

# DEVELOPMENT COOPERATION REVIEW

## **Editorial**

## **Special Article**

### **Convergence on South-South Cooperation: The Delhi Process after Five Years**

*Thomas Fues*

### **Towards a Common Definition of South-South Cooperation: Bringing Together the Spirit Of Bandung and the Spirit of Buenos Aires**

*Gerardo Bracho*

### **IBSA Fund: A Showcase of Low Cost and High Impact Southern-led Trust Fund**

*Camila Amorim Jardim*

*(Continued on outside back cover)*

# Development Cooperation Review

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# DEVELOPMENT COOPERATION REVIEW

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## Editorial

Celebrating the fortieth anniversary of the United Nations Day of South-South Cooperation this September, Development Cooperation Review (DCR) in its sixth issue brings to its readers an array of articles that shed light on the development, definition and model of South-South Cooperation (SSC). In the first of the three special articles ‘*Convergence on South-South Cooperation: The Delhi Process after five years*’, Thomas Fues highlights the global context of South-South and Triangular Cooperation tracing the role of the four Delhi Process conferences. The article details that the global institutions of economic governance still favour the Global North pushing for policy coordination between the Global North and South through the G20. It articulates the lack of a solid institutional footing and shared concepts within SSC and that nascent foundations for theory building and empirical assessment need attention. Taking this lead, Gerardo Bracho in his article ‘*Towards a common definition of South-South Cooperation: bringing together the spirit of Bandung and the spirit of Buenos Aires*’, attempts to fuse the foundational principles of the conference of Bandung and Buenos Aires Plan of Action which are the landmark events in the development of SSC. Adding the lenses of Asian and Latin American perspective on SSC, the author explains that while the former calls for a holistic cooperation undertaking all types of South-South linkages the latter, Latin American view, is more about Technical Cooperation. The last of the special articles by Camila Amorim Jardim on ‘*IBSA Fund: A showcase of low cost and high impact Southern led trust fund*’ argues for the uniqueness of the IBSA Fund, especially in the “in-Kind” funding that compliments low cost and high impact projects. This allows for greater efficiency incorporating real time adjustments as a priority in case of unexpected costs.

Viewing development through an Ambassador’s Perspective, Indian High Commissioner Anurag Srivastava engages on India’s Development Cooperation with Ethiopia. This section explores the nature of India-Ethiopia relations, its depth and significance, outlining the various linkages that exist between the countries which are having a real impact on its development including the various educational scholarships offered by India and the flagship ITEC program.

The ongoing section of ‘Lexicon and Syntax’ of development cooperation, looks into the relevance of the model of development proposed by W. Arthur Lewis in conceptually validating the model of South-South Cooperation. The next section of the DCR reviews the flagship publication of the Islamic Development Bank (IsDB), *Reverse Linkage: Development through South-South Cooperation*, through which it highlights its contribution towards South-South Cooperation. Reviewing IsDB’s “Reverse Linkage Mechanism” that is predicated upon enhanced sharing of

expertise and knowledge, DCR sheds light on this timely publication highlighting global south as a melting pot of innovation and developing countries as centres of excellence.

This is followed by a glimpse into the recent event of the United Nations Day of South-South Cooperation celebrating the fortieth anniversary of the adoption of the 1978 Buenos Aires Plan of Action (BAPA). This section highlights the UN reaffirmations to BAPA and strengthening the framework of SSC to push for increased sharing of experiences and knowledge. An event attended by 160 participants including 45 representatives of Member States, recognized the imperative of South-South engagements for the achievement of Agenda 2030 and launched a new logo preceding the Second High-level United Nations Conference on South-South Cooperation (BAPA+40) to be hosted by Argentina in March 2019.

SSC in statistics engages with the role of the Global South in the World Economy, indicating the increasing share of the developing economies in the world GDP and their contribution to the world output.

As DCR moves towards evolving itself into a full-fledged Journal by March 2019, we solicit comments and feedback from our readers and invite policymakers, officials, researchers, academics and development practitioners to contribute to our forthcoming issues.



# Convergence on South-South Cooperation: The Delhi Process after Five Years



*Thomas Fues\**

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The rapidly growing South-South cooperation builds on principles of mutual gain, horizontality, solidarity and non-interference.

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In 2013, India established an international platform for dialogue and knowledge creation on South-South Cooperation (SSC) and Triangular Cooperation (TC). The so-called Delhi Process is hosted by RIS, in collaboration with the Forum on Indian Development Cooperation (FIDC) and the Network of Southern Think Tanks (NeST). Through a series of well-attended conferences in the years 2013, 2016, 2017 and 2018, the Delhi Process has evolved as a unique venue for researchers, policy makers, practitioners as well as representatives from civil society and, to a limited extent, business, wishing to explore the specific narratives, purposes and modalities of SSC. While the organisers' perspective builds on a sharp contrast of SSC to the objectives and practices of traditional donors, the notion of triangularity in the thematic umbrella demonstrates their commitment to building bridges for transnational cooperation across the North-South divide.

Five years down the road, it is time to assess the achievements as well as the challenges of the Delhi Process by asking three critical questions.

- How has the global context for SSC and TC evolved over time?
- What did the Delhi Process accomplish so far?
- Which challenges should the Delhi Process address to strengthen its relevance and effectiveness?

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\* Former researcher and head of department for MGG Program at German Development Institute, Bonn, Germany.

## Global context

Recent years have witnessed the phenomenal rise of South-South cooperation in all conceivable dimensions, such as trade, investment, finance, science and security as well as diplomacy and development. Yet, the institutional frameworks and functional regimes of global economic governance, for example the world monetary system and rating agencies, are still heavily slanted in favour of the North. Pushing back, developing countries are constructing their own architecture, such as the New Development Bank of BRICS (Brazil, Russia, India, China and South Africa) and the China-led Asian Infrastructure Investment Bank. In a parallel movement, dialogue and policy coordination between leading nations of South and North has intensified under the auspices of the G20. However, the toxic nationalism of the present U.S. administration threatens to dismantle extant multilateral arrangements for problem-solving, how asymmetrical and deficient they may be.

The North-South dichotomy is also pronounced in the field of development cooperation. Against the historical backdrop of colonialism and unequal development, industrialised countries have set up complex structures with the aim of supporting the developing world. Through their club, the OECD Development Assistance Committee, they have established a finely tuned system for joint understandings, action and knowledge production by the “aid industry”. In contrast, the rapidly growing South-South cooperation builds on principles of mutual gain, horizontality, solidarity and non-interference. While its volumes have assumed impressive

proportions lately, SSC still lacks solid institutional footings and shared concepts. Similarly, the nascent foundations for theory-building and empirical assessment of SSC need further attention. Despite these shortcomings, industrial countries have not been able to socialise Southern providers to the norms and standards of their policies. On the contrary, Northern donors have begun to emulate SSC approaches. Such “Southernisation” (Mawdsley, 2018) emphasises benefits for the provider and combines diverse instruments for aid, trade, investment etc. into a package deal.

While concepts of North and South are converging, exchange of experiences between the two camps suffers from severe gaps in the international development architecture. The OECD-initiated Global Partnership for Effective Development Cooperation has been staunchly rejected by key SSC providers, such as Brazil, China, India and South Africa. The biennial Development Cooperation Forum at the United Nations has never gained much traction and is now being sidelined by the UN High-Level Political Forum which is charged with monitoring the implementation of the 2030 Agenda for Sustainable Development. In the face of such gaps in global development governance, India has set out to promote SSC and transnational cooperation.

## Achievements

Following the long-standing tradition of Indian leadership in the South, for example in the Non-Aligned Movement, the country’s eminent foreign policy think tank, RIS, decided to address the lack of shared concepts and empirical evidence for SSC by establishing the international

Delhi Process. Since the initial meeting in 2013, significant progress has been achieved in a number of areas.

### **SSC narrative**

The Delhi Process has succeeded in establishing itself as premier intellectual venue to reflect on the achievements of SSC, but also its deficiencies and pitfalls. A focal point has been the search for a common identity and a shared “narrative for Southern providers” (Bracho, 2018). The conversation started with a negative definition, emphasising how different (and morally superior) SSC is compared to Northern “aid”. There was little clarity then on what SSC would stand for in positive terms; only minimal empirical evidence on practices and impact existed. Over the past five years, the contours of the debate have shifted significantly. Filling the void, the Delhi Process has produced manifold contributions on the purposes and effects of SSC. Significantly, it has moved from an understanding of SSC as purely voluntary (thus arbitrary) exercise to a firm commitment to global problem-solving on the basis of common but differentiated responsibilities. However as will be shown below, the exact definition of SSC and the specification of Southern efforts for implementation of the 2030 Agenda are still the subject of controversy in the Delhi Process.

### **Multi-stakeholder dialogue**

The Delhi Process has proven itself as a unique environment for the sharing of diverse perspectives and experiences in a multi-stakeholder setting. Officials from providers and beneficiaries of SSC as well as from the UN system play a key role in the conversation. To give but one example:

At Delhi Process IV in August 2018, the UN Office for South-South Cooperation used the opportunity to enlist support for the upcoming “Buenos Aires Programme of Action plus 40” (BAPA+40) meeting, March 2019 in Argentina. At the same occasion, FIDC, a co-host of the Delhi Process, organised a panel of scholars, policy makers and business people to highlight the specific approaches of the country’s SSC.

Recently, RIS has complemented the face-to-face dimension of the Delhi Process by launching a monthly journal, *Development Cooperation Review*, thus significantly expanding the space for policy dialogue and empirical analysis of SSC. By enlisting authors from South and North and ensuring open access at the RIS website, the publication represents a global public good for discourses on development cooperation in all its facets. A further achievement of the Delhi Process lies in opening up to the North. At the first conference, attendance was limited to participants from the global South. Since then, the organisers have actively reached out to traditional donors in order to foster mutual understanding beyond the South-North divide.

### **A NeST of potential**

The Delhi Process has spawned an important institutional innovation in the realm of SSC, the Network of Southern Think Tanks. NeST members have been instrumental in knowledge creation on conceptual frameworks and impact assessment of SSC. Acting as co-host of the Delhi Process, NeST brings in a growing body of analytical results from its national and regional chapters, as demonstrated by the following examples. A report prepared

by Chinese NeST members for BAPA+40 provides a conceptual template and rich empirical findings on China-Tanzania development cooperation (Li, 2018). In Brazil, the national NeST chapter followed a different concept for assessing SSC (BRICS Policy Center & Articulação Sul, 2017). In addition to facilitating mutual learning within the network, NeST channels the insights of the Delhi Process into global spaces, such as the coalition of South-South Global Thinkers organised by UNOSSC and the UN High-Level Political Forum. NeST members are also providing substantive input to the preparatory process for BAPA+40. However, the SSC studies presented by NeST so far reveal persistent differences in substance and methodology among members - one of the challenges the Delhi Process should address to strengthen its relevance and impact.

## Challenges

Since its inception five years ago, the Delhi Process has proven its value as key platform to reflect on the role of SSC for international development. To strengthen its contribution to Southern cohesion and to the global common good, the organisers need to address existing weaknesses and future challenges, for example by considering the following steps.

## SSC for SDG 17

The 2030 Agenda and its Sustainable Development Goals (SDGs) are universally accepted as guide posts for global transformation. SDG 17 underlines the critical importance of transnational cooperation in this process. The global indicator framework for the SDGs has been unanimously adopted by the UN General

Assembly but still lacks operational precision in certain areas. In the field of capacity-building, indicator 17.9.1 refers to the “dollar value of financial and technical assistance” committed to developing countries through South-South cooperation and other sources (UN, 2017). However, the operational status of the indicator reveals a clear inconsistency. It is classified as “tier 1”, meaning that “internationally established methodology and standards are available, and data are regularly produced” (IAEG-SDGs, 2018). Since no accepted methodology exists yet for SSC, this description obviously applies only to official development assistance (ODA) of the North. It follows that participants of the Delhi Process, particularly NeST, should focus on the development of meaningful metrics for SDG 17 which can capture the quantitative and qualitative specifics of SSC. However, before this work could bear fruit it would be necessary to provide definitional clarity and statistical practicality for the measurement of SSC.

## Unified SSC concept

As indicated above, scholars and governments in the South have not arrived yet at a widely shared understanding of what SSC exactly stands for. Providers in Latin America tend towards a narrow view of SSC centered on technical cooperation, as demonstrated by the Ibero-American Cooperation Report (SEGIB, 2017). In contrast, Asian definitions follow a more holistic approach which encompasses a wide range of South-South interactions (Chaturvedi & Mulakala, 2016). The Delhi Process has offered the only continuously active space to explore differences and commonalities of SSC but has not accomplished much

regarding a consensual SSC concept. As the significance of SSC increases and monitoring for the SDGs advances, it would be desirable that relevant actors from the South agree on a common framework. BAPA+40 might generate the needed momentum as UNOSSC has announced that their independent report for the conference will articulate a sound definition of SSC. It will be interesting to watch if governments are ready for a political agreement at BAPA+40 next March.

### Governmental efforts

The Delhi Process has included a diverse set of actors from governments and public institutions. The first meeting in 2013 was instrumental for the launch of an informal governmental network of SSC providers which was coordinated by the UN Department of Economic and Social Affairs. After several meetings, the group fell apart since officials could not find common ground on concepts and policies. The Delhi Process would score a major success if it could nudge SSC providers towards a shared meta-governance framework for SSC, including institutional arrangements where structured dialogue and mutual learning could take place. Many governments of the South are reluctant to provide adequate funding for analytical work on their SSC by scholars and activists at home. This shows in the work programme of NeST members who cannot fully mobilize their potential due to financial gaps. Southern providers should enhance the effectiveness of their activities by dedicating public resources to independent research and impact assessment.

### Conclusions and way forward

There can be no doubt that the Delhi Process has been a key driver for substantive reflection on SSC. Its reach and relevance in coming years will, to a large extent, depend on enhancing inclusivity and diversity. For this to happen, the participation of voices from beneficiary developing countries should be expanded. Considering the leading role of China in SSC, it would also be appropriate to aim for a much larger attendance of scholars and officials from that country. The future of the Delhi Process will be shaped by the strategic orientation of India's foreign policies. There seem to be competing visions on the country's place in the world. While one side of the debate focuses on India's autonomous trajectory as major power in the global system, the Delhi Process builds on the historical legacy of Southern solidarity. Whichever way the country turns, the world needs India's leadership for sustainable, inclusive development at home and abroad.

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## ASIAN COOPERATION DIALOGUE FOR 2019

The State of Qatar affirmed its presidency for the Asian Cooperation Dialogue (ACD) for 2019. The objective will be of Asian consensus and cooperation and the development of the inter-Asian working mechanisms as a priority. During the Qatar presidency efforts to deepen trade and economic partnerships and promote the economic competitiveness of the countries of Asia will be made. The ACD, which first held a dialogue in 2002, has been key in promoting cooperation and interrelationships among Asian countries in all fields and has contributed to the joint efforts to address the common challenges facing the continent. Primarily in the field of development and improving the quality of life of the Asian peoples together with regional and international groups and blocs so as to achieve the common objectives of the international community. Qatar will also host a forum for businessmen for presenting expertise, visions, ideas and distinguished experiences among investors, entrepreneurs and experts in the fields of economy and trade.

Source: <https://www.thepeninsulaqatar.com/article/29/09/2018/Qatar-takes-over-Presidency-of-Asian-Cooperation-Dialogue-for-2019>

## MOROCCO AND UNOSSC PUSH FOR SOUTH-SOUTH COOPERATION

The Moroccan International cooperation agency (AMCI) and the UN office for south-south cooperation (UNOSSC) signed a Memorandum of Understanding to promote cooperation between countries of the south notably those in the African continent. The agreement is in line with Morocco's foreign policy driven by co-development and solidarity. The MoU reflects Morocco footprint as a regional hub for south-south cooperation through the launch of an array of sustainable development projects in Africa as part of a win-win approach. Jorge Chediek Director of UNOSSC applauded Morocco's South-South initiatives and stated that the MoU will allow for UNOSSC to cooperating closely with Moroccan institutions to promote an efficient south-south cooperation in the region.

Source: <http://northafricapost.com/25596-morocco-teams-up-with-un-office-for-south-south-cooperation.html>

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# Towards A Common Definition of South-South Cooperation: Bringing together the Spirit of Bandung and the Spirit of Buenos Aires



*Gerardo Bracho\**

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In short, if we want to implement the SDG agenda and its monitoring framework, we need a common definition of SSC.

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The BAPA+40 Conference, which will take place early next year, gives us a unique opportunity to revise and update our understanding of South-South Cooperation (SSC). In the forty years that have passed since the adoption of the Buenos Aires Plan of Action (BAPA), the world has changed almost beyond recognition. Even if we do not change our SSC principles, our narrative and concepts need to keep up with the times. One of the most important challenges is to arrive at a common definition of SSC, which is currently lacking. This would help us, among other things, to better advance towards our common objective: the fulfilment of the SDGs. BAPA+40 is not the place to discuss and negotiate technical details. But it is an opportunity to arrive at a consensus about the big picture of a definition of SSC. Here I discuss what this picture may look like.

## **Bandung and Buenos Aires: different approaches.**

Today it is fair to say that broadly speaking we have two broad concepts or definitions of South-South Cooperation (SSC): one Asian and one Latin American.

The Asian approach takes a holistic perspective in which all types of SS linkages (economic, financial and even cultural) are prone to count as SSC; a view that was coined at a time when the world was organized around a centre-periphery opposition and when SSC links practically did not exist. This approach may be traced back to the 1955 Bandung Conference, and is thus inspired by the *Bandung Spirit*. It still underpins

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\* Senior Expert Fellow at the Centre for Global Cooperation Research, France

Slightly modified text of the intervention of author at the 4<sup>th</sup> Delhi Conference on SSC (14.08.2018)

the standard broad definition of the United Nations Office for South-South Cooperation. One might say that India and China are today its main advocates; Sachin Chaturvedi (Chaturvedi, 2016) and Justin Yifu Lin (Lin and Wang, 2017) are among its main intellectual backers.

The Latin American view of SSC, on the contrary, focusses mainly on Technical Cooperation. This view may be traced back to the 1978 Buenos Aires Conference on “Technical Cooperation among Developing Countries”. The *Buenos Aires spirit* shapes the way that development agencies such as ABC in Brazil or AMEXCID in Mexico conceive their cooperation and are institutionally organized. The main exponent of this view today is the Ibero-American General Secretary (SEGIB), which for the last 10 years has published an annual report of SSC among Latin American countries focused on Technical Cooperation.

### **SDG 17: the need for a common definition of SSC**

In an op-ed a couple of years ago, Thomas Fues observed that the institutional future of SSC and even its success depended on bringing these two traditions together into a coherent framework (Fues, 2016). Indeed, arriving at a common broad definition of SSC that brings together these two approaches will be a major challenge for BAPA+40 and, to an important extent, it will be key to its success.

At Delhi 4<sup>1</sup> Jorge Chediek, Director of the United Nations Office for South-South Cooperation, underlined that BAPA+40 was strongly linked to the SDGs agenda, particularly SDG goal 17 on means of implementation. Indeed, while

the MDGs only took North South aid into consideration, the SDGs also bring on board SSC:

*SDG goal 17.3 calls for the mobilization of financial resources for sustainable development, including SSC. It is monitored among other things by indicator 17.3.1, which is defined as total SSC as a proportion of total domestic budget. This indicator obviously requires a common definition of SSC in monetary terms*

*SDG goal 17.9 calls for SSC providers to increase their technical assistance to support capacity building. It is monitored by indicator 17.9.1 which measures the “dollar value of financial and technical assistance supplied through SSC”. This indicator also demands a universal definition of SSC in monetary terms.*

In short, if we want to implement the SDG agenda and its monitoring framework, we need a common definition of SSC.

### **Bandung and Buenos Aires: a proposal to bring them together.**

In my view, there is a way of merging Bandung and Buenos Aires together and arrive at a broad common definition of SSC at BAPA+40 (technical details would come later):

The basic point of *Buenos Aires* is that countries should share their knowledge and experiences for free, basically without charge. This implies a definition of *aid or cooperation* in the sense that we use these words in everyday language: as a gesture that denotes an *effort* from the provider; after all, countries could



in principle sell at market prices their knowledge and experiences as if they were private consultants. This suggests that cooperation is an activity that can be grounded on mutual benefit but that *it is not driven by the profit motive or the market*. The key concept here is **concessionality**. From this perspective, the key lesson from Buenos Aires is that *actions* that involve two or more southern countries could count as SSC if they involve some concession or effort from the provider<sup>2</sup>.

The main point and strength of **Bandung** is its broad scope that goes much beyond technical cooperation. The standard broad definition of the United Nations Office for SSC captures well this spirit when it considers SSC as a “broad framework of collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains”, without considering if such “exchanges” are concessional or not<sup>3</sup>. No doubt that this broad definition where all *links* or *exchanges* are branded as *cooperation* made political and even economic sense when they were truly scarce in the early Post-War era. But with the rise of the Global South and the multiplication of normal profit oriented economic links among southern countries, which rival North–South ones without intrinsically differentiating themselves from them, such broad loose definition of SSC seems no longer as useful and relevant as it once was.

The next step to merge the Buenos Aires and Bandung approaches would be thus to apply the principle of *concessionality* to the broader range of resources and activities included in the holistic Asian vision of SSC, taking as a starting India’s vision of a “Development Compact” (Chaturvedi, 2016 p45-74). Not only financial resources

(grants and loans) would have to have a concessional element (however low). But the other elements of this compact should have such concessional element as well.

As with North-South Official Development Assistance (ODA), this common definition of SSC would be grounded on concessionality. But it would differ from ODA in a very crucial way that would capture much of the historical aspirations of the South. ODA is only about *flows* of resources: money but also monetized in-kind resources, mostly technical cooperation and knowledge sharing. However, following the Development Compact vision, the new common definition of SSC would also be about *concessional policies* adopted by SSC providers that provide an advantage or concession to other developing countries. Examples include policies in *trade* (e.g., lower tariffs), in *intellectual property rights* (e.g., preferential and better access to technology), or *prices* (e.g., buying exports from developing countries at “higher” agreed prices). Indeed, by bringing flows and development policies together, all five elements of the Development Compact – Capacity Building, Trade and Investment, Development Finance, Grants and Technology – could be incorporated through the concessional lens into a broad concept of SSC that brings together the spirit of Bandung and the spirit of Buenos Aires<sup>4</sup>.

From its origins in 1960, the Development Assistance Committee of the OECD (DAC), the Northern club of donors, recognized that the public policies of its members, external *and* domestic, often strongly impinge (positively or negatively) on the development prospects of developing countries. This idea

lies behind the Policy Coherence for Development agenda (PCD) that the DAC itself has pursued. However, from the beginning also, the DAC refused to bring this agenda into its definition of ODA. The reason is more related to entrenched economic and political interests than to technical complexities –e. g., the difficulty of adding straight-forward monetary flows and the monetised effort implied in certain public policies. Traditional donors have been more willing to handle out aid than to make concessions (or even allow a fair game) in areas such as trade and technology transfers.

In contrast, also from its origins during the 1950s, the political movement of the South has insisted that it prefers fairer trade and more access to technology than aid. Battles at UNCTAD on trade, at the WTO on property rights, at the UN on migration, capital flight, brain drain and other areas, witness how the South has cared more about PCD issues than aid. In this sense, the concept of a Development Compact basically encourages the main Southern providers to put themselves in practice what they have been preaching for decades to the North. Finally, a new broad common definition of SSC would also be amenable to bring on board other issues or other actors that are not explicitly included in the Development Compact. Here I am thinking of flows such as contributions to multilateral bodies geared for development and contributions to UN peace keeping forces; or actions/flows of non-State (executive) actors such as private firms and foundations. To classify as SSC these flows, actions or policies would need to comply only with two criteria: have a concessional element and be geared towards the SDGs.

## **Monetising SSC and complying with SDG 17.**

The next step would be to find a way to account, in monetary terms, for the different components of SSC. This would allow us to sum them up and arrive at an overall view of the SSC effort. It would also increase the transparency and accountability of SSC and would give us a good benchmark to assess its effectiveness. Crucially so, it would allow us to comply with the relevant indicators of SDG 17. In the case of flows, this accounting operation would be easy. True, Latin Americans have been reluctant to monetize their technical cooperation arguing that it would tend to be grossly undervalued in relation to similar N-S flows; basically, though not only, due to large difference in average wages. This valid concern could be tackled, for example, if we use UN wages for all southern experts and technicians as a common unit of account. In this case we would be mixing effort with impact; but in an exceptional and clearly legitimate and transparent way. Cuba, to mention one case, would come out as the large SSC provider that it really is.

In contrast, it would be more difficult to account for the *monetary value* of the impact of policies that have the explicit purpose of supporting, in one way or another, the development of other southern countries or the generation of public goods. Not being a statistician, I would not know how to extract a monetary value on lowering tariffs or giving special access to technology. But now days, we are able to generate indicators for almost anything; so, it is likely that we could come with proper models for measuring the developmental impact of these policies in an objective and legitimate way.

## Conclusion

Agreeing at BAPA +40 on a *holistic* and *concessional* definition of SSC (technical details would come later) would have a number of advantages. First, it would advance the SSC agenda in a decisive way; helping us to avoid the trap of simply repeating the old BAPA narrative, with no “plus 40” to speak of. Second, it would help us comply with SDG 17 with a common definition of SSC needed to bring indicators 17.3.1 and 17.9.1 to life. Moreover, it would allow us to monitor more accurately our compliance with SDG goals on trade (17.10 .11 and .12) and technology transfer (17.6 .7 and.8). Third, it would allow us to modernize the SSC narrative and better connect it to its own history; in particular to the struggle for a “New Economic Order” more conducive to development that has never materialized, but that is still very much needed if we want to achieve the SDGs. Fourth, a broader definition of SSC that keeps within the boundaries of concessionality and at the same time broadens its scope beyond flows, would exert pressure on the traditional donors to follow suit and engage more seriously with the PCD agenda. Finally, it would bring together, under the same narrative and framework, very different SSC practitioners: the Asians and the Latin-Americans; the spirit of Bandung and the spirit of Buenos Aires.

## Endnotes

<sup>1</sup> Delhi Process IV was held on 13-14 August, 2018. The conference aimed to strengthen the theoretical nuances of SSC and expanding the global understanding of development cooperation - its conceptual frameworks and relevant empirical validations.

<sup>2</sup> This view does not of course imply that only concessional exchanges or links contribute to development. Following Adam Smith, selfish profit motive driven ones, the bread and butter of our economic system, also usually do --- though not always so.

<sup>3</sup> Indeed, the UN office goes on to argue that “recent developments in South-South cooperation have taken the form of increased volume of South-South trade, South-South flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts, and other forms of exchanges” ([www.unsouthsouth.org/about/about-ssstc/](http://www.unsouthsouth.org/about/about-ssstc/)).

<sup>4</sup> I would argue that China already applies in practice a broad concessional definition of SSC, though one restricted to flows. It tends to give packages that mix investment, trade and aid. But as it is clear from its *white papers*, China considers as aid only the concessional resources it provides. Even when it combines them, China does not equate investment and trade with aid.(China’s White Papers 2011 and 2014).

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# IBSA Fund: A Showcase of Low Cost and High Impact Southern-led Trust Fund



*Camila Amorim Jardim\**

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This paper argues that what guarantees IBSA Fund's real impact is its unique institutional design, as despite being a trust fund, IBSA countries meet very often and are the ones which decide projects approval and resource allocation with additional in-kind contributions.

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Since 2003, India, Brazil and South Africa have been collaborating in IBSA Dialogue Forum; a Southern framework of cooperation in multiple fronts comprising coordination among international organizations; sectorial cooperation at ministerial level and among civil society groups; and development cooperation with lower income countries through the IBSA Fund against Hunger and Poverty.

Each IBSA country has to contribute annually US\$ 1 million dollars to the IBSA Fund. This contribution is minimal compared to the bilateral development programmes from Brazil, India and South Africa. However, with its unique institutional arrangement, the Fund has been considered the most successful activity under the IBSA Forum. It has also been showcased as a very innovative and Southern-led initiative as its small budget has led to a framework that prioritizes low -cost and high- impact initiatives using local capacities and low -cost and simple technology projects, which can be easily replicated and expanded.

Working under the demand-driven logic, it provides grant finance for technical assistance projects for capacity-building and in-kind contributions in many different areas such as health, education and agriculture. In this sense, IBSA Fund is structured as a horizontal cooperation initiative that intends to develop projects based on the demand of the recipient country and through the partnership with the

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\* PhD candidate at the International Relations Institute of the Pontifical Catholic University of Rio de Janeiro (PUC-Rio), Brazil. Contact: camila\_ajardim@hotmail.com

local government, national institutions and partners (UNDP, 2017)<sup>1</sup>.

This paper argues that what assures IBSA Fund's real impact is its unique institutional design, as despite being a trust fund, IBSA countries meet very often and are the ones which decide projects approval and resource allocation with additional in-kind contributions. Such institutional design of low-cost and high-impact projects allows for feedback loops, learning and real-time adjustments, as unexpected costs usually compromise a huge proportion of the budget in small-scale projects.

### Historical background

The possibility of the creation of a multilateral Fund against hunger was first considered and advocated by the former Brazilian president Lula da Silva in the early 2003. At that time, the Brazilian Cooperation Agency (ABC), in its initial stage of development supported by the UNDP, had still very little know-how and institutional solidity to coordinate creation of such a fund. Meanwhile, both South Africa and India did not have specific national institutions to handle development cooperation, what could make trilateral institutional cooperation very difficult (Jardim and Silva, *forthcoming*)<sup>2</sup>

Usually international agencies do not approve managing funds that have such a small budget, but UNDP's Special Unit for the South-South Cooperation (SUSSC) was at that time interested both in the possible and innovative institutional framework of the IBSA Fund as well as in learning and having a deeper comprehension of South-South cooperation initiatives (Bergamaschi and Soulé-Kohndou, 2016)<sup>3</sup>

In that context, it is important to highlight that in early 2000s, developing countries were less capable of mobilizing and advocating Southern approaches of development cooperation and the very idea of Southern principles was very initial and was still little acknowledged. In that regard, establishing such a fund was also an opportunity for learning from the UNDP's institutional side.

### Institutional framework

Due to its small size, IBSA Fund was designed as an experimental initiative and conceived as an impact fund; in the sense that all resources should be applied in a result-oriented way; allowing that the low contributions provide real impact in the implementation of projects. To guarantee the highest possible impact, operational and management costs were kept at a minimal; IBSA countries were to finance technical visits and analysis, without incurring operational costs to the fund.

Hence, placing the central management of the Fund in the UNDP's SUSSC (currently the UNOSSC) in New York solved a coordination challenge among the three countries, facilitating meetings and decision-making without incurring high costs of creating their own institutional arrangement. Some other advantages in holding funds and projects under the institutional framework of the UNDP are that IBSA Fund benefits itself from an extended country presence and a decentralized structure; with somewhat more neutral institutional framework, reducing political bias of the fund; technical know-how; strategic positioning within the UN system; emphasising on capacity development and demand-led approach to programming; and flexibility to respond at the country level (UNDP, 2013)

Even though it is seen as an initiative very compatible to South-South principles, the IBSA Fund could be formally recognized as a trust fund, a trilateral cooperation initiative, or even a multi-actor partnership; as it usually involves local institutions beyond UN offices and participation of IBSA countries.

From another point of view, albeit considered a very Southern-like initiative, the practice of trilateral cooperation is essentially different from pure South-South Cooperation, as it involves a much consolidated institutional framework – in this case under the framework of UNOSSC and UNDP – which has expertise but can also create limits in maintaining South-South principles as the main guidelines for cooperation (Jardim and Silva, *forthcoming*)

Thus, IBSA Fund has emerged as an innovative initiative and has inaugurated a new perspective for Southern trust funds in the UN for being small (in terms of size of contributions) and initially an almost experimental institutional arrangement, keeping IBSA countries as the main decision-making actors as well as important know-how sharers, being articulated by the UNOSSC with local UN agencies, local government and local civil society organizations. Its unique structural setting led to elaboration of a framework paradigm of low-cost and high-impact projects.

### **Project management**

According to the IBSA Fund Guidelines document, the project proposals are presented to IBSA Focal points in respective capitals (New Delhi, Brasilia and Pretoria), and would be analyzed by the Focal Points in accordance with the following principles – a) reduction of poverty

and hunger; b) national ownership and leadership; c) South-South cooperation; d) use of IBSA country capacities; e) strengthening local capacity; f) ownership; g) sustainability; h) identifiable impact; i) replicability; j) innovation. Other criteria involve a time-frame between 12 and 24 months and medium-size projects (usually around 1 million USD).

If pre-approved, the projects are sent to the Board of Directors of the IBSA Fund in New York, which is composed of respective Ambassadors, heads of the permanent missions at the UN. The Board meets four times a year, and has a much more participative and major role in approval of projects and allocation of resources than that is in other trust funds, in which usually the decision-making is held by the managing institution.

Idealised in 2004 and effectively functioning since 2006, the fund targets particularly LDCs and Post Conflict Reconstruction and Development countries. It was planned to enhance UNDP programme activities aligned with the achievement of the Millennium Development Goals (MDGs). After 2015, IBSA Fund works as an important mechanism to advance all 17 Sustainable Development Goals (SDGs) (UNDP, 2017). In that regard, its mandate framework conducts demand-driven projects with Southern counterparts, paying attention to local ownership by involving local institutions and capacities directly in elaboration, implementation and evaluation of projects.

Until 2017, the fund received \$35 million in contributions from India, Brazil and South Africa, and 27 projects were developed in 21 partner countries; mainly Least Developed ones

in Africa, Asia, Latin America and Arab States, representing a tangible Southern initiative to the SDGs. IBSA Fund have had most of its projects in agriculture, health-care and livelihood; this has gone beyond IBSA countries respective regions (an interesting indicative of no parochial interests); and has acted mostly on the Least Developed Countries (UNDP, 2017)

Some of the central challenges to trust-funds management are – resource allocation, impact in partner -countries and implementation. Considering these elements, IBSA Fund has shown outstanding results; as according to interviews, in its first 10 years of functioning all the available resources were allocated and implemented (or were under implementation in the following two years with the acknowledgment of beneficiary countries also (Jardim and Silva, *forthcoming*).

The capacity to learn during the project implementation and quickly react to adjust project inputs in face of unexpected context or results is in the core of IBSA Fund's ability that generates real impact. In this regard, IBSA Fund addresses the need of continuous feedback loops and rearrangements imposed by the very dynamic nature of development cooperation projects, which the traditional cooperation arrangements are much less capable to deal with due to their framework fixity, directly influencing possibilities of producing positive development impacts.

For that matter, the unique design of the IBSA Board of Directors, with frequent meetings and direct participation of the IBSA countries (including through in-kind contributions) in the development projects proved essential for IBSA project's impact. Furthermore, pilot projects in new

countries usually cost more and have smaller impact than other ones in which the cooperating parts have already built trust and learning by doing previously. Considering IBSA Fund's history of project scaling-up and follow-up in countries with on-going projects is common and central to IBSA's project allocation. Those elements were analyzed by a small case study of IBSA Fund's Guinea-Bissau projects.

### **The case of Guinea-Bissau**

The project 'Development of Agriculture and Small Animal Herding' in Guinea-Bissau was the very first project implemented by the IBSA Fund. After its implementation, with around half a million USD budget in partnership with the local Ministry of Agriculture and local Rural Development UNDP, from March 2005 to September 2007, Guinea-Bissau had also other follow-up projects.

In that sense, the continuous dialogue with Guinea-Bissau's government and local agencies led to building of know-how, allowed scaling -up of projects, and, by 2017, there were a total of six projects implemented in the country from 2006 to 2015. The active participation and more frequent meetings than other development funds of the IBSA Fund Board of Directors proved crucial in the development impact of the fund and reflected commitment to promote collective learning and quick reaction during all phases of the projects life -cycle. This has been particularly relevant in projects in Guinea-Bissau and Cape Verde. (Simplicio and Jardim, *forthcoming*)<sup>4</sup>.

Regarding, for example the Rural Electrification through Solar Energy Systems (project VI in Guinea-Bissau, from July 2011 to May 2015). The first

design of the project comprised only solar panels to power a community Centre with basic health services, such as fridge for conservation of vaccines in 18 communities. Once the community understood the new power, they requested an electric pumping system powered by solar energy to give them access to drinking water (Simplicio and Jardim, *forthcoming*).

Hence, after the implementation, the project was adjusted to their demand, but, after everything was installed, the equipment maintenance, originally part of the recipient government responsibilities, became an issue. Thus, locals (mainly women) were trained and capacitated to maintain and manage services through the Indian Barefoot College project, which gave capacity -building training in solar panels building, management and maintenance to rural community female- leaders (Simplicio and Jardim, *forthcoming*).

### Final considerations

IBSA Fund relying on leadership and an institutional design able to mobilize institutions to support the process of promoting impact to its partners was essential to such a project to be developed. Gathering and digesting information, monitoring, learning and adapting with quick decision-making is costly. In the case of the IBSA Fund, the IBSA countries carried out these activities to the partners as an additional in-kind contributions (Simplicio and Jardim, *forthcoming*).

Unexpected costs are a well-known issue in small-scale projects. Promoting impact has a high fixed cost and in small to medium scale projects, this cost may take a large proportion of the budget. Such advancement would never have been possible had the project implementing would have been rigid. But the ability to quickly respond to local demands and change in context both through frequent meetings and disposition to give extra in-kind contributions allowed the projects to have a larger and more consistent impact in local livelihood in Guinea-Bissau.

### Endnotes

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# India's Development Cooperation with Ethiopia



*Anurag Srivastava\**

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India regularly deutes Indian experts to the Ethiopian Foreign Service Institute for short- term training of their diplomats.

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India has long standing partnership in developmental cooperation with Ethiopia which has been the largest recipient of a long -term concessional credit in Africa. In 2006, India donated a US\$ 640 million line of credit to Ethiopia for the development of its sugar industry. The ongoing Government of India's partnership in developmental projects in Ethiopia has continued with sanctioned lines of credit worth more than US\$1 billion to Government of Ethiopia for rural electrification, sugar industry and railway sectors. In line with Ethiopia's priorities, India has extended support for growth of sugar industry and infrastructure projects. Finchaa and WonjiShoa sugar factories have been completed, and Phase I of the Tendaho sugar factory is being built in Ethiopia under the EXIM Banks' lines of credit.

India has also provided to Ethiopia a 64-Slice CT Scan Machine to Black Lion Hospital in Addis Ababa as a part of grant assistance. The flagship Pan African e-network Project, an initiative aimed at sharing India's expertise in the field of Healthcare and Education with member- countries of the African Union Commission was launched in July 2007 in Addis Ababa. Tele-Education and Tele-Medicine services have been offered till late at nodes set up in Black Lion Hospital in Addis Ababa and in Addis Ababa University and are well-received. The Tele-Education project has been replicated by the Ethiopian side, and linkages have been established between the Addis Ababa University and the Indian Institutes of Technology at Delhi and at Kanpur. Phase II of the project is planned to be launched sooner.

The Indian Technical and Economic Cooperation (ITEC) programme with Ethiopia has been very successful. The professionals from Ethiopia have been attending

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\* High Commissioner of India to Ethiopia

training courses, both civilian and defense, in India to enrich their professional skills. This programme covers areas, like agriculture, information technology, telecommunication, management, rural development, accounts, audit, banking, finance, health, environment and renewable energy. There has been a steady increase on the number of training slots offered. So far, Embassy of India at Addis Ababa has sent more than 2142 Ethiopian students and around 45 students from Djibouti under the programme. The ITEC courses have been much appreciated in Ethiopia and are found very useful in making contacts between India entrepreneurs and the Ethiopian decision-makers. India also provides available services of the experts in variety of fields under ITEC programme. From October 2010 - June 2011, consultancy to Ethiopian Revenue and Customs Authority to support implementation of WTO customs evaluation was provided. In 2014, an Indian expert from the Commerce Ministry was deputed under the ITEC to Ethiopian Ministry of Industry to share knowledge regarding international trade. India regularly deposes Indian experts to the Ethiopian Foreign Service Institute for short-term training of their diplomats.

In December 2011, the Indian Council of Agricultural Research (ICAR) and Ethiopian Institute of Agricultural Research (EIAR) had signed an MOU. Its priority areas of cooperation included agricultural research in horticulture, crop science, fisheries, animal science, agricultural engineering and natural resource management, agricultural extension and agricultural education. The cooperation has been through exchange of scientists, scholars, technologies, literature,

information and research projects. A number of Ethiopians visited India on short training courses, organized by the Indian government. Ethiopia has also been the beneficiary of India government's scholarship scheme under the ICCR programme where a large number of Ethiopians pursued Master's and doctoral degrees. This year, 43 Ethiopians would be participating in getting training in 15 different types of agriculture programmes in India.

An agreement on Cooperation in Science and Technology was signed in 2007; and in pursuance of this, a Programme of Cooperation was signed in December 2010. This provided cooperation in five areas suggested by Indian side – agricultural sciences, water technologies, health sciences, bio-technology and new sources of energy. It also provided cooperation in four areas suggested by Ethiopian side – traditional knowledge, textiles and garments, leather and leather products, ICT and microelectronics. This Programme also envisaged establishment of a Joint Committee on Scientific & Technological Cooperation. Ethiopian side requested India's assistance in their flagship programme of establishing 16 Centers of Excellence in Adama Science and Technology University (ASTU) and Addis Ababa Science & Technology University (AASTU). Ethiopia has also signed on to the International Solar Alliance; initiated by India and France in Paris in 2015. Ethiopia is one of the first signatories of the International Solar Alliance and . of the International Solar Alliance Framework Agreement.

In 2010, 41-member team of Indian professionals from Central Leather Research Institute and the Footwear

Design and Development Institute trained Ethiopian leather industries personnel in a project funded by Ethiopian Government. The Ethiopian Textile Industry Development Institute and the National Institute of Fashion Technology of India on August 2013 had launched twinning partnership scheme. A twinning agreement has also been registered between Ethiopia's Textile Industry Development Institute and Mumbai's Institute for Chemical Technology in 2014. A delegation led by Dr. Girish Sahani, DG, Council of Scientific Research and Industrial Research (CSIR), visited Addis Ababa in June 2017 for signing of a twinning agreement between CSIR and Metal Industries Development Institute (MIDI), Ethiopia. This provided training and capacity- building of sciences and

technology manpower to transform the metal and engineering sector in Ethiopia.

In terms of the FDI, Indian companies identify Ethiopia as a stable country to invest in with sound macroeconomic policies and attractive incentive package. There are more than 574 Indian companies in Ethiopia with licensed investment of over US\$4 billion; of which about US\$2 billion is estimated to be on the ground. Indian companies have invested in agriculture and floriculture, engineering, plastics, manufacturing, cotton and textiles, water management, consultancy and ICT, education, pharmaceuticals and health-care. Indian companies are the biggest investors in commercial farming in Ethiopia. About 18% of Indian investment is in agriculture including floriculture, cotton plantation, sugar production, tea plantation, horticulture, etc.



# Lexicon and Syntax of Development Cooperation: *How does Lewis Model Validate the Logic of South-South Cooperation ?*



*Milindo Chakrabarti\**

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A developing country is characterized by dualism in their domestic economic structures with simultaneous existence of a capitalist sector and a subsistence sector.

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It's about almost seven decades – 68 years to be precise – since W. Arthur Lewis published his phenomenal paper titled “Economic development with Unlimited Supplies of Labour” (Lewis,1954). About a decade before him, Paul Rosenstein Rodan published “Problems of Industrialisation of Eastern and South-Eastern Europe” (Rosenstein Rodan, 1943), wherein he argued for a big push to facilitate development in countries lagging behind from their developed peers. Even though set in the context of eastern and south-eastern European countries, his arguments caught the attention of the development economists who emerged in the intellectual frame with their contributions towards conceptualisation of development or lack of it. By 1953, Ragnar Nurkse spelt out his idea of vicious circle of poverty and argued it to be the goal of development to come out of such a poverty trap. As Rahman (1961) would argue, Nurkse, “while rightly emphasising that success in the development efforts will, in the last resort, depend upon the effectiveness of action on the domestic front, (he) at the same time makes a passionate plea for a sympathetic understanding of the problems and difficulties of the under-developed countries by the rich countries and for offering liberal foreign aid and gifts to them without which, according to (him), the poorer countries will not be in a position to break out of their age-old stagnation and initiate a process of rapid development” (Pp 1-2).

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\* Managing Editor, DCR and Visiting Fellow at RIS.

Perhaps, the days of “high development theory”, argues Krugman (1995) lasted for about 15 years between the publication of the paper by Rosenstein Rodan (1943) and that by Hirschman (1958). While Rosenstein Rodan called for a balanced growth model to facilitate “big push” and come out of the vicious circle, propounded a decade later by Nurkse (1953), Hirschman’s recipe was to initiate a strategy of big push through unbalanced growth as he argued, “If the economy is to be kept moving ahead, the task of development policy is to maintain tensions, disproportions and disequilibria.” The strategy of unbalanced growth is most suitable, he argues, in managing and maintaining such tensions and disequilibria across the sectors and thus breaking the vicious circle of poverty in underdeveloped countries. As Krugman (1995) puts it, “Loosely, high development theory can be described as the view that development is a virtuous circle driven by external economies -- that is, that modernisation breeds modernisation. Some countries, according to this view, remain underdeveloped because they have failed to get this virtuous circle going, and thus remain stuck in a low level trap. Such a view implies a powerful case for government activism as a way of breaking out of this trap”. Thus “big push” called for breaking the vicious circle and bringing about a virtuous circle piggybacking on the trends of increasing returns to scale prevailing in the then global economy. The debate between the effectiveness of balanced and unbalanced growth to bring about development remained, even though the consensus around big push became firmer.

The operationalisation of the Marshall Plan between 1947 and 1951, officially known as the European Recovery Programme, after the Second World War might have been effective in concretising the argument for big push and emergence of development cooperation as a concept. It was a saga of horizontal cooperation, in keeping with the spirit of solidarity expressed towards the European communities that were badly devastated by the War. The effort was a huge success in terms of its impact as well. The official website of The George C. Marshall Foundation notes, “Sixteen nations, including Germany, became part of the program and **shaped the assistance they required, state by state**, with administrative and technical assistance provided through the Economic Cooperation Administration (ECA) of the United States. European nations received nearly \$13 billion in aid, which initially resulted in shipments of food, staples, fuel and machinery from the United States and later resulted in investment in industrial capacity in Europe”<sup>1</sup> (emphasis added). Europe limped back to normalcy in a couple of decades, if not less.

There were arguments contrary to the logic of “big push”, notably by Lewis (1954) who underscored the role of dualism while ignoring the role of economies of scale and circular causation and Fleming (1955) emphasising the role of intermediate goods in production in self-reinforcing development that could occur even without dualism. However, the rule of “big push” prevailed and the necessity and sufficiency of aid based development cooperation became a panacea in the rulebook of economists and development practitioners.

The belief in “big push” framed the mainstream strategies for development for more than 60 years now, till Cohen and Easterly (2009) declared “The Failure of Big Pushes to Raise Growth”. They identified three unsuccessful pushes:

1. The early big push in foreign aid (especially in the most aid-intensive continent, Africa).

2. Structural adjustment (also known as the Washington Consensus) in the 1980s and 1990s.

3. “Shock therapy” in the former Communist countries. (P:2)

In the context of the failure of the so called linking of development cooperation to the ideas of “big push”, it will be worth one’s effort to have a relook at the relevance of Lewis model in factoring in some of the typical characteristics of a developing economy that the “big push” model ignored. Lewis argued in the very first paragraph of his 1954 article:

*“This essay is written in the classical tradition, making the classical assumption, and asking the classical question. The classics, from Smith to Marx, all assumed, or argued, that an unlimited supply of labour was available at subsistence wages. They then enquired how production grows through time. They found the answer in capital accumulation, which they explained in terms of their analysis of the distribution of income. Classical systems stems thus determined simultaneously income distribution and income growth, with the relative prices of commodities as a minor by-product.” (p 139)*

He argued further that “Interest in prices and in income distribution survived

into the neo-classical era, but labour ceased to be unlimited in supply....” Unlimited supply of labour, though not a generalised global phenomenon, was very much a characteristic feature of countries like India, Egypt or Jamaica” (p. 139), he posited and tried to build this feature into his model of development. A point to be noted in this context, is the fact that the Western European nations that gained out of the Marshall Plan were already characterised by a scarcity of labour and did not qualify to be counted under Lewis’s characterisation of economies with unlimited supplies of labour. He also acknowledged this when he wrote: “It is obviously not true of the United Kingdom, or of North West Europe.”

He observed that a developing country is characterised by dualism in their domestic economic structures with simultaneous existence of a capitalist sector and a subsistence sector. While the former is capital intensive, the subsistence sector is characterised by the existence of disguised unemployment – a phenomenon that does not allow the wage go beyond a subsistence level and does not hamper the production level significantly if some of them are withdrawn from this sector. He argues that flow of capital can play an important role in releasing such disguisedly unemployed labour and push them to employment in the capitalist sector. The workers would benefit from higher wages, while the capitalist sector would be benefitted with higher surplus due to higher level of production. On an assumption that such resultant surplus will be reinvested as capital, opportunities for further migration of labour from the subsistence sector to the other will be created. This process will continue until the supply of labour remains unlimited

and cease as and when labour starts getting scarce. The structural dualism would disappear simultaneously, bringing about a parity in wages across these two sectors. This, according to him, is the pathway to “development”

However, Lewis did not distinguish between skilled and unskilled workers as he assumed that

*“There may at any time be a shortage of skilled workers of any grade-ranging from masons, electricians or welders to engineers, biologists or administrators. Skilled labour may be the bottleneck in expansion, just like capital or land. Skilled labour, however, is only what Marshall might have called a “quasi-bottleneck,” if he had not had so nice a sense of elegant language. For it is only a very temporary bottleneck, in the sense that if the capital is available for development, the capitalists or their government will soon provide the facilities for training more skilled people. The real bottlenecks to expansion are therefore capital and natural resources, and we can proceed on the assumption that so long as these are available the necessary skills will be provided as well, though perhaps with some time lag.” Lewis (1954) p.145*

Given the fact that the idea of human capital as a differentiated component of capital formation was yet to be developed during his time perhaps could not help him appreciate the short term importance of upgrading unskilled labour to a skilled one as a complementary necessity to augment the productivity of physical capital accumulated in the capitalist sector. Thus he asserted,

“Accordingly, in this analysis the growth of productive capital and the growth of technical knowledge are treated as a single phenomenon (just as we earlier decided that we could treat the growth of the supply of skilled labour and the growth of capital as a single phenomenon in long run analysis)”. (p.153)

Chiswick (2018) finds this assumption very optimistic and rightly questions Lewis’ implicit assumption that capital-formation is costless to the host developing country. Lewis’s argument could not survive critiques by Schultz (1962) and Sen (1966) and soon went into oblivion may be because of empirical evidence that failed to support Lewis’ assumptions, policy recommendations that were not successful, and the theory was not yielding new and useful insights. “There followed decades in which the Lewis model was virtually ignored, effectively displaced by a neoclassical approach to the economic problems of developing countries”. (Chiswick 2018 P:2). The recent advances in the literature on human capital may be considered as contributed to the revived interests in Lewis and his model of development.

The proponents of South-South Cooperation (SSC), however, did visualise the role of skilling the labour force in developing countries. The beginning of SSC is distinctly marked by efforts to augment the skill sets of the citizens of fellow southern countries through capacity building exercises. Even today, a large chunk of cooperation under SSC is centred around the idea of capacity building. India’s efforts at capacity building through Indian Technical and

Economic Cooperation Programme (ITEC) and other schemes are quite significant. Through such programmes it is found that the support has been increasing ever since. Starting with a modest 0.09 million USD in 1964-65, it has risen to 36.88 million in 2016-17. During 2018-19, training programmes have been planned to provide skill building opportunities in about 30 domains that include artificial intelligence, banking, finance and accounts, cyber technology, environment and climate change, petroleum and hydro carbon, power and renewable energy among others. Brazil has also engaged itself in such endeavour in an effective manner. The efforts made by Islamic development Bank, through “reverse linkage” (a review of their latest report on this issue is carried in this issue) also points to the importance of capacity building in upskilling the citizens of the global South to add to enhancement of the productivity of available physical capital that flows today not just from the traditional donors but also from their Southern partners.

It is the insight generated from the Lewis model – existence of a domestic dualism in a southern economy – that, one may argue, might have contributed to the increasing confidence in SSC to support southern partners in capacity building and thereby remove the “bottlenecks” in generating skilled labour force necessary to combine with the flow of physical capital from the developed world. This was the Southern contribution in reducing dualism, which the “big push” argument could not address to. Being abysmally low in their physical capital stock, the Southern partners, till the early 1990s, were not at all in a position to support through provision of the same. Buenos Aires Plan of Action (BAPA) also emphasized on

Technical and Development Cooperation (TCDC) in terms of sharing knowledge, experience and technology. It was only since the rise of some emerging economic powers from among the global South that an increasing flow of physical capital from one Southern partner to another has become a phenomenon to reckon with. This realisation itself never pits SSC as a substitute of ODA, rather considers its role in reducing dualism as a complement to efforts at “big push” by the traditional donors.

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#### Endnotes

<sup>1</sup> <https://www.marshallfoundation.org/marshall/the-marshall-plan/history-marshall-plan/>

### MEETING OF BRICS MINISTERS OF FOREIGN AFFAIRS AT UNGA73

BRICS Ministers of Foreign Affairs held their annual meeting on the margins of the 73rd session of the United Nations General Assembly (UNGA73) on 27 September 2018, chaired by Brazil in the country's capacity as the incoming BRICS Chair for 2019. The ministers exchanged views on current issues of global significance in political, security, economic, financial and sustainable development spheres, as well as three-pillar intra-BRICS strategic cooperation. The Ministers underlined the progress achieved by BRICS, in particular the establishment of the New Development Bank (NDB), including its Africa Regional Centre in Johannesburg, South Africa, the Contingent Reserve Arrangement (CRA), the formulation of the Strategy for BRICS Economic Partnership, BRICS Action Agenda on Economic and Trade Cooperation and the BRICS Agricultural Research Platform (ARP). They welcomed the constitution of the BRICS Energy Research Cooperation Platform, the upcoming establishment of the Americas Regional Office of the NDB in São Paulo, the BRICS Partnership on New Industrial Revolution (PartNIR), and the BRICS Vaccine Research and Development Centre.

Source: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1600275.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1600275.shtml)

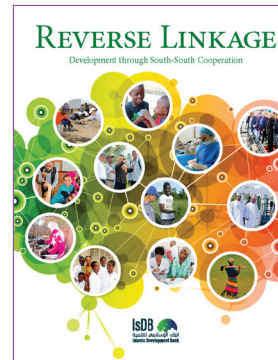
### SURINAME-INDONESIA JOINT COMMISSION PROMOTES AGRICULTURE, TRADE AND CAPACITY BUILDING

The fifth Joint Council Commission between Indonesia and Suriname took place in Paramaribo on September 17-18, 2018. The objective was to recommit to strengthen cooperation that can translate into concrete results between the two countries and enhance cooperation in the field of economics towards a free trade agreement. Indonesia and Suriname also plan to enhance mutual exchange of information in the field of infrastructure and investment and to identify areas of technical cooperation. Indonesia will help in capacity building for Suriname in the field of processing of agricultural products, the development of aquaculture, and eco-tourism. Indonesia also plans to seal a free trade agreement between the Caribbean Community (CARICOM) by utilizing Suriname as a hub. The commission called for the signing of a letter of commitment between Indonesia, Suriname and the Islamic Development Bank (IsDB) in the field of reverse linkage for artificial insemination of livestock for Suriname.

Source: <https://www.caribbeannewsnow.com/2018/09/23/suriname-indonesia-joint-commission-promotes-agriculture-trade-and-capacity-building/>

# Reverse Linkage: Development through South-South Cooperation

Compiled by Sean Nicklin and Ben Cornwell at Human Development Forum, Tudor Rose; and Islamic Development Bank Reverse Linkage Team.  
Publisher: Tudor Rose, United Kingdom  
ISBN 978-0-9956487-2-2. Available online<sup>1</sup>



*Amika Bawa\**

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Reverse Linkage is a blend of capacity development and technical cooperation enabled through the transfer of capacity to empower countries towards their autonomous development.

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The Islamic Development Bank highlights its contributions towards South-South Cooperation through its flagship publication titled, *Reverse Linkage: Development through South-South Cooperation*. Contrary to the literal meaning of “reverse” associated with moving in a backward direction, the work reflects use of “reverse” as the forward and backward linkages of knowledge with the Islamic Development Bank (IsDB) as the facilitator that will assist countries on their development trajectory. A glance over the content highlights the various aspects of South-South and Triangular Cooperation, presenting a blend of analysis that bring out technicalities of IsDB’s reverse linkage mechanism and its partnerships with the United Nation’s Office of South-South Cooperation (UNOSSC) and Organization of Islamic Cooperation (OIC). It also lays out the best practices that reflect in-action the working of the reverse linkages, in countries ranging from Latin America to Asia. For a novice reader, the publication is complemented with a chapter explaining Triangular Cooperation, its defining characteristics and its role in sustainable development of OIC Countries.

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\* Author is Editorial Assistant, DCR

<sup>1</sup> <http://digital.tudor-rose.co.uk/reverse-linkage/files/assets/common/downloads/publication.pdf>

Triangular Cooperation is a Southern-driven mode of partnerships among two or more developing countries supported by developed countries, international organizations or multilateral agencies. This forms the linchpin of IsDB's Reverse Linkage mechanism between countries seeking expertise in innovation and technology. The process connects them with countries having the capacity to meet the demand for expertise with IsDB as the catalyst. A survey by the Organization for Economic Cooperation and Development (OECD) draws upon four key characteristics wherein triangular cooperation is increasing the efficiency of countries in achieving their development goals without additional planning, and hence the procedures of any cooperation project are followed with minimal changes. The survey asserts that triangular cooperation adds value through horizontal partnerships, knowledge-sharing, and co-creating development solutions.

Opening with the vision of the Bank as a "*Bank of Developers*", the President, H.E. Dr. Bandar M. H. Hajjar articulates IsDB's role not only as a financial institution but as a catalyst for 'connecting and engaging stakeholders and partners to transform the development journey of member countries'. In achievement of such a vision and its 5 Year Programme (P5P), the reverse linkage mechanism draws upon learnings of the Bank, development know-how, identification of existing expertise, technology and resources to create an enhanced modality in South-South Cooperation. Identified as a new approach by IsDB, Reverse Linkage is a blend of capacity development and technical cooperation enabled through the transfer of capacity to empower

countries towards their autonomous development. Highlighting not just a gap in sharing of knowledge for development but also mapping knowledge hubs, the IsDB argues that a key challenge for development providers is in the limitations of availability of information on online platforms. Taking a solution focused approach, the IsDB Reverse Linkage Team launched an integrated Programme for mapping of Resource Centres (RCs) complimented by a methodology to develop a resource base. This methodology is a combination of assessing a country's comparative advantage, collecting specific data through questionnaires, and data assessment through a scoring scheme to create RC profiles highlighting sectoral interventions, expertise and achievements. This mapping was however done with the ownership of the countries to bring out indigenous and local country knowledge systems to the fore. Complimenting this is a new framework of action called "3 2-C Initiative for Effective Technical Cooperation" structured on three pillars of convergence and complementarity; coordination and collaboration; and capitalisation on knowledge and communication.

The Sustainable Development Goals and Agenda 2030 rest at the heart of the knowledge management and exchange, drawing upon Goal 17 for partnerships. Triangular partnership is becoming popular in a wide range of sectors and in working with a multiplicity of actors due to increased role of development banks, local level governments, non-governmental stakeholders and private sector. In support of this demand, the UNOSSC and IsDB created a space for "capacities and needs matching" through events that promote

triangular partnerships wherein countries like Algeria in need of expertise for their automobile manufacturing industry are linked to a private company in Pakistan that assisted in training and feasibility study for Algeria's public corporation, or Pakistan's demand for training its scientists found its way to knowledge hubs nested in Saudi Arabia.

Drawing upon the experiences of a range of other development actors such as the Arab Bank for Economic Development in Africa (BADEA), Turkish Cooperation and Coordination Agency (TIKA), Indonesia's Directorate for Foreign Policy and International Development Cooperation (BAPPENAS), Palestinian International Cooperation Agency (PICA), and the Ibero-American General Secretariat (SEGIB), IsDB traces their impact in technical assistance and knowledge sharing. It draws upon best-practices, highlighting initiatives that paralleled engagements with IsDB and contributions made towards the development of receiving countries.

Case studies on Triangular Cooperation have also been enumerated upon, that have resulted in bilingualism in Chad; enabled Morocco to improve monitoring of quality of its raw water; and increased livestock productivity in Kyrgyzstan; based on the knowledge and expertise focused engagement.

A timely publication launched on the eve of BAPA+40, *Reverse Linkage* associates itself with the flow of knowledge, capacity, technical expertise and innovative approaches amongst development partners. The in-depth articulation of the mechanism and the best practices reflect knowledge sharing and transfers that complement the demands of developing countries. A critical look uncovers a limitation in the publication as it leaves its reader with an incomplete picture of "Reverse Linkage" of a forward and backward linkage that encapsulates the learnings for the Bank and other countries. Knowledge moves from provider to the source of demand reflecting a transfer, but for an effective "exchange" a resultant transfer will lead to improved knowledge and capacities in reverse for both the provider and facilitator as well, to actualize a complete South-South Partnership. While IsDB asserts its role as an enabler, the publication does not showcase a deeper understanding of the knowledge acquired by the Bank that added to the efficiency of its linkage mechanism. A reflection upon this will highlight the "new" ways of sharing and co-creating knowledge that emerge from a "to-and-fro" learning from supply side to demand side and its reverse. Nonetheless, in 130 pages IsDB lays open to its reader an elegant mapping of linkages highlighting developing countries as centres of excellence and SSC as the development approach for OIC countries.

# UN Day for South-South Cooperation highlights the 40th Anniversary of the Adoption of the Buenos Aires Plan of Action\*

Forty years ago on this day, countries of the Global South envisioned a world where the knowledge and expertise that they held could be used to promote technical cooperation with each other. They also agreed to ask the UN System to collaborate in this endeavor, said Ms. Amina J. Mohammed, Deputy Secretary-General of the United Nations, marking the United Nations Day of South-South Cooperation at a High-level discussion organized by UNOSSC.

To highlight the importance of South-South Cooperation, the General Assembly in its resolution 58/220 decided to observe the United Nations Day for South-South Cooperation on 12 September every year. The date commemorates the adoption in 1978 of the “Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (BAPA)” by 138 Member States. The United Nations Day for South-South Cooperation celebrates the economic, social and political developments made in recent years by regions and countries in the south and highlights UN’s efforts to work on technical cooperation among developing countries.

“Together, we must identify and encourage the areas where South-South cooperation can be most effective,” the Deputy Secretary-General said, highlighting that the UNOSSC – in collaboration with Member States, UN agencies and other development partners –



\* United Nations Office for South-South Cooperation 2018. Available at: <https://www.unsouthsouth.org/2018/09/12/un-day-for-south-south-cooperation-highlights-40th-anniversary-of-the-adoption-of-the-buenos-aires-plan-of-action/>

has created a compilation of ‘Good Practices in South-South and Triangular Cooperation for Sustainable Development’. The document launched during the UN Day celebrations features more than 100 Southern best practices that are relevant to the implementation of all 17 Sustainable Development Goals.

More than 160 participants were present at the UN Day commemoration, including over 45 representatives of Member States, plus 50 representatives of UN organizations and the media.

“BAPA reaffirmed that the purpose of what would later become South-South cooperation was to derive mutual benefits from the sharing of experiences and knowledge, thus making a call toward facing the challenges of development in an integrated way,” said H.E. Mr. Daniel Raimondi, Vice Minister of Foreign Affairs and Worship, Government of Argentina.

“The exchange of knowledge, experiences and development solutions is critical for countries of the South to achieve the 2030 Agenda,” said H.E. Mr. Daniel Raimondi. “In this context, it is of paramount importance to reinforce the institutional setup of South-South and triangular cooperation at all levels.”

The Second High-level United Nations Conference on South-South Cooperation (BAPA+40) to be hosted by Argentina in March 2019, said H.E. Mr. Daniel Raimondi, “provides a unique opportunity to review lessons learned from the past decades, to identify new areas and mechanisms where South-South and triangular cooperation can add value and have more impact, and commit to build an adequate and systematic follow-up within the framework of the United Nations system.”

On the occasion of UN Day H.E. Mr. Daniel Raimondi launched the BAPA+40 logo. The new logo is derived from the original 1978 logo design – symbolizing West, East, North and South as partners for development – where the figurative elements of the “globe” and “bridge” merge to form an whole more powerful than the sum of its parts. The palette of the BAPA+40 logo corresponds to that of the 17 SDGs approved by the UN in 2015. The colors are integrated into the design through concentric rays that emerge from the center of the logo and providing the feeling of dynamism and projection into the future.

This last UN Day ahead of BAPA+40 “is an occasion to recognize and underscore 40 years of collaborative initiatives amongst developing countries that have helped to improve the lives of millions across the Global South,” said H.E. Mr. Adonia Ayebare, Permanent Representative of Uganda to the United Nations, and President of the High-level Committee on South-South Cooperation.

“Developing countries – regardless of their size or level of development – have something to bring to the table. They are home to solutions, practical technologies, human skills, and institutions that can be utilized by other countries,” H.E. Mr. Adonia Ayebare said. “Emerging economies have been particularly



strong contributors to the South's social economic strength. However, the tremendous achievements of the South are not solely attributed to the emerging and middle-income countries. They also include initiatives by developing and least developed countries, which have themselves developed innovative successes in critical areas such as food security, access to energy information and communication technologies among others."

H.E. Mr. Adonia Ayebare congratulated UNOSSC on preparations thus far and encouraged all Member States to make contributions and actively engage in negotiations leading up to the Second High-level United Nations Conference to ensure its success.

"The forthcoming BAPA+40 Conference is an opportunity to enhance South-South cooperation and to identify the proper ways to harness it toward achieving the 2030 Agenda and eradication poverty in all its forms and dimensions," said H.E. Mr. Mohammad Fathi Ahmed Edrees, Permanent Representative of Egypt and Chair of the Group of 77. "BAPA+40 will be an occasion to assess progress, review lessons learned and identify challenges... taking advantage of the significant achievements of the developing countries."

H.E. Mr. Mohammad Fathi Ahmed Edrees commended UNOSSC for its work, "especially in networking and making known various forms of and instances of South-South cooperation within the UN system as well as among developing countries." He stressed, however, that a "major strategic effort and thinking must be called for on how to strengthen the support by the UN and by the international community for this form of development cooperation."

"The expressions of support to South-South cooperation of delegations, together with the document of best practices, are testimony that South-South cooperation is changing the world," said Mr. Jorge Chediek, UNOSSC Director and Envoy of the Secretary-General on South-South Cooperation. Moving beyond UN Day, he emphasized that we have to think about how we can best take up the process toward BAPA+40, and thereafter, to ensure that more countries, more organizations, and more sectors engage in South-South cooperation which complement the efforts of traditional North-South cooperation toward achieving the 2030 Agenda.



# SSC in Statistics

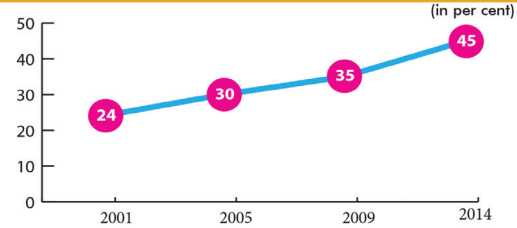
## Global South in the World Economy\*

The South experienced a graceful economic turnaround after a short spell of slowdown in the event of global economic recession during 2007-09. While the North struggles with the fragile recovery for the past five years, the South explains the current growth dynamics in the world. The contribution of the South to incremental world growth has outpaced the advanced economies. Moreover, the Southern economies exhibited remarkable resilience and played key role in the rebalancing of global demand. The share of the South in world GDP elevated from 24 per cent in 2001 to 45 per cent in 2014, thus reflecting economic prowess of the South in catching up with the North. Most notably, the LDCs showed considerable resilience in the crisis years. Although higher growth is observed across different country groupings within the South, the growth triggers were stronger in the emerging markets. With bright spots in the emerging market fundamentals, and other sub-groups in the South including LDCs, other developing and transitional economies, the South would be the engine of global growth in the future.

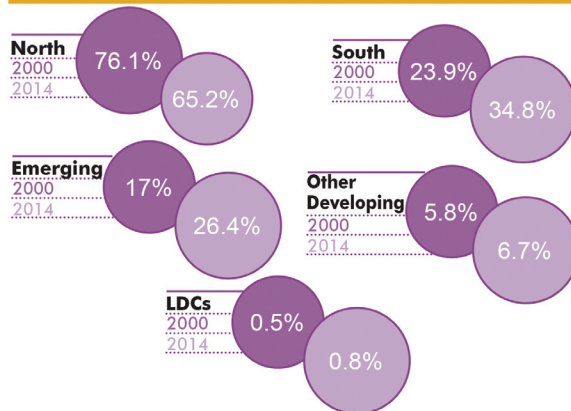
**Surging GDP Growth in the South**



**Contribution of the South to the World Output**



**GDP Share in the World**



\* Resurging South Stylized Facts, (2016): Prepared by RIS Team.



## 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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## 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)

NeST was established on the sidelines of the first high-level meeting (HLM) of the Global Partnership for Effective Development Cooperation (GPEDC) in Mexico in April 2014, and as a follow-up to the Conference of Southern Providers held in Delhi in April 2013. The network has committed itself to 'generating, systematising, consolidating and sharing knowledge on South-South co-operation (SSC) approaches to 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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