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Defining and Quantifying South-South Cooperation

Abstract

This paper explores the long-standing and controversial issue of statistics on South-South cooperation (SSC). Statistical systems on SSC are extremely weak across the board. The problems with measurement stem in essence from conceptual challenges with defining SSC and the political apprehensions associated with such exercises. This paper unpacks some of the technical challenges quantifying economic and technical cooperation between developing countries and discusses some of the incentives for partner countries to improve their reporting of their SSC. The paper will also highlight some of the experiences, approaches and methodologies for accounting SSC which have emerged in different regions of the global South. A number of options for a more focused definition, statistical parameters and accounting criteria for measuring South-South development finance, that can contribute to the improvement of statistics on SDG17, and the reporting of SSC at national, regional and global level.

Key words: South-South Cooperation, statistics, quantification, measurement, definition, SDGs



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Introduction

In the past two decades, South-South cooperation (SSC) has grown dramatically in both volume and geographic reach, manifesting itself through a diversity of approaches, modalities and instruments. In large part this is due to the rise of development finance from China and other emerging economies, but also through more intensive exchanges between low- and middle-income countries. SSC is now widely and explicitly acknowledged as an important contributor to the attainment of the Sustainable Development Goals (SDGs).¹

At the same time, many challenges - political, technical, institutional – are manifest when endeavouring to account for the vast flows of human, financial, knowledge and technological transfer between developing countries. Southern partners do not subscribe to common definitions and reporting parameters for SSC. Measurement efforts are hindered by the lack of a common conceptual framework, shared standards and consistent recording by different national agencies and ministries involved in international cooperation. Producing and maintaining statistics on SSC is challenging and technically complex due to the heterogeneity and plurality of SSC approaches and country experiences.

Above all, measurement of SSC has always been, and currently remains a highly political and sensitive issue. Many emerging powers do not want to quantify their SSC, due to the political ramifications such accounting exercises would have both domestically as well as in the international arena. SSC providers have avoided to be uniformly straight-jacketed and are thus highly averse to processes of monitoring, comparison, ranking, and peer-review, which are often considered to be overtly or covertly driven by the OECD-DAC (Bhatia, 2013). Many questions thus arise such as, why should SSC be measured? For what purpose and for the benefit of who? What are the incentives for partner countries to invest energies to develop sophisticated statistical and reporting systems for SSC?

Efforts to monitor and evaluate SSC have been generally more welcomed when such endeavours have originated on a voluntary basis and led by national stakeholders. Many countries have proudly showcased their success stories of South-South cooperation through micro/project level evaluations and case studies that utilise qualitative approaches to impact assessment. Many Southern think-tanks in different regions have made impressive strides in developing appropriate and flexible frameworks to assess quality and impact of SSC processes.²

Nonetheless, the quantification of cooperation between developing countries still falls short due to the lack of a technically and politically agreed definition for SSC. The BAPA+40 conference in March 2019 provides a unique opportunity for developing countries to tackle these long-debated issues and take the issue of SSC data forward in a meaningful and systematic manner.

This discussion paper unpacks and provides background to some of these conceptual and political debates. It highlights the experiences, approaches and methods used to account SSC taken by different countries and regional institutions in Asia, Africa and Latin America. It will also reflect on potential definitions for SSC, that effectively incorporate aspects of technical and economic cooperation, allowing countries and multilateral institutions to report SSC in a standardised and consistent manner, as part of the SDG monitoring process.

1. Why should SSC be measured in the first place?

Traditionally speaking, SSC statistics have been limited, inaccurate, incomplete or not available at all. The weakness (or absence) in monitoring, evaluation and information management appears to be a problem common to most SSC partners, evidenced by challenges of Brazil, Mexico, India, South Africa and China

(Sidiropoulos, Perez, Chaturvedi & Fues, 2015). In part this is due to the fact that Southern providers have had relatively little maturation of strong monitoring systems of their own, compared to those of more seasoned traditional development partners. In almost all South-South providers, cooperation is provided by a range of different entities, which often leads to a fragmented and ineffective approach to the management of information on external development cooperation (Besharati, 2013).

Increasingly, demands for accountability and more impactful programming are coming from the citizens and taxpayers of all countries involved in SSC (UNDP China, 2017).³ Even in the South, investors and taxpayers want to see 'value for money' and impact from their development initiatives. Whether they are developed, emerging or developing countries, governments all need to communicate and justify to their citizens, their parliaments and their domestic constituents, the investments that are being made overseas.

Accountability towards the beneficiaries or partner countries of the cooperation programmes is also a critical factor for the ownership and alignment to national development priorities and strengthening of country systems. Developing countries require accurate, comprehensive and timely data on support they receive from all development partners in order to integrate effectively such support to national planning, monitoring and budgeting processes (UN, 2017). Aside from governments; civil society, legislators and academia also need access to information on SSC to conduct more in-depth analysis to inform, support and evaluate policy-making.

The establishment of international development agencies in many upper middle-income countries are only at an embryonic stage (Chaturvedi, Fues & Sidiropoulos, 2012), hence it is important that they 'get it right' and learn from their own past experiences, that of their peers, as well as the experiences of traditional development providers, whether positive or negative. Monitoring systems can thus encourage reflection and a culture of learning which may lead to enhanced efficiency in development operations, ironing out problems, avoiding that which does not work, and adjusting policies and programmes to maximise results. Regular monitoring, reviews and evaluations are thus key to ongoing learning, refinement and improvement of development interventions and practices (CISSCA, 2018).

Accounting better SSC allows countries to better measure and empirically assess the contribution which they are making to global, regional and national public goods. Better data on SSC will increase understanding of the important role and contribution of the South in international development – without which such statements would be based only based on hearsay, subjective opinion and anecdotal cases. Improved statistics can thus provide useful evidence and ammunition for foreign diplomacy and international relations.

Within the framework of the SDGs, to properly monitor compliance with target 17.3 (mobilize finance) and target 17.9 (mobilize technical cooperation) a common monetary statistic is needed (Bracho, 2018). By thus improving data systems to support SSC, developing countries can better showcase the contributions of SSC to Agenda 2030, and complement their ongoing voluntary national reporting (VNRs) around the SDGs.

SSC is no longer a side-show. Better data is now required to accurately tell the story of South-South cooperation. If the global South doesn't come up with its own definitions and measures, others (most likely in the North) will continue to produce most of the analysis around SSC.⁴

2. SSC and ODA are different beasts

Historically, the Organization for Economic Cooperation and Development (OECD) has been the forum where statistics on development finance have been developed, collected, catalogued and reported for the members of the Development Assistance Committee (DAC) - viewed as the club of all major traditional donors. Stemming from a long and complex set of global political dynamics, the South has historically had an antagonist relationship with the OECD, including its statistical reporting systems of Official Development Assistance (ODA) and more recently Total Official Support for Sustainable Development (TOSSD).

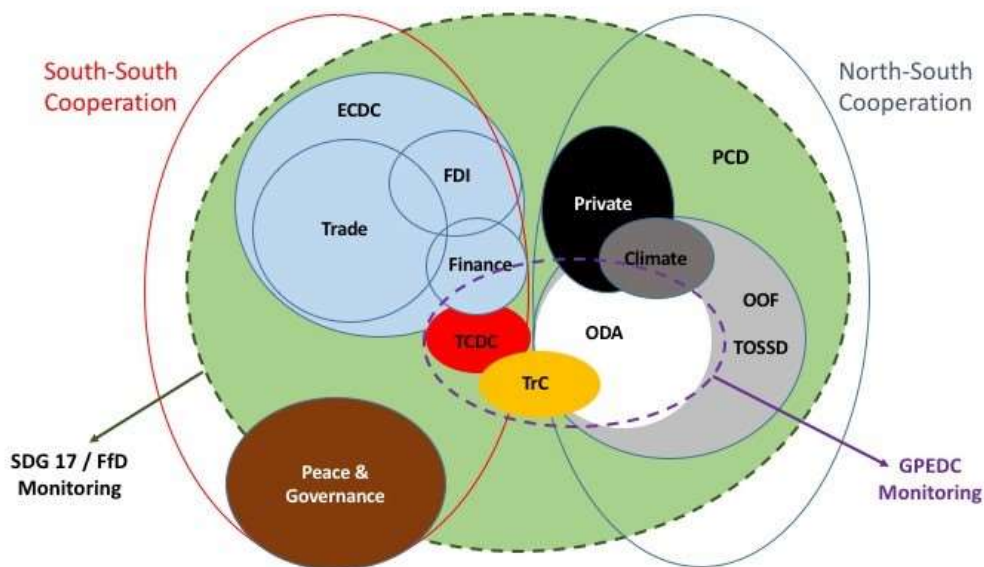
From the early days of the DAC in the 1960s throughout 1970s, the concept of ODA was intensely discussed, revised several times, until it became immortalized into a definition for financial and technical flows to developing countries, which fit within the parameters of being a) developmental in purpose; b) concessional in nature; and c) undertaken through the official channels, whether bilateral or multilateral.

SSC on the other hand emerged out of a different tradition such as the Asia-Africa Summit in Bandung (1955) and the Buenos Aires Conference on Technical Cooperation between Developing Countries (1978). Because of its tremendous growth in recent decades, SSC has emerged as a major force in international development cooperation that operates in parallel to ODA from Northern countries. As a result, overtly or covertly, and perhaps not surprisingly, there has been pressure to align SSC with the monitoring systems of the OECD and integrate SSC into ODA or even the recent new measure of TOSSD to facilitate comparisons.

These attempts have been regularly met with rejections by the global South due to political as well as technical reasons (Besharati, 2017). While these objections may be understandable, the inertia to provide any viable statistical alternative, has left the global South vulnerable (MacFeely, 2018). Nature abhors a vacuum, and in the absence of an alternative, the OECD has filled it and pressed forward with the TOSSD proposal. Secondly, the resistance by some SSC providers to measure and publicly report their development cooperation has revealed serious challenges with transparency, accountability and multi-stakeholder participation, which undermine some of the core Nairobi (2009) principles around good SSC practice.

Figure 2.1

Partnerships, policies and financing for development



Source: Besharati (2018), GPEDC LAP training programme, Seoul⁵

3. How to define South-South (development) Cooperation?

In its original form when links within the South were limited, SSC emerged as a loose concept that included not only grants and technical cooperation but also regional economic integration, trade, investment, remittances, debt relief, humanitarian interventions and peace-building, export credit lines and other instruments and modalities of cooperation not included in ODA. In this broad and loose meaning, SSC breaks from the narrow ODA definition by including blended finance to and from private actors as well as financing not considered concessional according to OECD/IMF regimes. Southern countries have convincingly argued that such other forms of exchanges and solidarity between developing countries constitute powerful instruments for promoting international and regional development.

At the core of the measurement challenge is thus a conceptual challenge. While Southern providers argue that ODA is too much of a narrow definition, that privilege vertical relations driven by grants, technical cooperation and concessional loans; the question remains whether there should be a concise and modern statistical framework that can appropriately capture the current range of development cooperation between Southern countries. If this is the case, the same rigor applied to setting the boundaries and parameters of ODA must be applied also to establishing a clear new definition for SSC.

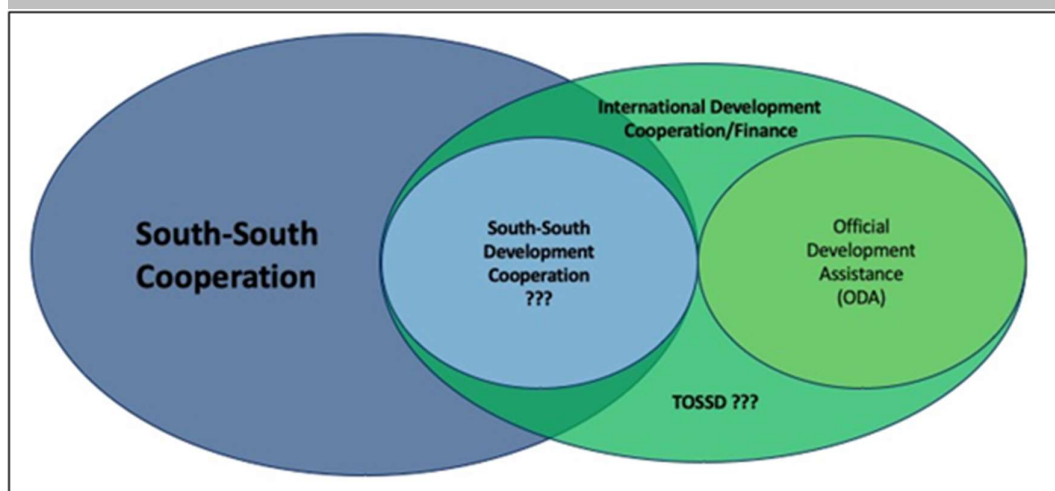
Irrespective of whether comparisons with North-South cooperation are welcome or not, if Southern partners are interested in conducting cross-country comparative analyses and learning from each other, SSC must be re-defined, and a consensus built around which specific modalities and instruments are to be included and excluded from the SSC conceptual framework.

One of the first questions that need to be clarified is whether SSC should restrict itself to only “flows” (technical and financial), as ODA does, or should SSC encompass also the realm of “policies”, which are more difficult to quantify and monetise (Bracho, 2018). Policy coherence for development (PCD), in other words the interplay of diverse policies (domestic and external) for the benefit of developing countries, is often part of the political rhetoric and operational frameworks of Southern partners as will be discussed in later sections.

Academics within the South continue to debate the relationship between development co-operation (DC) and SSC (See Figure 3.1). Some view SSC as a form of co-operation in the wider arena of DC, while others consider DC to be intrinsically part of a bigger SSC framework. Various meeting of Southern experts and policy-makers in Midrand (2015), Geneva (2015), Mexico City (2017) and Bangkok (2019) have argued that the term SSC is too broad to be useful for analytical purposes. Suggestions were made to rather measure South-South Development Cooperation (SSDC) as a specific sub-set of development co-operation that occurs between Southern partners. With such narrower definition, SSDC would distinguish itself for its concessional nature versus other market-driven activities that occur within the broader context of SSC. SSDC would thus be mainly official financial flows but could also include government policies and interventions, that impact on the private sector investing in other developing countries.

Figure 3.1

Relationship between the concepts of SSC, IDC, SSDC, ODA and TOSSD



Source: Authors adaptation from proposal by Articulaçao Sul, 2015

4. Challenges of quantifying technical cooperation

The Buenos Aires Plan of Action (BAPA), adopted at the United Nations Conference on Technical Cooperation between Developing Country (TCDC) in 1978 in Buenos Aires, has become an important blue print for the promotion of SSC. According to the BAPA definition, SSC is mainly constituted by technical cooperation, technology transfer, knowledge exchange and capacity development. These have constituted the bulk of the exchanges between middle-income countries particularly in Latin America.

Much of SSC is about solidarity, reciprocity, trust, equality, self-reliance and other abstract and political principles which are a priori difficult to quantify. But even practically speaking, technical cooperation involves a lot of 'in-kind' contributions such as the time and travel of civil servants and experts who visit other developing countries to share knowledge and experiences, build capacity, coach their peers, transfer technologies and approaches which may have significant impact on institutions and communities of partner countries in the long-term future. However, all of these "soft" aspects of technical cooperation, although clearly concessional and developmental, are less tangible and hard to measure or monetise.

Development agencies of specific countries such as Brazil (IPEA/ABC, 2018) and Mexico (AMEXCID, 2013) have developed sophisticated methods to account their technical cooperation and make efforts to produce periodic reports on their international development cooperation. One of the most systematic efforts is the *COBRADI* report where since 2010 the Brazilian Cooperation Agency (ABC) accounts and consolidates the human, financial and in-kind contributions of more than 100 Brazilian national institutions involved in international development cooperation.

Within the context of the Economic Commission for Latin America and the Caribbean (CEPAL), the statistical offices and development cooperation agencies of Argentina, Brazil, Colombia, Chile, Mexico, Peru and Venezuela, have embarked on an initiative to develop a common framework for the quantification of their SSC. Similarly, the Ibero-American General Secretariat (SEGIB, 2017) has built a central database and produces since 2007 an annual report that details the SSC of 22 countries from the Iberian, Latin American and

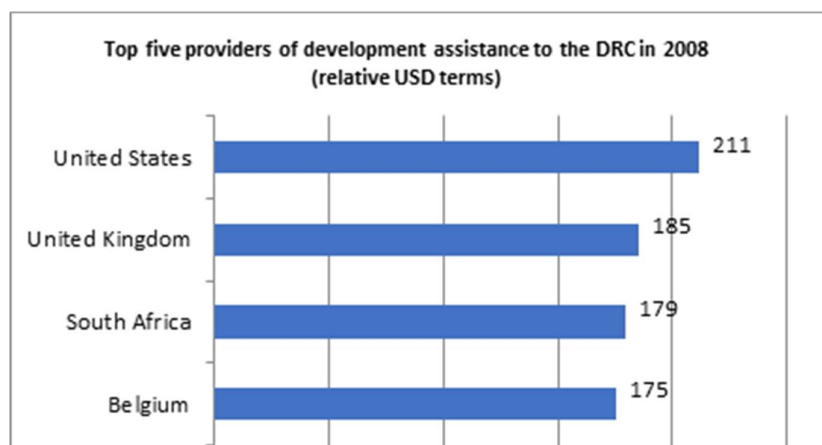
Caribbean region. The African Union's NEPAD agency and UNDP are currently trying to replicate the SEGIB approach in their own reporting on SSC in the African region.

One problem when comparing technical cooperation from different countries is that the value can vary depending on salaries and prices in each economy. One million dollars' worth of goods and services purchased in India, for example, gets you a lot more than a million dollars of goods and services purchased in Switzerland. Are Norwegian doctors 'better' than Cuban doctors, simply because they are more expensive to deploy? Clearly not! Is it therefore fair to quantify technical cooperation from southern countries and compare this to the development cooperation of northern donors? AMEXCID has developed a complex system to measure the cost of technical assistants and seconded experts, based on salary scales and per diem rates of UN/international civil servants. Senior officials from Brazil (Correa, 2017) have argued that while quantification of development cooperation are important for accountability reasons, not all South-South cooperation should be, or can be, monetised.

When comparing SSC to NSC, several scholars (Besharati, Rawhani, Sterns & Sucuoglu, 2017; Mullen, 2014, Kharas, Prizzon & Rogerson, 2014) have adjusted development cooperation figures using Purchasing Power Parities (PPP). This results in a better comparison of different development partners' contributions based on economic capacity. A recent study on South Africa's development cooperation with the DR Congo illustrates this point. South Africa's ranking among the top providers to the DRC had a two-place variation (from third to first place), depending on whether the amounts were converted in relative US dollar terms or whether PPP was applied to the exchange rates (See Figure 4.1)

Figure 4.1

Top 5 Providers of Development Assistance to the DRC in 2008 (in absolute USD and PPP adj)



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