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### Operational activities for development:

### South-South cooperation for development

## The state of South-South cooperation

### Report of the Secretary-General

#### *Summary*

On the basis of a recent surge in South-South economic interactions driven by the fast economic growth and resilience of major economies in the global South, the present report calls attention to the transformative features of a rising South. These include its expanding middle class, connectivity and knowledge as promising new assets for developing countries to harness in renewed efforts to achieve sustainable human development in such areas as food, health and energy security. The report responds to resolution 66/219, in which the General Assembly requested the Secretary-General to submit to it a comprehensive report on the state of South-South cooperation at its sixty-seventh session. Given the wealth of South-South exchanges at regional and subregional levels and the many emerging partnerships across the South, the report calls for multilateral forms of South-South cooperation that balance concerns for growth, equity and protection of the environment.

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## **I. Introduction**

1. South-South cooperation is no longer merely an alternate modality supporting the development of poor countries. It underpins the buoyant intra-South trade that has changed the geography of international economic relations and made developing countries the drivers of global growth. In a changing world working to reorganize itself in the face of severe crises and tectonic shifts in economic performance and potential, South-South cooperation has been a key factor of stability and hope.

2. South-South cooperation has been a major factor in the decade-long fall of poverty levels in Africa that has come on the heels of similar reductions in Asia, creating a new middle class on both continents. Meanwhile, the rapid spread of mobile telephone networks across Africa and Asia has radically improved levels of connectivity within and among developing countries in conjunction with new remote-sensing and information-processing technologies that have made it possible for developing countries to leapfrog over many obstacles to development. These trends indicate more than achievement and potential: they also underline the need for South-South cooperation to take a wider view of development, one that incorporates a stronger human development perspective.

3. The growing magnitude of South-South support for development at a time of declining grant aid from the North has attracted attention and comment over the past year. In much of the commentary, there has been a tendency to equate the two modalities of development assistance and to conflate resource transfers among developing countries with all South-South cooperation. Flows of development assistance from the North and the South are significantly different, however, and South-South cooperation is much wider than financial and technical support; it is a broad consultative and collaborative process engaging all developing countries, aimed at improving their collective economic, social and political capacity and welfare. The attempt to bring official development assistance (ODA) and South-South flows of development support within a common framework of aid effectiveness in the international policy arena is a move firmly resisted by developing countries, necessitating the explanation and the clarification of the concept and processes of South-South cooperation. The future of development assistance will necessarily include discussions of South-South cooperation and the present report is meant to assist in this process by shedding light on the evolving distinctions and complementary nature of South-South cooperation through traditional development assistance by highlighting its role in a changing development landscape with new players, technical tools, partnerships and emerging priorities.

## **II. The state of South-South cooperation**

### **A. The emergent South**

4. The rise of the South that has been the focus of international attention in recent years has resulted in a range of qualitatively new realities with important implications for the world order. Among the most significant are those described below.

5. A new middle class: A decade of high growth in sub-Saharan Africa has created what the African Development Bank has described as a middle class of over 300 million people with income for discretionary expenditure. As in South Asia, this

segment of society now greatly outnumbers its counterparts in Europe and North America. The great North-South gap in wealth has not, of course, been closed, but in terms of the stability of growth in Africa, it ushers in a new reality. It is not only that domestic consumption is now an increasingly important factor in the Africa growth story; the capacity of the continent to deal with many of the challenges that it faces has also been improved.

6. A new geography of world trade: The much-talked-about “new geography” of world trade is apparent not only in the unprecedented percentage of world commerce that developing countries now account for, but also in the resilience of the South in the face of the financial and debt crises that have racked the major developed countries. The continuing demand for African commodities from China, which now takes a third of all of the continent’s exports, has cushioned the South against circumstances that would have spelled disaster for many countries a decade ago. Africa is also emerging as an increasingly important destination for foreign direct investment, accounting for a quarter of flows to the South, a historic high. Although much of the flow of foreign funds is directed to a few countries and to the extraction of raw materials, the manufacturing and services sectors, especially tourism, are also benefiting.

7. New connectivity: The South has experienced a rapid increase in connectivity within and among developing countries as a result of the spread of wireless telephone networks. In a world with a population of 7 billion, there are now nearly 6 billion mobile telephones in use. China has over 1 billion of them and India has over 900 million. In September 2011, Africa, with 620 million connections, passed Latin America in the global rankings to become the second-largest regional market for mobile telephones; by the end of 2012, this figure is projected to rise to 735 million. In the Middle East, 9 out of 10 people have telephones; in Brazil, the largest market in Latin America, the number of phones in use is 30 per cent greater than the population. If we consider that a decade ago there were only a few hundred million mobile telephones in the whole world, the profound and far-reaching implications of the new connectivity will be all too apparent.

8. New stores of knowledge: As the smart phone is both less costly and easier to handle than a computer, it lowers the threshold for engaging people in a range of educational and productive activities. Distance learning becomes easier, as does dissemination of news ranging from weather bulletins important to farmers and fishermen to stock market quotations. By enabling early warning and responses to natural and manmade disasters, the new connectivity increases social coherence and capacity. Reducing the cost and the effort of cooperation empowers ordinary people and thus strengthens democratic processes. Overall, people in developing countries are now able as never before to engage with what has been dubbed “the Internet of things”, the 5 billion machines that today store and manage global information flows and humanity’s accumulated store of knowledge. South-South cooperation will be critically important to cope with the world’s unprecedented economic and social transformation that will redefine “development” itself.

9. New knowledge processors: The immediate development impact of the new connectivity has been magnified by advances in knowledge-processing technology such as cloud computing, “smart phones” with multiple functions, and remote sensing by small, unmanned aerial vehicles loaded with optical, biological, chemical and other sensors. These technologies, in combination with the geospatial

integration of multiple streams of data, can layer information on interactive maps that can be viewed on smart phones. This obviates the traditional struggle of policymakers to access and comprehend multiple streams of data on differing economic, social, environmental and other matters, facilitating South-South cooperation on scales that would have been impossible or prohibitively expensive even a decade ago. For instance, the Pacific Islands Forum, with its developing-country members,<sup>1</sup> which are spread over vast oceanic distances, is using the new technologies to monitor a marine conservation area of 40 million sq km. Five countries<sup>2</sup> in southern Africa have established the world's largest wildlife conservation project in an area the size of Sweden. The Kavango-Zambezi Transfrontier Conservation Area cuts across national borders and allows migratory elephant herds to follow their old routes unhindered by lines on a map. Geospatially integrated economic, social and environmental information has vast potential to facilitate South-South cooperation. For one thing, it can make anyone with a mobile phone an eyewitness reporter of social and environmental events.<sup>3</sup>

10. New policy imperatives: As the driver of world economic growth projected to account for nearly 60 per cent of global gross domestic product (GDP) by 2030, the South now faces a range of new policy imperatives. Foremost among them is that of sustainable development. The “grow now, worry about the environment later” model is no longer a policy option in the face of global warming and climate change. Terrorist movements, drug trafficking, money-laundering and all other forms of international organized crime must also come within the policy ambit of the South, for they contribute to regional tensions, subvert good governance and make cooperation difficult, if not impossible.

## **B. Advancing sustainable human development**

11. As developing countries look beyond subsistence issues, there is increasing emphasis on human development. The issues under this heading are not new, but there is a move to consider them within a strategic framework.

### **Food security**

12. While the world population doubled in the last 50 years, food production tripled. As a result, there is more than enough food in the world today to feed the 7 billion plus global population. However, about 1 billion people today live with hunger as a daily reality. There are multiple reasons for this. About one third of the food that is produced is either eaten by pests, destroyed owing to bad storage or just thrown away as kitchen waste (annually, consumers in rich countries waste almost as much food — 222 million tons — as the entire net food production of sub-Saharan Africa: 230 million tons). Available food often goes to waste because of a lack of transport infrastructure. Restrictive trade regimes, corrupt officials and

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<sup>1</sup> Current members are Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia (Federated States of), Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

<sup>2</sup> Angola, Botswana, Namibia, Zambia and Zimbabwe.

<sup>3</sup> Economic and Social Council resolution 2011/24 established the Committee of Experts on Global Geospatial Information Management as a forum for coordination and dialogue among Member States, and between Member States and relevant international organizations.

profit-hungry merchants can also prevent food from getting to hungry people. In short, mass hunger is not about food supply alone; “food security” is related to good governance. Unless issues are treated comprehensively, it will be difficult to eradicate hunger.

13. Ongoing South-South cooperation regarding food security involves initiatives ranging from sharing expertise on how to increase productivity, to technical assistance in watershed management, to scientific research on developing seeds adapted to the particular conditions of different regions. Specific initiatives include the new Southern African Development Community (SADC) Seed Centre in Zambia, which seeks to ensure that farmers in the region have access to the best hybrid seeds available; the African Union-sponsored Alliance for a Green Revolution in Africa; and the newly launched programme of the Food and Agriculture Organization of the United Nations (FAO) to reduce food waste. Some 40 projects under FAO auspices involve developing-country experts working with farmers in other developing countries or training programmes to spread best practices.

14. The comparative advantage of South-South cooperation has been well established, but there is a need for additional studies to identify a whole range of best practices. The best agricultural science will need to be wedded to the best traditional knowledge in areas such as water management, energy use, production of nutritious and affordable food, and climate-change adaptation. In particular, there is a need to ensure that small landholders are not alienated from their property in the name of modernization, or women disempowered.

15. Concerns about food security, sustainable agriculture and public health converge in efforts to promote trade in organic food products. Although the most lucrative sections of the \$60 billion global market for organic food are in Europe and North America, production assets are mainly in the South: of an estimated 2 million certified organic farmers worldwide, some 80 per cent are in developing countries (34 per cent in Africa, 29 per cent in Asia and 17 per cent in Latin America). Developing countries also account for 73 per cent of land certified for organic wild collection and beekeeping. Countless other developing-country farmers practise organic agriculture without being formally certified. In February 2012, the Asia Working Group of the Global Organic Market Access (consisting of public- and/or private-sector representatives from Bhutan, Cambodia, China, India, Indonesia, Japan, Lao People’s Democratic Republic, Malaysia, Nepal, Philippines, Republic of Korea, Sri Lanka, Thailand and Viet Nam) agreed on an Asia Regional Organic Standard, a step towards easing trade in organic food products within the region and with developed markets.

### **Health security**

16. South-South cooperation in the health sector is also on the rise, which includes important but generally below-the-radar efforts at research and development to produce and market pharmaceutical drugs needed in developing countries. This reflects and follows the efforts of Governments, which have increasingly included research and development elements in bilateral and multilateral agreements. China, for example, has bilateral agreements with 11 African countries and a fund to support projects. India has a \$40 million budget for the new CV Raman International Fellowship Programme, which brings African researchers to work in Indian institutions. The Association of Southeast Asian Nations; the India, Brazil and South Africa partnership; the Southern Common Market, the New Partnership

for Africa's Development (NEPAD) and the South Asian Association for Regional Cooperation (SAARC)<sup>4</sup> have all been promoting scientific and technological linkages within their own membership.

17. Despite the importance that Governments attach to South-South cooperation in science and technology, information on what is actually happening is scarce. A recent study<sup>5</sup> on cooperation among developing countries in biotechnology noted this deficit in asserting that the amount of emphasis being given to the field apart from political support was "unknown". Based on research in existing databases regarding a number of developing countries engaged in biotechnology collaboration (Argentina, Bangladesh, Brazil, China, Cuba, Egypt, India, Jordan, Kenya, Nigeria, South Africa, Thailand and Zambia), the study found that while the extent of cooperation was low, it was significant and growing: of the 1.2 million papers on health biotechnology published between 1996 and 2009, 17 per cent had authors from developing countries. Moreover, the number of authors from developing countries had more than quadrupled in that period: from 6,190 in 1996 to 26,648 in 2009. Those figures did not include research and development being done by corporations, which were also working collaboratively on vaccines and drugs to deal with malaria, tuberculosis, HIV/AIDS and other common diseases. On the basis of responses to a questionnaire, the study found that most entrepreneurial collaboration (60 per cent) involved the distribution or marketing of drugs and/or providing supplies. Only 13 per cent of respondents were collaborating on research and development. There was broad agreement that the major obstacles to increased South-South collaboration in research and development were lack of financing and unfocused priorities.

18. As with food security, multiple factors are affecting health security, and current indices are not entirely relevant because they tend to give disproportionate weight to such factors as the number of hospitals and doctors and not enough to others such as environmental hazards, exercise habits and the quality of food. Data on these aspects will have to be subject to standardized definitions and measurement before policymakers have a basis for effective action. For example, to improve public health, parties to the World Health Organization Framework Convention on Tobacco Control are adopting South-South cooperation as a measure to curb the production and the use of tobacco products.

### **Energy security**

19. Access to steady energy supplies has constrained growth in developing countries over the years. Studies have noted that while per capita energy consumption in developing countries is still lower than in developed countries, the annual rate of growth in energy consumption is three to four times higher than in developed countries. The fast economic growth witnessed in the global South over the past decade has concurrently given rise to higher rates of energy consumption. Owing to their rapid economic growth, developing countries such as Brazil, China and India have quickly increased their energy consumption and are becoming increasingly dependent on oil imports, mainly from other countries in the global South. Efforts to accelerate and secure sustainable development gains in the South

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<sup>4</sup> Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

<sup>5</sup> Halla Thorsteindóttir, ed., *South-South Cooperation in Health Biotechnology: Growing Partnerships amongst Developing Countries* (International Development Research Center, Ottawa, and Academic Foundation, New Delhi).

now include policy debates and programmes on South-South and triangular cooperation aimed at reducing overdependence on fossil fuels, which contribute to global warming, and the adoption of renewable energy sources such as wind, solar, hydropower and geothermal.

20. The 2012 United Nations Conference on Sustainable Development (Rio+20) attached greater importance to South-South cooperation efforts. During the Rio+20 Conference, the African, Caribbean and Pacific Group of States and the Organisation internationale de la Francophonie organized a panel to discuss the need for technology transfer among developing countries to bring energy to the world's poor. One successful example noted during the panel discussion was the West African Gas Pipeline, a project transporting gas over 700 km from Nigeria to Benin, Togo and Ghana, where private- and public-sector companies were able to join forces in providing financial support and technical assistance. Also during the Conference, successful Southern development solutions were shared at the South-South cooperation exhibition, including those for clean energy in Guinea-Bissau. The project funded by the India, Brazil and South Africa partnership that has to date implemented a solar energy strategy for rural areas, giving 3,000 individuals access to electricity, is slated to expand to 20 additional villages in Guinea-Bissau.

21. In addition to global discussions and the showcasing of successful South-South efforts in energy security, practical actions have also included training and sharing of knowledge and skills. The Nigerian energy sector has benefited from programmes whereby key personnel from the National Power Training Institute of Nigeria, the Power Holding Company of Nigeria PLC and related government agencies have been trained by India's National Power Training Institute, funded in part by the World Bank and the United Nations Office for Project Services, with future training planned for Argentina and Thailand. The Energy and Resources Institute in India has also been tasked to bring its expertise to the rural areas of Afghanistan through a project facilitated by the United Nations Development Programme (UNDP) on capacity development and institutional support to provide sustainable, renewable energy sources to supply electricity to that country's rural population. The Special Unit for South-South Cooperation has also expanded its South-South Energy Initiative, which focuses on the petroleum industry, to build the capacities of Southern newcomers to the industry through South-South knowledge-sharing between partners, including Trinidad and Tobago, Ghana, Suriname and the United Republic of Tanzania.

22. South-South and triangular cooperation is evident in numerous initiatives supported by the United Nations and various other development partners to spur green development. In September 2011, the Secretary-General launched the Sustainable Energy for All initiative establishing 2012 as the International Year for Sustainable Development for All and setting forth the ambitious goal of having sustainable energy available to all by 2030. The strategy of China has focused on investing in the dissemination and the donation of technologies for energy conservation, water conservation and renewable energy to small island developing States and least developed countries.

23. In 2008, the African Union and the European Union established the Africa-European Union Energy Partnership. At the first high-level meeting of the Partnership in Vienna in September 2010, African and European leaders launched the Renewable Energy Cooperation Programme in order to mobilize the technology, the expertise

and the innovation capacity of Europe to build expertise and capacity in Africa towards the development of the vast but largely untapped renewable energy potential in Africa. It will also help to build a new area for industrial trade and business cooperation between Africa and Europe. The Programme, which is an integral part of the Africa-European Union Energy Partnership, has set a target of bringing access to modern and sustainable energy services to at least an additional 100 million people by 2020. It will also contribute to the agreed Partnership targets for renewable energy by building hydropower facilities, wind-power capacity, solar energy capacity and other renewable energy sources, such as geothermal and modern biomass.

### **Infrastructure development**

24. Infrastructure deficits have been among the most serious impediments to South-South cooperation, and this continues to be the case. There is inadequate infrastructure financing in almost all developing countries, with particularly urgent needs for investments in sustainable energy, transport and water. Investments by Southern providers in infrastructure help programme countries to diversify their economies. They provide reliable energy sources, transport routes and information and communications technology (ICT) at lower costs. Between 2001 and 2008, Southern providers accounted for 47 per cent of official infrastructure financing for sub-Saharan Africa. Projects were mostly delivered in a timely, predictable and cost-effective manner.

25. The major Southern supporters of infrastructure development in sub-Saharan Africa are (in declining order of cumulative development assistance from 2001 to 2008): China, India, the Islamic Development Bank, the Kuwait Fund for Arab Economic Development, the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa, the Saudi Fund for Development, the Organization of the Petroleum Exporting Countries Fund for International Development, the Abu Dhabi Fund for Development, the Republic of Korea, the Nigeria Trust Fund and Brazil. These Southern providers of development assistance differ in financing terms, volume and trends of assistance, and preferences for geographical locations and infrastructure sectors.

26. The relative scarcity of ODA from traditional donors for infrastructure and the timely delivery of infrastructure support from developing countries have made the latter preferred partners. Some sectors, such as water, have been relatively neglected by both traditional donors and Southern providers, slowing progress towards the achievement of the Millennium Development Goals.

27. China, the largest source of South-South infrastructure financing, follows a unique process in taking on responsibility for infrastructure projects that are identified through bilateral negotiations and mutual agreements. In dealing with countries that cannot provide adequate guarantees that loans will be repaid, it follows what has come to be known as the “Angola model”, a barter arrangement under which a Government pledges natural resource supplies in return for the infrastructure built by Chinese firms. This involves agreements at three levels. The first is a special framework agreement between Governments outlining the principles for cooperation. The second is agreement by banks and the supplier of raw materials. The third step involves the African Government signing work

contracts with companies recommended by the China International Contractors Association, with labour performed by both Chinese and local workers.<sup>6</sup>

28. India is the second-largest provider of infrastructure financing to other developing countries, directing most of it to members of SAARC and nearby countries. Most of the financing has been disbursed under the auspices of the Indian Technical and Economic Cooperation Programme, which has worked with 156 countries and spent about \$1 billion since it began operations in 1964. The Programme trains personnel in India, provides project support, including technical assistance, organizes study trips and supplies humanitarian relief. Another initiative is the Special Commonwealth Assistance for Africa Programme, focused on 19 English-speaking African countries. A more limited programme, Team-9, provides \$500 million in lines of credit to eight West African countries to buy Indian products and services, which export oil to India or are host to Indian companies prospecting for oil.

### **Knowledge exchange**

29. Developing countries, United Nations specialized agencies and donor agencies have all acknowledged the central importance of information flows and knowledge-sharing through South-South cooperation. However, they have acted to facilitate them in many different ways. The most direct way has been by establishing “knowledge hubs”, whose creation has become a matter of increasing interest: in July 2012, some 300 delegates from 40 countries gathered in Bali at the invitation of the Government of Indonesia to discuss how to do so successfully. They exchanged information and experience and heard that the three essentials for success were strong political backing, reliable funding (public and public-private partnership models exist), and support from the practitioners who actually have the knowledge and experience to be shared.

30. All specialized agencies of the United Nations system are major knowledge hubs in their areas of expertise, and as the following sampling indicates, their initiatives have varied widely. The Special Unit for South-South Cooperation has established the Global South-South Development Academy, offering access to Southern development solutions and experts. The World Bank has a multi-donor South-South Facility supported by four middle-income countries. The United Nations Educational, Scientific and Cultural Organization (UNESCO), in its regional programming, is predominantly focused on knowledge-transmission processes involving networks of developing-country practitioners and institutions such as the Academy of Sciences for the Developing World (still known by its former acronym, TWAS, for Third World Academy of Sciences). The International Labour Organization (ILO) Inter-American Centre for Knowledge Development in Vocational Training promotes South-South and triangular cooperation through a regional knowledge-sharing platform and network for policies on skills development; it connects public institutions, international organizations, social partner organizations, universities and civil society. The World Food Programme, in collaboration with FAO, has a Centre of Excellence against Hunger in Brazil to help spread the know-how generated by the remarkable achievement of that country in reducing poverty. The United Nations Industrial Development Organization hosts Centres for South-South Industrial Cooperation in China and India. It will also host the 2012 Global South-

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<sup>6</sup> Martyn Davies, “How China is influencing Africa’s development”, background paper, Organization for Economic Cooperation and Development (2010).

South Development Expo (to be held in Vienna on 19-23 November), the platform developed by the Special Unit for South-South Cooperation to showcase Southern development solutions to shared problems among developing countries.

31. At the national level, there has been an increase in transparency in recent years as a number of Governments with major South-South cooperation programmes have either issued statements clarifying what they do or established separate organizations to focus their activities. China issued a white paper providing an overview of its South-South activities. India established a new development assistance partnership and Brazil established the Brazilian Agency for Cooperation. Mexico's new development cooperation agency, Agencia Mexicana de Cooperacion Internacional para el Desarrollo, brought together 27 existing knowledge hubs in 14 thematic areas. Indonesia continues to spread the work of South-South cooperation among four government departments, but established the Grand Design and Blue Print on South-South and Triangular Cooperation and a coordinating team to implement it. Singapore established a new public company, the Singapore Cooperation Enterprise, to be the single point of access to expertise from 15 government ministries and 66 public-sector statutory boards and a wide range of highly specialized private companies.

32. Meanwhile, the African Virtual University has received funding to open 12 new distance and e-learning centres, upgrade 15 existing centres, strengthen ICT capacity, enhance science and technology programmes and train staff to develop relevant courses. Established in 1997 by the World Bank, the University provides e-learning courses at the undergraduate and graduate levels in math and science, teacher education, basic ICT skills and ICT classroom integration. It has graduated 40,000 students from 27 sub-Saharan countries.

33. More traditional ways of sharing knowledge — through brick-and-mortar universities — also continue to be the focus of much South-South cooperation. In Africa, six years of preparation resulted in the announcement in December 2011 that Pan-African University would open its doors to postgraduate students and researchers at five centres hosted by existing universities. The University nodes include an Earth and Life Sciences Centre hosted by the University of Ibadan in Nigeria; a Centre for Sciences, Technology and Innovation at the Jomo Kenyatta University in Kenya; a Centre on Governance, Humanities and Social Sciences at the University of Yaoundé in Cameroon; a Space Sciences Centre in South Africa; and an Institute for Water, Energy and Climate Change supported by a network of 11 Algerian universities. The Association of African Universities and the African Academy of Sciences will play major roles in the governance of the University, which is expected to have 100 students at each centre, rising to a total of 15,000 by 2015. India will support the Nigerian node and Sweden the one in Cameroon. Other partnership agreements are expected before the University opens its doors to students in September 2012.

### **C. Varied realities of regional integration**

34. The regional context and circumstances of South-South cooperation in Africa, Asia and Latin America are very different. A ready indicator of these differences is the level of intraregional trade as a share (percentage) of each region's total exports of merchandise, as shown in the following chart.

Origin	Destination				
	Africa	Asia	Commonwealth of Independent States	Middle East	South and Central America
Africa	12.3	24.1	0.4	3.7	2.7
Asia	2.7	56.2	1.8	4.2	3.2
Commonwealth of Independent States	1.5	14.9	18.6	3.3	1.1
Middle East	3.2	52.6	0.5	10.0	0.8
South and Central America	2.6	23.2	1.3	2.6	25.6

Source: Extracted from World Trade Organization, *International Trade Statistics 2011*, based on 2010 data.

35. The high level of Asian intraregional exchanges reflects the fact that in East and Southeast Asia, transnational corporations have established production chains that cross national borders, with manufacturing, assembling, finishing and packaging in different countries. The investment in East and Southeast Asian transport and manufacturing infrastructure has been extremely high and the two subregions now boast the best connectivity of any area in the developing world.

36. The intraregional trade in South and Central America accounts for a quarter of the total exports from the region, although there is significant variation in the export destinations of the countries in the region. For instance, Mexico, a member of the North American Free Trade Agreement, has over 80 per cent of its trade with the United States of America and only 6.4 per cent with the rest of Latin America. For Brazil the comparable figures are 12.5 and 22.1 per cent and for Argentina they are 6.9 and 40.9 per cent.<sup>7</sup> The remaining regions (Africa, Commonwealth of Independent States and the Middle East) have smaller intraregional trade shares owing to the fact that they export large quantities of natural resources, mostly to developed economies in Asia, Europe and North America.

37. Prone to weak national and regional infrastructure, connectivity and lower levels of intraregional trade, Africa continues to face serious problems ranging from devastating levels of poverty and long-running armed conflicts to terrorism and natural disasters, including the 2011-2012 swarming desert locust and famine in the Horn of Africa. Despite these challenges, however, the African perspective is now firmly fixed on the promise of the future and how to achieve it. The 2012 joint report of the African Union Commission and the Economic Commission for Africa *Unleashing Africa's Potential as a Pole of Global Growth*,<sup>8</sup> and the discussion of it at an African Union ministerial meeting highlighted the necessary steps. The report highlights the requirements for sustained growth over the next two decades, including improved political and economic governance; investment in human capital and critical physical infrastructure; innovation and technology transfer for increased value addition, industrialization and structural transformation; efforts to deal with climate change; a "green revolution" in agriculture; increased development financing from internal and external sources; and accelerated regional integration and intra-Africa trade along with "new partnerships with the emerging southern economic powers".<sup>9</sup>

<sup>7</sup> [http://www.eclac.cl/publicaciones/xml/2/45452/Documento\\_Completo\\_Balance\\_Preliminar.pdf](http://www.eclac.cl/publicaciones/xml/2/45452/Documento_Completo_Balance_Preliminar.pdf).

<sup>8</sup> Economic Commission for Africa and African Union Commission, *Economic Report on Africa 2012: Unleashing Africa's Potential as a Pole of Global Growth*; available from <http://new.uneca.org/era/era.2012.aspx>.

<sup>9</sup> *Ibid.*, p. 170.

38. Some of the recommendations noted above extrapolate on existing trends. The dramatic increase in African phone connectivity has been driven entirely by companies based in South Africa, the United Arab Emirates and India. The United Nations Conference on Trade and Development (UNCTAD) reported in July 2012 that as corporations based in Europe and North America cut back on investments in Africa in the face of recession in their home markets, African corporations were picking up the slack. It was not just new-found deposits of oil, gas and other mineral wealth that attracted them; supermarket chains, construction companies and banks, most of them based in South Africa, have been drawn to serving the emerging middle class across Africa. *The Wall Street Journal* reported that South Africa's Shoprite Group had "raised \$1 billion in bonds and new stock in March to fuel expansion into markets including Nigeria and the Democratic Republic of Congo, adding to the 223 stores in 16 countries it already has outside South Africa. The Nigerian industrial conglomerate Dangote Group spent \$93 million on a majority stake in a South African cement maker in 2010 and \$400 million to build a cement factory in Zambia in 2011. Togo-based Ecobank Transnational Inc. was the second-biggest investor in Africa over the past decade in terms of new projects; the bank now operates in 32 African countries."

39. Much of the progress in intra-African affairs has been achieved under the aegis of the African Union, the world's most advanced effort at structured, formalized South-South cooperation and the only one spanning an entire continent. Supported by its own comprehensive constitutional structures, functioning institutions and umbrella development programme (NEPAD), the African Union has helped to change a range of African realities. Its Peace and Security Council has fielded peacekeeping and peacemaking missions to stem conflict; through a peer-review mechanism, it has provided for a measure of transparency and accountability in governance; and by inviting the participation of civil society in shaping economic and social policy, it has sustained its own legitimacy. A firm policy of not recognizing African leaders who rise to power through military coups has drastically reduced political volatility and strengthened democracy across the continent.<sup>10</sup>

40. In the light of the above, it is important for regional policymakers to keep in mind the very different levels at which countries engage with regional economic processes.

#### **D. Broadening partnerships for development**

41. In 1995, the Special Unit for South-South Cooperation identified 23 developing countries as "pivotal" to South-South cooperation because of their relatively advanced technological and economic capabilities. They have continued to lead in providing support and have increasingly broadened its scope. A range of interregional consultative processes has been established by individual countries (China-Africa, India-Africa, Republic of Korea-Africa, Turkey-Africa, China-Latin America, India-Latin America); they are all firmly focused on economic and

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<sup>10</sup> This policy was strengthened when the African Charter on Democracy, Elections and Governance came into force on 15 February 2012. The Charter has measures to support electoral institutions and processes to ensure democratic, free and fair elections; it rejects unconstitutional changes of government, underscores the obligation to ensure the independence of the judiciary and promotes the observance of human rights.

technical cooperation but have little commonality of aim or process. Although there has been a recent increase in transparency through these arrangements, the information available is often not comparable. The following description of the South-South cooperation activities of major partners should be read with that caveat in mind.

42. China provides the bulk of interregional support for development. In July 2012, at the Fifth Ministerial Conference of the Forum on China-Africa Cooperation, Beijing pledged a doubling of concessional loans to \$20 billion over the next three years. Over 2,000 Chinese enterprises are engaged in other developing countries, both in Africa and Latin America. Although they tend to bring most of the labour force used on the projects from China, they have also drawn on the more than 30,000 African professionals trained under official programmes. In 2011, trade between China and Africa reached \$166.3 billion, an increase of 16 times the 2000 level, with Africa running a trade surplus of \$20.1 billion. China's direct investment in Africa now totals \$15.3 billion, compared with less than \$500 million 10 years ago.

43. Indian technical and financial cooperation is primarily directed to its own subregion and has as its primary focus Afghanistan. The part of the Indian South-South Programme focused beyond its own subregion is heavily weighted towards Africa. The portfolio of its initiatives there includes the supply of affordable generic versions of expensive branded pharmaceuticals; the Pan-African e-Network, a broadband system that links African hospitals and educational institutions to centres of excellence in India; and a diversified technical assistance programme that brings some 1,600 young Africans to study in India every year.

44. The Government of Brazil has allocated \$30 million to its Agency for Cooperation, which devotes 75 per cent of its budget to cooperation with UNDP and the remaining fraction to other United Nations organizations. Brazil is active in South-South cooperation projects in over 80 countries. The Republic of Korea, Malaysia, Thailand and Turkey have each made tremendous progress in promoting and strengthening South-South partnerships and programmes at the bilateral and regional levels and are now establishing institutions to promote greater knowledge-sharing and research in areas such as agriculture, energy and climate change.

45. The India, Brazil and South Africa partnership founded in 2003 has been broadening relations within the group through biennial summits that serve as occasions for cultural events, non-governmental organization presentations and seminars. The partnership also has a development fund managed by the Special Unit for South-South Cooperation to which each member contributes \$1 million a year towards projects that combat hunger and poverty. In March 2012, India hosted its first IBSA Ministerial Conference on Decent Work, which was attended by 22 countries focusing on sharing knowledge and experiences. The Conference decided to establish a working group that would meet annually on the topic.

## **E. Role of the United Nations system in South-South and triangular cooperation**

46. More than three decades after the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries urged that the United Nations development system be "permeated with the spirit" of South-

South cooperation, the Joint Inspection Unit reported in 2011 that progress had been slow, although developments over recent years had shown increasing progress among a number of United Nations organizations and agencies. This section looks at evidence of more strategic approaches by agencies in support to South-South cooperation.<sup>11</sup>

47. UNDP has recently promoted a number of knowledge management platforms, including a unique Solution Exchange that was launched in India in 2005 to provide an impartial platform for the exchange of knowledge and ideas among 35,000 development practitioners across 13 thematic areas. This award-winning initiative<sup>12</sup> has been rolled out with support from UNDP over the last five years in Bhutan, Cambodia, Indonesia, Thailand and Pacific Islands, while more are waiting in the pipeline to be launched. Regionally, UNDP has forged new strategic partnerships with Brazil, China, India, Mexico, Singapore, South Africa and Turkey, as well as Indonesia (to be finalized in 2012), in order to facilitate South-South flows of knowledge and expertise so as to accelerate progress on the Millennium Development Goals. To enable strategic focus on policy issues and to encourage dialogue, UNDP pursues the establishment of global centres of excellence on thematic issues, or policy centres, in countries that have gained valuable relevant experience in their own development processes, including Singapore on public service excellence, China on poverty reduction and Turkey on leveraging the power of the private sector in development.

48. In March 2012, the ILO Governing Body adopted a strategy on South-South and triangular cooperation. It focuses on four areas of the decent work agenda: respect for the human rights of workers in the workplace, employment promotion, social protection and social dialogue. Examples of ongoing ILO South-South and triangular projects include the Canadian International Development Agency-funded training of Colombian and Honduran labour inspectors by Argentines; the United States funding to Brazil to help Haiti fight child labour; and India, Brazil and South Africa joining with Germany to fund the participation of representatives of workers' organizations in the programmes of the ILO Global Labour University.

49. In November 2011, the World Intellectual Property Organization initiated a new project, on the theme "Enhancing South-South cooperation on intellectual property and development". The project supports the sharing of experiences among developing countries in the technical and legal aspects of protecting intellectual property, benefiting the least developed countries. A series of regional and interregional meetings is planned, as is an annual global event; the first such meeting will be in September 2012.

50. The creation of the UNCTAD Unit on Economic Cooperation and Integration among Developing Countries in 2009 was followed by two major publications focused on South-South cooperation: the *Economic Development in Africa Report*

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<sup>11</sup> For more detailed information on recent United Nations support to South-South cooperation, see SSC/17/1 and SSC/17/2, submitted to the seventeenth session of the High-level Committee on South-South Cooperation.

<sup>12</sup> In June 2012, the initiative received the eWorld Public Choice Award at the Second eWorld Forum in New Delhi in the category of "Best initiative for localized application/content".

2010<sup>13</sup> and the *Least Developed Countries Report 2011*.<sup>14</sup> The *Creative Economy Report 2010*,<sup>15</sup> produced in collaboration with the Special Unit for South-South Cooperation, looked at using South-South cooperation to foster creative economies among partners.

51. With funding from Malaysia, UNESCO is implementing a five-year programme to build South-South capacities to improve education and science. The main beneficiaries are least developed countries and small island developing States. Through a trust-fund agreement with South Africa, UNESCO is working to develop science, technology and innovation policy in all countries of SADC.

52. The United Nations Environment Programme has launched a web-based platform to promote South-South knowledge exchange aimed at building capacities for improved environmental governance. In cooperation with UNDP and the International Policy Centre for Inclusive Growth headquartered in Brazil, it is also working to clarify how poverty and environment linkages in development planning can be mainstreamed while protecting the poor from negative impacts.

53. The Special Unit for South-South Cooperation, hosted by UNDP, has continued to improve its services and effectiveness as a convener for intergovernmental policy dialogue (for example, the seventeenth session of the High-level Committee on South-South Cooperation held 22-25 May 2012), an innovator of knowledge-sharing mechanisms, a catalyst for inclusive public-private partnerships and a facilitator for inter-agency collaboration in implementing the Nairobi outcome document. It has done so in its role as the secretariat for the General Assembly High-level Committee on South-South Cooperation and through its enhanced three-in-one multilateral South-South support architecture, comprising the Global South-South Development Academy, the Global South-South Development Expo and the South-South Global Assets and Technology Exchange. In this context, it may be recalled that Member States, in the Nairobi outcome document, encouraged United Nations specialized agencies, funds and programmes to leverage the services of the Special Unit.

54. All these initiatives indicate the increasing degree of importance that United Nations agencies are giving to South-South cooperation and underline the need to deal with the increasingly urgent issue of how best to coordinate action in widely diverse but interrelated fields. The concept of the United Nations system “Delivering as one” cannot be purely at the level of logistics and management; a firm sense of substantive interrelationships must direct action on development if it is to be effective. For this to happen, new institutional arrangements need to be studied and put in place and new information flows must be established for sustained and timely analysis of data.

<sup>13</sup> United Nations Conference on Trade and Development, *Economic Development in Africa Report 2010: South-South Cooperation: Africa and the New Forms of Development Partnership*, United Nations publication, Sales No. E.10.II.D.13.

<sup>14</sup> United Nations Conference on Trade and Development, *Least Developed Countries Report 2011: The Potential Role of South-South Cooperation for Inclusive and Sustainable Development*, United Nations publication, Sales No. E.11.II.D.5.

<sup>15</sup> United Nations Conference on Trade and Development and United Nations Development Programme, *Creative Economy Report 2010: A Feasible Development Option* (2010) (available from <http://academy.ssc.undp.org/DOCs/CER2010v2.pdf>).

### III. Observations and the way forward

55. The “rise of the South” over the last decade has overall advanced economic development in Southern countries, but studies indicate that it has not changed the phenomenon of “enclave economies” in countries heavily dependent for income on the exports of a few commodities. Job creation has been weak in these countries despite sustained and rapid growth in GDP; unemployment and underemployment are at historically high levels in areas of the South that are experiencing political unrest and conflict. The rising level of income inequality in all fast-growing developing countries is also a cause of instability.

56. Efforts are under way to envision development models that balance growth with concerns for equity and protection of the environment. For example, Brazil has made a determined effort to eliminate hunger, reduce poverty, boost employment and provide electricity and low-cost fuel to its citizens. The result was a 66 per cent reduction in poverty, a 30 per cent increase in adult education and a 25 per cent increase in employment. Through its Centre of Excellence against Hunger and through a programme funded by the African Development Bank to spread its expertise in sub-Saharan Africa, Brazil has become a hub of specialized expertise on a matter of interest to all countries, including the middle-income and affluent ones with persistent pockets of poverty.

57. The search for new paradigms engaged policymakers, corporate leaders and civil society organizations during preparations for the United Nations Conference on Sustainable Development (Rio de Janeiro, 2-22 June 2010). The regional preparatory processes were essentially South-South efforts to forge common positions and strategies for Africa, Asia and Latin America within a 10-year framework urged by the 2002 World Summit on Sustainable Development in Johannesburg. Among the net results were an African 10-year framework of programmes on sustainable consumption and production; a Latin American regional strategy articulating national and regional initiatives to change consumption and production patterns; a “low-carbon green-growth road map” for the Asia-Pacific region pointing to the need for systemic changes and proposing options for policymakers; an Arab strategy on sustainable consumption and production; and a Northeast Asian subregional programme for environmental cooperation mechanism. The regional initiatives were intended to be part of a globally coordinated effort to put in place a new development paradigm but this did not happen at the Conference.

58. It is necessary to highlight the importance of the call of the High-level United Nations Conference on South-South Cooperation, held in Nairobi, for greater effectiveness in South-South processes. Equally important are current efforts to reconfigure United Nations institutional arrangements in support of South-South cooperation in conjunction with deliberations on the 2012 quadrennial comprehensive policy review and the post-2015 development agenda.

59. South-South cooperation and triangular cooperation are not only increasingly relevant modalities for developing countries; they have become central, mainstream factors supporting the most vibrant growth pole of the world economy. This will require developing countries to adopt a strategic and inclusive approach to development that goes beyond traditional concerns in order to ensure that its benefits are shared more equitably.

60. The widespread and important roles of South-South and triangular cooperation are not fully reported or analysed under existing national and multilateral arrangements, which tend to be more bureaucratic, involving national or sectoral focal points. Experience has shown that such arrangements do not provide reliable or comprehensive information flows. The multilateral system offers the international scope and physical presence to provide this service, but there is a need for clear delineation of roles and responsibilities to ensure effectiveness and prevent duplication.

61. Developing countries have identified a number of shared challenges that are of the highest priority, including the strengthening of the productive capacities of the least developed countries and the achievement of the Millennium Development Goals, which represent the minimum requirements for what must be achieved to ensure sustainable human development. However, in the post-2015 environment, developing and developed countries must agree on the future of development and the role and the agenda for South-South cooperation. This is owing to the fact that the concept of South-South cooperation now extends beyond the range of how development is undertaken or funded and taps into questions regarding the identification of proven good practices and how they are to be scaled up.

62. The organizing framework of this pending conversation between Member States must be sustainable development. The central issue in this regard is how to change patterns of resource use, production and consumption. Progress has been made in advancing the interests of developing countries over the past five decades. As the international community looks to the future of the multilateral system in upcoming strategy-setting processes, much thought should be given to how the United Nations system will best use South-South cooperation to ensure effective development results. This should include a focus on aspects of the international economic, financial, governance and development architecture, which needs to be inclusive and afford all developing countries the opportunity to have an effective voice.

63. The first step in this direction is working to set forth a clear conceptual and strategic framework for South-South cooperation. Work has progressed on this front within the United Nations system in the form of the draft framework of operational guidelines, but further policy tools that are agency-specific are required for full implementation across the system. Furthermore, since the responsibility for South-South and triangular initiatives lies primarily with the Member States, there is a need for individual countries to establish their own policy instruments to provide the necessary frameworks to support and guide their own cooperation initiatives, inclusive of the variety of development partners, ranging from civil society to private sector partners, with which countries can collaborate to meet their development requirements.

64. The United Nations system remains fully committed to supporting South-South and triangular cooperation efforts by Member States and is organizing itself to this end by, inter alia, providing advisory services, working with countries to establish centres of excellence, and providing knowledge services to match supply and demand, all of which serve to promote and improve national capacities to handle a rapidly changing world. These initiatives need to be increasingly supported through multilateral forms of South-South cooperation aimed at addressing common development challenges such as food and energy security, financial volatility and

climate change. Member States in a position to do so should feel encouraged to invest more in multilateral South-South initiatives supported by all relevant United Nations specialized agencies and funds and programmes, including through the United Nations Fund for South-South Cooperation.

65. The normative and operational work of the United Nations in South-South cooperation also needs to be better rationalized and coordinated to respond more effectively to the development needs of a rising South and its ascendant global socioeconomic role. In this context, Member States expect all relevant United Nations specialized agencies, funds and programmes to serve in multiple roles as conveners, advocates, knowledge brokers, partnership builders and monitors of progress in South-South and triangular cooperation. Efforts to mainstream South-South cooperation in United Nations support to development should be aimed at pursuing sustained economic growth and sustainable development in the South through global, regional and national development planning processes, policies and programmes.

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