

# The Rise of South-South relations: Development partnerships reconsidered

**San Bilal**

Head of Economic Governance  
European Centre for Development Policy Management (ECDPM)  
[www.ecdpm.org](http://www.ecdpm.org) [sb@ecdpm.org](mailto:sb@ecdpm.org)

Paper written for the VVOB, MO, VAIS, VLIR-UOS and VVN debate on South-South Cooperation  
Brussels, 30 May 2012

## 1. Introduction

The traditional perception on development in industrialised countries has been one centred on the notion of assistance. Rich nations (“the North”) can accompany and support the development efforts of poorer nations (“the South”). The quest has been to find how to best provide such support. Which programmes and policies would be most effective? How to ensure sustainability of the effort and the outcomes? How to best engage developing countries to this endeavour?

In spite of various - successive or parallel - waves of development strategies promoted by the international community<sup>1</sup> and bilateral donors, it remains questionable whether definitive solutions have been found to development challenges. But in recent years, the whole approach to development by traditional actors has been further challenged by an increasingly important trend of South-South cooperation. While not new *per se*, this emerging trend offers complementary and often alternative approaches to development. While Northern development cooperation actors have often framed their approach in the “we will help you” framework, cooperation among developing countries tends to be framed in a more “equal footing” approach. Developing countries do not need to be taught about how to grow. Instead, they can share experience and knowledge in a less prescriptive, more open-ended manner, so as to generate tailor made

---

<sup>1</sup> See for instance Yusuf *et al.* (2008).

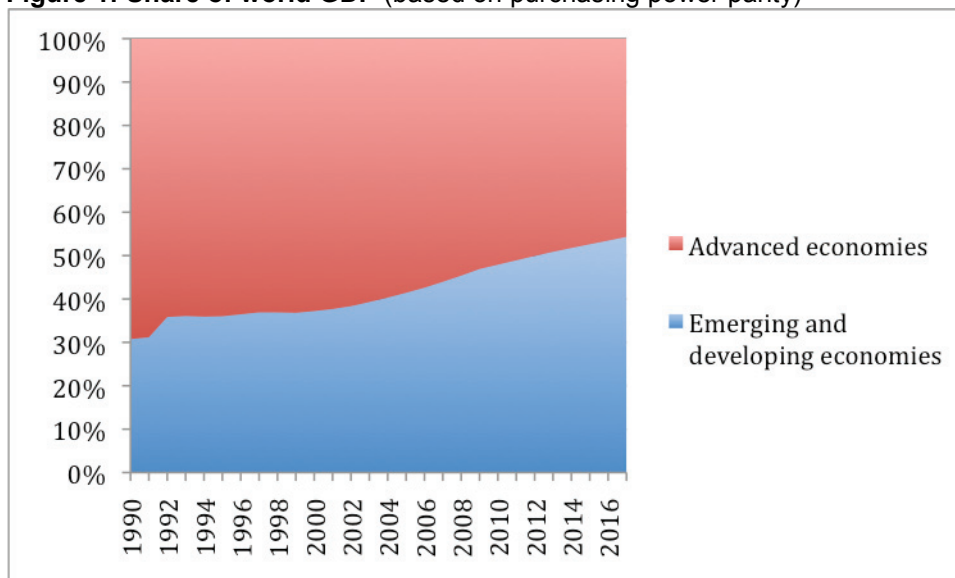
solutions respecting the specificities of each situation. This South-South exchange is arguably driven by what Fraeters and Maruri (2010) call “the power of double demand: the desire to learn and the desire to share”.

This paper seeks to review the rising trend of South-South partnership and cooperation in several of its dimensions. South-South cooperation can be considered along two main trends. One is the growing importance of Southern economies and their increasing connection to the world and among themselves. This is the focus of Section 2, whereas Section 3 addresses some of the disparities among Southern actors. The second trend is the increasing number of South-South initiatives to stimulate their development, discussed in Section 4. Section 5 concludes with some remarks on possible consequences for the more traditional North-South relations.

## 2. The economic rise of the South

In economic terms, developing countries have become increasingly important players on the international scene. They accounted for only 30% of world GDP in 1990, now about half the world economy and are expected to reach 54% by 2017, as illustrated in Figure 1.

**Figure 1: Share of world GDP** (based on purchasing power parity)

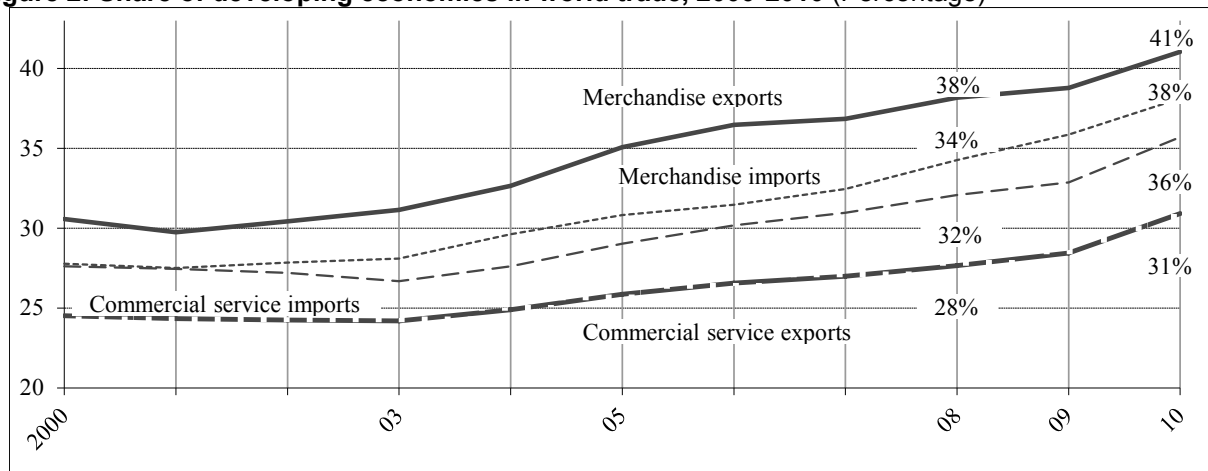


Source: IMF World Economic Outlook Statistic 2012

They account for close to 40% of world trade in 2010, up from less than 30% in 2000 (see Figure 2 and Table 1). Asian developing economies, and in particular China, but also other countries such as India, have been one of the driving force behind this emergence. China has become a leading economic power in the world and among developing countries. China’s share in world exports has increased almost three fold from 3.6% in 2000 to 9.5% in 2010. And China’s share in developing economies exports has doubled during the same period, jumping from only 12% to about 24% in 2010. It is worth noting that this increase in trade by developing countries is not limited to commodities and goods, but also to services, as illustrated in Figure 2. As for China, while it has become the leading single country in the world in terms of merchandise

exports, and the second one, behind the US but ahead of Germany in terms of merchandise imports, it ranks fourth and third in the world, in terms of respectively exports and imports of commercial services.<sup>2</sup>

**Figure 2: Share of developing economies in world trade, 2000-2010 (Percentage)**



Source: WTO (2011a).

**Table 1: Developing economies' trade in goods and commercial services between 2000 and 2010 (billions USD and percentage)**

	Exports				Imports			
	Value 2010	Share in world			Value 2010	Share in world		
		2000	2008	2010		2000	2008	2010
Developing economies <sup>a</sup>	7,269	30.0	36.6	39.4	6,803	28.2	33.8	37.7
Developing Asia <sup>a</sup>	4,452	17.3	21.0	24.2	4,196	16.6	19.7	23.3
China	1,752	3.6	8.1	9.5	1,519	3.2	6.4	8.4
India	349	0.8	1.6	1.9	440	0.9	2.0	2.4
Other <sup>a</sup>	2,352	12.9	11.3	12.8	2,237	12.4	11.3	12.4
Non-Asian developing economies	2,817	12.7	15.6	15.3	2,608	11.6	14.1	14.5
Brazil	232	0.8	1.2	1.3	241	0.9	1.1	1.3
Memorandum items								
Developed countries	10,488	67.9	59.3	56.9	10,705	70.4	63.0	59.4
Commonwealth of Independent States (CIS)	677	2.1	4.1	3.7	522	1.4	3.2	2.9

Note: <sup>a</sup>Excluding Hong Kong, China re-exports or imports for re-exports.

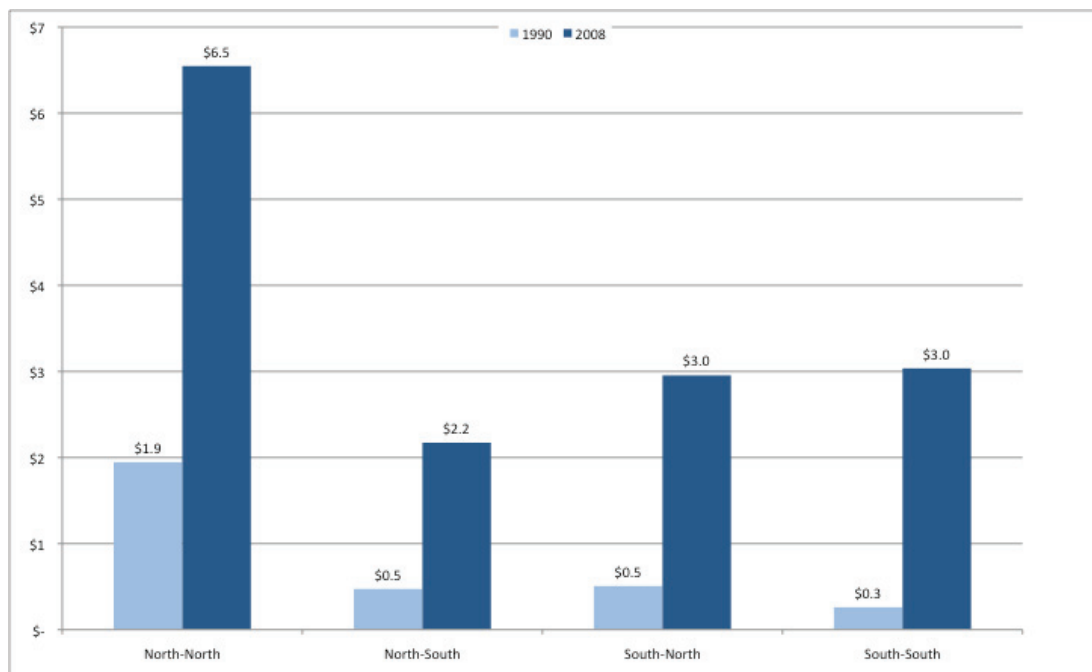
Source: WTO (2011a).

Looking at the direction of trade, North-North trade remains dominant, but the South has been catching up. So, while North-North exports has been multiplied by a factor of 3.4 from 1990 to 2008, exports from the South to the North have been multiplied by a factor 6, and South-South trade by 10 over the same period, as shown in Figure 3. So, while South-South trade is not new, it has become increasingly important.

<sup>2</sup> WTO (2011b).

This trend has been accompanied by a progressive integration of Southern economies, at the regional level, through various regional integration initiatives, as well as across regions. Figure 4 illustrates this trend of increasing preferential trading arrangements (PTAs) over the last decades, notably among developing countries. Yet, much remains to be done in terms of liberalising trade among Southern partners, where significant potential welfare gains could be achieved. In a recent study, the OECD (2010) estimated that, should the South reduced its tariffs to the levels of between northern countries, most of the benefit with accrue from South-South trade (US\$ 59.4 bn compared to only US\$ 33.5 bn for North-South trade), as shown in Figure 5. Numerous studies also confirm the potential benefits of Southern countries deeper integration among them.<sup>3</sup> The major lesson however is that the characteristic of preferential agreements (i.e. their scope and depth), as well as their effective implementation, are key factors to determine their potential benefit (WTO, 2011).

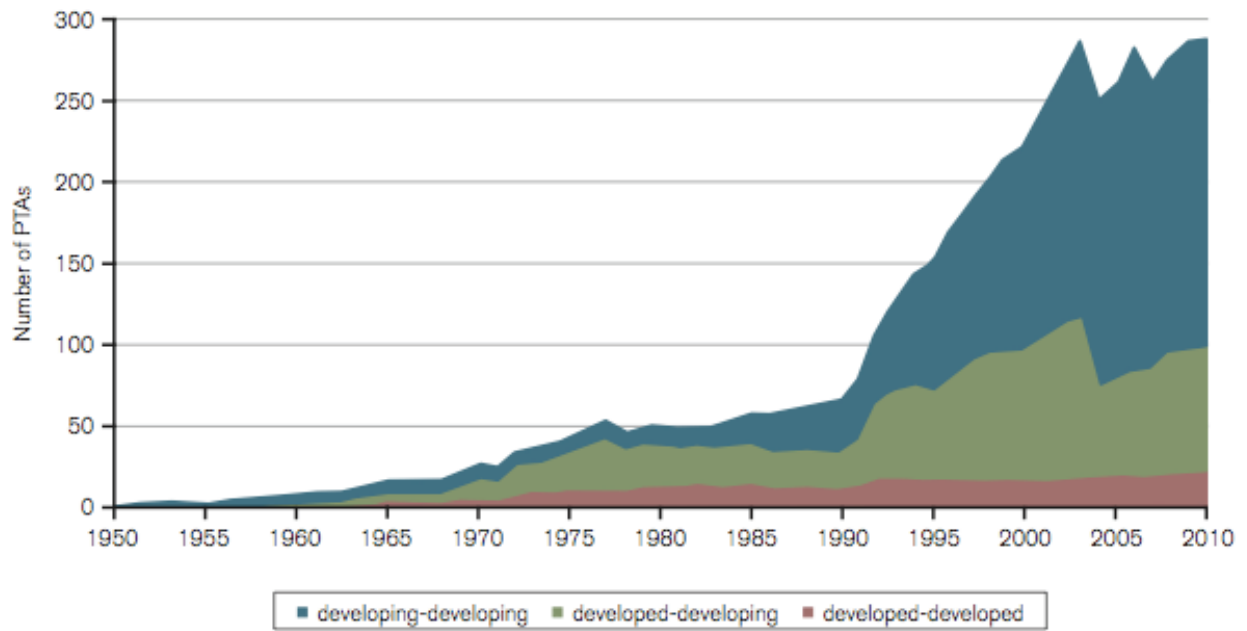
**Figure 3: Exports by region (trillions USD)**



Source: OECD (2010, Figure 3.1)

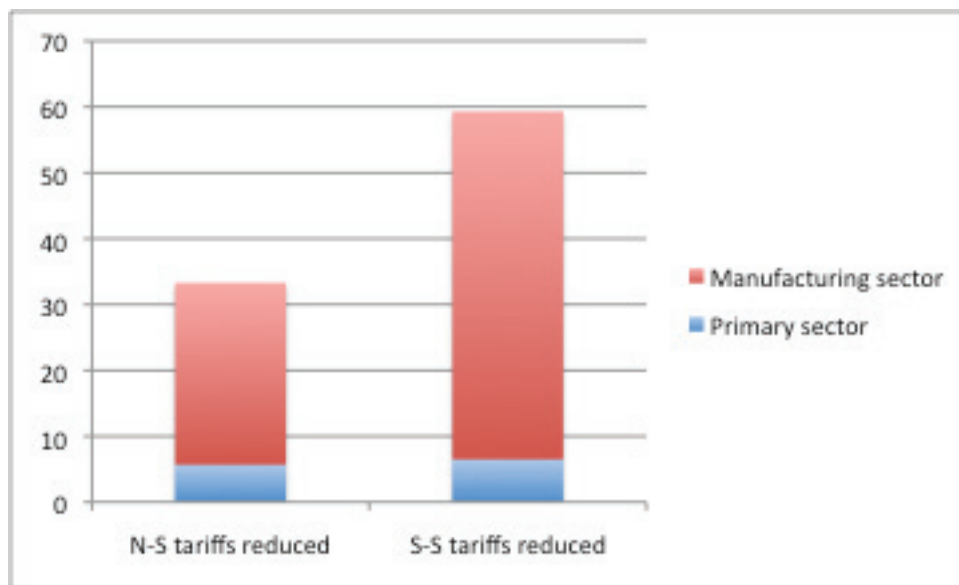
<sup>3</sup> See for instance Bhattacharya and Das (2011) for a succinct survey in particular in the case of Asia. Considering the South Asian Association for Regional Cooperation (SAARC), they find that gains could be significant, in particular for smaller countries. They also stress the importance of address beyond the border issues and various dimensions of regional cooperation to stimulate the benefits from regional integration.

**Figure 4: Cumulative number of PTAs**



Source: WTO (2012).

**Figure 5: Potential gains from trade liberalization to North-North levels (billions USD)**

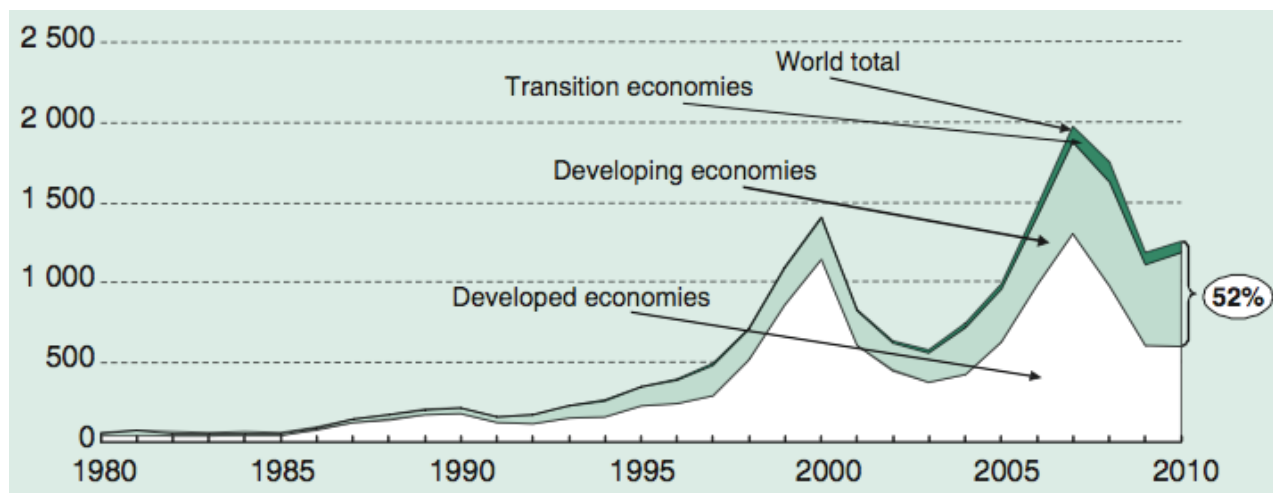


Source: OECD (2010, adapted from Table 3.5)

Investment flows are another indicator of the rising economic importance of the South. Developing countries become an increasing destination of foreign direct investment (FDI), as well as a source of such investment flows, in particular from emerging countries such as China, India and Brazil. While until the mid-2000s FDI inflows were mainly from developed countries, by 2010 developing and transition economies accounted for the first time more than half (52%) of world inflows of FDI, as shown in Figure 6. In fact, it is interesting to note that although the South has experienced higher economic growth rates on average than the North, their attractiveness to FDI has grown even faster, at the expense of developed economies. This can be seen in Figure 7 by looking at the evolution of the inward FDI index calculated by UNCTAD (2011), which is the ratio of an economy's share of world FDI inflows to its share of world GDP. Developing countries attract proportionally almost 40% more FDI than the size of their economy would suggest, whereas developed countries receive over 20% less.

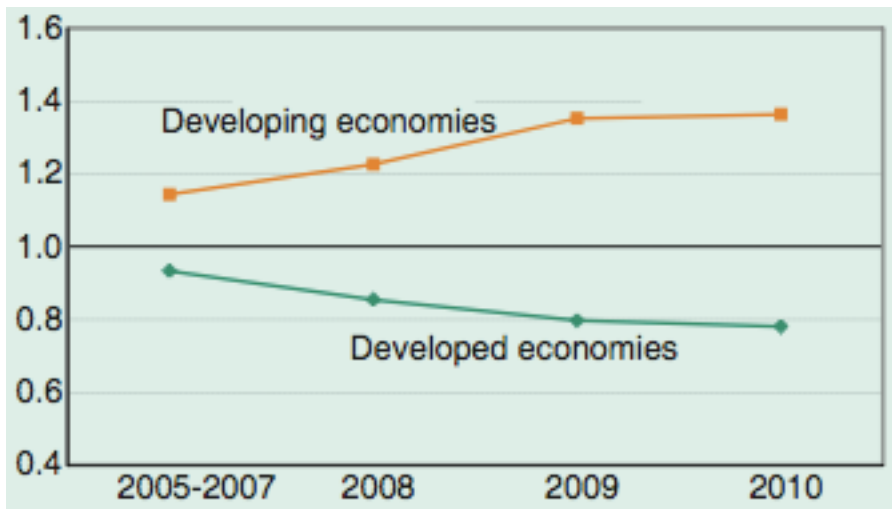
It is also interesting to note that while on the increase, there are relative few bilateral investment treaties (BITs) between developing countries. Most bilateral investment treaties and investment agreements concerned or involve developed countries, as shown in Figure 8. This picture is somewhat in sharp contrast with the situation with trade agreements, where developing countries have been more inclined to sign agreements among themselves. This is not surprising though, since most developing countries are involved in some forms of regional integration processes involving trade preferences. Investment regimes, on the other hand, have not been a priority for most of the poorer countries. However, with the rapidly increasing flows of investment in the South and the growing importance of the services sector in most developing countries, it is to be expected that investment agreements - in the form of BITs or other instruments - should become a more prominent tool of South-South partnership in a near future.

**Figure 6: FDI inflows 1980-2010 (billions USD)**



Source: UNCTAD (2011, Fig.I.3)

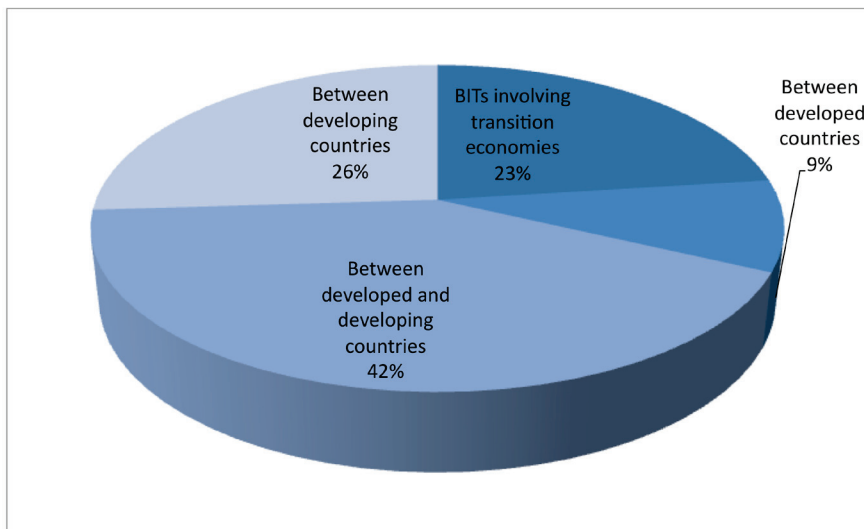
**Figure 7: Inward FDI index**



Note: The inward FDI Performance Index is the ratio of a country/region's share in global FDI inflows to its share in global GDP. A value greater than 1 indicates that the country/region receives more FDI than its relative economic size, a value below 1 that it receives less.

Source: UNCATD (2011, Fig. I.5)

**Figure 8: Distribution of BITs (year ending 2008)**



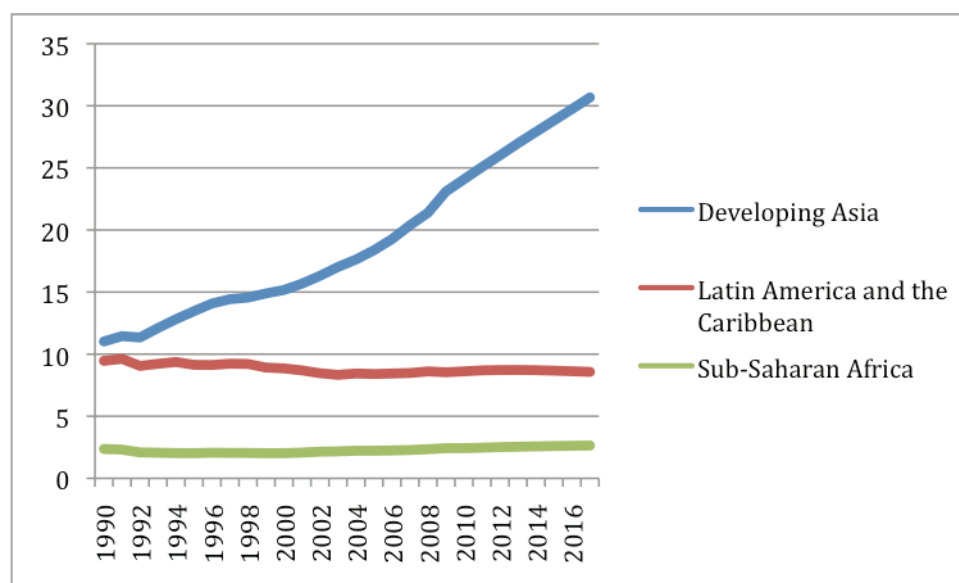
Source: UNCTAD World Investment Report 2009; reported in OECD (2010, Fig.6.1)

### 3. Disparities in the South: Emerging players and the rest

When considering the rise of the South, there is a natural tendency to look at the big picture. Yet, aggregate can however be rather misleading, in the sense that they can hide huge disparities. The South is dominated by the situation of emerging players, which are themselves largely dominated by China. In terms of the dynamics of developing countries, Asia is the lead pole, followed by Latin America and only then Africa.

Most of the rise of economic power comes from Asia, as illustrated in Figure 9. Asian developing countries accounted for about a tenth of the world economy in 1990, a quarter in 2011 and are projected to reach 30% by 2016-2017. By contrast, Latin America and the Caribbean have not been able to fully keep up with the world average economic growth. They represented about 9.5% of the world GDP in the early 1990s, and are now going to remain around 8.5-8.7%. As for Sub-Saharan Africa, while its economy remains marginal, it is interesting to stress more recent dynamics. Following a sluggish decade during the 1990s, the share of Sub-Saharan Africa in the world economy has increased by over 20% during the 2000s (from about 2% in 2000 to almost 2.5% of world GDP in 2011).

**Figure 9: Share of world GDP of selected developing regions** (based on purchasing power parity)



Source: IMF World Economic Outlook Statistic 2012

Asian developing countries also account for almost a quarter of world trade (see Figure 2 above), compared to less than 4% for South and Central America, and around 3% for Africa. In terms of intra-regional trade, Asia trade more than half within its region, compared to a quarter for South and Central America and only one eighth for Africa.<sup>4</sup>

The situation is somewhat similar when considering investment flows. Most FDI inflows accrue to Asian developing countries, with Africa still lagging behind, in spite of their increasing overall attractiveness (see Figure 10).

<sup>4</sup> For 2010. WTO (2011b)



**Figure 10: FDI inflow to developing and transition economies (billions USD)**



Source: UNCTAD (2011, Fig.I.6)

But within each continent, there are also widespread disparities between higher middle countries and low-income / least-developed countries (LDCs). Not only their level of economic development, but also the structure of their economy varies greatly, notably in terms of their natural resources endowment (primary commodities, oil, mining, etc.), productive capacity, the contribution of their services sector, their institutional and financial development, etc. Their level of development is also no indicator of their current performance or dynamics. Hence, extremely poor countries such as Mozambique or the Democratic Republic of Congo, which rank respectively 184<sup>th</sup> and 187<sup>th</sup> (i.e. last) in the 2011 UNDP Human Development Index<sup>5</sup>, can still be booming, experiencing strong growth of GDP (7.1% and 6.9%, respectively in 2011)<sup>6</sup> and attracting a lot of FDI, notably from Southern emerging players, mainly focused on their extractive sector.

In other words, optimism about the South, its economic development and the growing importance of South-South relations should not blind us to this strongly uneven process and the serious poverty challenges that the South is still confronted with. This is also the case for better off countries, as by far the largest number of poor people is located not in LDCs, but in middle income countries such as China, India and Brazil (see Figure 11).

### **Emerging players: a dominant factor**

The BRIC or BRICS - with the inclusion of the much smaller but symbolically important South Africa - have become a major factor in the global economy and in South-South relations. The internal dynamics of the BRICS, their increased role in the international arena and the growing ties among them has been well acknowledged. They have experienced significant growth over the last decade and will soon become the major contributor to global economic growth (see Figure 11). In 2010, the BRICS accounted for over a quarter of the world GDP (22.6% without Russia, the double of their share in 1990), 15% of global trade in 2010 (12.7% without Russia), and 17.8% of global FDI inflows (14.5% without Russia), as shown in Table 2. The BRIC also accounted for 60% of the net capital inflows to the developing countries in 2010.<sup>7</sup>

<sup>5</sup> <http://hdr.undp.org/en/statistics/>

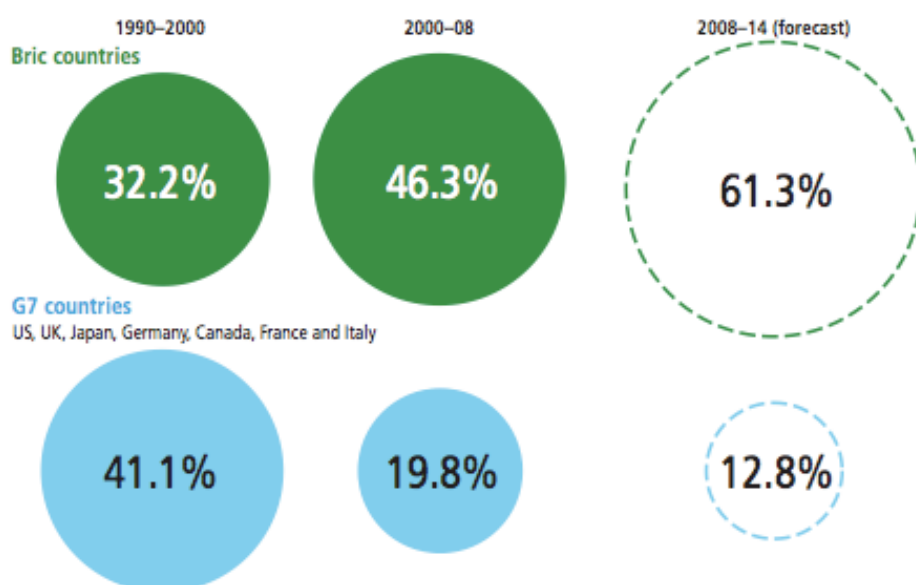
<sup>6</sup> IMF (2012).

<sup>7</sup> See World Bank (2012). Within the BRIC, Pollock and Levent (2011) also notes that, over the 2005-2010 period, half of the net capital flows to the BRIC went to China, indicating the predominance of China, with Brazil, India and Russia having an equal share of the rest.

**Figure 11: Growing BRICS remain poor**

**Bric countries will soon contribute over half the world's growth ...**

Share of global GDP growth (% based on purchasing power parity \$ terms)

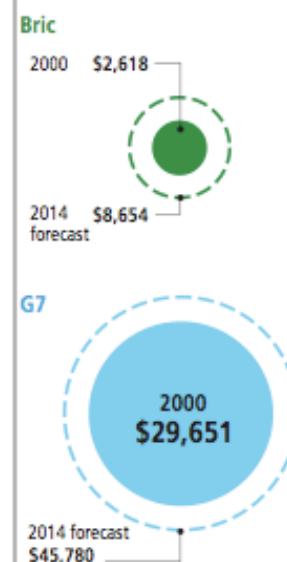


Source: IMF

Source: World Bank and IPEA (2012)

**... but relative to population, they remain poor**

GDP per capita (purchasing power parity \$)



**Table 2: BRICS in the world economy**

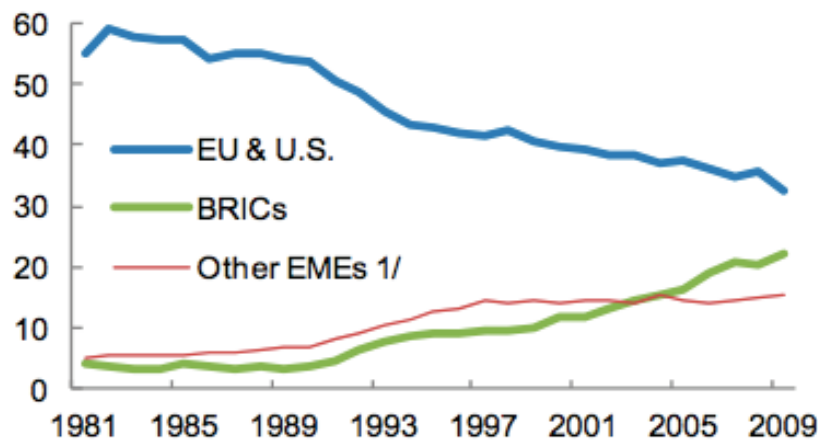
	Share of world GDP		Share of world trade		Share of global FDI inflows	
	1990	2010	1990	2010	1990	2010
Brazil	3.3	2.9	0.8	1.2	0.5	3.9
India	3.1	5.4	0.5	1.8	0.1	2
China	3.9	13.6	1.6	9.2	1.7	8.5
South Africa	0.9	0.7	0.6	0.5	0	0.1
<b>Total BICS</b>	<b>11.2</b>	<b>22.6</b>	<b>3.5</b>	<b>12.7</b>	<b>2.3</b>	<b>14.5</b>
Russia	-	3	-	2.3	-	3.3
<b>Total BRICS</b>		<b>25.6</b>		<b>15</b>		<b>17.8</b>

Source: IMF and UNCTAD, as reported in BRICS (2012)

From a development perspective, the primary interaction of the BRICS is with developed countries (in terms of increased ties and economic relations) as well as among themselves (in terms of fastly growing economic, political and development cooperation). The BRIC, though heterogeneous in their relations with other developing countries, have also played an increasingly strong role in the development of many of the poorer countries. The primary effect has been through trade. Not only the share of trade with the BRIC has consistently increased, for of low-income countries (LICs) and Africa (see Figures 12 and 13, respectively).

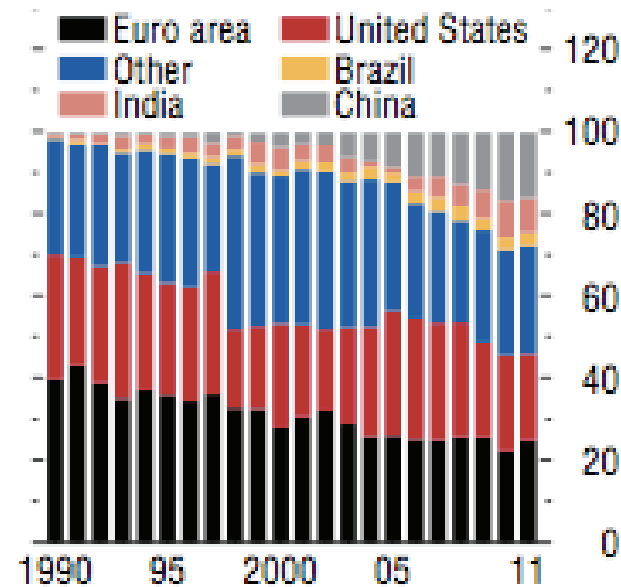
But the intensity of trade of the BRICs trade with LICs is higher than their relative size would suggest: the share of LICs exports is 70% higher than the share of BRICs exports in the world.<sup>8</sup> There is a risk that low-income countries' rich in natural resources do not diversify their economy and trade, and remain too focus on satisfying the high demand from the BRIC for primary commodities. However, trade with the BRICs offer new opportunities for developing countries in the sense that they can diversify the destination, as well as the source, of their trade, and can create new opportunities for diversified and innovative production as well through this economic growth dynamics.

**Figure 12: LICs trade by partners (percentage)**



Source: IMF (2011).

**Figure 13: Share of Sub-Sahara African exports to other regions**



Source: IMF (2012).

<sup>8</sup> IMF (2011).

Rising foreign direct investment by the BRICs, and in particular China, are also playing an increasingly important role in development, including in Africa. According to the IMF (2011), BRICs' FDI to LICs amounted to US\$ 2.2 bn in 2009, 40% of which was destined to Sub-Saharan Africa. The proportion was even higher for China, since near half of the Chinese US\$ FDI flows to LICs - and above 60% excluding Pakistan<sup>9</sup> - was destined to Africa (in particular resource-rich countries such as the Nigeria, Zambia, DRC and Niger).<sup>10</sup> As for the stock of outward Chinese FDI to the LICs, it is 20 times higher in 2009 (at US\$ 13.2 bn) than in 2003.

Interestingly, the IMF (2011) has conducted formal estimations of the overall effect of the BRIC on growth of poorer developing countries. The results suggest that "a 1 percentage point increase in BRICs' demand and productivity leads to 0.7 percentage point increase in LICs' output over 3 years and 1.2 percentage point over 5 years". The main channel of transmission is through trade (which account for 60% of the impact), which has contributed to dampen the effect of the global economic crisis on the LICs.

Yet, focusing solely on the BRICS can be misleading. First, the coherence of the BRICS as a group is questionable, as they differ considerably in terms of size, economic power and population (e.g. China vs. South Africa), developing perspective (e.g. Russia cannot be considered among developing countries part of "the South")<sup>11</sup>, economic and institutional governance (e.g. China is no democracy), political power in international affairs (e.g. only China and Russia are permanent members of the UN Security Council with a veto power), etc. Several sub-configurations are therefore also commonly referred to, such as IBSA (India-Brazil-South Africa in terms of South-South cooperation – see below) or BICS (see Table 2). Second, other countries have also been considered as additional relevant emerging players, or countries having emerged<sup>12</sup>. This is the case of South Korea (BRICKS). But several others have been suggested. In the context of Africa, Freemantle and Stevens (2012) have recently argued to focus on the Africa's Emerging Partners 10 (EM10) instead, which consists of the BRICS plus Indonesia, Nigeria, Saudi Arabia, Thailand and Turkey, to better reflect the importance of these economies in the world and as emerging trade partners of Africa, as illustrated in Figure 14.

The imbalance of economic power in the South is thus a prominent feature of South-South relations, and a source of synergy as well as potential competition and tension among the partners. The emergence of an increasing number of new economic poles in the South is also an important source of diversification of partnerships and possibly mode of exchanges and engagements. Reducing the focus on South-South relations in a generic manner, and opposing it to the more traditional North-South relations, is thus far to over simplistic and missing one of the key components of the international foreign and economic relations of our increasingly globalised world: that is its diversity and heterogeneity.

Any serious analysis of South-South relations and their impact on the relationship with more traditional partners should therefore take into account the complexity is this multi-polar world where development partnerships can emerge along different axes and common interests, not necessarily divided along North-South lines.

---

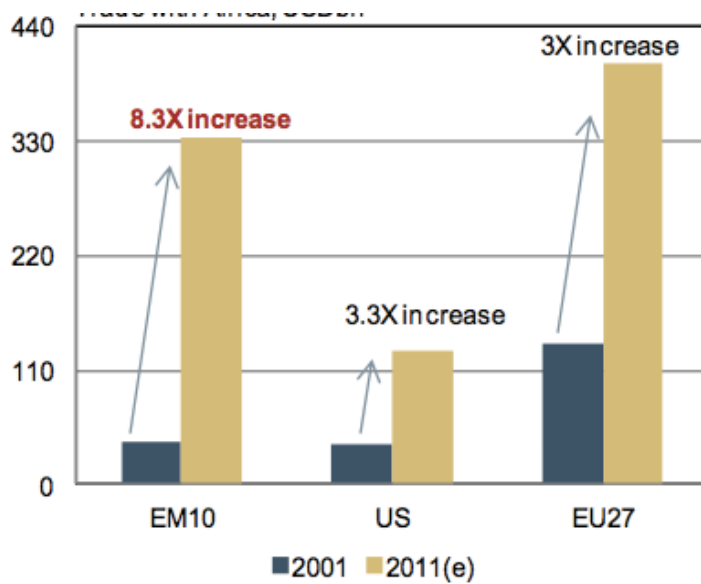
<sup>9</sup> Pakistan moved out of the LIC classification in early 2010.

<sup>10</sup> China MOFCOM (2011).

<sup>11</sup> Russia, traditionally anchored in Europe, has more recently developed its ties with Asia, however, which led Carrère d'Encausse (2010) to describe Russia as being between two worlds, Europe and Asia.

<sup>12</sup> It is indeed questionable as to whether the terminology "emerging" is still appropriate for the BRICs, given their current status.

**Figure 14: Africa's trade with the EM10, US and EU (billions USD)**



Source: Freemantle and Stevens (2012)

## 4. South-South cooperation: an alternative approach?

South-South relations have not only grown in terms of economic relations. It is also the result of a deliberate effort, resulting from a political strategy, to promote South-South forms of cooperation and partnership. The premises are that developing countries share common problems and challenges, and while some have been doing better, and reached higher levels of development, they still share common experience and background, which can benefit poorer developing countries. The notion of solidarity and mutual benefit from cooperation is also very much at the heart of the principles of this Southern cooperation. Last, but not least, South-South cooperation is also perceived as an alternative to the North-South dominant framework of development cooperation.

### 4.1. A range of arenas

South-South cooperation is nothing new. Without look at ancient history,<sup>13</sup> numerous examples can be found since World War II of this endeavour to forge alliances among developing nations.<sup>14</sup> A prime example stems from the Cold War, with the Non-Aligned Movement initiated in the early 1960s, to raise the Southern voice in international relations. The decolonisation movement has also played a critical role in strengthening the Southern relations and at times solidarity.

#### **G77 and the UN system**

The Group of 77 (G-77), established in 1964 at the end of the 1<sup>st</sup> United Nations Conference of Trade and Development (UNCTAD), has been a formal forum of cooperation set up by the South in the context of the structures of the United Nations (UN). This has included the adoption of formal structures with the adoption

<sup>13</sup> For instance, Snow (1988) claims that trade relations between China and African date back as far as 200 BC.

<sup>14</sup> See for instance Morais de Sa e Silva (2010),

of the Charter of Algiers in 1967, and numerous following declarations, among which the Buenos Aires plan of action for promoting and implementing technical cooperation among developing countries in 1978, the Caracas Declaration in 1989, the First South Summit in Havana in 2000 (with its Programme of Action) and the 2<sup>nd</sup> South Summit in Doha in 2005, as key stepping stones in continuous efforts to strengthen South-South cooperation. The UN has been instrumental as a forum and tool to strengthen South-South cooperation. The *High-level Committee on South-South Cooperation*, a subcommittee of the General Assembly, provides a political forum for UN member states to follow and guide issues related to South-South cooperation. The UN Development Programme (UNDP) and in particular the *Special Unit for South-South Cooperation* have been central elements of the efforts to promote South-South cooperation. The UN *Special Unit for South-South Cooperation* also manages the *United Nations Fund for South-South Cooperation*. The purpose is to stimulate exchanges among Southern actors and promote good practices. This takes place notably through exchanges among academics, under the on-line *Global South-South Development Academy*, through exchanges on sciences and technology issues, with the *South-South Global Assets and Technology Exchange*, and broader sharing of good practices, notably with the *Global South-South Development Expo*. Numerous other UN organisations have also been active in South-South cooperation. This includes notably the UN Environment Programme (UNEP), which has established a South-South Coordination Unit, produced specific guidelines and organised high-level meetings and UNCTAD, with its natural focus on trade and development among Southern actors. In fact, nowadays most UN agencies have some South-South cooperation actions in one form or another.<sup>15</sup>

There are numerous other forums of South-South partnership. In the multilateral arena, besides the G77, the LDCs Group has been instrumental in pushing a common development and trade agenda by some of the poorest countries in the world, notably at the World Trade Organization (WTO) and the Doha Round of negotiations, as well as at UNCTAD.<sup>16</sup> Other coalitions of developing countries, such as the G33 in the WTO or the G24 in the IMF, have also emerged as venues to strengthen cooperation and defend common interests, with mitigated success, among a sub-set of Southern countries in the multilateral arena.

### **The ACP Group**

The Group of African, Caribbean and Pacific (ACP) States is probably the largest formal entity of developing countries joining together, with 79 countries. The Group has a set of formal institutions, which, in addition to the Summits of Heads of States, include a Council of Ministers, a Parliamentary Assembly and a Secretariat. While the *raison d'être* of the ACP Group stems from its institutional relations with the European Union (EU) - as former colonies from European countries - in the context of the Lomé Conventions and now Cotonou Agreement, its development also represents a unique form of South-South solidarity and alliance cross-continentally. The future of the ACP Group might also depend on its capacity to strengthen its solidarity and common interests beyond the EU and to become financially more independent of the EU.<sup>17</sup> Interestingly, South-South cooperation *per se* is becoming higher on the agenda of the Group, which organised on 5-6 March 2012 in Brussels the First Meeting of The Building Block On South-South and Triangular Cooperation.<sup>18</sup>

---

<sup>15</sup> In their review of UN activities on South-South cooperation, Zahran *et al.* (2011) find that “most organizations had programmes and/or projects identifiable as support to [South-South cooperation] either at headquarters, regional and/or country level, including FAO, ILO, ITC, UNCTAD, UNDP, UNESCO, UNFPA, UN-HABITAT, UNICEF, UNIDO, UNODC, WFP, and WHO, in particular the Regional Office for the Americas/PAHO. In other organizations, such as IAEA, ICAO, IMO, UNEP, WIPO and WMO, [South-South cooperation] is subsumed under the regular technical cooperation programmes.”

<sup>16</sup> For a discussion on South-South cooperation for LDCs, see for instance Ladd (2010) and Malhotra (2010).

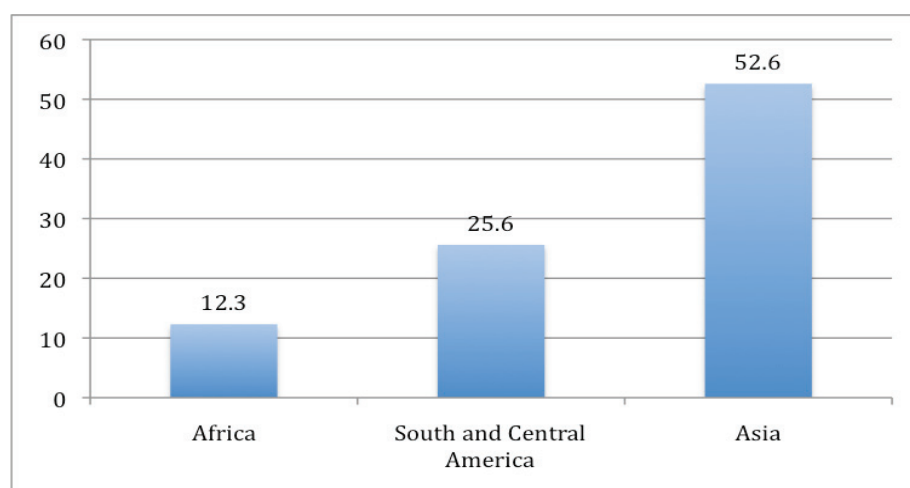
<sup>17</sup> On the future of the ACP, see notably Laporte (2007; 2012) and Mackie *et al.* (2011).

<sup>18</sup> [www.acp.int/fr/node/1138](http://www.acp.int/fr/node/1138)

## Regional cooperation

The more common dimension of South-South cooperation, though not necessarily couched in these terms, are the numerous forms of regional and sub-regional cooperation and integration processes among Southern partners, in Africa, Asia and Central and South America. Indeed, regional integration is the prime and often most comprehensive framework of cooperation among neighbouring developing countries. The scope, depth and modalities of cooperation and integration vary among regional groupings, including in terms of their economic, political, security, technical, cultural, social and development dimensions. It would be beyond the scope of this paper to review regional initiatives among developing countries. But special attention should be given to Africa, which is high on the development agenda of the continent. In view of the limited capacity and widespread poverty challenges in Africa, the opportunities for synergy at the regional and continental level are important. This is true of course in economic terms. Effective economic integration is arguably less pronounced in Africa than in Asia, where in spite of less comprehensive integration agreements, effective trade integration is much higher, as illustrated in Figure 15. A number of studies from the World Bank, UNCTAD and the United Nations Economic Commission for Africa (UNECA) have highlighted the potential benefits and current challenges of regional integration in Africa.<sup>19</sup> Regional economic communities (RECs), but also other economic and cooperation groupings<sup>20</sup>, have a critical role to play in the creation of larger regional markets with coherent and business-conducive environments. This includes addressing not only traditional tariff barriers to trade with the creation of free trade areas and customs union, but also the establishment of common regulatory framework to address beyond-the-border barriers to trade,<sup>21</sup> develop productive capacity and regional infrastructures.

**Figure 15: Intra-regional trade for Africa, Asia and Central and South America**  
(percentage of the total trade for each region)



Source: WTO (2012).

<sup>19</sup> See for instance Brenton and Isik (2012), UNECA (2010) and UNCTAD (2009).

<sup>20</sup> These include regional groupings along the management of public goods for instance, such as the Mano River Union or the Economic Community of Great Lakes Countries, as well as opportunities for special economic integration zones (for a recent discussion on the latter in the context of the East African Community, see Dobronogov and Farole (2012).

<sup>21</sup> Cadot and Gourdon (2012) suggest for instance that non-tariff barriers such as sanitary and phyto-sanitary (SPS) measures in Africa could contribute to raise prices by 12% to 25%. See also Brenton and Isik (2012) for a recent comprehensive discussion and set of recommendation; and the first issue of *GREAT Insights* (ECDPM, 2012) dedicated to the Africa Summit on intra-Africa trade.

As an overarching coordinating setting and political/institutional leadership, the African Union (AU), in particular, is an ambitious framework to address a wide range of development challenges at the continental level, from security issues to better governance, political coordination, economic and trade cooperation, infrastructure and industrial development, health and social matters. In this context, one should stress the catalytic role the New Partnership for Africa's Development (NEPAD) could play in principle, as part of the AU setting.<sup>22</sup> This is part of an endeavour by Africa to take its development agenda in its own hand. It is based not only on pan-African master plans for development, though these play an important – arguably too prominent – role. But it is also part of a concerted effort to stimulate exchanges of experiences at the continental level, promoting mutual learning and where possible greater cooperation. In this regard, South-South cooperation can be seen as a global public good, and African integration and cooperation framework has a regional public good.

### **From the BRICS to IBSA**

Other streams of South-South cooperation and partnerships involve smaller groups of Southern partners across continents. A prime example is the BRICS. This is the case not only in terms of their sheer economic size and economic relations among them, as discussed above. The BRICS also offers a framework under which major actors from the South can exchange views, coordinate international positions and stimulate development initiatives. While the BRICS have been very active on the international arena as a group, in formal or informal ways, they have made limited direct effort to coordinate their approach to and activities towards developing countries. At their last BRICS Summit in March, however, the proposal has been made to consider the creation of a BRICS Development Bank “for mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development”.<sup>23</sup> Should such a Bank materialise, it could have significant impact of developing countries, perhaps not so much in terms of additional funding opportunities, but more as an institutional setting for the BRICS to establish some concerted approach to development financing.

An interesting cooperation framework, which could lead useful lessons for any future BRICS greater engagement on South-South cooperation, is the India-Brazil-South Africa (IBSA) trilateral initiative, a *de facto* subset of the BRICS group. The Brasilia Declaration of 6 June 2003<sup>24</sup> established the IBSA setting as an open and flexible coordination mechanism among the three countries. While stressing the democratic values of the IBSA members, it aims at stimulating dialogues and exchanges on political, governance and social issues, as well as a broad range of sectoral issues.<sup>25</sup> Several forums for dialogues and exchanges have also been set up to stimulate interaction among a range of IBSA stakeholders, including an Academic Forum, a Businessmen's Forum, a Women's Forum, a Parliamentary Forum and a Forum of Intergovernmental Relations and Local Governments. Interesting, an IBSA Fund was created, where each member country contribute US\$ 1 million per year, a relatively small amount all considered.<sup>26</sup>

---

<sup>22</sup> For a discussion of NEPAD in the context of South-South cooperation, see for instance Mayaki (2010).

<sup>23</sup> Delhi Declaration, Fourth BRICS Summit, 29 March 2012. [www.bricsindia.in/delhi-declaration.html](http://www.bricsindia.in/delhi-declaration.html)

<sup>24</sup> [http://ibsa.nic.in/brasil\\_declaration.htm](http://ibsa.nic.in/brasil_declaration.htm)

<sup>25</sup> 16 areas, organised along sectoral working groups, have been identified: agriculture, health, education, public administration, revenue administration, human settlements, science and technology, trade and investment, culture, defense, information society, social development, energy, environment and climate change, transport, and tourism.

<sup>26</sup> For a discussion on IBSA, see notably Woodrow Wilson International Center for Scholars (2009).



## Other platforms

Parallel to these more formalised settings for Southern countries' cooperation, a number of initiatives have emerged to stimulate South-South exchange of information and experiences among various stakeholders. These include for instance the *South-South Opportunity* platform ([www.southsouth.info](http://www.southsouth.info)), the *South-South Learning on Social Protection* gateway (<http://south-south.ipc-undp.org>), an initiative of the UNDP *International Policy Centre for Inclusive Growth*, or the *South-South Win-Win?* site <http://ipsnews.net/south-south>, an Inter Press Service (IPS) initiative to provide a media platform on South-South cooperation. Another example is the recently launched *Practice in Participation* web platform, ([www.practiceinparticipation.org](http://www.practiceinparticipation.org)), at the initiative of some Asian civil society organisations, with the aim to promote participatory approaches in areas such as institutional strengthening, programme management and monitoring and evaluation in South-South cooperation.

## 4.2. Principles of South-South cooperation and financial flows

The South-South initiatives of cooperation and partnership are numerous, follow various modalities and involve a wide range of actors. However, South-South cooperation is interestingly guided by a key set of principles that seem to be broadly shared by Southern actors, including emerging powers such as the BRICS. It rests on the principle that South-South cooperation, its agenda and development objectives should be set by countries of the South. It should not be driven by charity and power/dependency relationship. On the contrary, it should be based on the principles of equality, solidarity, the respect of national independence and ownership, mutual benefits (promoting win-win outcomes) and complementarity. The principles of non-interference in domestic affairs are key, notably in terms of governance and policy recommendations, respecting the need for national solutions and sufficient policy space. Greater attention is given to partnership and exchanges of experiences, in particular through technical cooperation and knowledge transfer. South-South cooperation is often project based, usually without conditionality in terms of governance, economic policy or reform process. It is often acknowledged as involving low transaction costs, with a rather fast delivery.<sup>27</sup>

Described in such a way, it appears as a very attractive way of promoting development in the South, with no strings attached. The reality is somewhat more complex, however, as discussed later.

The focus on mutual learning and exchanges on good practices, without promoting a certain model of development and imposing a set of policy recommendations, has been particularly appreciated by developing countries. The emphasis on traditional – more technical – sectors, such as education, health, agriculture, transport, technical cooperation, has also been identified as one of the added value of South-South cooperation.

Take the case of health. Arguably, South-South cooperation, led by the BRICS, has contributed to a “shift in paradigm”. Based on their domestic experience and policies in the health sector, they are increasingly contributing to regional and global health initiatives, notably by providing increasing levels of assistance, developing innovative mechanisms of cooperation and providing low-cost medicine (drugs, vaccines, diagnostics).<sup>28</sup>

It is also worth noting that *aid* or *development assistance* are not part of the South-South cooperation rhetoric. This is in sharp contrast with traditional development partners, which commonly identify

---

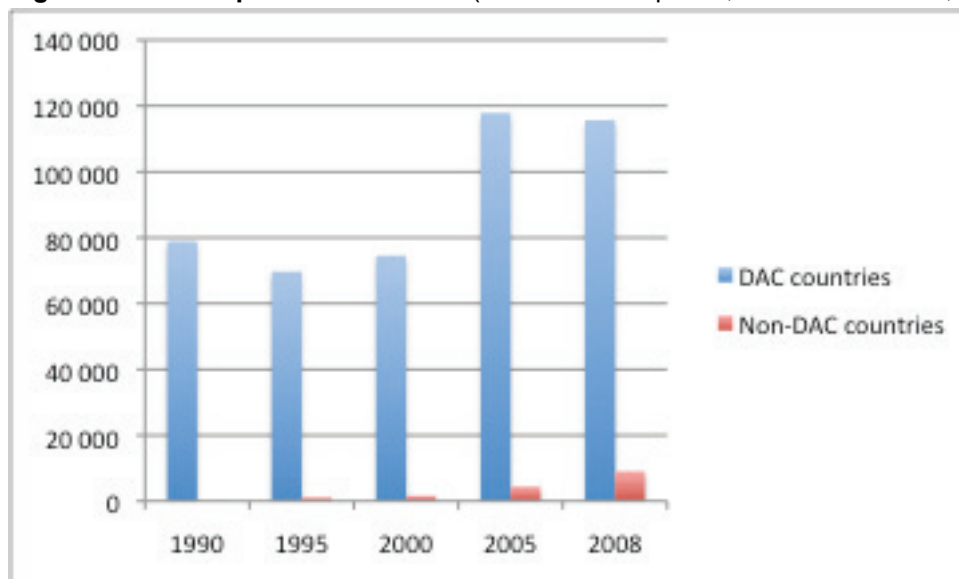
<sup>27</sup> See for instance Mwase and yang (2012), Puri (2010), UN-ECOSOC (2008)

<sup>28</sup> GHSi (2012).

themselves as *donors*, and have elaborated sophisticated concepts and practices around the notion of aid and its effectiveness, as discussed below.

Nonetheless, major developing countries do provide increasingly significant financial flows to their Southern partners. Indeed, an increasing number of developing countries have established strong initiatives to promote South-South cooperation including through financial means. Since the notion of aid, let alone an agreement of what constitutes aid - i.e. official development assistance (ODA) according to the definition of the OECD Development Assistance Committee (DAC) – is not part of the South-South cooperation framework, data collection on the level of such financial flows from developing countries to support development are somewhat difficult to assess. Nevertheless, according to some recent estimates, 25 countries have such South-South agendas (including countries such as Brazil, China, India, Malaysia, Saudi Arabia, South Africa), accounting for about 10% of overall development cooperation flows in 2009, i.e. US\$17 billions.<sup>29</sup> Figure 16 provides an indication of the aid equivalent reported to the DAC, illustrating that in the ‘aid business’, traditional donors remain key actors, in spite of the recent increase development assistance flows from non-DAC members. Figure 17 provides recent estimates for the activity of the BRICS, which account for some of the key Southern providers of financial assistance. Though their direct contributions remain small compared to those of traditional donors, they are growing fast: the BRICS are rapidly becoming significant actors of development cooperation. Table 3 also summarises key characteristics of that support. While China and Russia have no development agency, the other BRICS have either just established one, as in the case of Brazil, or are in the process of setting one, as in the case of India and South Africa. This is again a difference between IBSA and the BRICS, where IBSA is likely to pay greater attention in the future to traditional donors discourse and experience. It is important to note that, compared to their overall economic influence in some developing countries, IBSA developing financing remains small, and is unlikely to become dominant any time soon. In China, there are also discussions on setting a more consistent development support strategy; but no development agency in sight. It is rather telling that the Ministry of Commerce (MOFCOM) takes the lead on development financing, with EXIM bank and the China Development Bank as the two other major institutions providing loans.

**Figure 16: ODA reported to the DAC (2007 constant prices, net disbursement, millions USD)**

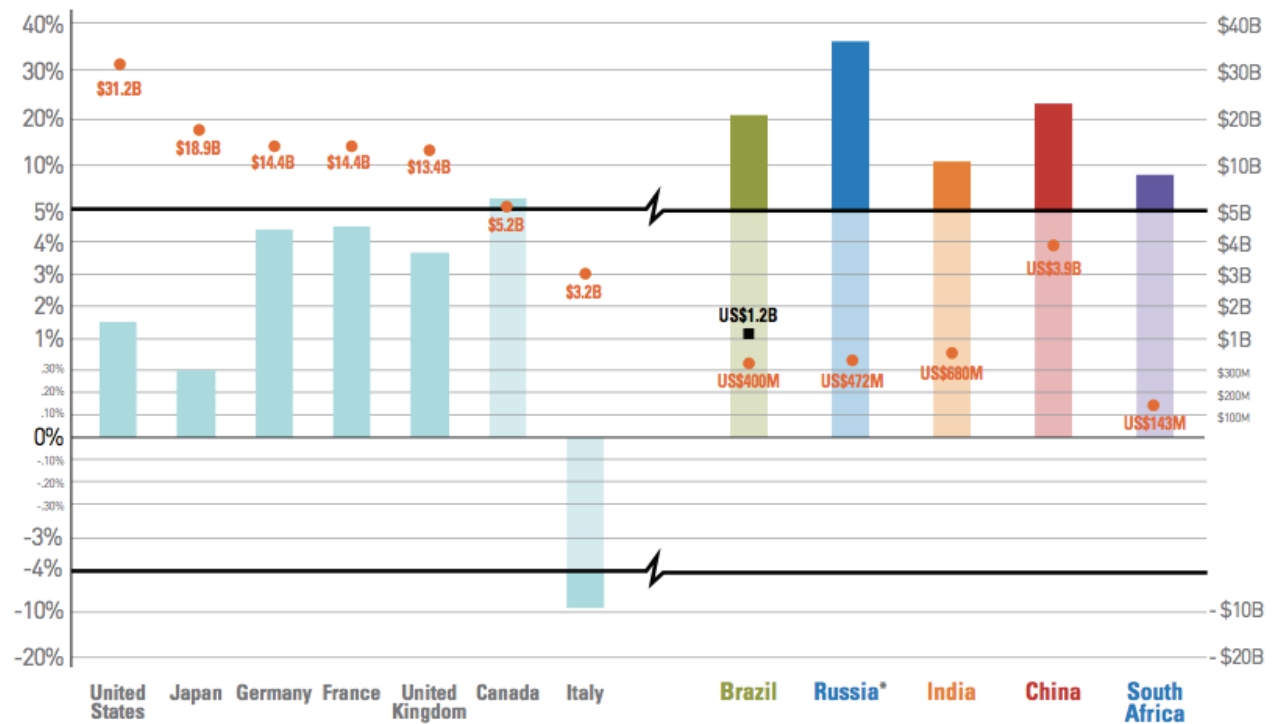


Source: OECD (2010, Table 3.6)

<sup>29</sup> Puri (2010).

**Figure 17: Foreign development assistance – “Traditional” donors vs. BRICS**

Estimated annual growth rates (2005-2010; percentage) and absolute values (2010, USD)



**Source:** OECD; Institute of Applied Economic Research (IPEA) Report, 2011; *Inter-Press Service*, "Brazil, Emerging South-South Donor"; *The Economist*, "Speak Softly and Carry a Blank Cheque"; Deauville Accountability Report G8 Commitments on Health and Food Security, Ministry of Finance of Russian Federation, 2011; Union Budget and Economic Survey, Ministry of External Affairs, Ministry of Finance, Government of India; Government of India official; "The Dragon's Gift: The Real Story of China in Africa," D. Brautigam; World Bank Open Data; GHSi Analysis

**Note:** \*Russia pledged to steady foreign assistance disbursements between US\$400M and US\$500M

- Annual Growth (2005-2010)
- Absolute Foreign Assistance (2010)
- High Estimate, Absolute Foreign Assistance (2010)

Source: GHSi (2012)

Finally, it is important to stress that, as in other areas, the lumping of the BRICS, let alone South-South cooperation, in one bloc is however somewhat artificial. While there are similarities in approaches, and particularly in the way they may differ from traditional donors,<sup>30</sup> they is also a wide array of forms of engagement and approaches to development among developing countries. This is in fact well recognized, since one of the key objectives of South-South cooperation is to build on this diversity and learn from one another, to adopt the most appropriate solution for each specific context, which differ from country-to-country and sector-to-sector. So, the commonality of some key underlying principle should not mask the wide disparity of approaches – or what some would call the richness of experiences in South. Besides, there is often no real, or at least sufficient, coordination effort among BRICS members, and even more so among Southern actors, in their cooperation with other Southern partners. South-South cooperation is thus often a patchwork of diverse experiences with little coordination effort, with some notable exceptions however, as in some of the regional dimension South-South cooperation.

<sup>30</sup> Mwase and Yang (2012).

**Table 3: BRICS Foreign Development Support**

Indicator	Brazil	Russia	India	China	South Africa
Launch of Foreign Assistance Program	1960	1955	1964	1950	1968
Estimated Absolute Foreign Assistance (2010)	US\$400M – US\$1.2B	US\$472M	US\$680M	US\$3.9B	US\$143M
Foreign Assistance Estimated Compound Annual Growth Rate (2005 - 2010)	20.4%	36.1%	10.8%	23.9%	8.0%
Central Assistance Agency	Brazilian Cooperation Agency (ABC)	None currently; RUSAID launch currently on hold	Development Assistance Partnership (oversees administration); central agency to launch in 2012	None currently; MOFCOM manages majority of assistance projects	None currently; South African Development Partnership Agency (SADPA) planned
Foreign Assistance Regional Focus	<ul style="list-style-type: none"> <li>Latin America</li> <li>Africa</li> <li>Lusophone countries</li> </ul>	<ul style="list-style-type: none"> <li>CIS region</li> <li>Looking toward Africa</li> </ul>	<ul style="list-style-type: none"> <li>Regional neighbors (i.e. Bhutan, Afghanistan, Nepal)</li> <li>Increasingly looking toward Africa</li> </ul>	<ul style="list-style-type: none"> <li>Africa</li> <li>Asia</li> </ul>	<ul style="list-style-type: none"> <li>Africa</li> </ul>
Foreign Assistance Sector Focus	<ul style="list-style-type: none"> <li>Health</li> <li>Education</li> <li>Agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Health</li> <li>Education</li> <li>Food security</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure</li> <li>Information technology</li> <li>Training and capacity building</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure</li> <li>Industrial development</li> <li>Energy resources development</li> </ul>	<ul style="list-style-type: none"> <li>Peacekeeping</li> <li>Democracy promotion</li> </ul>

Source: GHSi (2012)

### 4.3. South-South cooperation faces many challenges

While the advocates of South-South cooperation have emphasised its mutual benefits, it is not without its own drawbacks and numerous challenges. Some of the initiatives are too ambitious and lack effective financing, coordination mechanisms and follow ups. The issue of capacity is a severe one. Most southern partners lack capacity and often resources. So while cooperation and exchanges are laudable ambitions, the capacity to engage with other Southern actors is often limited, and thus may not have the priority it deserves.

One of the main weaknesses is the lack of appropriate monitoring and evaluation of the activities undertaken under the aegis of South-South partnership and cooperation. To start with, there is too often a lack of transparency and information on Southern cooperation, the terms and conditions associated with the engagement. It is also important to pay greater attention to the evaluation of the achievements and development impact of projects undertaken. If South-South cooperation is to be based on learning from mutual sharing of experience, proper evaluation of these experiences must take place to ensure that the right lessons are learnt. However, reporting and impact analysis are not carried out systematically and in an open and transparent manner. One of the most comprehensive assessments to date of South-South cooperation has been conducted by the Task Team on South-South Cooperation of the OECD, which

notably carefully reviewed 110 cases of cooperation, in an effort to draw lessons.<sup>31</sup> Southern actors should pay more effort to review their own activities in this regard. As argued by Andrade (2009), “Cooperation in the South will have to develop its own body of knowledge, including the design, implementation and evaluation of cooperation programmes.”

While South-South cooperation, in particular from emerging players such as the BRICS, provides a good opportunity for additional financing, loans provided may have a detrimental effect on the level of indebtedness of poorer countries, in particular in the long run. This may turn to be counter-productive, and runs contrary to the effort of the multilateral community, notably through the IMF and the World Bank. Chinese practices in this regard, notably through the ‘Angola mode’ of packaging infrastructure development with deals on access to natural resources, has come under increased scrutiny.

The asymmetry between actors from the South has also called into question the notion of mutual benefits. Aren’t large investments by the BRIC in developing countries to access natural resources increase the dependency of these resource-rich countries to their natural resources? And aren’t cheap exports from countries such as China further preventing industrialisation attempts from poorer developing countries, notably in Africa? Or on the contrary, can the resource curse be avoided and emerging players heaving investment in extractive sectors favour a rapid development of poorer countries, favouring a resource blessing?<sup>32</sup> These remain mainly open questions, though some evidence suggests that natural resources, when well managed, can be a blessing. Similarly, some argue that the ‘Leading Dragon Phenomenon’ can prevail, suggesting that as China and other emerging economies experience rapid growth and development, wages increase and their production move from low-skilled labour-intensive to higher-skilled more capital-intensive industries, leaving space for poorer countries, notably in Africa, to initiate their own labour-intensive industrialisation process and hence diversify their economy.<sup>33</sup> The point here is not that development support from emerging partners is good or bad *per se* for poorer countries, but that it depends. There is some uncertainty as to the ultimate outcome on development. This is to be expected of course. But the key lesson is thus that South-South cooperation, like North-South cooperation, should be conducted carefully and better assessed, so as to identify the factors that enhance the likelihood of beneficial impact on development. In other words, South-South cooperation is not immune to many of the challenges of more traditional development cooperation.

International and multilateral forums have been instrumental in facilitating and supporting South-South cooperation. But they also have been faced with their own constraints and limitations. The UN system, as a prime platform to strengthen South-South cooperation, has enjoyed mixed results. The UN Special Unit on South-South Cooperation has been very active, but its wide mandate is not matched by adequate funding, and there is an overall weak coordination and governance system to address South-South cooperation in the UN system (see Box 1).

---

<sup>31</sup> TT-SSC (2010).

<sup>32</sup> For a discussion, see Bilal et al. (2012) and references therein.

<sup>33</sup> See for instance Chandra *et al.* (2012).

### **Box 1: Challenges in addressing South-South cooperation within the UN system**

According to the report of the UN Joint Inspection Unit (Zahran *et al.*, 2011) on South-South cooperation, “To attain full impact, however, current United Nations institutional arrangements should be improved in terms of overall system-wide policy frameworks, governance, coordination, structures, mechanisms and dedicated resources.” In particular, South-South cooperation suffer from the following challenges within the UN system:

- no common definition applied to distinguish traditional triangular technical cooperation from South-South cooperation;
- lack of dedicated intra-agency support structures;
- weak overall governance structure, mandate and working methods to address South-South cooperation;
- poor application of guidelines and guidance;
- weak coordination mechanisms;
- weak reporting mechanisms;
- Insufficient funding: an ambitious mandate, not matched with resources;
- more effective action at regional level needed; and
- triangular cooperation lacks coherent strategy and policy.

Source: Zahran *et al.* (2011).

Regional integration processes, while a very active dimension of South-South cooperation, is also encountering numerous hurdles and has often led to disappointing results. This is the case in Central and Southern America and in Africa in particular, where the very ambitious agendas have been slow to translate into concrete actions, and effective integration has been hampered by diverging political and economic interests and rivalries. But beyond their direct economic achievements, regional integration frameworks also serve as important tool to foster diplomatic relations and contacts among a range of concerned stakeholders in a region. This political and socialisation dimensions should not be underestimated. The challenge is to prevent conflicts and wasteful efforts in “Summit mania” (i.e. going from Summit to Summit with no concrete deliverables and hence progress in the regional integration initiatives). Soderbaum (2012) also refers to ‘regime-boosting regionalism’, by which some head of states seek to boost their own standing and legitimacy through the regional framework, generally for domestic purposes, with no real concern for effective regional integration process. This may partly explain the discrepancy between regional commitments and their poor level of implementation at national level. This problems is at times further compound by the role of ‘regional hegemon’ that larger countries can play in stimulating or hampering regional integration processes,<sup>34</sup> such as South Africa and Nigeria in Southern and West Africa respectively, or Brazil in South America. In this regard, IBSA seems to have been more effective in promoting South-South cooperation at a wider level, and among the three members (notably through trade),<sup>35</sup> than in convincing their respective regional neighbours of the mutual benefits of their leadership role in regional integration.<sup>36</sup> So power relationship also characterizes South-South partnership, in particular at the regional level, and may not necessarily be perceived as mutually beneficial by all actors.

---

<sup>34</sup> Draper (2010).

<sup>35</sup> Bratzel (2011).

<sup>36</sup> Vieira and Alden (2011).

## 5. Concluding remarks

South-South cooperation and partnership has been on the rise and is here to stay. Besides increasing the sources and amounts of resources available for development, it definitely offers an alternative way to approach and finance development. South-South cooperation has also been couched in very attractive rhetoric for many developing countries, which greatly contributes to its appeal. While it is not without its own challenges, it raises two serious questions to the approach of traditional (i.e. DAC) donors. The first one is: how can South-South cooperation best contribute to development and the efforts by traditional donors? The second one is: why South-South cooperation seems for many developing countries more attractive than traditional development cooperation?

Consider first the question of the complementarity between South-South and North-South cooperation. The donors' community has welcomed South-South cooperation as a useful and complementary way to support the development endeavour of Southern countries. This is even more as emerging players are taking on a heavier burden on financing development at a time where donors' budgets are under tight constraints due to the economic and financial crisis.<sup>37</sup> As the role of emerging players increases in the global economy, so should their involvement and responsibilities in global affairs, including in supporting development efforts. The DAC started to pay greater attention to South-South cooperation, notably with the creation in 2008 of a Task Team on South-South Cooperation, which has been instrumental in reaching out to the South and documenting their development cooperation initiatives.<sup>38</sup> It led to the adoption of the *Bogota Statement* "Towards Effective and Inclusive Development Partnerships" of 25 March 2010 at the *High-Level Event on South-South Co-operation and Capacity Development*.<sup>39</sup> It is a key document in that all development actors, including the donors' community, recognize the key role of South-South cooperation for development and commit "to promote and implement good practices from South-South cooperation and capacity development to support countries in achieving the Millennium Developing Goals. Dynamics and complementarity between North-South-South - or triangular - cooperation have also been sought."<sup>40</sup>

However, traditional donors have also attempted to somewhat 'capture' some of the South-South cooperation approaches so as to make them fit the Northern agenda of the DAC. It seems to be a recurrent underlying complaints by some members of the donors' community that, while diversity in the form of South-South cooperation is welcomed, it remains a pity that Southern actors, and in particular emerging players – i.e. mainly the BRICS and notably China – "are not more like us". Indeed, the donors' community has worked hard to develop a set of core principles of what constitutes 'good aid' practices. These are captured notably under the aid effectiveness agenda, as embodied in the Paris Declaration of 2005 and the Accra Agenda for Action of 2008.<sup>41</sup> Having defined good principles and effective practices, donors from the North do not see why cooperation actors from the South do not embrace similar core principles. To some extent, the Busan Partnership for Effective Development Cooperation of 2011<sup>42</sup> was also a concerted effort by traditional donors to bring on board Southern actors, to the aid effectiveness and wider (emerging) development effectiveness agendas.

---

<sup>37</sup> In 2011, aid by traditional donors fell for the first times in fourteen years, by 3%.  
[www.oecd.org/document/3/0,3746,en\\_21571361\\_44315115\\_50058883\\_1\\_1\\_1\\_1,00&&en-USS\\_01DBC.html](http://www.oecd.org/document/3/0,3746,en_21571361_44315115_50058883_1_1_1_1,00&&en-USS_01DBC.html) Given the time lag due to commitment and programming cycles of aid by most donors, this probably reflect the budgetary pressures experienced by many donors since the 2008-2009 crisis.

<sup>38</sup> OECD (2010).

<sup>39</sup> [www.oecd.org/dataoecd/1/23/45497536.pdf](http://www.oecd.org/dataoecd/1/23/45497536.pdf)

<sup>40</sup> See Rampa and Bilal (2011).

<sup>41</sup> [www.oecd.org/document/18/0,3746,en\\_2649\\_3236398\\_35401554\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3746,en_2649_3236398_35401554_1_1_1_1,00.html)

<sup>42</sup> [www.aideffectiveness.org/busanhlf4/component/content/article/698.html](http://www.aideffectiveness.org/busanhlf4/component/content/article/698.html)

The reaction by Southern actors, and in particular emerging players, has been rather cautious, when not irresponsible at times. While there is value for Southern parties, increasingly involved in financing development cooperation, to share experiences with traditional partners, there is a strong reluctance to engage on the traditional aid agenda, which they perceive as ideologically charged. As a result, the Busan outcome document makes frequent references to the benefits of South-South and triangular cooperation; but it also stresses the specificities of South-South engagement. More important, it stresses that “[t]he principles, commitments and actions agreed in the outcome document in Busan shall be the reference for South--South partners on a *voluntary basis*” (*emphasis added*). The problem is that the donors’ community tends to act as a club, the ‘DAC club’, where new members (i.e. the emerging players from the South) are welcome but should adopt most of the core rules of the club, which are good rules and therefore should be embraced by the new comers. The difficult lies in the fact that these new comers mostly don’t see themselves as donors, and have no real intention to become member of an old traditional club with its set of traditions and customs.

If development partners from the North and the South want to engage in constructive and open dialogue, on an equal footing, they will have to find a more neutral platform, such as the G20 or another international institutional setting. The DAC can make useful contribution, but cannot credibly transform itself into such an open, more neutral platform. A second condition to facilitate the dialogue between North and South development partners is to move away from standard rhetoric, on each side. Donors speak a jargon that is difficult to understand and follow for actors not verse in the aid principles and philosophy. If you have any doubt, ask any private sector actor!<sup>43</sup> Similarly, South-South cooperation is too often wrapped into nice rhetoric (e.g. win-win, solidarity, etc.) that often fails to translate into practice. Pragmatism should thus guide the complementarity between the North and the South.

Which leads to addressing the second question, regarding the apparent preference among developing countries for the emerging South-South over still predominant North-South cooperation. Given the efforts by traditional donors to address a wide range of development challenges, it is surprising that aid often has such a bad press.<sup>44</sup> This is often the case of the EU in Africa, which is discomforting, as the EU is the main economic partner, key political ally and main aid provider of many of the poorer countries in Africa. The EU has also been a strong supporter of South-South cooperation, notably by providing significant support to regional and continental integration dynamics. Why is there no greater enthusiasm toward the EU endeavour to support development? There is no simple explanation. However, one of the reasons lies in the attitude of the EU towards many developing countries and in particular Africa. Contrary to many Southern actors, the EU has by and large so far failed to recognize that Africa is growing fast. It still tends to see Africa as a problem case, which needs solutions. In doing so, it too often adopts some patronising rhetoric, which is counter-productive and undermines the credibility of the equal partnership approach it claims to promote. By comparison, South-South cooperation become then relatively more attractive and a real alternative. One of the key lessons of the financial and economic crisis, which affects so badly the European economy, is that there are no simple recipes. Old certainties and well-accepted economic orthodoxies should be questioned. This is true for the economic crisis affecting rich nations. But it also applies to developing countries, which have ground to become more critical and inquisitive about the advices received from development experts and officials.

---

<sup>43</sup> Interestingly, the barriers between the development community in the North and the partners in the South is somewhat reflected by the divide between donors’ community and the private sector approaches. They meet, talk about complementing one another, but come from very different angles, often with different interests and strategies.

<sup>44</sup> See for instance Moyo (2010) and the huge media attention it has attracted, arguably not deservingly.



Besides, less focus should be put on aid relations and more attention should be given to economic, political and strategic relations. The greater emphasis on the role of private sector for development is a welcomed one. Economic interests should also be better identified and recognized. At the same time, the EU should not give in on its core values and principles, many of which are universal ones. A more mature relationship between Europe and Africa, and more broadly the North and the South, should be based on the recognition of their respective interests and priorities, as well as shared values.

Hence, for North-South cooperation to flourish, it should not be based on a dependency relationship, but on a more open one, where solutions can be found jointly, where innovative solutions are stimulated and the risk of failure, through informed trials and errors, becomes again part of the development toolkit of Northern partners. Such a context would also then favours innovative triangular cooperation and fruitful exchanges between the North and South in their relationship with Southern parties.

## References

- Andrade, Melissa (2009), "Is the South Ready for South-South Cooperation?", One Pager No.77, February, International Policy Centre for Inclusive Growth. [www.ipc-undp.org/pub/IPCOnePager77.pdf](http://www.ipc-undp.org/pub/IPCOnePager77.pdf)
- Bhattacharya, Swapn K. and Couranga G. Das (2011), "Do South-South Trade Agreements Enhance Member Countries' Trade? Evaluating Implications for Development Potential in the Context of SAARC", UNU-CRIS Working Paper W-2011/2, United Nations University – Comparative Regional Integration Studies. [www.cris.unu.edu/fileadmin/workingpapers/W-2011-2.pdf](http://www.cris.unu.edu/fileadmin/workingpapers/W-2011-2.pdf)
- Bilal, Sanoussi, Francesco Rampa and Anna Roseberg (2012), "'New Development Actors' in Resource-Rich African States", DIE and ECDPM Discussion Papers, forthcoming. [www.ecdpm.org](http://www.ecdpm.org)
- Brenton Paul and Gozde Isik eds. (2012), *De-Fragmenting Africa: Deepening Regional Trade Integration in Goods and Services*, Washington, D.C.: The World Bank. [www.worldbank.org/defragmentingafrica](http://www.worldbank.org/defragmentingafrica)
- Bratzel, Amy (2011), "Brazil and IBSA: A Blueprint for Future South-South Cooperation?", Council on Hemispheric Affairs, August. [www.coha.org/brazil-and-ibsa-a-blueprint-for-future-south-south-cooperation](http://www.coha.org/brazil-and-ibsa-a-blueprint-for-future-south-south-cooperation)
- BRICS (2012), *The BRICS Report*, Oxford University Press. [www.bricsindia.in/brics-report.pdf](http://www.bricsindia.in/brics-report.pdf)
- Cadot Olivier and Julien Gourdon (2012), "Assessing the Price Raising Impact of Non-Tariff Measures in Africa", Africa Trade Policy Note No. 29, March, The World Bank. <http://go.worldbank.org/F31PPB2AK0>
- Carrère d'Encausse, Hélène (2010), *La Russie entre deux mondes*, Paris: Fayard.
- Chandra, Vandana, Justin Yifu Lin and Yan Wang (2012), "Leading Dragons phenomenon : new opportunities for catch-up in low-income countries", World Bank Policy Research Working Paper 6000, March, Washington, D.C.: The World Bank. <http://go.worldbank.org/CS89M81D10>
- Chang, Michelle L. (2010), "Trends in South-South Cooperation", One Pager No.103, February, International Policy Centre for Inclusive Growth. [www.ipc-undp.org/pub/IPCOnePager103.pdf](http://www.ipc-undp.org/pub/IPCOnePager103.pdf)
- China MOFCOM (2011), *2010 Statistical Bulletin of China's Outward Foreign Direct Investment*, Ministry of Commerce, China. <http://hzs.mofcom.gov.cn/accessory/201109/1316069658609.pdf>
- Davis, Penny (2010), "South-South Cooperation: Moving Towards a New Aid Dynamic", *Poverty in Focus*, No. 20, April, International Policy Centre for Inclusive Growth, UNDP. [www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf](http://www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf)
- Dobronogov, Anton and Thomas Farole (2012), "An economic integration zone for the East African Community: Exploiting regional potential and addressing commitment challenges", World Bank Policy research Working Paper 5967, February, Washington, D.C.: The World Bank. <http://go.worldbank.org/PBETDDHPV0>

Draper, P (2010), "Rethinking the (European) Foundations of African Economic Integration: A Political Economy Essay", OECD Development Centre Working Paper, 293, Paris: Organisation for Economic Co-operation and Development. [www.oecd.org/dataoecd/18/59/46013902.pdf](http://www.oecd.org/dataoecd/18/59/46013902.pdf)

ECDPM (2012), GREAT Insights: Boosting Intra-Africa Trade?, *GREAT Insights*, vol.1, no.1, January-February, Maastricht: The European Centre for Development Policy Management. [www.ecdpm.org/great](http://www.ecdpm.org/great)

Flemes, Daniel (2010), "India-Brazil-South Africa (IBSA) in the New Global Order: Interests, Strategies and Values of the Emerging Coalition", *International Studies*, 46 (4), October, 401-421.

Fraeters, Han and Enrique Maruri (2010), "South Meets South: Enriching the development menu", *Development Outreach* Special Report, The World Bank Institute, October. <http://wbi.worldbank.org/wbi/devoutreach/article/524/south-meets-south-enriching-development-menu>

Freemantle, Simon and Jeremy Stevens (2012), "EM10 and Africa: new forces broaden Africa's commercial horizon", Africa Macro Insight & Strategy, 16 March, Standard Bank. <https://m.research.standardbank.com/Research?view=1671-DBC5BF2C919042AA8989750B2989906C-1>

GHSi (2012), *Shifting Paradigm: How the BRICS Are Reshaping Global Health and Development*, Global Health Strategies Initiatives. [http://ghsinitiatives.org/downloads/ghsi\\_brics\\_report.pdf](http://ghsinitiatives.org/downloads/ghsi_brics_report.pdf)

Gurría, Angel (2010), "Aid Effectiveness: Why does it matter to partners in South-South cooperation?", *Development Outreach* Special Report, The World Bank Institute, October. <http://wbi.worldbank.org/wbi/devoutreach/article/526/aid-effectiveness-why-does-it-matter-partners-south-south-cooperation>

IMF (2012), *World Economic Outlook: Growth Resuming, Dangers Remain*, April, Washington, D.C.: International Monetary Fund. [www.imf.org/external/pubs/ft/weo/2012/01/](http://www.imf.org/external/pubs/ft/weo/2012/01/)

IMF (2011), "New Growth Drivers for Low-Income Countries; The Role of BRICs", January, Washington, D.C. International Monetary Fund. [www.imf.org/external/np/pp/eng/2011/011211.pdf](http://www.imf.org/external/np/pp/eng/2011/011211.pdf)

Ladd, Paul (2010), "Between a Rock and a Hard Place: LDCs in a G-20 World", *Poverty in Focus*, No. 20, April, International Policy Centre for Inclusive Growth, UNDP. [www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf](http://www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf)

Laporte, Geert (2012), "What future for the ACP and the Cotonou Agreement? Preparing for the next steps in the debate", ECDPM Briefing Note 34, April, Maastricht: The European Centre for Development Policy Management. [www.ecdpm.org/bn34](http://www.ecdpm.org/bn34)

Laporte, Geert ed. (2007), *The Cotonou Partnership Agreement: What role in a changing world? Reflections on the future of ACP-EU relations*, ECDPM Policy Management Report 13, Maastricht: The European Centre for Development Policy Management. [www.ecdpm.org/pmr13](http://www.ecdpm.org/pmr13)

Mackie, James, Bruce Byiers, Sonia Niznik and Geer Laporte eds. (2011), *Global Changes, Emerging Players and Evolving ACP-EU Relations: Towards a common agenda for action?*, ECDPM Policy Management Report 19, Maastricht: The European Centre for Development Policy Management. [www.ecdpm.org/pmr19](http://www.ecdpm.org/pmr19)

Malhotra, Kamal (2010), "South-South Cooperation: Potential benefits for the Least Developed Countries", *Poverty in Focus*, No. 20, April, International Policy Centre for Inclusive Growth, UNDP. [www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf](http://www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf)

Mayaki, Ibrahim Assane (2010), "South-South Mutual Learning: A priority for national capacity development in Africa", *Development Outreach* Special Report, The World Bank Institute, October. <http://wbi.worldbank.org/wbi/devoutreach/article/528/south-south-mutual-learning-priority-national-capacity-development-africa>

Morais de Sa e Silva (2010), "How Did We Get Here? The Pathways of South-South Cooperation", *Poverty in Focus*, No. 20, April, International Policy Centre for Inclusive Growth, UNDP. [www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf](http://www.ipc-undp.org/pub/IPCPovertyInFocus20.pdf)

Moyo, Dambisa (2010), *Dead Aid: Why aid is not working and how there is a better way for Africa*, Farrar, Straus and Giroux; First American Edition.

Mwase, Nkunde and Yongzheng Yang (2012), "BRICs' Philosophies for Development: Financing and their Implications for LICs", IMF Working Paper WP/12/74, March, International Monetary Fund. [www.imf.org/external/pubs/ft/wp/2012/wp1274.pdf](http://www.imf.org/external/pubs/ft/wp/2012/wp1274.pdf)

OECD (2010), *Perspectives on Global Development 2010: Shifting wealth*, Paris: Paris: Organisation for Economic Co-operation and Development.

Pollock, Malvina and Ibrahim Levent (2011), "Capital Flows to Developing Countries – BRIC: Where the Action Is", Let's Talk Development, The World Bank. <http://blogs.worldbank.org/developmenttalk/capital-flows-to-developing-countries-bric-where-the-action-is>

Puri, Hardeep S. (2010), "Rise of the Global South and its Impact on South-South Cooperation", *Development Outreach* Special Report, The World Bank Institute, October. <http://wbi.worldbank.org/wbi/devoutreach/article/525/rise-global-south-and-its-impact-south-south-cooperation>

Rampa, Francesco and Sanoussi Bilal (2011), "Emerging Economies in Africa and the Development Effectiveness Debate", ECDPM Discussion Paper 107, Maastricht: The European Centre for Development Policy Management. [www.ecdpm.org/dp107](http://www.ecdpm.org/dp107)

Soderbaum, Fredrik (2012), "The Success of Regionalism in Southern Africa", *ZEI Regional Integration Observer*, vol.6 and no.1, April. [www.zei.uni-bonn.de/publications/zei-regional-integration-observer](http://www.zei.uni-bonn.de/publications/zei-regional-integration-observer)

Snow, Philip (1988), *The Star Raft: China's encounter with Africa*, New York: Weidenfeld and Nicholson.

TT-SSC (2010), *Boosting South-South Cooperation in the Context of Aid Effectiveness: Telling the story of partners involved in more than 110 cases of South-South and triangular cooperation*, Task-Team on South-South Cooperation, OECD. [www.oecd.org/dataoecd/14/63/46080462.pdf](http://www.oecd.org/dataoecd/14/63/46080462.pdf)

Vieira, Marco Antonio and Christopher Alden (2011), "India, Brazil, and South Africa (IBSA): South-South cooperation and the paradox of regional leadership", *Global Governance*, 17 (4), 507-528.

UNCTAD (2011), *World Investment Report 2011*, Geneva: United Nations Conference on Trade and Development [www.unctad-docs.org/UNCTAD-WIR2011-Full-en.pdf](http://www.unctad-docs.org/UNCTAD-WIR2011-Full-en.pdf)

UNCTAD (2009), *Economic Development in Africa Report 2009: Strengthening regional economic integration for Africa's development*, Geneva: United Nations Conference on Trade and Development. <http://archive.unctad.org/Templates/webflyer.asp?docid=11575&intItemID=2068&lang=1&mode=highlights>

UNCTAD Secretariat (2011), "Strengthening productive capacities: A South–South agenda", Note by the UNCTAD Secretariat, TD/B/C.II/MEM.2/8, UNCTAD Conference, Trade and Development Board, Investment, Enterprise and Development Commission Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration, Third session, Geneva, 23–25 February 2011. [www.unctad.org/en/Pages/MeetingsArchive.aspx?meetingid=20295](http://www.unctad.org/en/Pages/MeetingsArchive.aspx?meetingid=20295)

UNECA (2010), *Assessing Regional Integration in Africa IV: Enhancing Intra-African Trade*, Addis Ababa: United Nations Economic Commission for Africa. [www.uneca.org/aria/](http://www.uneca.org/aria/)

UN-ECOSOC (2008), *Trends in South-South and Triangular Development Cooperation*, Background study for the Development Cooperation Forum, United Nations Economic and Social Council, April. [www.un.org/en/ecosoc/docs/pdfs/south-south\\_cooperation.pdf](http://www.un.org/en/ecosoc/docs/pdfs/south-south_cooperation.pdf)

Woodrow Wilson International Center for Scholars (2009), *Emerging Powers: India, Brazil and South Africa (IBSA) and the Future of South-South Cooperation*, Special Report, August. [www.wilsoncenter.org/publication/emerging-powers-india-brazil-and-south-africa-ibsa-and-the-future-south-south](http://www.wilsoncenter.org/publication/emerging-powers-india-brazil-and-south-africa-ibsa-and-the-future-south-south)

World Bank (2012), *Global Development Finance 2012: External Debt of Developing Countries*, Washington, D.C.: The World Bank. <http://data.worldbank.org/data-catalog/global-development-finance>

World Bank and IPEA (2012), *Bridging the Atlantic: Brazil and Sub-Saharan Africa, South-South Partnering for Growth*, Washington, D.C.: The World Bank. <http://siteresources.worldbank.org/AFRICAEXT/Resources/africa-brazil-bridging-final.pdf>

WTO (2012), *World Trade Report 2011*, Geneva: The World Trade Organization. [www.wto.org/english/res\\_e/publications\\_e/wtr11\\_e.htm](http://www.wto.org/english/res_e/publications_e/wtr11_e.htm)

WTO (2011a), "Participation of Developing Economies in the Global Trading System", Note by the Secretariat WT/COMTD/W/181.

WTO (2011b), *International Trade Statistics 2011*, Geneva: World Trade Organization. [www.wto.org/english/res\\_e/statis\\_e/its2011\\_e/its11\\_toc\\_e.htm](http://www.wto.org/english/res_e/statis_e/its2011_e/its11_toc_e.htm)

Yusuf, Shahid *et al.* (2008), *Development Economics through the Decades: A Critical Look at Thirty Years of the World Development Report*, Washington, D.C.: The World Bank.

Zahrán Mounir, Enrique Roman-Morey and Tadanori Inomata (2011), *South-South and Triangular Cooperation in the United Nations System*, JIU/REP/2011/3, Joint Inspection Unit, Geneva: United Nations. [www.unjiu.org/data/reports/2011/JIU\\_REP\\_2011\\_03\\_Final.pdf](http://www.unjiu.org/data/reports/2011/JIU_REP_2011_03_Final.pdf)