative system of different developing countries could not exhibit the flexibility and desire to absorb new mechanism for moving forward. The UNESCO 1991 report of ECDC/TCDC observed that:

*“The lack of genuine progress might seem largely to be attributable to the fact that the discussions relating to TCDC and ECDC are limited to official circles. The true practitioners of cooperation such as socio-professional bodies, heads of enterprises, research fellows and academicians have rarely been associated in the effort. And yet, both TCDC and ECDC still hold the promise and potential with which they began. Co-operation among*

*developing countries can be lastingly and effectively revitalised if the lengthy debate which rarely leads to action is done away with and the focus centred on concrete projects that are implemented, preferably, by several countries."*

The TCDC and ECDC came up at a time when regional cooperation among developing countries was being explored through geographical solidarity and intraregional trade cooperation and by building joint industrial bases (DSE 1986). The Development Policy Forum (EF) of the German Foundation for International Development (DSE) organised a round table in July 1986, on regional and intraregional economic and technical cooperation.<sup>2</sup> The report from this round table brought out the fact that most of the Southern groupings were more keen for customs cooperation and keen to take advantage of trade to eventually emerge as economic communities.

At this meeting, Germany also listed 50 TCDC projects that it had supported since the launch of the programme and in fact was closely involved in promoting SSC since UNCTAD IV in 1976. It was in this context, the proposal for a Global System for Trade Preferences (GSTP).

At the Arusha Summit (1978) and Caracas Summit (1981) there was also a realisation of rather slow progress on TCDC and it was proposed to sharpen the cooperation in the realm of trade, technology, agriculture, energy, finance and industrialisation. The Caracas Summit raised an important issue which is still quite relevant for South-South Cooperation. It raised the problems related to coordination. It suggested to have "a concrete, coherent, integrated and sound"

strategies for coordination. The Caracas Action Plan was taken up in Bangkok at the ESCAP in 1985.

The energy continued in other platforms also. After the 1983 NAM Summit in Delhi, India took up the leadership for TCDC projects for Asia-Pacific and coordinated regional projects and their delivery across member countries. The focus remained around appropriate technologies. India hosted an inter-governmental organisation called Non-aligned Center for Science and Technology. Before the Summit, Delhi also hosted all the heads of the National Science and Technology Agencies of the Developing Countries in New Delhi, under the auspices of G-77. It identified following priorities:

Compilation and dissemination of information on existing capabilities and expertise;

- Formulation of cooperative arrangements through networks and experts exchange;
- Flow of technology among developing countries and cooperation in the area of technological innovation;
- Negotiating power of developing countries with regard to technology suppliers; and
- Organisational and financial matters for promoting TCDC/ECDC.

### ***Efforts at the UN Forum***

The 1974 General Assembly resolutions 3201 and 3202 are still relevant in different contexts. They at the outset acknowledged that the gains from the development process were setting in neo-colonial trends and monopolising technologies for the benefit of few while may set dangerous trends in the political and economic spaces.



It called for establishing a New International Economic Order based on equity, sovereignty, equality, interdependence, common interests and cooperation among all the States. Please see following paragraph from the Resolution 3201 (UNGA 1974):

*“All these changes have thrust into prominence the reality of interdependence of all the members of the world community. Current events have brought into sharp focus the realisation that the interests of the developed countries and those of the developing countries can no longer be isolated from each other, that there is a close interrelationship between the prosperity of the developed countries and the growth and development of the developing countries, and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts. International co-operation for development is the shared goal and common duty of all countries. Thus the political, economic and social well-being of present and future generations depends more than ever on co-operation between all the members of the international community on the basis of sovereign equality and the removal of the disequilibrium that exists between them.”*

The United Nations conference in Buenos Aires in 1978, was unique with 138 delegations. It evolved one of the most comprehensive texts on TCDC with around 38 recommendations. It defined the objectives for TCDC and identified actions to be taken at the national level, actions due at the regional or sub-regional level and at the global level. UNDP was

expected to advance this work through its UNDP Policies and Procedure Manual, released in 1983, on the recommendations of a high level committee.

After all these decades, through the UN General Assembly resolutions 71/318 and 71/2441 Member States decided to hold the second High-level United Nations Conference on South-South Cooperation (also called as BAPA+40) in Buenos Aires, Argentina on 20 to 22 March 2019.

### **New Impetus for Triangular Partnerships**

Triangular Cooperation (TrC) has emerged as a new priority area for several developing countries. After few such partnerships in late 1950s, India increasingly has shown greater appetite for this instrument. PM Modi has given new fillip to this modality with enhanced partnership with various countries. The idea of working closely with the United Kingdom across Small Island Developing Countries (SIDS) among Commonwealth Countries and with Japan in the Indo-Pacific FOIP framework, advancing the Asia-Africa Growth Corridor (AAGC) with Saudi Arabia and Africa are several recent examples, where India has made efforts to go beyond equator. In fact the recent initiatives of working with China in Afghanistan, after Modi-Jinping Summit in Wuhan has given a new hope for greater traction in South-South Cooperation leading to TrC. TrC identifies a collaborative effort at development cooperation involving three types of partners. While it identifies a Southern partner as a pivotal country, a Northern counterpart is termed a provider country that contributes technical and financial resources, besides sharing knowledge

and experiences. The recipient countries, again from the Southern group, are those wherein such efforts are initiated.

With the journey from TCDC to TrC several new issues may come up. For instance, what were the factors that were holding TCDC back and what might be the facilitating factors for TrC? Issues would also arise, as to how non-compliance with the OECD guidelines would be explained by the TrC (OECD/DAC) partners and how (SSC partners) and in this case particularly the Asian partners would shy away from data reporting. These questions would haunt the future deliberations as efficacy and effectiveness, impact assessment, monitoring and evaluation, etc. get centre stage in the development discourse.

Now this obviously raises some more queries related to TrC. For example, does a country drafts its policy on TrC or is it a bottom-up phenomenon? If it is a top-down process, then how this is institutionally addressed to at the ground level? Is it a linear progression of an on-going bilateral programme or is it a specially designed venture? What role do line ministries, agencies and local missions play and how respective foreign ministries link with them?

The horizontality of TrC is another important issue. For example, are different actors at the same level? Who prevails with modalities and how, if at all, a common understanding is reached on accounting and other reporting mechanisms? Apart from several photo-ops that TrC provides, when there is a high-level political commitment to the TrC, inherent to this dynamic is also a question of who gets visibility and credit for TrC. There is also the issue of how partner economies view

TrC. How is this helping them and in what way they feel how the prevailing practices may be improved further?

It is not easy to answer all these questions, and it is extremely difficult to do so in a brief note such as this one, but we have still tried to respond to some of the issues raised and have left others for a follow-up work.

The growing interest in triangular development cooperation (TDC) is often seen to be associated with a misconception that this is a new tool for development cooperation. On the contrary, TrC has always been there as an instrument for engagement between various countries at different stages of development. However, it has been receiving a greater attention ever since some of the countries entered the middle-income-countries (MICs) group. It was in late 1950s when India and USA together worked for establishing radio network across Nepal and Afghanistan and also for constructing the main capital road of Kathmandu.<sup>3</sup> There is a fair possibility that there would be many more such instances from other regions as well.<sup>4</sup>

In fact, Japan has been working with the idea of TrC for decades now. It was in 1975 that Japan International Cooperation Agency (JICA) dedicated itself for promoting South-South Cooperation (SSC), which also gets reflected in the JICA ODA Charter. In 1985, Japan and Brazil began the first triangular cooperation scheme through the third country training programme (TCTP) (JICA 2010).

Germany is engaged in arrangements like “triangular” cooperation probably for around 25 years or so though it may not be calling it as triangular cooperation, for instance, in 1986, Germany supported technology transfer from China to

Mali.<sup>5</sup> Germany started to supported triangular cooperation particularly in Latin America (Chile) after the start of the new millennium. From there it spread to triangular cooperation with Mexico and Brazil. Other major actors like Spain are also not exactly new to this process.

The fresh impetus, however, has also come in from some of the recent developments. The Rio+20 outcome document, 'The Future we Want', categorically calls for enhanced support for triangular cooperation which may provide much needed additional resources to the implementation of development programmes.<sup>6</sup> The Development Working group of G-20 has also given similar message. The outcome document from the Busan High Level Forum on Aid Effectiveness gave a fresh impetus to the TrC in late 2011, when it recognised SSC as an important building block in order to achieve wider development goals. Earlier in 2009, the Council of the European Union explicitly requested Member States to explore options for South-South and TrC. The events organised by the multilateral institutions have also given a push like the High Level United Nations Conference on South-South Cooperation held in Nairobi (in December 2009) and the High Level Event on South-South Cooperation and Capacity Development hosted by the Government of Colombia (in March 2010).

With the new status of emerging economies, the middle-income economies (MICs) are increasingly playing the role of pivotal countries apart from expanding their well-established approach of SSC. Depending on specific situations and context, the key drivers for a TrC may be either a provider country or a pivotal country. In most of the cases, high-income economies are the providers of TrC while

MICs play a pivotal role. The transition of some LDCs to MICs underscores their accumulation of intensive development experience which they are in a position to share with the rest of the countries. In some cases, it has been observed that some of the alert partner countries also lead such engagements, and these largely depend on the sectoral choices that are opted for. It would be useful to elaborate the reasons why MICs are legitimate and credible to share their successful development experiences with LICs. Within 30 years, China has overcome major economic challenges. In 2011, China's GDP reached US \$ 7.3 trillion which was 16 times more than that of 1978. Similarly, experience of Brazil with Bolsa Família of providing financial assistance to poor Brazilian families is a successful example of social security. Chile and others also bring in important success in overcoming national poverty and challenges associated with it.

### ***Initial Strength as a Building Block***

Initial bilateral experience between provider and pivotal and between pivotal and partner economies is a precondition for a successful TrC. As discussed earlier, Brazil and Japan have been collaborating since late 1950s. With this positive history of bilateral cooperation, the idea of TrC emerged. JICA supported technology for agriculture production with improved productivity of soya bean in Brazil, eventually making Brazil a world leader in this crop production.

Similarly, Germany has supported the establishment of nuclear-energy-based steel production plants in Brazil. Brazilian crude steel output has recently gone up by almost 5 per cent in 2012 to 36.8 million tonnes. The nuclear plant was purchased from Westinghouse of the



USA but the purchase did not include the transfer of sensitive reactor technology. (This technology was later supplied by Germany as part of a comprehensive nuclear agreement between Brazil and West Germany, which was signed by President Ernesto Geisel in 1975).

### *Regional Linkage as Motivation*

The historical linkages play a major role in evolving TrC and this explains the lead role that Brazil has played in the realm of TrC. According to a recent report from the Rio de Janeiro Federal University, a large number of workers from several African countries (Angola, Nigeria and the Ivory Coast area) immigrated to Brazil and now together they constitute nearly 49.6 per cent of black or mixed-blood population compared to 49.4 per cent of white population (Merco Press 2009).

The historical linkage between Brazil and Portuguese-speaking countries and some of the African countries is an obvious choice for TrC. Brazil has partnered with several countries and agencies for advancing TrC. They include Canada, ILO, Norway, Spain, World Bank and the United States. Its triangular programmes have covered areas such as vaccinations, school feeding, reforestation, malaria eradication and waste collection. Brazil has also set-up a triangular development cooperation project to train nationals of Angola and Guinea Bissau in public administration. After independence, Timor-Leste wanted to establish a Portuguese identity and so Brazil was approached to help develop basic school curriculum for teaching Portuguese language and also for developing administrative capacity for judiciary and intelligence agencies.<sup>7</sup> Brazil also provided temper proof voting machines. A project initiated for 2012

aims at sending Portuguese professors to Timor-Leste so as to train teachers in Portuguese language and arts. Brazil has agreed to send professors to teach in the National University of Timor-Leste, and will host Timorese students at the National University of Luso Afro-Brazilian Integration in the northern Brazilian state of Ceará.

Similarly, the strength of Mexico in Central American and Caribbean region has assumed significance for Japan, Spain and Germany to have TrC with Mexico in that part of the world. The partner countries include Ecuador, El Salvador, Guatemala, Paraguay, Dominican Republic and Saint Lucia (SRE 2011). The areas for cooperation with Japan and Germany are environmental management, agriculture as well as areas associated with civil protection, whereas with Spain TrC is for establishing community kitchens in Haiti.

There are also instances when regional commitment of pivotal countries has played an important role in building on the regional aspirations of the provider countries. For instance, as a commitment for ASEAN integration process, India decided to support efforts for accomplishing economic growth in the lesser advanced members of ASEAN, viz. Cambodia, Laos, Myanmar and Vietnam (CLMV) through various measures. One of the measures was to support entrepreneurship development in the CLMV region and thus Entrepreneurship Development Institutes were established across the CLMV countries. GIZ from Germany collaborated with one such centre in Laos to run training programmes for skill development. This support from GIZ helped in generating additional

revenue for the centre and India provided the infrastructure support for this.

### ***Growing Development Profile of Partner Economies***

In some cases, emerging economies also provide impetus for development cooperation with partner economies. For instance, in 2004 Brazil funded the establishment of International Policy Centre for Inclusive Growth (IPC-IG) in collaboration with UNDP. Later, in 2009, IPC-IG organised a special programme for Timor-Leste for developing social security programme on lines of Bolsa Familia called Bolsa Mae. Nearly 10,000 people are beneficiaries of Bolsa Mae programme, which had a budget of US\$876,153. The line ministries from Brazil (National Secretariat of Income and Citizenship, MDS; Secretariat of Strategic Affairs, SAE, Ministry of Foreign Affairs) collaborated with IPC-IG for implementing this major training programme.

### **New Paths in Times of SDGs and Way Forward**

The spirit of TCDC/ECDC has encouraged the developing countries to explore how technical cooperation may trigger economic cooperation. The idea to have TC and EC in tandem with each other has given far more encouraging results. The TCDC also emphasised on five other features which paved way for productive engagement of available resources. These included, TCDC as means of self-reliance, as means of international cooperation, as source for technological improvement, as a source of appropriate technology and specific solution for a pressing challenge; as a cost effective source with no full reciprocity applied to the process.

The possibilities of rise of TrC and decline in TCDC may offer several challenges and opportunities. Given the nature of participating countries, for instance, China and India participating in third country, may bring TrC as a new modality of SSC. While if any OECD-DAC member partners with emerging economy with their terms and conditions, TrC may usurp the features and strength of SSC. The fact that though TrC would likely to be a successful, focussed, result oriented process, it may remain pragmatic and devoid of historical baggage that old modalities bring in. Time would tell how this modality would unfold.

While commitment from the developed countries are essential for LDCs and other developing countries, new modalities within TCDC/ECDC would have to be explored. Countries like Japan, Germany and Norway have demonstrated their willingness to keep the bar high. The donor countries should play an active and supportive role in fostering an increased use of the TCDC modality in development cooperation.

As discussed earlier, factors hindering TCDC activities is a matter of concern since 1980s. In the organisation of an International Consultation on TCDC held in Beijing in 1983, ESCAP Secretariat prepared a Report evaluating the progress of TCDC activities being implemented in the Asian region. The report acknowledged the fact that lack of feedback from national sources delimited the development of comprehensive portrait (UNESCO 1988, p. 62).

The ESCAP secretariat continued the work, but somehow no major change became visible. The limitations identified included, insufficient awareness of the

benefits of TCDC, lack of information on the need and capacity of technical cooperation of the various countries in the region, lack of technical capabilities and divergence of interest with complete absence of financial resources for quality delivery and cost minimisation. The strength, however, emanated out of political support and growing knowledge base with several high level summits, and with this awareness and institutional and organisational connects also emerged.

The recent trend of declining overseas development assistance is not going to help in any way. Overseas development assistance and TCDC should mutually reinforce each other. South-South cooperation should not be at the expense of the much-needed development assistance provided by the industrialized countries.

Like the current triangular cooperation, TCDC also envisaged genuine and equal participation with the idea of collective gain, with no one benefiting more or anyone having a feeling of being deceived in the partnership. There is role to be played by all with horizontality as the fulcrum for balancing the all.

In the days to come, the diversity of TrC and its scope to contribute in the evolution of new relationships in the realm of development cooperation is likely to expand. The need to further expand and deepen the TrC is already being felt across different regions and sectors. The fact that it has the potential to bring in horizontal cooperation at par with SSC is being seen as a major factor contributing to this potential. However, there are countries which have yet to explore and realise full potential of the TrC. Success in this area for a provider country it seems, would always be relative to its own

achievement with various instruments for TrC, whether it is through training programmes or infrastructure projects or even financing. The yardstick should be once own starting point and possible areas for experimentation with TrC. It is not a bus that one would miss, as compared to those who are already on it. If country 'A' has sufficiently advanced in this area, it does not mean that country 'B', or any other provider country for that matter, has missed the TrC bus. If one is not on it, the loss would be of one's own movement on the trajectory of development cooperation as it brings in consolidation of one's own work with pivotal countries in the partner countries. There are other benefits of TrC - like underpinning global partnerships with implementing measures, promoting SSC, making use of complementarities. In that sense it is actually a path to bring in better returns on earlier expenditure and managing (or minimising) future costs of similar efforts in third countries.

In the beginning, small steps on this path are always going to be most productive. Small steps in TrC may help evolve level of engagement with optimum utilisation of resources. For instance, most of the provider and pivotal countries that are engaged in TrC began with exchange of knowledge or training programmes. It is a move in terms of building trust through ground-level engagements with support from the top. Japan, for instance, along with many others, has dominated this form of engagement. Many of providers still focus on that approach while few have advanced in the realm of actual production or in management of certain productive economic activities; for instance, Germany has launched urban renewal projects in some areas. The latter are emerging more from ground, where impetus from top

at political level and engagement at the level of operational agencies is extremely important for conception and eventual implementation. Japan has launched a long-term collaboration programme in Mozambique with help of Brazil for turning arid savanna into major cultivation area for crops like soya bean, rice, wheat, etc. Apart from agriculture this project is also helping build irrigation canals from Limpopo river into more than 300 km area supporting 12000 farming households (Hongo 2009).

During engagements, both provider and pivotal countries may have to be more willing and open to each other on issues of legitimacy, visibility and on leveraging credit out of such engagements, which eventually may provide sustainability to the relationship. The strength would of course come from their previous engagements so that TrC is more path-dependent in terms of its outcome. As discussed before, it should be in the areas of respective strengths of the countries. Point of collaboration should be the one when maximum complementarities are accomplished. There is no clear evidence on scope and implications for scaling up of TrC. With this issues related to possible choices between fragmented and small projects vis-a-vis. systematic and larger projects come up. Probably considering scaling-up, which though makes sense from policy perspective, may not be the best way to do it because in any case TrC emanates from strategic vision of both provider and the pivotal countries, which is highly context specific and can be generalised only with the risk of compromising the efficacy of the project. However, in some sectors, such as urban management, scaling-up may

in fact enhance efficacy. The idea that TrC involves huge negotiation costs and thereby higher transaction costs (in some context along with bargaining cost) could not be substantiated. Moreover, these costs may be managed with communications at all stages of engagement and with due designation of national agencies particularly by the LICs. The TrC comes in more from willingness of all the three stakeholders. In most of the cases, it is a natural extension of the on-going bilateral programmes.

As it has emerged, most of the TrC cases are in the area of knowledge exchange and capacity creation across partner economies. As the Rio+20 outcome document also emphasised on the need for enhanced capacity building for sustainable development through strengthening technical and scientific cooperation including North-South, South-South and triangular cooperation. Similar emphasis for expanding social protection floors within LICs has come from the report of the G-20 Development group. Although this is an essential initial investment, how LICs utilise this knowledge and capacity for economic development and societal growth is an important issue. The LICs so far have been a passive partner of the possible linkages between them; however, with growing role of provider and pivotal countries, the LICs should also come forward in suggesting as to how best a possible matchmaking may facilitate in accomplishing specific policy goals. In one of the interviews with a partner economy official, the feeling of 'training fatigue' was revealed. It came out that several of their officials are on various different training programmes throughout a year, but have very limited opportunities to place that



knowledge to work in their own system. This calls for much more substantive role for LICs in the process so that enrichment efforts have relevance for goals and aspirations of LICs.

## Endnotes

- <sup>1</sup> See: UNESCO. (1988).
- <sup>2</sup> The consultations of this nature continued across the developing world, 1988 in Latin America, 1990 in Africa and 1992 in Asia. In 2002, the EF became part of InWEnt (Internationale Weiterbildung und Entwicklung gGmbH), created through the merger of the DSE and the Carl Duisberg Gesellschaft (CDG). The EF has been a unit at the GIZ since 2011.
- <sup>3</sup> See for details Chaturvedi (2012).
- <sup>4</sup> For instance, Freres (2011) notes of NATO countries engaging with developing countries in Soviet bloc or TrC between Slovakia and Canada in Slovak priority countries.
- <sup>5</sup> Personal communication with Ulrich Wehnert.
- <sup>6</sup> See para 260, 277 and 280 of this document.
- <sup>7</sup> Personal Communication with Mr. Fábio Moreira Carbonell Farias, First Secretary, 24 May 2012.

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## INDIA-ARGENTINA BOOST COOPERATION WITH TEN MEMORANDUMS OF UNDERSTANDINGS

Celebrating 70 years of diplomatic relations, India and Argentina boost ties with ten Memorandums of Understandings (MoUs) in Agriculture, Antarctic Cooperation, and Space Research etc. The two nations have been working together to enhance and diversify trade relations, facilitate greater market access and fully exploit their economic complementariness.

During his State Visit to India, President of Argentina H.E. Mr. Mauricio Macri expressed satisfaction over the successful conclusion of the India-Argentina Joint Commission Meeting, held in New Delhi on 14 January 2019. This was the fifth Joint Commission Meeting aimed to establish strong and multifaceted relations between India and Argentina.

As the host of the Second High-Level United Nations Conference on South-South Cooperation (BAPA+40), the President Macri highlighted the importance of the Conference and expressed hope that both India and Argentina can join efforts in the negotiation process to reach a consensus in the outcome that reflect South-South Cooperation Opportunities in light of Agenda 2030.

Source: Ministry of External Affairs. (2019). India-Argentina Joint Statement during State Visit of President of Argentina to India (February 17-19, 2019). MEA, Government of India.

## NAMIBIA-IRAN WORK TOWARDS ESTABLISHING SOUTH-SOUTH PARTNERSHIPS

The Republic of Namibia and the Islamic Republic of Iran share similar aspirations for South-South and Triangular Cooperation towards the development of their countries. Namibia and Iran seek to strengthen bilateral relations through skill transfer, improvement of socio-economic development, and sustainable development to improve higher quality of life for their citizens.

At the 40th Anniversary of the Islamic Revolution at the Iranian Embassy in Namibia, the two sides noted that bilateral relations between the two countries have grown from “strength to strength” and the role of South-South Cooperation to minimise the differences as the countries move together to realise a vision of development.

Both Namibia and Iran are members of the Non-Aligned Movement.

Source: New Era Live. (2019). Namibia, Iran striving for South-South co-op. New Era Live. February 18. Retrieved from: <https://neweralive.na/posts/namibia-iran-striving-for-south-south-co-op>

## South-South Cooperation and the 2030 Agenda: BAPA+40 and beyond



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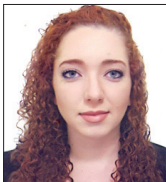
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South-South Cooperation (SSC) history is knotted with the anti-colonial movements. Its emergence dates from the Bandung Conference, and some of its tenets, like respect for national sovereignty (and its corollaries –, i.e. equality, non-intervention, and non-interference), are intertwined with the guiding principles of foreign policies. The so-called BAPA – *Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries*<sup>1</sup>– advanced specific principles for SSC, such as self-reliance and collective self-reliance, and actions to be taken for strengthening the technical cooperation among Southern partners. Furthermore, BAPA proposed a set of instruments to enable technical cooperation among developing countries: knowledge sharing, technology transfer, and capacity building.

Three years after BAPA, the outcome document from the High-Level United Nations Conference on South-South Cooperation, held

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**The 2030 Agenda, and particularly its Goal 17, must observe the different responsibilities and commitments of developed and developing countries both in terms of targets and indicators.**

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in Nairobi, Kenya, updated SSC principles and guidelines. The Nairobi outcome document retrieved the principles of equality and mutual interests established in Bandung and presented them as horizontality and mutual benefits, respectively. In addition, the document brought ownership, alignment to national development priorities and multi-stakeholder partnerships (under the Paris Agenda influence) to the SSC agenda.

Along the bumpy road from Buenos Aires to Nairobi, SSC was consolidated as a modality, complementary to traditional North-South donor-ship, following the general principle of Common but Differentiated Responsibilities (CBDR), as was established at the United Nations Conference on Environment and Development (UNCED). The emergence of Southern countries either as major powers, like China and India or as middle powers like Brazil, Turkey, South Africa, Mexico, and Indonesia, among others, shed new light on SSC. The growing relevance of SSC impacted on the development cooperation field as a whole (Gomes & Esteves 2018; Bracho 2015; Besharati & Esteves 2015). While many DAC Donors started to adopt South-South Cooperation Partners' (SSCP) principles and practices, the "burden sharing" narrative increasingly contested the CBDR principle (Bracho 2017).

In 2015, SSCP landed in New York for the UN Sustainable Development Summit to reinforce the commitment to

the principles described above and with a set of goals which included the promotion of collective self-reliance, national well-being and the implementation of a set of internationally agreed goals. Nevertheless, while re-asserting the CBDR principle, the outcome document, the 2030 Agenda, also declared its universality and adopted an innovative approach for its implementation - Leaving No One Behind (LNOB). The 2030 Agenda presents a challenge and an opportunity to re-enact SSC principles and reflect upon SSCP's practices. This paper studies how SSC can adapt itself to a landscape, where a growing asymmetry among Southern countries is a striking feature, and adopt the LNOB approach to contribute to the 2030 Agenda implementation.

### **SSC and the 2030 Agenda: Bringing Differentiation Back in**

The 2030 agenda takes SSC as one of the many means of implementation.<sup>2</sup> Nevertheless, when considering its goals, targets, and indicators, SSC has an equivocal role. Firstly, the Goal 17 of SDGs melts SSC with other development flows conspicuously overlooking SSC features. Secondly, it ignores the differentiation between ODA donors and SSCP's responsibilities. Finally, SSC contribution is contemplated exclusively through financial criteria.

All things considered, the SDG 17 adopted a narrow understanding of universality embedded within the TOSS-D approach (OECD 2017). Indeed, the SDG 17 assumes that all countries, except for LDCs, regardless of their position within the international system or their developmental path, should equally contribute to the 2030 Agenda implementation. This approach (TOSS-D



approach) assumes a burden sharing perspective, ignoring the CBDR principle.

The so-called Global South has never been a homogeneous entity. Moreover, during the last twenty years, the inequality within the South has become a significant trend; while some developing countries are rising as major powers, others are affected by intractable conflicts and institutional frailty. Nevertheless, the growing inequality within the South and the affluence of many developing countries should neither ignore structural inequalities nor erase historical debts.

The 2030 Agenda, and particularly its Goal 17, must observe the different responsibilities and commitments of developed and developing countries both in terms of targets and indicators. *SSC contribution to the 2030 agenda implementation must, then, take into account and update the principle of differentiation.* Considering how the international system has changed since the CBDR principle inception, SSCP should re-enact differentiation reflecting the complexity and diversity of the developing world. *While ODA donors must, at last, comply with their own 0.7 per cent contribution for international development, SSCP must embrace the concentric differentiation approach<sup>3</sup> and commit themselves with voluntary contributions to the 2030 Agenda implementation.*

### **SSC and the 2030 Agenda: Adopting and Adapting the LNOB Approach**

The 2030 Agenda presented an innovative approach, which assumes a people-centered logic of differentiation – Leaving No One Behind (LNOB). Indeed, the LNOB approach goes beyond inequalities among States, tackling deprivation and social

exclusion in its multiple forms: extreme poverty and intersecting inequalities among individuals (vertical) and social groups (horizontal), e.g. gender, race, disability, age.<sup>4</sup> Furthermore, while addressing distribution, LNOB challenges conventional trickle-down economics and growth-based development wisdom.

LNOB has the potential to surge SSC impacts. Nevertheless, there are many conceptual hindrances on the way of an LNOB-oriented SSC. As discussed above, ‘the South’ is not a homogeneous entity particularly with regards to development needs. SSC still lacks a set of stable and shared concepts that would help to address national heterogeneity and social complexity (Bracho 2018). Besides, in many cases, SSCP adopts a growth-based development model which may increase inequalities instead of tackling their root causes. SSC needs to update its vocabulary, and conceptual toolkit and the LNOB approach could be an outstanding starting point. *To rethink SSCP actual contribution with particular regard towards poverty eradication, income distribution and intersecting inequalities reduction through low-cost initiatives is a must.* Those projects are the ones with a higher positive impact for the most deprived and vulnerable, as economic growth and big infrastructure investments are not necessarily compatible with increasing living standards of vulnerable populations. *The LNOB approach allows redirecting focus and efforts to improve the conditions of people living at risk and under the poverty line; to help other countries increase minimum living standards and close their inequality gaps.*

Adopting and adapting the LNOB approach to SSC is not an easy task. LNOB brings SSC main tenets to the fore and

### Recommendations: LNOB-Oriented SSC

SSC Principles	LNOB-Oriented SSC Practices
Respect for National Sovereignty	Aligning development cooperation projects, national development plans and analysis of the potential impacts upon those left behind.
No-Conditionality	The no-conditionality principle has been appraised as a way to increase voluntary commitments. This position should be balanced with the need to define socio-environmental standards to protect global public goods. Besides, no-conditionality must consider the 'do no harm' principle and the need for mitigating and compensating adverse impacts upon individuals and social groups.
Self-Reliance	The LNOB approach creates the possibility of a people-centered understanding of self-reliance. The approach allows SSCP to re-design development cooperation projects identifying as target groups those left behind. An LNOB approach to self-reliance must support sustainable policy frameworks to enhance capacities among those further behind.
Horizontality	SSCP's horizontal practices are a germane contribution to making the LNOB approach effective. Horizontality prevents a hierarchical misuse of the LNOB approach. Nevertheless, while asserting an LNOB oriented horizontality, SSCP must include targeted groups as active participants in the process of project design, implementation and assessment. <sup>6</sup>
Multi-Stakeholder Partnerships	Multi-Stakeholder partnerships are a key element to commit different social sectors to the inclusive development agenda. The principle can help encourage the private sector, academia and civil society participation throughout the whole project cycle. LNOB can be an opportunity to find new and innovative ways to engage different stakeholders in development cooperation, along with traditional and emerging partners.
Mutual Benefits	The mutual-benefit principle helps countries increase their access to development solutions. Through this SSC principle, partners can provide equal conditions to create, share and transfer experiences and knowledge that help improve social and economic development for both sides. An LNOB oriented mutual benefit may generate and reinforce transnational policy networks strengthening capacities across national borders.

requires an exercise of self-reflection and active dialogue among SSCP. Indeed, there are at least six of the principles mentioned above that would require a more in-depth consideration from SSCP.<sup>5</sup> The starting point is, evidently, the problematic reconciliation between the principle of respect for national sovereignty, and its corollaries, non-intervention and non-interference, and the LNOB approach. LNOB requires a contextual assessment in which levels of deprivation and inequality gaps are identified and targeted, which not necessarily coincide with the partner's development plans and priorities. Once the non-interference principle gives priority to partner's needs and preferences, *an LNOB oriented SSC project must entail a dialogue among SSCP to align development cooperation projects, national development plans and an analysis of the potential impacts upon those left behind.* From this starting point, SSCP should translate their principles into a set of practices which, from one side would prevent deepening inequalities and from the other would help promote inclusive development processes. As a set of recommendations, the table below presents practices for making SSC contribute to LNOB.

## Endnotes

- <sup>1</sup> United Nations. The Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (TCDC), 1978. See: <http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/Buenos%20Aires%20Plan%20of%20Action.pdf>.
- <sup>2</sup> SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development. Retrieved from: <https://sustainabledevelopment.un.org/sdg17>.

- <sup>3</sup> Speech by H.E. Minister Izabella Teixeira at the Lima Climate Change Convention (COP 20/CMP 10). December 10<sup>th</sup>, 2014. Retrieved from: <http://simat.mma.gov.br/acomweb/Media/Documentos/042c8320-5f65-4006-a.pdf>.; and Final Communiqué of Conference Co-Hosts. Berlin T20 Conference. 30 May 2016. Retrieved from: [https://www.die-gdi.de/uploads/tx\\_veranstaltung/20160512\\_T20\\_Communique\\_Berlin\\_02.pdf](https://www.die-gdi.de/uploads/tx_veranstaltung/20160512_T20_Communique_Berlin_02.pdf).
- <sup>4</sup> On the LNOB approach, see: Stuart, E & Samman, E. (2017). Defining "Leaving No One Behind". London: ODI.
- <sup>5</sup> Those principles were previously suggested by Citlali Martinez Ayala. 'Finding the convergence points between LNOB and SSC BAPA'. Instituto Mora/NeST Mexico. Presentation delivered at the "Dialogues on International Development Cooperation - 2018", at the BRICS Policy Center, Rio de Janeiro, Brasil. 21 September 2018; Also, see: Esteves, P. et al. (2018).
- <sup>6</sup> LNOB-guided horizontality may also reinforce TrC partnerships, generating a process where developed and developing partners work together with deprived groups in finding sustainable development solutions.

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## UNOSSC AND COMMONWEALTH COUNTRIES LAUNCH INITIATIVE FOR SOUTHERN SOLIDARITY

A “Southern Solidarity for Sustainable Peace and Development in Small State” initiative was jointly launched by the Commonwealth Secretariat and United Nations Office for South-South Cooperation (UNOSSC). The aim of the project is to document existing good practices, gather demands and provide seed-capital for South-South exchanges to establish durable peace based on inclusive development.

The initiative aims to bridge the knowledge gaps and ensure cross-country sharing of knowledge, fostering innovation and partnerships to address transnational challenges such as organised crime, climate change, terrorism and human displacement. The initiative highlights the peace-climate change-development-security nexus, wherein in to achieve sustainable peace and development it is essential to tackle root challenges of conflict and insecurity. Further lack of inclusive development has resulted in ethnic and religious tensions that fuel radicalisation and discrimination.

The small state brought forward the need to integrate the Small Island Developing States Accelerated Modalities of Action (SAMOA Pathway) framework into the strategy. The Samoa pathway articulates sustainable development for Small Island Developing States (SIDS), giving priority to climate change, sustainable energy, disaster risk reduction, sustainable tourism, poverty reduction etc.

Various policy spaces including the Second High-Level United Nations Conference on South-South Cooperation (BAPA+40) as critical for sharing of knowledge, fostering collaborative efforts and ensuring positive change.

Source: UNOSSC. (2019). Joint UNOSSC-Commonwealth Initiative for Peace and Development in Small States Launched at UNOSSC. United Nations Office for South-South Cooperation. January 25.

# Change of Wind or Wind of Change? Latin America, South-South Cooperation and the Future of Development Cooperation on the Eve of BAPA+40



Bernabé Malacalza\*

The conception of development and the role of countries have moved far ahead of the times when the idea of a traditional ‘one-size-fits all’ solution applied across the board to all problems of developing countries, and was mooted for country-specific arrangements.”

## Introduction

When discussing inter-linkages between South-South Cooperation (SSC) and sustainable development, there is a need to look beyond traditional patterns of international aid paradigms. The contribution of SSC towards the achievement of the Sustainable Development Goals and Agenda 2030 Agenda would be discussed during the Second United Nations (UN) High-Level Conference on South-South Cooperation (BAPA+40), at Buenos Aires in March 2019. This may involve the a dialogue on the issues of development and international cooperation, such as comparing advantages of SSC and sharing experiences; analysing challenges and strengthening of SSC and Triangular Cooperation; and scaling up implementation of 2030 Agenda to support SSC. BAPA+40 presents an opportunity to influence the international system of development cooperation, which would depend on building a consensus about footprints of SSC and its own principles, values, norms, institutions and procedures for more horizontal, inclusive and solidarity-based practices.

This opportunity would depend on many aspects that have been raised during the Development Cooperation Forum (DCF), Argentina High-level Symposium (Buenos Aires, 6-8 September 2017), the Ibero-American General Secretary (SEGIB) International Seminar “Towards the construction of an inclusive system of international cooperation for sustainable

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*development*" (Lisbon, 15-16 April 2018), the Delhi Process IV Conference on South-South and Triangular Cooperation (Delhi, 13-14 August 2018), and the UNOSSC GSSD Expo 2018 (New York, 28-30 November 2018). This paper would, bring forward four key aspects that have not been discussed at length – or not at all. These issues should be taken into consideration to shape the future international system of development cooperation.

### **The Traditional Aid System is Under Pressure**

The traditional aid system or North-South paradigm is outdated. Since 1970s, per capita income was the dominant economic measurement criterion and the standard used by the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) donors to delineate their aid policies and allocations. Aid effectiveness, which focused on Official Development Aid (ODA), low-income countries (LICs) and Least Developed Countries (LDCs), found its most ambitious expression in the Paris (2005) and Accra (2008) agreements. The Millennium Agenda also accelerated the ODA allocation trend towards fighting poverty in the poorest countries. The close link between aid and the poorest countries has transformed the geography of aid. The DAC donors have been very much concentrated in LICs and LDCs; located mainly in Africa. Geostrategic goals and the fight against terrorism have also shaped donors' decisions on aid. Both tendencies have created a sense of marginalisation in Middle Income Countries (MICs), where 73 per cent of world population lives and accounts for 1/3rd of world GDP (United Nations 2017). The exclusionary rationale

of traditional aid system has principally affected Latin America; home to the largest number of MICs in the world.

Another major problem area requiring urgent discussion is the one arisen as a result of the graduation from ODA that has affected developing countries as aid recipients. In Latin America, more and more countries are being graduated and excluded from the DAC list of ODA recipients. Since 1990s, 17 countries and territories have transitioned from middle to high per capita income level, and have graduated from ODA. Chile and Uruguay's graduation in 2017 are two examples of this trend. The projected number for 2030 is approximately the graduation of 70 per cent of the region. It should be noted that graduation means a distorted perception of development. Its basic premise is that there exists a unique, sequential and lineal path of development ending in high income. In contrast, DAC's rules are an extreme version of this biased conception. Thus, graduation from the international aid system implies a non-return leap in the dark.

Nonetheless, the emergence of SSC, along with the changing perceptions and interpretations of Southern providers about economic development and international cooperation, has generated new debate on diverse, multifaceted approaches to development cooperation. Yet Latin American MICs actively engaged in SSC initiatives and programmes reflect a lack of comfort with the prevalent DAC narrative and metric. The recent history of SSC has shown very clearly that Southern countries have consistently pursued a development cooperation paradigm based on the principles of horizontality, inclusiveness, partnership, solidarity, and mutual benefit.

## Changing Landscape of Development Cooperation

The last two decades have observed a phenomenal transformation in the scope and modalities of development cooperation. The term “beyond aid” expresses the processes of expansion and diversification of the development cooperation landscape. Refundable-financial cooperation, non-concessional loans and export credits provided by official development and Exim banks, as well as private funds, remittances, and sovereign bonds, are the main sources of development finance, while ODA is of lesser importance. As a result, there are more options for finance, but less for aid.

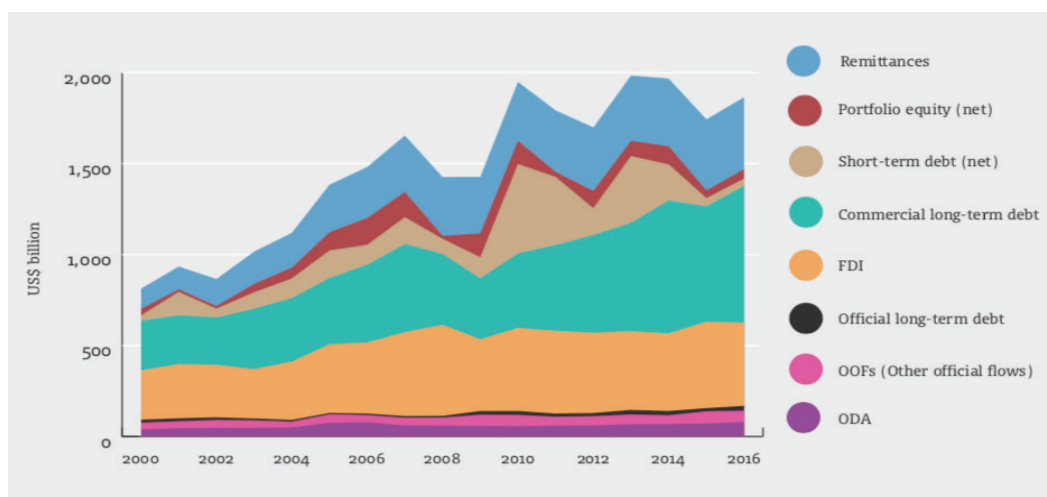
According to Janus et al (2015), we need to distinguish four dimensions of “beyond aid” – proliferation of actors, diversification of development finance, regulation and knowledge – where aid loses relevance relative to other fields of international cooperation. Creating links

to these ‘beyond aid’ dimensions is at the core of the transformation of development cooperation. Aid is still relevant for LDCs and LICs, in which aid dependency ratios are very high, while development finance is the major source for MICs (Figure 1).

Figure 1: Composition of financial resources for developing countries, excluding the groups of LDCs, 2000-2016

This phenomenon of diversification of development finance in Latin America has produced an expansion of loans and export credits provided by a broad network of official and multilateral development banks and multi-donors funds for addressing infrastructure gaps. Banks such as Banco Centroamericano de Integración Económica (BICE), Corporación Andina de Fomento (CAF), Inter-American Development Bank (IADB), Asian Infrastructure Investment Bank (AIIB), BRICS New Development Bank (NDB), African Development Bank (AfDB), Islamic Development Bank (IDB),

**Figure 1: Composition of financial resources for developing countries, excluding the groups of LDCs, 2000-2016**



Source: UNMPTFO & Dag Hammarskjöld Foundation (2017).

China Development Bank (CDB), China Exim Bank (CHEXIM) and India Exim Bank, among others, are expanding their portfolios and presence in Latin America.

China has created regional funds such as the Special Loan Programme for China-Latin America Infrastructure Project, China-Latin American Cooperation Fund, China-Latin American Production Capacity Cooperation Investment Fund and China-Caribbean Infrastructure Special Loans. With the total size of USD 30 billion (10 billion in the first phase), the fund is jointly funded by China's State Administration of Foreign Exchange and CDB (CDBC) to support China-Latin America cooperation in production capacity and equipment manufacturing with investment made primarily in manufacturing, high technology, agriculture, energy and minerals, infrastructure, and financial cooperation in Latin America. In parallel, United States has launched their International Development Finance Corporation (USIDFC) for supporting their companies abroad.

The conception of development and the role of countries have moved far ahead of times when the idea of a traditional 'one-size-fits all' solution applied across the board to all problems of developing countries, and was mooted for country-specific arrangements. Development cooperation partnerships should offer opportunities for economic growth and prosperity, human capacity-building and strengthening of institutions, facilities for trade and investments, grants, sharing of knowledge and technology, and support to regional coordination of policies. Among these new trends in development cooperation is the development compact (Chaturvedi, 2016) (See Chart 1).

In the mid-2000s, Latin American countries faced a daunting challenge of ODA decreasing in the region. As the result of the global financial crisis and focus on the LDCs and LICs, Latin American MICs countries received a relatively small amount of aid from DAC donors. Latin American countries, however, were able to withstand this trend because of increasingly effective versatile SSC between the countries in the region. Like other SSC providers, Latin American providers emphasises horizontal nature of development cooperation and bidirectional nature of development flows.

In short, the challenges of development cooperation in the 21st century have become more complex. Aid is no longer used only to address income poverty but to a large variety of development challenges, including climate change, inequality and insecurity. Many of these challenges need to be addressed outside the traditional development cooperation sphere. Latin American countries are particularly in need of this funding to address existing structural gaps, inequalities and vulnerabilities at the national level.

### **Latin America's Significant Contributions to Global Development Thinking**

Latin American contributions to development theory have left an indelible mark on the field of development studies. Structuralism theorists, particularly those associated with Raúl Prebisch and the Economic Commission for Latin America and the Caribbean (ECLAC), made a major contribution to the theory and practice of development, which is a conceptualisation rooted in what we might



**Chart 1: Modalities in development cooperation partnerships**

Capacity- building	Trade and Investment facilities	Development finance	Grants	Knowledge and Technology	Regional Coordination of Policies
<ul style="list-style-type: none"> <li>• Training programme in host country</li> <li>• Sending experts to partner countries</li> <li>• Scholarships</li> <li>• Third country training programmes</li> <li>• Deploying volunteers</li> <li>• Conducting feasibility studies</li> <li>• Prototype production and training centre</li> </ul>	<ul style="list-style-type: none"> <li>• Duty Free Trade Preference</li> <li>• Trade permits</li> <li>• Infrastructure improvement for trade facilitation</li> <li>• Trade promotion and trade support services</li> <li>• Providing business facilitation services</li> <li>• Assistance for improving regulatory capacity</li> <li>• Providing investment funds</li> <li>• Developing Intra-Regional supply chains</li> <li>• Regional and sub-regional trade agreements</li> <li>• Providing freely convertible currency for trade</li> <li>• Tax preference for FDI</li> </ul>	<ul style="list-style-type: none"> <li>• Concessional Loans on interest with or without capacity-building component</li> <li>• Commercial Rate of interest for different time periods</li> </ul>	<ul style="list-style-type: none"> <li>• Debt Forgiveness</li> <li>• Grant in Kind</li> </ul>	<ul style="list-style-type: none"> <li>• Technical Cooperation</li> <li>• Joint scientific and academic research</li> <li>• Turn-key Projects</li> <li>• Technology Transfer with or without component of capacity- building</li> <li>• Subsidising licensing or exemption from IPR arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Support to dialogue and regional coordination of policies</li> <li>• Support to normative frameworks for regional coordination of policies</li> </ul>

Source: Author's own elaboration based on Chaturvedi (2016).

term development as structural change. This contribution took the form of an analysis of the development dynamics of the structure of the international economic relations.

What policies and factors make it possible for some countries to attain sustained, inclusive and sustainable development? To answer this question, the structuralist approach starts from the observation that throughout history, modern economies have moved successively from subsistence agriculture to light industry, then to heavy industry, high-tech industry, and eventually to post-industrialisation phase. This evolution proves the basis for an understanding of economic development as:

- a process of continuous technological innovation leading to improved quality and/or lower production costs of the same goods;
- a dynamic process of industrial upgrading and structural change with new and different goods and services produced continuously (Lin 2009).

After three decades, economists at ECLAC, armed with a socio-centric and neo-structuralist conception of national development based on the agency of the state with international cooperation, conceptualised a new model alternatively as ‘new developmentalism’ or ‘inclusive development’. This “beyond neoliberalism” approach highlights the importance of processes and reforms aimed at increasing social cohesion, by fighting poverty, inequality and social exclusion.

The approval of 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) represent a multilateral consensus

about the economic, distributive and environmental imbalances built-up under the prevailing development pattern. The document, *Horizons 2030: Equality at the centre of sustainable development*, presented by ECLAC to its member-states, provides an analytical complement to the 2030 Agenda from a structuralist perspective and from the point of view of the Latin American countries (ECLAC 2016). Underscoring the need to change consumption patterns and lifestyles in developed countries and to reform the international economic, trade and financial system, the new approach recognises the need to achieve progressive structural change in order to incorporate more knowledge into production, ensure social inclusion and combat the negative impacts of climate change (Chart 2).

According to this approach, there is no single pathway to development, but all pathways take on changing and idiosyncratic features. As Porta et al (2019) pointed out, development paths exist under general conditions of production, competitiveness, and consumption in the world economy, but they are crossed with particular and prevailing circumstances of technological and socio-productive structures, institutions, and economic, social and political practices at the national levels. Thus, development goals are moving targets, whereas technological and productive goals are uncertain and constantly moving frontiers, depending on the changing forms of social demands. This is a complex and controversial issue in line with the expansion and diversification of welfare conceptions in the 21st century.

From a Latin American perspective, the 2030 Agenda should be considered as a point of departure rather than of

arrival (Sanahuja 2016). Latin American contributions to SDGs could produce a kind of two-way interaction. On one hand, Latin American countries are highly exposed to global environmental risks, forced migration movements, and natural disasters. Thus, the fight against climate change in the region would require the provision of global public goods by the international community. On the other hand, Latin American countries could be an important partner in the multilateral sphere; as the region is the depository of some of the most important environmental goods in the world, such as biological and genetic resources, aquifers, reserves of waters and forest mass.

## The Latin American Footprint of SSC: A Primary Reference on the Eve of BAPA+40

As the world is getting set for celebrating the Second High-level UN Conference on South-South Cooperation in Buenos Aires, Southern countries are looking forward for greater inclusiveness, solidarity and horizontality in the international system of development cooperation.

It should be noted that the idea of systemic change in development cooperation evolved during Raúl Prebisch’s leadership in the United Nations Conference on Trade and Development (UNCTAD), when the idea of improving terms of trade and its articulation in

**Chart 2: Dimensions of sustainable development from a Structuralist perspective**

<u>International insertion:</u>
Reduction of external vulnerabilities. Propagation of technological progress. Regional and Global Value Chains.
<u>Technological change</u>
Technological innovation and productivity. Industrialisation. Scientific and technological research and development. Digital economy
<u>Equality</u>
Income distribution and Employment. Horizontal and Vertical Inequalities. Gender equality.
<u>Economic integration</u>
Development cooperation. Regional economies. Small and Medium Enterprises. Regional Integration
<u>State and public policies</u>
Synergies between private and public sectors. State as the rationalising agent of development
<u>Environmental sustainability</u>
Change of the production, consumption and energy patterns towards a more sustainable model. Fight against climate change.

Source: Author’s own elaboration based on Sztulwark (2005).

the New International Economic Order (NIEO) began to strengthen. This was the genesis of the Economic Cooperation among Developing Countries (ECDC) and Technical Cooperation among Developing Countries (TCDC) that followed the adoption of Buenos Aires Plan of Action in 1978.

After the approval of the Millennium Agenda and particularly since the First Intergovernmental UN Conference on international cooperation with middle income countries (MICs) in 2007, Southern countries have agreed on the need to avoid exclusionary rationale of the traditional-aid system and to support MICs in their own development paths and SSC initiatives. They have also emphasised that SSC is a complement to and cannot be a substitute for ODA. It is in that context that Latin American countries have highlighted structural economic and financial vulnerabilities and fragilities that require mobilisation of financial resources beyond extreme poverty reduction.

The expansion of SSC, the “beyond aid” process of diversification of development cooperation and the approval of the 2030 Agenda in 2015 have provided the required impetus to discuss the role of Latin American countries as leavers for change in the international system of development cooperation. The countries have recognised the need to mobilise adequate resources from all sources, including aid, private funds and those from multilateral and national development banks. The new global narrative on multidimensional development (economic, social and environmental) is an opportunity for enhancing SSC and triangular cooperation for addressing global, regional and national development challenges.

A future international system of development cooperation should take development issues of inequality and sustainability in MICs as well as international principles associated with SSC. In such change, there will be an important place for principles of mutual benefit, partnership, horizontality, inclusiveness, national ownership, equality, non-conditionality, and non-interference in domestic affairs. These principles are the cornerstones for SSC. The BAPA+40 as well as the work after 2019, will be a great opportunity for presenting the SSC footprints in the international system. A real challenge for a future system is how to encourage horizontality, inclusiveness and solidarity as seeds for international practices in North-South and SSC.

The Latin American footprint in SSC is normative, conceptual, institutional and practical. Among the main contributions are defence of multilateralism and institutional dialogue within the United Nations system, active promotion of sustainable development through SSC and triangular cooperation, a history of provision of regional and global public goods, and support to regional integration and bi-regional dialogues.

Over the past two decades, Latin American countries have implemented many initiatives for capturing SSC principles and practices. In 2008, the XVIII Ibero-American Conference created the Ibero-American Programme to Strengthen South-South Cooperation (PIFCSS) to further promote and inform SSC. The Ibero-American General Secretary (SEGIB) contributed through its Annual Reports on SSC to the development of a robust and alternative methodology

to the ODA standard, and suggested a new approach to systematically track development cooperation. The total of 19 Latin American countries in SEGIB designed an information system to fit in the principles and practices of Latin American cooperation (Sinha et al. 2014).

Latin American countries also play an important role in the present scenario, basically as relevant stakeholders to leverage the expertise and other resources of multi-stakeholder partnerships towards the attainment of the 2030 Agenda for Sustainable Development. Owing to diverging development paths and different concerns, Latin America is no longer monolithic and has nuanced views diversified even over development issues. However, there are strong reasons to have a common ground to strengthen SSC and global partnerships (SDG 17) towards multidimensional development (economic, social and environmental) beyond the changing circumstances.

Skorpions' 'Wind of change' song celebrated glasnost in the Soviet Union, the end of the Cold War, and spoke of hope at a time when tense conditions had arisen due to the fall of Eastern Bloc nations at the beginning of 1989. Today, the landscape of development cooperation is changing, and it can be said that there is a change of wind. BAPA+40 should be an occasion for building consensus about the principles, values and procedures for more horizontal, inclusive and solidarity practices in the international system of development cooperation in a changing world. Only in this way we will be witnessing a genuine wind of change.

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# Contemporary Relevance of Dependency Theories



*Pratyush Sharma\**

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It can be confidently stated that the North-South divide in the world has not vanished but is showcasing the schism in a different manner and modality as compared to with the past.

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## Introduction

Emergence of Southern countries, especially China, and other economies of the South along with declining economies and power of North have been dubbed as a multipolar and a Multiplex world with rise of regional powers (Acharya 2014). Others have defined “Rising powers as those states that have established themselves as veto-players in the international system but have still not acquired agenda-setting power”. Academics have further explained the concept of ‘veto-players’ which necessarily does not mean the formal veto power of the United Nation’s Security Council, but rising powers’ consent being a pre-requisite for any change in the status quo of the world (Narlikar 2013). It needs to be noted that the South was active earlier in terms of formulating policies to assist other Southern countries and keep the fight (struggle) on with North at the global level in order to achieve economic growth and bring prosperity to its peoples.

To understand the emergence of the South, it is imperative to revisit the Dependency theories which have defined the struggle of global South and their incremental victories vis-à-vis the global North with regards to developmental issues. The term “theories” is being collectively used in this piece, to synthesise the main aspects of three theories of development: Modernisation; Dependency; and World System and their relevance in the present neo-liberal world order. These theories, as we will see subsequently, are different from each other and each theory has provided fresh elements to the idea of development and have furthered the debate. However, the basic premise of

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all these theories have been with respect to viewing the world in a binary state. Modernisation theory thought of society as modern or pre-modern and industrial or pre-industrial; Dependency theorists observed the world as developed and under-developed; and World System theory described the countries as core and periphery in terms of factors of production (Mamdani 2018).

Analysing the economic development of the North and continued non-development of most Southern countries through Dependency theories is an interesting historical journey which is highly political in nature. It has its origins in policy-oriented intellectuals of Southern countries who were frustrated with their country's inability to catch up with rich nations of North. Proponents of Dependency theories got support from political leaders of newly independent countries of Asia and Africa after the end of World War II. These issues were taken up by these leaders both, at the regional level in form of various groupings like Non-Aligned Movement (NAM) and G-77, and at global level in United Nations through various resolutions like New International Economic Order (NIEO) in 1974, UN Conference on Technical Cooperation among Developing Countries (TCDC) in 1978 and Declaration on Right to Development in 1986. Revisiting these Dependency theories with discussions on their relevance on the fortieth anniversary of TCDC or Second High-Level United Nations Conference on South-South Cooperation, informally being referred to as Buenos Aires Plan of Action+40 (BAPA+40) is essential to situate the debate on global development and possible way forward for countries of the global South.

## Modernisation Theory

The origin of the dependency theory and world-system theory came about through the rebuttal of Modernisation theory that had prevailed in 1950s and 1960s. This theory explained that sovereign countries traverse similar stages of development on their way to culminate with a mature and industrial society (Rostow 1960). Thus, according to this theory, present day developed countries were once backward, hence underdeveloped societies in the 1950s and 1960s, would follow similar paths of development as was followed by developed countries of today, their transition would be hastened through close contact with already developed societies and through infusion of technology, aid, and the diffusion of Northern values of entrepreneurship and individual enterprise (Kiely 2017).

The uniform evolutionary Modernisation theory of development can be summarised through the help of Table 1. As per this theory, all the societies have to reach the stage of modernisation by moving through the developmental stages of A to B, B to C and so on. However, it must be kept in mind that the society going through a developmental stage A at time 4 is different from a society that has undergone through stage A at time 2, though both the societies are/were in the traditional developmental state; although, the similarities between A2 (as experienced by society I) and A3 (as experienced by society II) are more important than the differences caused by their experiencing stage A at different times. The time periods in Modernisation theory is not uniform and a particular society may require more or less time in advancing to the next stage when compared with the different society. Contemporary societies

are likely to move quickly from one stage to the next than, say, England did in the past; and some societies, by purposefully accelerating the process, may advance more quickly than normal (Chirot & Hall 1982). Infusion of science and technology, aid and relevant institutional mechanism in the developmental process of a society quickens the pace of shift.

Rostow in 1960 postulated the stages as: traditional economies, (A) the transition on take-off (the adoption of scientific methods of technology), (B) the take-off (rapid capital accumulation and early industrialisation), (C) the drive to maturity (high industrialisation in which the standard of living of the masses remains low), and (D) the stage of high consumption. Many social scientists are predicting a sixth stage (E), “post-industrial” society. (Bell, 1973)

### World-System Theory

Such simplistic developmental projection of the Modernisation theory was countered by the world-system theory. The world-system theory claimed that the existence of strong manufacturing powers with the ability to extend their markets and their political strength throughout the world hampers the evolution of feebler

societies. The “Imperialism”, as ideated by Lenin, associated with many of the western European countries was implicit in such a world order where exploitation of the peripheral areas was an important dimension of capitalist development. England did go through the evolutionary stages of A2, A3 and so on, but Poland, for example, went through entirely different stages once it became a periphery of the north-western European market for grain exportation. Instead of going through stages A, B and C, it turned into something England had never been – a dependency of the capitalist world-system. Such dependency was more pronounced for the countries of Latin America, Asia and later Africa. None of these societies remained traditional, but all were forced into different paths of development by Western powers. The present developing and under developed parts of the world have majorly contributed for the development of Western nations leading them to become industrialised. They proceeded with the aid of the surplus it extorted from the societies it exploited (Chirot & Hall 1982).

Immanuel Wallerstein brought world-system theory (including the name itself) in limelight in the 1970s. The fundamental

**Table 1: Societies I-V, seen at times 1-6, in developmental stages A-E**

Society	TIMES					
	1	2	3	4	5	6
I	Traditional	A2	B3	C4	D5	E6
II	Traditional		A3	B4	C5	D6
III	Traditional			A4	B5	C6
IV	Traditional				A5	B6
V	Traditional					A6

A = Take-off from the traditional society (the adoption of scientific methods of technology)

B = Take-off (rapid capital accumulation and early industrialisation)

C = Maturity (high industrialisation in which the standard of living of the masses remains low)

D = Age of high consumption

E = Post-Industrial Society



unit of reference in Wallerstein's world-system theory is a mini system. "A mini system is an entity that has within it a complete division of labour, and a single cultural framework. Such systems are found only in very agricultural or hunting and gathering societies. Such mini systems no longer exist in the world [...] any such system became tied to an empire by the payment of tribute as 'protection costs' ceased by that fact to be a system" (Wallerstein 1979). Thus, it is quite understandable to imagine that the traditional society of the modernization theory gets transplanted to a minisystems in the world-system theory. It then gets elevated to a world-system comprising of unit with a single division of labour and multiple cultural systems. The two variants of such world-system are "world-empires" comprising a common political system and "world-economies" which later on was termed as capitalism as we know it today. Until the advent of a strong unifying force of capitalism, world-economies were unstable and tended to disintegrate or get defeated by one group or the other and hence transformed into a world-empire. Examples of such world-empires emerging from world-economies are all the so-called great civilisations of pre-modern times, such as China, Egypt, Rome, etc. (Wallerstein 1979). However, interestingly civilisations like Mesopotamia and the Indus Valley civilisation were left out of such analysis, possibly owing to their different time periods.

Wallerstein then goes onto explain that in about 1500s there began a novel type of world-economy, the capitalist one. Political clout plays an important role in the capitalist world-economy which assists the state to monopolise the

existing rights and even conceptualises new rules for their own benefits. The state facilitates and assures the terms of trade in the economic transactions taken up by the market. In this way, the enterprises in the markets are incentivised and motivated to increase productivity and all the consequent accessories of modern economic development (Wallerstein 1974).

It becomes essential at this stage to analyse as to why capitalism prevailed in the backdrop of failing world-economies. Dissection of such events are complex; however, two reasons stand out. New transportation technology allowed far-flung markets to be maintained, and Western military technology insured the power to enforce favourable terms of trade (Cipolla, 1965). Such advancement in the transportation and military technologies were also single headedly responsible for the development of the underdevelopment in the peripheral areas of the world-economy and its later subjugation as core's colony. Infrastructure created during the colonial control was oriented towards the ports of exits. Railroads, roads, telegraph lines, and so on all functioned to carry raw materials out of the country and return processed goods. This retarded the integration of the national economy by linking the different areas and sectors of the peripheral countries with the external world rather than with one another. The multiplier effect, by which demand in one sector or area of a country creates demand in another, is weak because externally oriented linkages soon transfer demand out to the international economy (Singer, 1950).

### **Formation of a Core, Periphery and Semi-Periphery**

The world-economy developed a core with well-developed towns, flourishing

manufacturing, technologically progressive agriculture, skilled and relatively well-paid labour and high investment. However, in order to sustain the expansion of the core, peripheries were required from which core could extract the surplus. Peripheries produced certain key primary goods while their towns withered, labour became coerced in order to keep down the costs of production, technology stagnated, labour remained unskilled or even their skills deteriorated, and capital, rather than accumulating, was withdrawn toward the core. To start with, the differences between the core and the periphery were small, but by exploiting these differences and buying cheap primary products in return for expensive manufactured goods, north-western Europe expanded this gap. Thus, uneven development is not a recent development but, it is one of the capitalism's basic components (Wallerstein 1974).

The purported claim of gaps between the core and the periphery of 1970s is clearly substantiated (Table 2) by the World Bank Data from 2015.<sup>1</sup>

This theory stressed the importance of a third category, the semi-periphery. Societies in this group stand between the core and the periphery in terms of

economic power. Some may eventually fall into the periphery, as did Spain in the 17<sup>th</sup> and 18<sup>th</sup> centuries, and others may rise to become the core, as has modern Japan. Semi-peripheries generally stay away from the nationalist and revolutionary mind-set of the peripheries and they serve as good places for capitalist investment when well organised labour forces in core economies cause wage to rise too fast. For example, Spain controlled Latin America for the core in the 16<sup>th</sup> to early 19<sup>th</sup> centuries, so did Sweden, and later Prussia controlled Poland in the 17<sup>th</sup> and 18<sup>th</sup> century. Brazil played a similar role in contemporary Latin America and presumably Iran was slated to play this role for the Middle East in the 1980s but couldn't due to the upsurge of Islamic Revolution in 1979. Thus, Iran subsided to become the periphery. World system theory believed that without semi-peripheries, the capitalist world system cannot function.

### Exploitation of the Periphery by the Core

The continued exploitation of the periphery by the core has been explained on three levels. Firstly, the Penetration of the periphery by foreign investment drains surplus from the periphery to the core through the taking away of the

**Table 2: Trends in Global Income Inequality**

	Number of countries where income inequality increased	Number of countries where income inequality decreased
Income share held by highest 10 per cent	71	60
Income share held by lowest 10 per cent	69	62

*Source:* World Bank, Development Research Group.

*Notes:* The database consisted of 174 entries out of which data was available for 131 countries. The range of the years considered: Since 1970 till the latest figures available. Percentage share of income or consumption is the share that accrues to subgroups of population indicated by deciles or quintiles.

profits and interest. This “backwash” assists the accumulation of the capital in the core and under develops the periphery (Frank 1969). This has been termed as “decapitalisation” which results from a continuing process of accumulation amply backed by the political and military forces (Amin 1973).

Secondly, theorists have also explained the exploitation from the angle of “unequal exchanges” of the commodities from the core and the periphery. Exploitation is hidden in the prices at which commodities from the periphery are exchanged for commodities from the core. Such “unequal exchange” originates from the different wage structures in the core and the periphery. For instance, in the periphery a worker must work for two hours to produce what is exchanged for a product which a core worker produces in one hour – and this at the same level of productivity. Thus, the market prices of core-periphery exchange contain a transfer of value to the core (Emanuel 1972).

Thirdly, unequal exchanges and uneven development will occur in any system in which the distribution of power is unequal. That is bound to happen as more powerful actors will use their power to determine outcomes to their advantage. This approach seems to apply to any situation in which the welfare of the less powerful is not heavily protected by social or political institutions (Meyer & Hannan 1979).

Thus, exploitation of the periphery by the core occurs by means of decapitalisation, unequal exchange and subordination to external controls in a competitive system. These mechanisms are thought to retard the development of the periphery.

## Dependency Theory

If World-System Theory is mainly considered a North construct, then its Southern counterpart is the Dependency Theory which was conceptualised in Latin America. The father of dependency theory is Raul Prebisch, an Argentinian economist who headed the United Nations Economic Commission for Latin America (ECLA) in the late 1940s and early 1950s.

In 1949 Prebisch published an ECLA report which showed that the terms of trade had run against agricultural exporting countries from the late 19<sup>th</sup> century until the late 1930s. “On an average a given quantity of primary exports would pay, at the end of this period, for only 60 per cent of the quantity of goods which it could buy at the beginning of the period” (Love 1980). He suggested that there was a tendency for terms of trade to decline as against those of manufactured goods and argued that this was because of intense competition that existed between many primary goods producers, as opposed to the relatively few manufactured goods producers. This was also accentuated by a low-income elasticity of demand for primary goods, so that as average incomes increased, people spent a proportionately lower amount of their income on primary goods. It was also further reinforced by higher wages in the core countries

The principal points of the Prebisch model are that in order to create conditions of development within a country, it is necessary (Reyes 2001):

- To control the monetary exchange rate, placing more governmental emphasis on fiscal rather than monetary policy;
- To promote a more effective governmental role in terms of national development;

- To create a platform of investments, giving a preferential role to national capitals
- To allow the entrance of external capital following priorities already established in national plans for development;
- To promote a more effective internal demand in terms of domestic markets as a base to reinforce the industrialisation process in Latin America;
- To generate a larger internal demand by increasing the wages and salaries of workers, which will in turn positively affect aggregate demand in internal markets;
- To develop a more effective coverage of social services from the government, especially to impoverished sectors in order to create conditions for those sectors to become more competitive; and
- To develop national strategies according to the model of import substitution, protecting national production by establishing quotas and tariffs on external markets.

The key origin of the dependency theory in Latin America was the problem of inflation which was induced by the helplessness of their governments to control its finances. The International Monetary Fund was viewed as particularly villainous because its remedies to inflation would stifle growth and promote repressive regimes. John Sheehan, an American economist for example, found a high correlation between repression and the application of capitalist efficiency criteria in Latin America. This made “bureaucratic-authoritarian” regimes the favourites of international finance (Sheehan 1980).

Dependency theorists agreed that US multinational subsidiaries hurt the long-term prospects of development in Latin America by investing less than what they withdraw. The debt service of Latin American economies (acquired to buy the machinery with which to manufacture their own substitutes for imports) took too high a share of earnings. The only solution was greater unity in the face of the giant of the North, and better, integration of Latin American economies with each other (Evans 1981). This was one of the earliest instances when countries of the global South decided to integrate their economies together and it acted as role model for the countries of Asia and later Africa to do the same.

An equally important and related problem was the availability of technology. Celso Furtado (1970), a former director of ECLA, has written that “the control of technology now constitutes the foundation of the structure of international power...the struggle against dependence is becoming an effort to eliminate the effects of the monopoly of this resource by the countries of the core.” But this has not yet happened. This is where the importance of the concept of South-South Cooperation was realised by the world. It emphasises the importance of technology and skills transfer as one of its prime objectives. Also, in the negotiations at the Open Working Group (OWG) meeting prior to the adoption of Sustainable Development Goals (SDGs) recently, technology facilitation mechanism (TFM) was the sticking point which ran throughout the 17 goals.

## **Dependency Theory in Africa and Asia**

Dependency theory has also flourished outside Latin America. While it is beyond the scope of this paper to list all of its

important contributors in Africa and Asia, one who has caught the attention of the world-system theorists was Samir Amin. More explicitly radical than most of the Latin Americans, Amin's empirical experience has been with the far poorer countries of Africa (1973). Though his analysis of imperialism is similar but, his demand for socialist revolution is more insistent. He describes Capitalism as "debased" and "sick" and under socialism, not only will exploitation vanish, but men will become more complete, and even social science, like government, will disappear because it will no longer be necessary. The Cambodian experiment of Pol Pot's Khmer Rouge is cited as a correct lesson for emulation by Africans. Many of his ideas have been branded as utopic; nevertheless, it provides a counter perspective to the existing capitalist order (Dadzie, 1980).

### **Relevance of Dependency Theories in Contemporary Times**

The South remained primitive in the period when they were exposed to, and colonised by, Western Europe, though however, the international power-dependence relations in form of formal political subjugation (colonialism) has ceased to exist in the present times but, subtler economic forms of power and influence such as foreign investment, foreign aid, technological imbalance and trade relations based on a vertical division of labour have leashed the global South. Christopher Chase Dunn has quaintly explained the international economic dependence in the post-colonial world where dependence varies from direct penetration to indirect dependence. He goes on to explain most direct economic penetration of peripheral areas by core nations is through private

investment by transnational corporations which own and control the process of production. The subjugation of South has on many occasions been blatant. In recent past one can remember the following as indirect methods employed by the North to keep the South dependent on them institutionally<sup>2</sup>:

In 2009, North led by the United Kingdom and the US marginalised UN General Assembly from a role in debating the global financial crisis (GFC) and its impacts, so as to leave the subject to interstate organisations like G20, the International Monetary Fund (IMF) and the World Bank (WB) where North has better manoeuvring space.

- In 2008-10, North managed, to craft "voice reform" in the WB, which appeared to give Southern nations a significant increase in their share of votes but in reality, failed to do so.
- In 2012, North almost succeeded in stopping UN Conference on Trade and Development from further analysing the GFC and long slump, so as to have such discussions at North led and North controlled institutions of G20, the IMF and the WB.
- In 2012, US retained the presidency of the WB, despite years of member state chorusing that heads of the WB and the IMF should be open to all nationalities.

The voices of the global South have been heard in this regard at the UN, though it still has to be seen how effectively the norm setting takes place. The issues of base erosion and profit shifting (BEPS) under the rubric of international tax architecture of present times has been discussed at the Open Working Groups for the adoption of Sustainable Development Goals (SDGs) as the question of domestic resource



mobilisation is intrinsically linked with it.<sup>3</sup> Some development in this regard has taken place. The 11th session of the UN Committee of Experts on International Cooperation in Tax Matters in October 2015 addressed a number of critical issues. Major takeaways for the developing countries from this session were aplenty. Firstly, an adoption of a new article on the taxation of fees for technical services has been included for the next UN Model Double Taxation Convention between Developed and Developing countries (UN Model). Also, a new practical Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries has been adopted. Secondly, in a major fillip to the countries dependent on commodity exports (minerals), a subcommittee on Extractive Industries Taxation Issues for Developing Countries presented its work on tax treaty issues and indirect sales of extractive interests. The subcommittee has been entrusted to produce practical guidelines for developing countries, including on the tax treatment of decommissioning, VAT and re-negotiation of contracts.

Members of the Committee also decided to establish two new subcommittees: (1) Subcommittee on Royalties, with the mandate to propose an update of Article 12 of the UN Model and its Commentary, particularly on the tax treatment of industrial, commercial and scientific equipment and software-related payments; and (2) Subcommittee on Mutual Agreement Procedures – Dispute Avoidance and Resolution, to study the topic, provide guidance and propose any necessary updates to the UN Model in that respect.

Less direct influence is exercised

by foreign aid programmes and credit agencies. Indirect economic dependence results from a nation's location in a restricted position in a world trade network or specialisation in a marginal role in the international division of labour (Dunn, 1975). The decline in Official Development Assistance (ODA) in relative terms (as percentage of combined gross national income (GNI) of the Development Assistance Committee (DAC) member states) since 2011 has shown that North's ability to patronise the South has taken a hit. Capitalist development unleashes market forces that create both "spread" effects, by which growth in one area or sector creates development in other areas, and "backwash" effects which drain resources out of the hinterland and concentrate them (Myrdal 1957). In the core nations, class struggle and political processes have strengthened spread effects, resulting in a more even distribution of employment. In the periphery, however, backwash effects have been dominant, resulting in the concentration of development in the core and in enclaves attached to the core. Thus, at the level of the world-system as a whole, uneven development remains the dominant trend.

Apart from elucidating the above-mentioned points, it is also important to discuss the issue of inequality not only between countries and regions of the world but also within the countries and regions. The authors have postulated a scenario of North in the South and South in the North (Santos 2016). Thus, Dependency theories are useful in showcasing the structural inequalities of an economy. Secondly, academics have mentioned that Southern countries like China (manufacturing powerhouse) and Bangladesh (cloth

store of the world) have done well in the manufacturing sector. In this scenario, the basic premise of Dependency theories is lost as these Southern countries have successfully evolved out of primary sector, a sector that was keeping their economies down. However, the relevance of Dependency theories is still in place as the hierarchical nature of North-South relation perpetuates. It is important to locate these developing countries in an operational space of surplus labour with low entry barriers of skills and wages. These have certainly given competitive advantages to such countries in specific sectors but at the same time there has been an intense competition largely driven by cost price of production leading to low degree of market concentration. Parallely, North has continued to dominate in high value sectors, based on high barriers to entry, high start-up and running costs and significant skill levels (UNCTAD 2002).

## Conclusion

It can be confidently stated that the North-South divide in the world has not vanished but is showcasing the schism in a different manner and modality as compared to with the past. Thus, in this scenario, South-South Cooperation (SSC) becomes an even more important tool of global partnership than as realised in the past. With all the developments taking place at the global level, Southern countries amongst themselves initiated a solidarity driven cooperation towards mainly, capacity development programmes, and also infrastructural and industrial developments. The Afro-Asian conference of Bandung in 1955 and subsequent emergence of its development offshoot (SSC) must be seen under the wider sphere of global IR as it was for the first

time that a framework of enquiry in all its diversity, especially with due recognition of the experiences, voices and agency of non-Western peoples, societies and states, who were marginalised in the discipline of economics, development and international affairs, came to limelight (Acharya 2014). SSC in present times is certainly a non-western construct for inter-state and inter-social relations. The SSC pillars of shared identity; countries with similar levels of economic development; common goals; and aspiration of equitable exchange situated SSC at different setting (RIS 2016).

The essence and usefulness of SSC has now been realised by the Northern countries as well. Major testament to this fact is the mention of SSC in 2015 as a complementary mechanism, apart from North-South Cooperation, in the outcome documents of the 3rd International Conference on Financing for Development and global resolution on Transforming Our World: The 2030 Agenda for Sustainable Development. Through years of operational SSC being practiced on ground, Southern countries have now amassed knowledge about cooperation and ideas that can be shared with the global community towards realisation of SDGs. Thus, BAPA+40 is being seen as more than just another UN conference where the South would assemble and present their demands to seek support from the developed countries. Developing countries are now being seen as solution providers and the sub-thematic sessions proposed (Comparative advantages and opportunities of SSC; and Sharing of experiences, best practices and success stories) by the UN for BAPA+40 conveys the same message. More forward looking sub-themes for the conference are: Challenges and the strengthening

of the institutional framework of SSC and triangular cooperation; and Scaling up the means of implementation of the SDGs in support of SSC and triangular cooperation. SSC, also finds itself in a rather peculiar times when the populist right wing is on the rise in most of the major Northern countries of the world. The elected governments of these countries are rescinding, or at least appear to, from their global responsibilities in wake of intense public scrutiny towards their developmental commitments for the global South. Concurrently, the public perception is extremely positive towards major developing countries. This particular global shift must be leveraged by Southern countries to further the cause of SSC and realise sustainable development (Gosovic 2018).

The Second High-Level United Nations Conference on South-South Cooperation is expected to play an important role in defining the future course of action for SSC. The different variants of 'Development Theories' are in hand to provide a conceptual framework to chart out the road ahead. SSC may be viewed as a 'counter-dependency' concept that aspires to transform historical structure of dependency thereby, creating a strategic inter-dependence (Muhr 2016). Needless to say, the future of SSC is to pass through a host of contestations about strategies, principles and institutions. The need of the hour is to have a South-led re-look at the Dependency Theories.

## Endnotes

- <sup>1</sup> Data is based on primary household survey data obtained from government statistical agencies and World Bank country departments. Data for high-income economies are from the Luxembourg Income Study database. For additional information and methodology, please see Povcal Net: <http://iresearch.worldbank.org/PovcalNet/index.htm>
- <sup>2</sup> For details see Wade (2013).
- <sup>3</sup> Low- and lower-middle-income countries may need to increase public and private expenditure by some \$1.3 trillion per year (\$342 - 355 billion for LICs and \$903 - 938 billion for LMICs) in order to reach the SDGs. This corresponds to 4 per cent of these countries' estimated GDP over the period measured in purchasing power parity (PPP) and 11 per cent of GDP in international dollars, or 0.7 - 1.1 per cent of world GDP. At the global level an incremental 1.3 - 2.0 percent of world GDP may be required to finance the achievement of the SDGs in all countries. Domestic resource mobilisation in developing countries can increase significantly through international support to improve domestic capacity for tax and other revenue collection leaving a financing gap of \$133 - 161 billion per year or 0.23 percent of high-income countries' GDP. Retrieved from: <http://unsdsn.org/resources/publications/sdg-investment-needs/>

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## Lexicon and Syntax of Development Cooperation: BAPA+40 Outcome Document –Some Contestations



*Milindo Chakrabarti\**

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The issues in question include the “effectiveness” or otherwise of SSC in delivering development outcomes, need for a standardised template for accounting for and assessing the impact of SSC, developing a credible conceptual framework to distinguish SSC from other modes of development cooperation like NSC or even TrC

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The final draft outcome document of the Second United Nations High Level Conference on South-South Cooperation (SSC) was released on the 6 March 2019. The document tries to develop a roadmap for the future course of action for SSC. Getting developed into quite a comprehensive document, the draft still requires some fine tuning in order to capture the aspirations and whole-hearted participation of the Southern nations in spearheading their approach to development from a collective perspective. Such an effort cannot be overemphasised on the face of rising importance of SSC as a means to deliver and achieve the sustainable development goals (SDGs) within a stipulated time frame. The final draft outcome document rightly emphasised the need to strengthen this linkage. Incidentally, the overarching theme of the upcoming Conference has also been aptly identified as “Role of South-South Cooperation and Implementation of the 2030 Agenda for Sustainable Development : Challenges and Opportunities”.

SSC and its manifestations are at crossroads today. There are contestations galore about the future roadmap for this particular model of development cooperation. The issues in question include the “effectiveness” or otherwise of SSC in delivering development outcomes, need for a standardised template for accounting for and assessing the impact of SSC, developing a credible conceptual framework to distinguish

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SSC from other modes of development cooperation like North-South Cooperation (NSC) or even Triangular Cooperation (TrC). The forthcoming 2nd United Nations High Level Conference on South-South Cooperation at Buenos Aires to commemorate the 40th anniversary of the conference in 1978 that gave us the Buenos Aires Plan of Action (BAPA) is an appropriate platform to settle out some of these contentious issues.

BAPA in 1978 called for technical cooperation and development cooperation among the Southern nations in the spirit of economic solidarity and encouraging self reliance of a nation through import substitution so as to neutralise the scourge of a centre-periphery based global economic relation as discerned by Raul Prebisch and Hans Singer. BAPA was to fill in the gap that was created in the failure to develop a New International Economic Order (NIEO). An earlier version of SSC began in Bandung that emphasised relatively more on political solidarity and facilitated human capital development through capacity building support. It also helped create a united voice of the Southern nations in various global platforms. Post-BAPA, the Bandung approach followed by mostly the Southern nations from Asia and Africa also incorporated technical cooperation into their portfolio of cooperation.

The rapid wave of globalisation, thanks to revolution in communication and transportation technologies, diluted the faith in import substitution as preferred strategy for development. However, failure to accumulate enough capital by most of the Southern nations to contribute to their development needs – lack of development finance, to be

specific – and hence the sustenance of structural dualism in their respective economies, coupled with effectiveness of SSC in emerging as an alternative mode of development assistance, created a possible space for triangular cooperation. TrC engages a Northern country in providing development support – mostly through financial and technical support – to a Southern one in collaboration with some other Southern nations, referred to as pivotal countries.

The outcome document developed for BAPA+40 has to be analysed from this perspective and it is necessary to consider as to how and whether the prevailing issues in contestation are attempted to be resolved. A close look at the document reveals that some of the concerns still remain. The first fundamental issue is the attempt to create a fusion between SSC and TrC by coining a new term in South-South and Triangular Cooperation (SSTrC). In view of the fact that SSC has developed a set of non-negotiable guiding principles for its operation and that such principles are abided by all the partners engaged in SSC, it is difficult to accept a procedure that hastily tries to create a marriage between the two modes of cooperation. TrC is yet to be concretised in terms of a set of guiding principles that would facilitate its operations. Undoubtedly, the modalities of TrC need not be cast in iron and in tune with SSC should encourage plurality and heterogeneity in its approach to development cooperation. Still a set of rules of the game defining TrC as different from SSC is very much in order. Such efforts at institutionalising TrC is yet to pick up. One should not hesitate to declare that SSC and TrC are two different approaches to cooperation and the time

is not ripe yet to get them fused into a singular nomenclature.

The call for accountability and impact assessment of SSC is also a contentious issue. Given that SSC support is, by its very nature, demand driven. Notwithstanding the need for impact assessment, it is to be clearly understood that such demand for accountability and assessment should also emerge from the partner that asked for support and not from any third party that is not a party engaged in cooperation. Moreover, the findings are not necessary to be used in comparing the effectiveness of a particular effort with that of another.

A demand driven approach is difficult to be generalised in view of the fact that the nature, pattern and extent of demand will surely vary across partners. Further, if SSC is carried out in a horizontal manner, a need-based objective assessment should be in order. To reiterate the long standing perspective, SSC does not require a common template for assessment of its effectiveness. Such necessities and methodologies to be followed are better resolved by the respective partners. The only necessary assessment of any SSC activity that must be carried out is to ensure that the non-negotiable guiding

**Table I: Modifications Proposed in Final Draft Outcome Document**

Final Draft Outcome Document	Proposed Modifications
Fusion of SSC and TrC	SSC and TrC must be considered as two separate channels for engagement
Six features of SSC considered	Inclusion of a seventh feature in terms of “demand driven” cooperation. Inclusion of this feature will capture the strength of SSC in terms of its facilitation of plurality, heterogeneity and uniqueness of approaches in development cooperation process.
Call for enhancing development effectiveness of SSC through increased mutual accountability and transparency	Being demand driven and pluralistic, a “one size fits all” mechanism is undesirable. Let the mechanisms be decided by the partners. Efforts to establish “global standard institutions” are better avoided.
Complementary role of OECD/DAC members not made explicit	Needs to be made explicit
Call for good governance, rule of law, equal access to fair justice systems	Ideas still abstract, needs context specific definitions
Common but Differentiated Responsibilities (CBDR) not included in the outcome document	Needs to be mentioned explicitly
Mentions of WTO-consistent South-South Trade Cooperation	Given the failure so far of the Doha Round, WTO-consistent South-South Trade cooperation would be elusive.
Promotion of TrC as an effective model of development cooperation	The fundamental guiding principles of TrC need to be formalised.

principles of SSC have not been violated by any of the partners while being engaged in development cooperation.

The complementarity between NSC and SSC has been a given norm in the strategy of development cooperation. Such a complementary role specifically for the OECD/DAC member countries has hardly been reflected in the entire draft outcome document. It surely should capture the complementary role expected to be played through NSC and the related organisations.

SSC is premised on an idea of common but differentiated responsibility (CBDR). Unfortunately, CBDR does not find any mention in the entire document. It is imperative that solidarity in SSC is always premised on such fundamental idea.

The arguments offered so far can be summarised in a tabular form as given below.

The present note raises some further specific concerns that still remain unsettled by the latest draft outcome document.

Paragraph 6 and some subsequent paragraphs give a feeling that there might be an attempt at merging SSC and Triangular Cooperation into a single entity of South-South and triangular cooperation. Such an approach may be misleading as the two concepts are based on distinctly different sets of principles. It is desirable that these two ideas are consciously kept separated from each other.

Paragraph 7 mentions about the principles of SSC. Six such principles are spelt out explicitly in Paragraph 8, following the Nairobi Outcome Document. However, a very important principle followed along the efforts in SSC did go missing in the Nairobi document. It is

mentioned in paragraph 9 of the present document. SSC supports invariably are demand driven as the recipient countries call for support from the partner country. That SSC follows a demand driven principle in cooperation should be made explicitly clear in the list of principles mentioned in paragraph 8. The perspective of demand driven support should feature explicitly and prominently as one of the non-negotiable principles of SSC.

Paragraph 8 mentions that SSC is “a manifestation of solidarity among peoples and countries of the South that contributes to their national wellbeing, their national and collective self-reliance and the attainment of internationally agreed development goals”. Given the collective efforts of the southern nations involved to this effect, the required emphasis on “collective action” must not be lost sight of. Make no mistake, “collective action” is a prerequisite for achievement of “collective self-reliance”.

Paragraph 11 emphasises on “development effectiveness” of SSC and triangular cooperation. It is imperative that the term is well articulated.

Paragraph 14 calls for the necessity “to build effective, accountable and inclusive institutions at all levels. Good governance, rule of law, human rights, fundamental freedoms, equal access to fair justice systems, and measures to combat corruption and curb illicit financial flows will be integral to our efforts”. However, one is not very clear about how to define these terms. Are these features to be expressed in terms of some “standardised” models?

Paragraph 15 underpins the role of SSC and Triangular Cooperation in establishing a fair and equitable international economic

order. It is not clear if OECD/DAC or other multilateral organisations are being absolved of such responsibilities.

Paragraph 16 decrees that “Multilateral institutions, international and regional banks including those newly established by developing countries, are financing South-South cooperation initiatives”. One should concur that such financial support to SSC from these sources experienced only some modest expansion over the years.

Paragraph 20 urges in favour of WTO-consistent South-South trade cooperation agreements. Given the long-standing delay in completion of the Doha round, it is a little premature to expect such an effort to be taken up voluntarily by the southern nations.

In Paragraph 23 the term “best practices” is better replaced by “lessons learnt” to include experiences from failures as well.

Paragraph 24 sub para (d) talks of global value chains. They should be attempted to be made “inclusive” as far as practicable.

Paragraph 24 sub para (e) calls for transparency and efficiency. They are needed to be defined unambiguously.

Paragraph 24 sub para (g) considers necessary to “enhance the capacity of national and sub-national coordination mechanisms, as appropriate”. It is not clear as to how under the principles of SSC as mentioned in Paragraph 8 in the Outcome Document under consideration, sub national coordination mechanisms can be institutionalised

Paragraph 24 sub para (h) argues in favour of “the need to promote the

development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed”. One is not sure if such a need is to be fulfilled by SSC alone. The role of other modes of development cooperation needs to be included explicitly.

Paragraph 24 sub para (k) mentions about illicit financial flows as impeding economic development. It should be made explicit that the direction, extent and nature of such flows must be tracked.

Linking development of country-led systems to evaluate and assess the quality and impact of SSC and triangular cooperation, upon request of developing countries, is a welcome step in the right direction (Paragraph 25) subject to clarification of the content of Paragraph 26. .

Paragraph 26 argues in favour of developing non-binding voluntary methodologies for planning, monitoring, measuring and evaluating South-South and triangular cooperation. One is not very sure, if such voluntary measures would turn out to be obligatory in the future as it was observed in case of some submissions in the context of Voluntary National Assessment under SDG.

Paragraph 27 sub para (a) encourages UN development system to continue mainstreaming SSC and triangular cooperation One should such mainstreaming cannot be at the expense of the heterogeneity, plurality and unique features of the former.

Paragraph 28 is exclusively dedicated to triangular cooperation. It is necessary to appreciate that triangular cooperation has

to be supportive of SSC, keeping in mind the differences in approach and principles followed by the two approaches

Paragraph 29 calls for the need for mutual accountability, transparency, coordination with national development plans and priorities and impact assessment of SSC in a result oriented manner. However, one is not very clear as to how a demand driven intervention would avoid these requirements. The fact that cooperation under SSC is provided at the request of the recipient partner, these desired features are often implicitly subsumed in the process itself. No partner will usually call for support under SSC if these features are missing from the purview of cooperation.

Paragraph 30 should explicitly underpin the role of OECD/DAC or other multilateral organisations in technology transfer.

Paragraph 34 would like to mention the IBSA Fund as one of the successful efforts at scaling up development finance.

One sincerely hopes that these proposed modifications would be discussed and debated during the forthcoming conference of BAPA+40 and the final outcome document will capture the aspirations of the participants in SSC. SSC has been flowering effusively since the 1950s in the spirit of sharing, solidarity, respect for plurality and generated mutual benefit for the partners. Let the idea not be caged into some defined templates and lead to potential death by strangulation.

## AFRICAN DEVELOPMENT BANK THROUGH SOUTH-SOUTH COOPERATION TRUST FUND STARTS STUDY ON ELECTRIC COOPERATIVES IN AFRICA

The African Development Bank's (AfDB) aims to achieve universal electricity access across Africa by 2025. In a step towards achieving this, AfDB initiates a feasibility study funded by South-South Cooperation Trust Fund and conducted by the National Rural Electric Cooperative Association (NRECA) International to explore the potential of electric cooperatives in Nigeria and Ethiopia.

Electricity cooperatives are tax-exempt businesses set up and owned by the consumers who directly benefit from the services. Such cooperatives are used to provide last mile connectivity in rural areas. Success cases have indicated the improvement in rural electrification as well as creating a sustainable business model.

Africa's GDP growth is affected by 2-4 per cent per year, due to power shortages and lack of access to reliable and sustainable electricity, resulting in poverty and unemployment.

Nigeria and Ethiopia have been selected for the feasibility study to explore the potential of electric cooperative business models given their respective Government's commitment to improve last mile connectivity in rural areas.

Source: AfDB. (2019). African Development Bank starts electricity cooperative feasibility studies in Nigeria and Ethiopia. African Development Bank Group. February 20.



# Major Blow by UNCTAD to the Idea and Philosophy of South-South Cooperation

A commentary on UNCTAD Research Paper  
No. 30: “Defining and Quantifying South-  
South Cooperation” (2019).

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*Amika Bawa*

**Follows below some general observations on the paper. Some detailed and paragraph wise specific comments are also given later.**

## Definition/SSDC

Since Bandung, and later with the majestic works of Raul Prebisch, Arthur Lewis, and Samir Amin, apart from the UN track and the track followed by G77/NAM, definition and conceptual framework on SSC have been well explored, documented and analysed. These tracks have identified foundational principles and recognised the plurality of Southern cooperation as its strength. Limiting SSC to a singular definition contradicts these fundamental principles. The authors took pains in distinguishing SSC and SSDC in their quest for a definition and appropriateness of the term that captures cooperation among the Southern countries. At the end of Section 3, they argue in favour of SSDC as it would facilitate precise accounting of the flow and extent of cooperation. It is really frustrating that such a proposal is made to alter the history of a long tradition of SSC just to make it amenable to accounting and monitoring. Being horizontal in its approach SSC is not obligated to be subservient to the needs of accounting and monitoring and hence requires no extra effort to get it redefined. Moreover, the paper acknowledges the fact that several of these Southern flows are in kind and not in cash.

## Reporting/ Evaluation

The demand for one unique metric for accounting for and reporting SSC activities is being raised for quite some time. However, one failed to note that such a demand is implicitly linked to facilitate a process of monitoring. Being horizontal in nature, the monitoring process of SSC is expected to be confined only among the partner countries and need not necessarily conform to a common template and facilitate comparison. Each of the partner countries reports about their activities in SSC, either as a recipient or as a provider to its legislative frameworks.

The assumption behind the demand for evaluation emanating from tax payers, does not seem to have rigorous empirical basis. In addition, one should note that most of the Southern countries do not even have their own national evaluation policies. A study by Dr Barbra Rosenstein done in 2015, found that only 20 countries out of 115 surveyed, legislated their domestic evaluation policies. Thus it is too pre mature to argue that there are internal demands for evaluation results vis-a-vis South-South Cooperation from the domestic constituents. Apparently the demand emanates from agencies who are external to the partners in SSC.

## Multi-modality and inter dependence of modalities (example Solar panels in Mozambique)

It is important to recognise that SSC is based on five different modalities which are interdependent in nature and work in tandem with each other. Taking the case of Solar Panels in Mozambique, wherein India extended a line of credit (LoC) in 2011 for USD 13 million to set up a solar photovoltaic manufacturing plant, aimed

to reduce solar imports in Mozambique. This LoC was complemented by the modalities of capacity building, technology transfer and knowledge sharing. The LoC resulted in employment generation creating 780 jobs. Further the solar panels produced by the plant are being used in rural electrification in Mozambique, while additional output would be exported to neighbouring countries. For the project, Indian enterprises not only provided technology but also trained 17 Mozambican scientists to run the plant.<sup>1</sup> Such benefits of complementing modalities, particularly capacity building and knowledge sharing, are qualitative in nature and cannot be captured in monetary terms that the authors propose.

## Asia and Latin America (Data reporting)

The report acknowledges the contribution of CEPAL, SEGIB, ABC and AMEXID, i.e. Latin American institutions, towards developing methods to account their cooperation and report on the same. A closer look on them will reveal that they are not identical. Such an effort can be said to be an attempt to fill a knowledge gap and regional demand. However such an approach cannot be seen as a template for SSC as Asian countries, on the other hand, have not expressed such a need. It is essential to recognise the heterogeneous and plural nature of SSC, in which lies its strength.

In addition to the general comments made above, we would also like to offer some specific comments on the text of the paper. Such comments relate to misinterpretation of the references cited and some inherent misunderstandings of the concepts that add to the strength of SSC.

We make a section-wise mention of our concerns:

## Introduction

- *Paragraph 3:* Is the reference used – Bhatia, 2013 – available in the public domain?
- *Paragraph 3:* The paper does not answer most of the questions mentioned at the end of para 3
- *Paragraph 4:* It should be noted that no uniform methodology is followed by SSC partners in the evaluations mentioned.
- *Paragraph 5:* In paragraph 4 of the introduction the authors call for appropriate and flexible framework, while in paragraph 5 of the Introduction the authors call for a meaningful and systematic framework.
- *Paragraph 6:* As agreed, with Agenda 2030, the monitoring is to be done in a voluntary manner through VNRs and not by any harmonised external frameworks. What was resolved as voluntary by the General Assembly of the UN, an UNCTAD paper in no way can suggest to prevail over this political mandate, and suggest an almost mandatory monitoring process to be followed by all. Given the voluntary nature of SSC and SDGs such an approach violates the spirit of both processes.

## Why should SSC be measured in the first place?

- *Paragraph 1:* This reference cited Sidiropoulos, Perez, Chaturvedi & Fues, 2015 and the one of 2011 from Zed Books, London, brought out systematic data reporting mechanism of the ABC, Brazil. This was also evident through the special issue of Cambridge Review

of International Affairs 2012.( Cinoue et.al )

- *Paragraph 1:* The use of the term ‘maturity’ raises two concerns. One is of capacity and the other of intent. That SSC did not feel the need to engage in designing a monitoring system is backed by the fundamental principles of horizontality and demand driven approach, which do not allow monitoring and evaluation as partner countries themselves ensure satisfactory implementation. Please see Chaturvedi (2016, page 107), where the Prime Minister of India during her visit to Nepal in 1966 agreed for impact assessment of projects in Nepal at the request of the local administration.
- Thus the apparent ‘failure’ of developing a strong monitoring system which is linked to a vertical process of cooperation, should be considered as a strength of SSC in following its principles rather than a weakness.
- *Paragraph 2:* UNDP China 2017 - Reference missing
- *Paragraph 2:* SSC is not an investment. It is a commitment in solidarity.
- *Paragraph 3:* “Accountability towards ...” - This is highly contradictory statement as SSC is based on shared values and common principles, where national demand and prioritisation by the partner countries are in focus.
- *Paragraph 6:* All indicators under 17.3 and 17.9 are in Tier 3 indicators, i.e. negotiations on these indicators are to be initiated in 2020.
- *Paragraph 7:* The paper has not presented any statistics to support this argument - “SSC is no longer a side-show”. This statement is hearsay and subjective opinion.

## SSC and ODA are different beasts

- This section makes sweeping statements. First the title attempts to make a comparison between SSC and ODA however the content only focuses on why SSC does not have a framework. SSC is highly heterogeneous in nature. Among Latin American countries through SEGIB, (please see Section 4 for more details) there is strong tradition of data reporting and assessment while in Asia the need for such a narrative was not felt. It is presumptuous to assume there is a vacuum.
- *Paragraph 1: “Stemming from a long and complex...”* - What is the basis of this statement? South has always relied on ODA statistics coming from OECD. The idea of TOSSD was actually an effort to subsume SSC into its data structure.

## How to define South-South (development) cooperation?

- Please provide official statistics or published papers where modalities

like investment, remittances, are shown as part of SSC without factoring in the concessionality element of these transactions by any of the Southern actors.

- The author in the last paragraph (para no. 5) of this section proposes a narrower definition limiting SSDC to financial flows and perhaps include policies and interventions. In SSC the modalities of cooperation do not exist in silos, and complement each other leading to a multi-modality approach which is called “Development Compact”. As experienced in SSC cases, a financial modality can have a capacity building impact which are qualitative and cannot be quantified.

### Endnotes

- <sup>1</sup> See: Chaturvedi, S. (2016). *The Logic of Sharing: Indian Approach to South-South Cooperation*. Cambridge: Cambridge University Press.

## SSC IN ACTION: BANGLADESH-BHUTAN EXPLORE NEW AREAS IN TRADE

Bangladesh and Bhutan share good relations however their bilateral trade volume has been relatively small. At the 7th Bhutan-Bangladesh Commerce Secretary level Meeting, the two countries highlighted a lack of awareness among the business entities of the two countries, which is affecting the scope for enhanced trade.

The two countries recognised tourism, health, and power and business-to-business cooperation as the new areas to boost trade. Further, scope of a trilateral cooperation needs to be explored in the hydropower sector, which could benefit the entire region.

As of 2017, the trade volume between the Bangladesh and Bhutan stood at USD 53million, indicating a potential for growth. The royal government of Bhutan places high priority to Southern partnerships for south-south cooperation and seeks to explore new areas of cooperation, promote trade and commerce, and discuss issues pertaining to trade, transit, investment and tourism with its neighbouring countries. Bangladesh is the second largest trading partner and export market for Bhutan.

Source: Asia News Network. (2019). Bangladesh, Bhutan to explore new areas in trade. The Daily Star. February 14.

## MOROCCO-GERMAN PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

The government of Morocco will receive US \$34.6m as grant from Germany to support sustainable development initiatives in the country. The two countries signed agreements to support renewable and electric energy, water supply, and desalination of seawater. The partnership will be handled in thematic work groups for development cooperation in low emission strategies and cooperation on energy policy. A permanent secretariat will be created in the Moroccan Ministry of Energy, Mining, Water and the Environment to support the partnership.

Morocco is set to benefit in business climate and investment promotion, whether for small and medium-sized enterprises (SMEs) or start-ups. Morocco aims to become an African hub of sustainable development, particularly in renewable energy, and is classified among developing countries that notably improved their renewable energies sector and policies since 2010.

Morocco produces 28,000 gigawatt hours of electricity and imports the rest of its energy needs from Spain. It seeks to boost its production capacity by 6,500 megawatts by 2020, with solar and wind energies.

Source: Njoroge, T. (2019). Morocco to receive US \$34.6m grant to support sustainable development. Construction Review Online – By Africa for Africa. February 13.

## PARTNERS IN POPULATION AND DEVELOPMENT (PPD) STUDY PUSHED TO DEEPEN SSC FOR SDGS

A developing countries' grouping Partners in Population and Development (PPD), an inter-governmental organisation of 26 member countries, at Dhaka presented a study that proposed the deepening of South-South Cooperation to achieve long-lasting and sustainable development. The study recommends developing a strategic framework to attain the Sustainable Development Goals by 2030 and address the agenda of the 1994 International Conference on Population and Development (ICPD) held at Cairo. The study also recommends a monitoring mechanism for SSC along with institutionalisation of such mechanism at the national level. It focuses to understand the progress that has been achieved through South-South Cooperation since inception of ICPD.

ICPD focused on individual needs and rights rather than just demographic targets. 2019 celebrate the 25th anniversary of the ICPD plan of action. The findings of the survey and recommendations will be useful for accelerating the progress towards achievements of ICPD 25+ and Agenda 2030.

Source: BDNews. (2019). Deepen South-South cooperation for SDGs: PPD Study. BD News24. February 19. Retrieved from: <https://bdnews24.com/economy/2019/02/19/deepen-south-south-cooperation-for-sdgs-ppd-study>



## *Guidelines for Contributors*

1. DCR is a refereed multi-disciplinary international journal. Manuscripts can be sent, as email attachment, in MS-Word to the Managing Editor (milindo.chakrabarti@ris.org.in).
2. Manuscripts should be prepared using double spacing. The text of manuscripts should not ordinarily exceed 1500 words. Manuscripts sent for peer review section may be limited to 5000 words. Such submissions should contain a 200 word abstract, and key words up to six.
3. Use 's' in '-ise' '-isation' words; e.g., 'civilise', 'organisation'. Use British spellings rather than American spellings. Thus, 'labour' not 'labor'. (2 per cent, 3 km, 36 years old, etc.). In general descriptions, numbers below 10 should be spelt out in words. Use thousands, millions, billions, not lakh and crore. Use fuller forms for numbers and dates – for example 1980-88, pp. 200-202 and pp. 178-84. for example 'the eighties', 'the twentieth century', etc.

**Reference Style:** References should be appended at the end of the paper. References must in double space, and should be same author(s) is cited, then arrange them chronologically by year of publication.

All references should be embedded in the text in the APA style. For details please refer to Course and Subject Guides: <https://pitt.libguides.com/c.php?g=12108&p=64730>

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If the reader wishes to be added in our mailing list in order to receive the soft version of *Development Cooperation Review*, kindly send in details along with organisational affiliations to Mr. Pranay Sinha (Email : pranay.sinha@ris.org.in). Also specify if hard copy is desired.

## *Call for Contributions*

We invite contributions from interested readers on issues related to development cooperation in general and South-South Cooperation in particular. Contributions may also capture theory, practice and associated debates on development cooperation. Reviews of latest publications - books, monographs, reports - are also welcome. Any institutional upcoming events on development cooperation may also be captured in DCR. The contributions should be restricted to not more than 1500 words.

For editorial information, contributions, feedback and comments: mail to milindo.chakrabarti@ris.org.in and dgoffice@ris.org.in

## *Introduction of a Section on Peer Reviewed Articles/Essays*

In keeping with suggestions, feedbacks and accumulated experience, we have decided to introduce a section, containing peer reviewed full length articles/essays. Interested scholars willing to contribute are requested to send in their manuscripts (preferably in not more than 5000 words) to the editorial office.

## About Development Cooperation Review

Development Cooperation Review (DCR) aspires to capture holistic narrative around global development cooperation and fill an important knowledge gap towards theorisation, empirical verification and documentation of Southern-led development cooperation processes. Despite growing volumes of development partnerships around the Southern world, there remains an absence of detailed information, analysis and its contribution to global development processes. Even though there have been sporadic efforts in documenting some of the activities, a continuous effort in chronicling the diverse experiences in South-South Cooperation (SSC) is still absent. RIS, in joint publication with FIDC and NeST has endeavoured to launch DCR, a monthly periodical, to fill this gap till March 2019 after which DCR would graduate to become a full-fledged Journal.

DCR is designed to bring policy-makers, officials, researchers, academics and the development practitioners onto a global platform to share their ideas, experiences and concerns vis-a-vis development cooperation. The periodical would further allow us to feature special write-ups, analyses, opinion pieces, commentaries and in general the South's take on the emerging narratives of global architecture of development cooperation, including ODA.

## About Research and Information System for Developing Countries (RIS)

RIS is a New Delhi-based autonomous policy research institute envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues. The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. [🐦@RIS\\_NewDelhi](#)

## About Network of Southern Think Tanks (NeST)

Knowledge generated endogenously among the Southern partners can help in consolidation of stronger common issues at different global policy fora. Consequent to the consensus reached on many of these issues at the High-Level Conference of Southern Providers in Delhi (March 2013) and establishment of the subsequent Core Group on the SSC within the UNDCF (June 2013), the Network of Southern Think-Tanks (NeST) was formally launched at the Conference on the South-South Cooperation, held at New Delhi during 10-11 March 2016. The purpose of the NeST is to provide a global platform for Southern Think-Tanks for collaboratively generating, systematising, consolidating and sharing knowledge on SSC approaches for international development. [🐦@NeST\\_SSC](#)

## About Forum for Indian Development Cooperation (FIDC)

FIDC aims to encourage detailed analysis of broad trends in South-South cooperation and contextualise Indian policies by facilitating discussions across various subject streams and stakeholders based on theoretical and empirical analysis, field work, perception surveys and capacity building needs. [🐦@FIDC\\_NewDelhi](#)

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BAPA+40