

## Chapter 1

# INTRODUCTION

*“The thrust of international technical cooperation should be increasingly directed towards enhancing the capacities of developing countries to help themselves and each other. The use of the resources of the UNDP and other multilateral and bilateral agencies should reflect this change in emphasis.”* – The Buenos Aires Plan of Action, 1978

*“Building bridges across the South...has always been our objective since the inception of the South-South cooperation.... Our aim today must be to further strengthen and widen those bridges to reach our development objectives and influence the processes that shape the new international economic relations of the 21st century.”* – Marrakech Declaration on South-South Cooperation, 2003

### 1.1 RATIONALE AND OBJECTIVES

South-South cooperation has been a priority for UNDP since the early 1970s. Requested by the UNDP Executive Board,<sup>1</sup> this evaluation is part of the UNDP Evaluation Office agenda, approved by the Board in June 2006. This evaluation supports the UNDP Administrator’s substantive accountability to the Executive Board. Findings will provide substantive inputs to the Fourth Cooperation Framework for South-South Cooperation (2008–2010), to be presented to the Board in January 2008,<sup>2</sup> and to the implementation of the UNDP Strategic Plan 2008–2011.<sup>3</sup>

The objective of the evaluation was to assess the UNDP contribution to South-South cooperation over the past decade and the performance of the Third Cooperation Framework for South-South Cooperation, managed by the Special Unit for South-South Cooperation (referred to in this document as ‘the Special Unit’). The evaluation aimed to provide major lessons learned through assessing what worked and why, as well as to offer

key recommendations for strengthening the effectiveness of future programming efforts in South-South cooperation.<sup>4</sup> The intended audience for this evaluation report includes the UNDP Executive Board, senior management, the Special Unit, country offices, national governments and the international development community at large.

South-South cooperation is a process whereby two or more developing countries pursue their individual or collective development through cooperative exchange of knowledge, skills, resources and technical expertise. Ideally, developing countries themselves should initiate, organize and manage South-South cooperation activities, with their respective governments playing a lead role, and with the support and involvement of public and private institutions, non-governmental organizations and individuals. South-South cooperation is multidimensional in scope and can include all sectors and kinds of cooperation activities among developing countries,

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1 Statement to the UNDP Executive Board by Zephirin Diabre, Associate Administrator, 17 June 2004, Item 5: Country Programmes and Related Matters, Geneva.

2 UNDP Evaluation Office, Terms of Reference: Evaluation of UNDP’s Contribution to South-South Cooperation. Evaluation Office. March 2007.

3 Statement to the UNDP/UNFPA Executive Board by Ad Melkert, Associate Administrator, 19 June 2007, Item 4: UNDP Strategic Plan, 2008–2011, New York.

4 UNDP Evaluation Office, Terms of Reference: Evaluation of UNDP’s Contribution to South-South Cooperation. Evaluation Office. March 2007.

whether bilateral or multilateral, subregional, regional or interregional. The challenge is to marshal innovative approaches, methods and techniques particularly appropriate to local needs.<sup>5</sup>

The 2003 Marrakech Declaration<sup>6</sup> states that the objective of South-South cooperation is to build bridges across the South, and to “strengthen and widen those bridges to reach our development objectives and to be able to integrate into the world economy and influence the processes that shape the new international economic relations of the 21st century.... South-South cooperation is not an option but an imperative to complement North-South cooperation in order to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals.... No single country, even the most advanced among developing countries, has much hope of reaching individually expected growth and development and influencing the outcomes of the international agenda.” However, the Declaration says that collectively, the countries of the South can play a more effective role in achieving development objectives and shaping international relations.

The Buenos Aires Plan of Action (BAPA)<sup>7</sup> provides guidelines for South-South cooperation. The thrust of South-South cooperation should be directed towards enhancing the capacities of developing countries, in order to help themselves and each other to enhance national and collective self-reliance. The measures must favour economically or geographically disadvantaged developing countries and aim to maximize the use of these countries’ capacities.

Adopted by the High-Level Committee for the Review of South-South Cooperation (HLC) and endorsed by the General Assembly in 1995, the *New Directions for Technical Cooperation among Developing Countries* report<sup>8</sup> recognized the changing development context. The report highlighted increasing globalization, challenges resulting from liberalization, and the need to integrate technical and economic cooperation among developing countries. In addition, the report emphasized that South-South cooperation should focus on strategic initiatives that are likely to have a major impact on a large number of developing countries. Themes identified for strategic intervention included: trade and investment, debt, environment, poverty alleviation, production and employment, macro-economic policy coordination and aid management. The *Revised Guidelines for the Review of Policies and Procedures Concerning Technical Cooperation among Developing Countries* (TCDC/13/3)<sup>9</sup> reiterated these areas and added education, health, transfer of technology and rural development to this list of shared priorities.

United Nations declarations and the spirit of BAPA assign primary responsibility to the developing countries for organizing, managing and financing South-South cooperation, in order to meet their development needs and attain self-reliance. The function of the United Nations system is largely supportive, and all its organizations should play a prominent role as catalysts and promoters.<sup>10</sup>

Over the past 30 years, there has been a remarkable upsurge in South-South cooperation. Sustained economic growth since the late 1980s has led to

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5 High-Level Committee on the Review of Technical Cooperation among Developing Countries, 2003. *Revised Guidelines for the Review of Policies and Procedures Concerning Technical cooperation Among Developing Countries*. TCDC 13/3, 13th Session, 20–27 May 2003. New York.

6 The High-level Conference on South-South Cooperation, held in Marrakech, Morocco, 16–19 December 2003, adopted the Marrakech Declaration. [http://www.un.org/special-rep/ohrrls/ohrrls/SouthSouth%20Marrakech\\_Declaration.htm](http://www.un.org/special-rep/ohrrls/ohrrls/SouthSouth%20Marrakech_Declaration.htm)

7 United Nations Conference on Technical Cooperation among Developing Countries, 30 August – 12 September, 1978, Buenos Aires, Argentina.

8 See [http://tcdc.undp.org/knowledge\\_base/new\\_direction1.html](http://tcdc.undp.org/knowledge_base/new_direction1.html).

9 High-Level Committee on the Review of Technical Cooperation among Developing Countries, 2003. *Revised Guidelines for the Review of Policies and Procedures Concerning Technical cooperation Among Developing Countries*. TCDC 13/3, 13th Session, 20–27 May 2003. New York.

10 Ibid.

an increasing number of developing countries becoming regional centres of economic dynamism. Many countries have become increasingly specialized in their manufacturing, trading and investment activities. This has dramatically reshaped the global economic landscape, creating new dynamics in trade, investment and development assistance flows both from and within economies in the South.<sup>11</sup> In short, an increasing number of countries have become both beneficiaries and benefactors in South-South exchanges.

Growing faster than trade between developing and developed countries, South-South trade made up 26 percent of developing countries' exports in 2004. In addition, many countries of the South have accumulated large financial surpluses. According to 2006 data, more than 50 percent of all foreign direct investment inflows to Botswana, the Democratic Republic of the Congo, Lesotho, Malawi and Swaziland come from South African investors.<sup>12</sup> During the 1990s, South-South foreign direct investment flows grew faster than North-South flows. Large Southern transnational corporations grew from just 19 in 1990 to 58 by 2005.

Many cities, countries and regions in the South are emerging as new leaders in technology, research and development. Southern innovations are making their mark, for instance, on issues such as access to medicines and health, clean drinking water and sanitation, food and basic education. Low-income countries have also made great strides in a number of other areas, such as disaster prevention and relief, health, education and microfinance.

Regional and subregional economic communities are playing a valuable role in development in Africa and other regions. Leading examples and

drivers of this regional integration movement include: the Southern African Development Community, the Common Market for Eastern and Southern Africa, the Economic Community of West African States, the Economic Community for Central African States, the Community of the Sahel Saharan States, the Association of Southeast Asian Nations, the Gulf Cooperation Council, the Andean Community, the Southern Cone Common Market and the Caribbean Community. Most technical cooperation among developing countries occurs within the framework of these regional and subregional agreements, which provide "the most meaningful approach and effective conduit for the South to face the challenges of globalisation."<sup>13</sup>

"Triangular cooperation"<sup>14</sup> by developed countries has provided supplementary resources for South-South cooperation. It is important to note, however, that South-South cooperation support by Northern countries does not fulfil their previous commitments to increase official development assistance. As countries accumulate trade surpluses and foreign reserves, new funds and modes of development financing, such as the sovereign funds, continue to appear. An increasing number of developing countries are providing triangular support.

Despite growing solidarity among Southern countries, emerging trends in South-South cooperation have given rise to some concerns. For example, the economic benefits of foreign direct investment tend to be concentrated in a few countries. While the benefits of South-South cooperation as a whole are more widespread, they are not flowing adequately to the poorer and more disadvantaged nations of the South, which include the least-developed countries, landlocked

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11 United Nations, 2007. *The State of South-South Cooperation*. Report by the Secretary General. A62/150.

12 Statement of Dr. Z.S.T. Skweyiya, South African Minister of Social Development to the United Nations General Assembly Informal Thematic Debate on Development, NY, 27 November 2006.

13 Statement of Ambassador Mohamed Bennouna, Ambassador and Permanent Representative of Morocco to the UN and Chair of the Group of 77 in 2003, *Journal of the Group of 77*, Volume 16, No. 3, December 2003.

14 Triangular cooperation is South-South cooperation among two or more developing countries supported financially by bilateral donors or international organizations.

developing countries and Small Island Developing States. Not enough progress is being made, for example, in mobilizing Southern support for reducing widespread human poverty and deprivation in poor countries, or in addressing pockets of poverty and discrimination in the better-off developing countries.

Much of the growth in South-South cooperation is happening without the participation of the United Nations system, providing a welcome indication of effective leadership and capacity in the South. Nevertheless, the changing international environment has increased demands on the United Nations system. While mutual cooperation between developing countries is growing, there is concurrent demand for multilateral organizations to support efforts to guide the flow of resources, in order to ensure that everyone benefits from South-South cooperation. Given its universal presence and neutrality, member countries expect the United Nations system to mainstream South-South cooperation as a cross-cutting theme in its work.<sup>15</sup> In addition, members expect the UN system to respond robustly to reports of slow progress in many developing countries towards the Millennium Development Goals (MDGs) and other internationally agreed upon development goals.

UNDP is expected to help build capacities in countries of the South in order to support them in achieving their individual development goals and the MDGs. South-South cooperation is expected to be an integral part of UNDP work, given the stated UNDP positioning as a knowledge-based organization, its role in the exchange of development experience through its global network of country offices, and its support to the Special Unit.

Against such backdrop, this evaluation assessed the contributions to South-South cooperation by UNDP and the Special Unit it hosts.

## 1.2 SCOPE, APPROACH AND METHODOLOGY

This evaluation addressed UNDP organizational strategy and initiatives to promote South-South cooperation at the global, regional and country levels. In doing so, it assessed the performance of the Special Unit against the Third Cooperation Framework for South-South Cooperation, as well as the nature and extent of interaction between the Special Unit and UNDP. The evaluation did not cover the full mandate of the Special Unit, which is detailed subsequently.

The evaluated period of 1996 to the present was suggested by the *New Directions for Technical Cooperation among Developing Countries* report. Endorsed by the General Assembly and HLC in 1995, its implementation by the Special Unit for South-South cooperation began in 1996.

To assess UNDP contribution to South-South cooperation, the evaluation examined ongoing and emerging trends in global South-South cooperation, the role of the UN system and the main priorities, decisions and recommendations affecting the UN mandate for South-South cooperation.

Inquiries were designed to address the key issues, including:

- The nature and extent of support provided by the Special Unit and UNDP in promoting and expanding South-South cooperation;
- The ability of UNDP and the Special Unit to learn from experience in South-South cooperation, in order to strengthen and institutionalize support to South-South cooperation across all practice areas;
- The appropriateness, relevance, effectiveness and sustainability of UNDP efforts to meet the varied and evolving demand to strengthen and expand South-South cooperation; and
- UNDP preparedness to address emerging demands in South-South cooperation.

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<sup>15</sup> Such views were expressed by several member-countries during the Meeting of the High Level Committee on South-South cooperation, 29 May 2007, United Nations, New York.

The evaluation gathered evidence through eight country case studies. The process included: a desk study; interviews with staff in Geneva and New York; an electronic survey of United Nations Country Team (UNCT) in programme countries; and a desk study of relevant secondary evidence.

### 1.2.1 SELECTION OF CASE STUDY COUNTRIES

Extensive consideration was given to the selection of case study countries. Given wide variations in the practice of South-South cooperation and limited time and resources, random selection was not feasible. Adopting a purposive approach, countries were selected to reflect:

- varied experience in South-South cooperation;
- regional distribution; and
- geographical constraints, including Small Island Developing States and landlocked countries.

Based on such criteria, the evaluation selected Barbados, Brazil, China, Guatemala, Mali, South Africa and Thailand. An in-depth desk study was also conducted in India, and Brazil was chosen as the pilot study.

The evaluation assessed the contribution to South-South cooperation of the Special Unit and UNDP by examining:

- **Relevance:** Are efforts addressing the key priority areas identified by external claimholders at the national, regional and global level?
- **Appropriateness:** Are efforts creating synergies with other ongoing South-South cooperation efforts? Are efforts the most suitable for the context?
- **Effectiveness:** Are efforts making a difference? If so, what is their influence?
- **Sustainability:** Are UNDP-funded South-South cooperation initiatives sustainable? (This aspect was considered within the constraints of available data.)

Over 248 stakeholders were consulted in Geneva, New York and case study countries. In each case study country, stakeholders included the UNCT,

government officials, bilateral donors, members of civil societies and the UNDP country office staff. Other stakeholders included UNDP headquarters units, UN agencies in New York and Geneva and permanent missions of UN Member States.

The electronic survey was designed to gather essential information about South-South cooperation activities and perceptions. The survey was addressed to UN Resident Coordinators, who in turn forwarded it to other country team members. Responses were received from 149 members of UNCT from 51 countries, including all concerned Resident Representatives.

Secondary evidence was gathered from previous UNDP evaluations of the Second Global Cooperation Framework and four regional frameworks, including Africa, Arab States, Asia and the Pacific, and Latin America and the Caribbean.

There were some methodological constraints:

- There is a serious shortage of documentation on South-South cooperation initiatives and on assessments of their outcomes;
- Given the many partners and factors involved, it is difficult to assess UNDP contribution to development outcomes. It is even more difficult to make a definitive identification of value added by South-South cooperation to development outcomes, and more difficult still to identify value added to South-South cooperation by UNDP;
- Initiatives of UNDP and the Special Unit for South-South Cooperation do not have tracking or monitoring systems in place to provide reliable data. Moreover, costs associated with South-South cooperation initiatives are not recorded separately, ruling out the possibility of assessing efficiency;
- There are also limitations in relying on interviews as a source of evaluative information. Given staff turnover, it was not always possible to reach key stakeholders, making it difficult to assess past experiences. In many

instances, the evaluation team had to rely entirely on UNDP country offices to identify stakeholders and set up interviews. This limited the validity of the information collected; and

- Resources and time available imposed further constraints.

Chapter 2 presents the roles and responsibilities of UNDP units in promoting South-South cooperation, as well as the South-South cooperation initiatives undertaken by the Special Unit and UNDP. Chapter 3 outlines the evaluation findings and lessons learned. Chapter 4 presents the recommendations of the evaluation.