

*United Nations Economic and Social Commission for Asia and the Pacific
(ESCAP)*

United Nations Department of Economic and Social Affairs (DESA)

UNDP Special Unit for South-South Cooperation (SU-SSC)

**Asia-Pacific Development Cooperation Forum (DCF):
Regional workshop on trends and progress in triangular
and
South-South development cooperation**

(UNCC, UN building, Bangkok, 21-22 October 2008)

Annotated Agenda

A. Triangular development cooperation: *sharing experiences between and within the region*

Triangular development cooperation is used as a means for channelling aid from OECD/DAC donors and multilateral institutions through a third (intermediate) country to be applied to development projects in poorer countries. Triangular development cooperation is gaining greater significance for some Southern contributors¹ as well as a large number of Northern donors², with Japan being one of the foremost in promoting such cooperation in Asia and other regions as an effective aid modality. The advantages to this type of cooperation are potentially many, including cost effectiveness, and transfer of skills, appropriate technology and know-how that are more applicable and adaptable within a region that may share similar socio-economic-cultural conditions.

Triangular cooperation currently presents a fragmented picture which includes a plethora of small programmes focusing on technical assistance in the form of dispatching experts, third-country training and capacity building, in a wide spectrum of sectors.

Current triangular flows are not a significant portion of the global development cooperation architecture. But the true extent of such cooperation, its potential for growth and its overall effectiveness cannot be accurately assessed because of the lack of reliable data.

Discussion questions may include:

- Based on country experiences, how effective has triangular development cooperation proven in terms of cost, technology and skills transfer, and capacity building, among others?
- How can countries outside the Asia-Pacific region learn from Asia's experiences with triangular development cooperation, particularly in terms of national ownership and leadership, coordination and harmonization with national development strategies? Under what conditions could experiences in the Asian-Pacific region be replicated in other regions?

¹ Such as Argentina, Brazil, Chile, Egypt, India, Malaysia, Republic of Korea, South Africa, Singapore, Thailand, Tunisia and Turkey. China has also recently been involved in some trilateral agreements with DAC-donors, but this constitutes an insignificant part of its overall assistance programme.

² Canada, Finland, France, Germany, Japan, Norway, Spain and Sweden, as well as multilateral institutions, including AfDB, AsDB, BADEA, EU, IADB, IFAD, IsDB, OPEC Fund, UN agencies and the World Bank.

- What are the challenges faced by both the OECD/DAC countries and Southern contributors in developing appropriate institutional and legal arrangements to facilitate better management of triangular development cooperation?

B. Monitoring and evaluation of triangular and South-South development cooperation in the region

Due to the volume, type and channels of development assistance that characterize South-South development cooperation, systematic and consistent monitoring and evaluation of flows has been largely substituted only by conducting routine scrutiny of timeliness and completion of projects. Although this approach seems cost-effective in terms of reducing costs for missions and studies, leading to lower programme country transaction costs, it nevertheless deters from gaining a longer-term and in-depth perspective on the sustainability and impact of South-South cooperation itself. Additionally, cross-cutting issues, such as environmental, gender and social impact analysis are often not considered to be essential requirements for infrastructure projects under South-South cooperation. Thus, lack of a more systematic approach to Monitoring and Evaluation (M&E) of policies, programmes and projects, makes it difficult to gather information on lessons learned and build on the momentum gained. Efforts should focus on developing effective voluntary, nationally owned and inclusive M&E systems for South-South cooperation by reinforcing transparency, delivery and management of programmes and projects.

South-South cooperation also faces a lack of coordination among Southern bilateral contributors with respect to monitoring and evaluation, which is largely due to the fact that the bulk of assistance is provided as project aid. This situation however, may be expected to change since as signatories to the Paris declaration, many Southern bilateral contributors and multilateral institutions may be required to undertake joint missions and shared analysis.

Discussion questions may include:

- Based on country experiences, what are the potential advantages to developing effective and nationally-owned and inclusive M&E systems for South-South and triangular cooperation?

How would the issues of self-assessment, ownership by the recipient country and inclusive participation of civil society partners be addressed?

- What specifically can the development community do to facilitate and support the establishment of M&E systems, mainly self-evaluation system, for South-South and triangular cooperation?

C. Data collection and analysis including data on South-South and triangular development cooperation

The growing importance of South-South development cooperation in the last few years reflects not only an increase in the volume of financing flows, but also the decline in North-South development cooperation. By some estimates, Southern contributors disbursed between US\$9.5 billion and US\$12.1 billion in 2006, representing 7.8 to 9.8 per cent of total flows.³ Such estimates however, belie the fact that the range does not cover information and data from all contributors, and also fail to adequately capture the *total* amount of South-South cooperation which would include smaller bilateral and multilateral contributions. While OECD/DAC-donors abide by the OECD definition of ODA, this term becomes more elusive when applied to Southern contributors since it fails to adequately measure the various types and channels of resource transfers in developing countries. Not surprisingly, information gaps and discrepancies make assessments of real flows and transfers increasingly more complex.

Several problems hinder the collection of reliable and consistent data and information on South-South financing. They include: differences in definitions of what constitutes development cooperation, such as the concessionality⁴ or purpose of assistance; lack of a coordinated effort at data collection across government ministries and agencies at the country level; and lack of an appropriate forum for coordinating the collection of such data.

Discussion questions may include:

³ Analysis conducted in preparation for the 2008 DCF. Total aid is based on final OECD/DAC data, 2006

⁴ In defining ODA, the OECD identifies concessional loans as those with a grant element of at least 25 per cent, when using a 10 per cent discount rate.

- What are the main obstacles to reporting on South-South development cooperation in both the contributing and the recipient countries in the Asia-Pacific region?
- What specific criteria should be established to undertake a comprehensive coverage of South-South financing flows among participating countries in Asia-Pacific?
- Would a higher proportion of South-South assistance through a performance-based approach help improve monitoring of assistance from Southern contributors?
- Is there any need for establishing a regional data bank on South-South development cooperation?

D. South–South and triangular development cooperation in Asia-Pacific: *How can the United Nations help?*

The UN has been one of the most consistent and strongest proponents of South-South and triangular development cooperation for years. From the 2002 UN International Conference on Financing for Development to the 2005 World Summit and UNCTAD XII, the United Nations has called for strengthening South-South cooperation, including triangular cooperation, as a complement to North-South cooperation. Additionally, the General Assembly supported by the High Level Committee on South-South Cooperation, regularly reviews the state of South-South cooperation and progress by the UN system in mainstreaming this type of cooperation in its activities. At the regional level, UNESCAP has facilitated the implementation of socio-economic technical cooperation among developing countries in the region.

Despite the fact that South-South and triangular development cooperation is playing an increasingly important role in development assistance and in shaping the international development cooperation agenda, Southern contributors do not have a forum to proclaim their views, separate from those of northern donors and programme countries. It is felt that such a forum could provide the opportunity to discuss issues of particular relevance to South-South development assistance and spur a country-driven process for compilation and processing of data on South-South and triangular cooperation, among others.

The UN Development Cooperation Forum in 2008 also pointed out that “*a process is needed to facilitate the exchange of information and enhanced analysis, through which other development actors can learn the positive lessons from South-South and triangular development cooperation.*”

The outcome of discussions at this workshop may serve as an input to the UN Doha review conference on financing for development to be held end November 2008 and the UN conference on South-South cooperation to be held in Buenos Aires in the first half of 2009.

Key discussion questions may include:

- How can the DCF serve as an effective platform for dialogue among southern donors? Should a similar regional forum be created in the ESCAP region?
 - How can the UN system better support the exchange of best practices and experiences in triangular and South-South cooperation? What consideration, if any, should be given to the development of guidelines regarding the dissemination of information on projects and their impact?
 - Can the UN system help to match demands and opportunities in the area of South-South and triangular cooperation? How can it facilitate a more robust inclusive participation of non governmental actors in the design, implementation and voluntary M&E of projects?
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