



RECOMMENDATIONS FOR AFRICAN STATES, REGIONAL BODIES AND THE AU

- Modify and adopt elements of the Paris and Accra principles on aid effectiveness in Southern partnerships, especially transparency, ownership and mutual accountability in terms of results. More specifically, use national and regional development strategies (including elements, where appropriate, of the AU/Nepad African Action Plan) as the 'menu' for co-operation on both South–South and triangular initiatives.
- Insist on transparent monitoring and evaluation by Southern partners of various projects, as well as where these involve investments, the use of local personnel and material as appropriate. If SSC is to be seen as a partnership, the element of accountability of both parties needs to be emphasised and implemented.
- Encourage new 'donors' to be more transparent about their various regional development activities to ensure optimisation of synergies and to avoid duplication.
- Adopt effective databases for monitoring flows. In South Africa a well co-ordinated structure exists for tracking and monitoring inward Overseas Development Assistance (ODA); the Development Co-operation Information System, is an extensive database run and maintained by the National Treasury. It has been hailed as an example of Good Practice for ODA management for recipient countries by the OECD.

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Rising Powers, South–South Co-operation and Africa

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EXECUTIVE SUMMARY

With the Fourth High Level Forum on Aid Effectiveness behind us, it is an ideal time to reflect on the changing nature of development co-operation that is an outcome of the significant geopolitical and geo-economic shifts the world has witnessed in the last decade. The High Level Forum, held in Busan, aimed to bring emerging powers into the fold of aid effectiveness. Their incorporation was only partially achieved; yet the Forum's outcomes signalled the start of a more inclusive dialogue around issues of development not only between traditional donors and recipients but also the private sector, civil society and new development actors. Busan's most significant outcome was the agreement to establish a new, inclusive and representative Global Partnership for Effective Development Cooperation and the phasing out of the Working Party on Aid Effectiveness.

While this development is promising, Africa in particular must use this opportunity to make a significant contribution to the crafting of new codes and principles around development co-operation that can act as building blocks for a new, inclusive, international development architecture that also incorporates South–South co-operation (SSC). This policy briefing focuses on SSC and makes a number of recommendations to African countries.

SOUTH–SOUTH CO-OPERATION

Since its early days in the 1960s and 1970s, SSC has made a phenomenal comeback not only as a meaningful economic

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- Persuade rising powers to support national or regional developmental priorities, rather than projects outside of these frameworks that end up burdening the fiscus.
- Seek to enhance capacity to negotiate and benefit from SSC initiatives. Boosting negotiating capacity and capabilities within individual states and in regional institutions carries many benefits and is just as crucial when engaging with Southern partners.
- Develop regional codes of conduct and a set of principles for investment which can guide African countries in their negotiations with foreign investors so as to ensure that both sides benefit, especially when discussing farmland sales. Consideration should be given to the impact on local communities and local food security, and water security and irrigation requirements for large-scale agricultural projects.
- Strengthen policies and efforts to develop the productive sectors of economies through SSC, which have equally important developmental outcomes for states and regions – and which can become foreign direct investment magnets.
- Involve more local stakeholders in partnerships with the South, including civil society. Be open to inputs and recommendations from these various non-state actors, as they often have a better sense of issues on the ground or can help to provide nuance to project ideas.
- Insist on reducing transaction costs by pooling co-ordination of donors. This could see the development of two separate forums – one which accommodates

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concept, (given the growth of co-operation among developing countries, spearheaded by China) but equally as a politically viable lever in a fast-changing world. In its most political form, SSC is the illustration of the erosion of the developing world's ties of dependence to the West and the former colonial powers – even more so in light of the global economic downturn of 2008, which began with the financial crisis in the US, followed by Europe.

Considered different both in origin and in substance from North–South co-operation (or aid), SSC is coming of age in a very different global environment to that of the Buenos Aires Plan of Action of 1978 that codified it. This new environment has had three notable consequences: firstly, for all the emphasis on SSC as complementary to North–South co-operation, the North's apprehension that it is losing political influence and pre-eminence among developing countries cannot be disguised; secondly, the developing world has recognised its newfound diversity of options and reduced dependence on the North; thirdly, the differentiation of the developing world between the big emerging powers, smaller middle-income developing countries, and the least developed, presages differences in the characteristics and political drivers of SSC, notwithstanding the language of solidarity.

Furthermore, the nature of debate about development has also changed. No longer can the West consider itself the guardian of the debate and models of development. The way in which the big emerging markets have weathered the financial crisis adds weight to the view that there are different and perhaps better paths to development than those advocated by the West. A new term has entered the everyday lexicon – state capitalism – with China as the best exemplar of that, although not the only one.

Indeed, the altered global economic geography has accelerated contestation of the institutions that underpinned the post Second World War economic system. For example, China has already surpassed the World Bank in its lending to developing countries. The need to tap into capital to fund infrastructure in emerging

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traditional donors and one which serves to bring together partners in SSC.

- Share experiences and exchange lessons learnt by having regular meetings among African regions but also with Asia and Latin America. The African Platform for Development Effectiveness can facilitate this, moving beyond the initial focus on aid effectiveness and relations with traditional donors to incorporate other actors in the development field.

economies was a key driver in India's proposal (subsequently adopted at the BRICS summit in New Delhi in 2012) to consider establishing a BRICS Development Bank.

In the development sector, 'development effectiveness' has become the new buzz word. Development effectiveness is a much broader concept that goes beyond aid to encompass the impact of other sectors on development outcomes. Thus it may include trade and investment, finance, and remittances. In a sense, this broader definition is a recognition of some of the positive impacts of SSC's more expansive remit and the desire to capture these in development outcomes. It also reflects the debate in Europe in recent years around policy coherence for development. So, for example, the EU's agricultural subsidies to its farmers affect African countries' agricultural competitiveness, which has an impact on livelihoods and economic development. Equally, one can argue that China's policy of controlling the rise of its currency, the renminbi, contributes to the competitive disadvantage of products from other developing countries seeking global markets.

WHAT DOES THIS MEAN FOR AFRICA?

The launching of the Global Partnership opens a new chapter in the development discourse,

which Africa should not let pass. The continent should use this opportunity to interrogate more closely what the rise of new powers may mean for the nature of SSC, its impact on development and its associated politics. Africa and its states and regional bodies should take the initiative in developing a set of codes and practices for SSC that are responsive to the 21st century realities and that fully reflect African understanding of the imperatives of development.

Compared to 20 or 30 years ago, many African countries are doing much better both politically and economically. Governance has improved and reforms in the regulatory realm and sounder macro-economic policies have given greater credence to Africa as the next frontier of growth. However, there is still much to be achieved – accountable governments have yet to be sufficiently entrenched, even in democratic societies; corruption undermines institutions and accentuates social inequalities; many economies continue to rely on single commodities or add very little value to products for export; and capacity in state institutions and beyond is often a scarce commodity. These leave little room for complacency, even with the resuscitation of interest in Africa, of which SSC is one element.

It is now tautological to speak about the great opportunity that the diversification of development co-operation actors presents to Africa and its states. Yet, the existence of diverse partners, especially ones that are still developing, does not inherently secure an African developmental cornucopia. Although lacking the historical baggage of the North, Southern rising powers themselves are seeking to secure in the first instance their own national priorities, often linked to securing access to resources, whether oil or minerals. The 'South' as a coherent political entity (if it ever was one) is fragmenting at an increasing pace. Southern solidarity and exhortations to that remain useful rhetorical devices, but amount to very little in substance. The rising powers pursue their own particular interests, which may from time to time reflect those of the rest of the developing world, but not at the expense of what they understand as their national imperatives. The fact that they

are playing a more proactive role on the global stage does not mean that they are yet willing to shoulder global responsibility for underwriting the system. After all, they still face significant socio-economic challenges at home.

The implication is clear: African states should not expect to be indulged if they themselves do not insist on articulating their particular developmental interests vis-à-vis rising powers. In other words, Africa and its nations and regions should evaluate the extent to which SSC can help advance national, regional and continental developmental plans.

An often-made criticism, even among senior African officials, is the absence of a coherent strategy for engaging with new and old actors. While a good idea in itself, a continent-wide strategy can only focus on principles, allowing individual regions and countries to develop specific plans that are tied to both regional and national priorities. In their engagement with traditional donors, African states have often been compelled by donors to participate in joint co-ordinating forums. Such co-ordination is not found in SSC. However, there is no reason why SSC itself should not harness some of the positive lessons learnt from traditional aid over 60 years. Many Africans would like to see greater transparency, accountability and co-ordination of new actors, even if they consider them to have different approaches and drivers to those of the traditional players.

Numerous development plans with relevant matrices have been developed at the continental level with the African Union (AU) and the New Partnership for Africa's Development, at the regional level with the Regional Economic Communities, and nationally. But African actors need to take ownership of these plans if they are to leverage contribution from rising powers via SSC.

This is the imperative that underlies the adoption by the AU of the very first African common position on development effectiveness at Addis Ababa in September 2011 via the Africa Platform for Development Effectiveness. Encompassing Africa's negotiating position at Busan, the document's underlying message was that capacity development was the essential vehicle to actualise the continent's exit strategy from aid. It recognised that Africa needed to 'unlock domestic resources for development by stimulating productive economic sectors' for inclusive wealth creation, and that Africa had to achieve 'policy coherence between aid and non-aid policies' if development efforts were to be effective. The document made no specific mention of triangular initiatives between Northern and Southern partners; rather it emphasised the importance of South-South learning and knowledge creation as an important mechanism for capacity development, and the need for a 'strong, unified and collective voice in negotiations on the emerging new aid architecture'.

Using this as the departure point, what should African states do to better harness SSC?

African states could make a significant contribution to understanding SSC by putting mechanisms in place to track the extent and impact of SSC, as well as insisting that new donors are more transparent in their funding modalities and that outcomes are jointly monitored.

ENDNOTES

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SAIIA's work on emerging powers and global development co-operation is funded by the Department for International Development, the Swedish International Development Cooperation Agency and the Danish International Development Agency. SAIIA gratefully acknowledges this support.

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