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Discussion Paper

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SOUTH-SOUTH AND TRIANGULAR COOPERATION IN ASIA

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Discussion Paper

Macroeconomic Policy and Financing for Development Division

South-South and Triangular Development Cooperation in Asia

by

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Abstract

South-South and Triangular cooperation (SSTDC) is needed to encourage global partnership and solidarity to transform the conditions of the countries with special needs. There are several areas in which SSTDC is likely to contribute to helping countries graduate from LDC, LLDC, and/or SIDS status, including through becoming partners in development, sharing experiences in good practice, capacity building and the strengthening of networks. This paper provides an review of current SSTDC in the region, focusing in particular or regional cooperation in Asia-Pacific countries. Additionally, it explores how public and private resources can contribute to financing sustainable development through SSTDC, in particular through public-private-partnerships. Finally, the paper concludes by outlining the key drivers for and the key priorities areas of SSTDC in the region.

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I. Introduction

The countries of the Asia Pacific region which are marked as the countries in the South of the globe are striving to end poverty and hunger to achieve sustainable development and promote faster economic growth with equity. UN adopted 8 Millennium Development Goals (MDGs) with 21 targets and sixty indicators for the period from 1990 to 2015. Several countries are evaluating their respective performances. In September, 2015 the UN adopted post 2015 development agenda which is incorporated in Sustainable Development Goal (SDGs) to be achieved by the year 2030. The 8 goals of SDGs have to be achieved in the context of complex relationship between the state and the market within the economy and the also the relationship with the other countries located in both North and South of the globe.

The Heads of State and Government and the High representatives who gathered in Addis Ababa in Ethiopia in July 2015, reaffirmed that a global framework for financing development in the poor countries has to be formulated with strong political commitment. The South-South and Triangular cooperation is needed to encourage global partnership and solidarity to transform the conditions of the least developed countries (LDCs), land locked developing countries (LLDC), small island developing states (SIDS). A vast majority of the world's poor live in Asia. A substantial amount of poor people also live in Pacific island nations termed as SIDS. This paper will deal with South-South and Triangular development cooperation (SSTDC). The emergence of globalization has increased the openness of the world economy, which has resulted in greater cooperation among nations, donors, international financial institutions, multinational corporations, private entrepreneurs and non-government organizations. The countries however, have not benefited uniformly; some even suffered negative "backwash effect" of global development. The countries of south are specifically lagging behind; except few big ones like China, India, Brazil, and South Africa.

To graduate from LDC, LLDC and SIDS a country has to address issues related to poverty reduction and hunger; ability to take advantage of its openness and globalization; acceleration of growth with equity; social security of the poor; energy need of a growing economy; climate change; financial architecture to cater the need of a growing economy and financial inclusion. There may be several areas of SSTDC, some of are as follows;

- **Partners in Development:** The developing countries with their own resources and resources from a developed country or international agency may set up some projects in common areas of interest like health, education, energy, and climate.
- **Sharing experience of good practices:** Experiences of one or more developing countries (graduated from LDCs) with other LDCs will also be helpful for SSTDC.
- **Capacity Building:** The countries of South can cooperate in increasing the capacity of the respective countries to accelerate development process. These countries can also cooperate with other developing countries outside LDCs and with other global partners for increasing the efficiency of project formulation, implementation, monitoring and evaluation which will help increase the absorbent capacity of using external resources fruitfully.
- **Strengthening of networks:** The institutions from different countries of South and

North can strengthen their networks to exchange information and experiences to promote development.

II. Status of the LDCs, LLDCs and SDCs

The List of "least developed countries" applied for 48 countries according to the United Nations with some that are categorised into the landlocked developing countries and the Small Island Developing States. In Africa 34 countries, in Asia 9 countries, Oceania 4 countries and Americas one country.

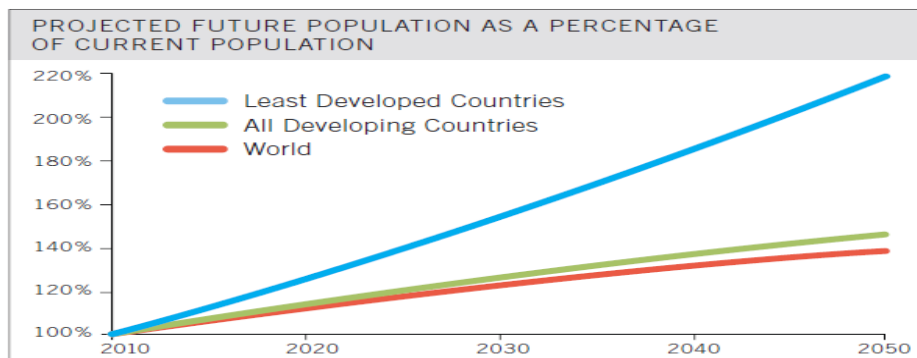
Since the LDC category was initiated, only four countries have graduated to developing country status. The first country to graduate from LDC status was Botswana in 1994. The second country was Cape Verde, in 2007. Maldives graduated to developing country status on 1 January 2011, while Samoa graduated in 2014. It is anticipated that Equatorial Guinea and Vanuatu will be the next countries to be promoted from LDC status. At the UN's fourth conference on LDCs held in May 2011, delegates endorsed a goal targeting the promotion of at least half the current LDC countries within the next ten years.

There are three countries which presently meet the criterion for LDC status, but have declined to be included in the index, questioning the validity or accuracy of the CDP's data: Ghana, Papua New Guinea, and Zimbabwe.

A. LDCS

1. Population

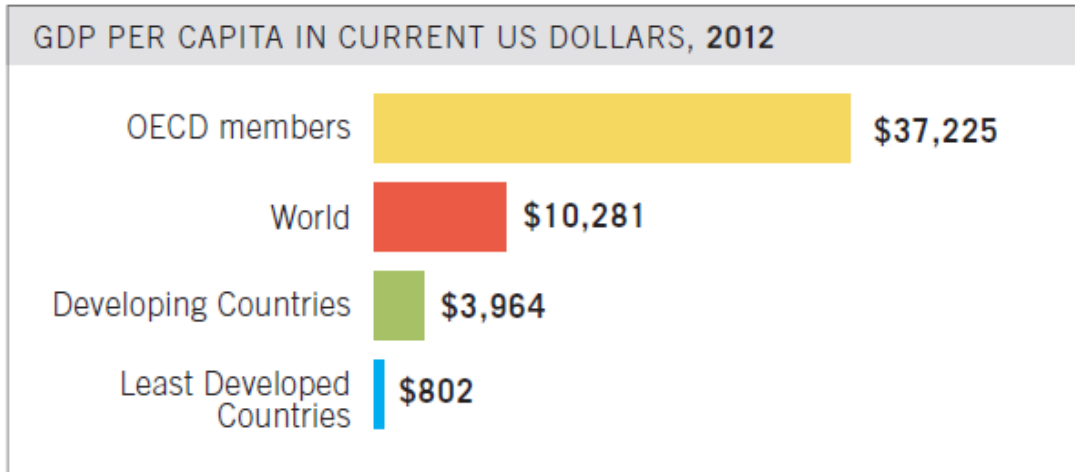
- In 2014, the population of LDCs was 898 million—1/8 of the world's total.
- The population in LDCs is expected to more than double between 2010 and 2050. In the same time period, the total world population is expected to grow less than 40%.



Source: UN Population Division estimates; World Development Indicators (World Bank); UNCTAD Merchandise Trade Matrix; UNESCO Institute for Statistics.

2. Economy

- In 2012, the LDCs averaged a per capita GDP of only USD 802. That is less than 1/12 of the world average.
- LDC economies grew at a rate of 5.7% in 2013—up from 4.0% in 2012. This is down significantly from 2007, when they grew at 9.0%.
- GDP growth for least developed countries is projected to reach 5.7% in 2014.



Source: UN Population Division estimates; World Development Indicators (World Bank); UNCTAD Merchandise Trade Matrix; UNESCO Institute for Statistics.

3. Productive capacity

- The share of manufacturing in LDC economies is less than 10%, compared to 21% in all developing countries.
- Least developed countries lag behind the world in terms of access to electricity, telephone services and Internet usage, despite making substantial progress.



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