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SOUTH-SOUTH AND TRIANGULAR COOPERATION IN ASIA

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SOUTH-SOUTH AND TRIANGULAR DEVELOPMENT COOPERATION IN ASIA

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Macroeconomic Policy and Financing for Development Division

South-South and Triangular Development Cooperation in Asia

by

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Abstract

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

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I. Introduction

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

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

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

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

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

II. Status of the LDCs, LLDCs and SIDCs

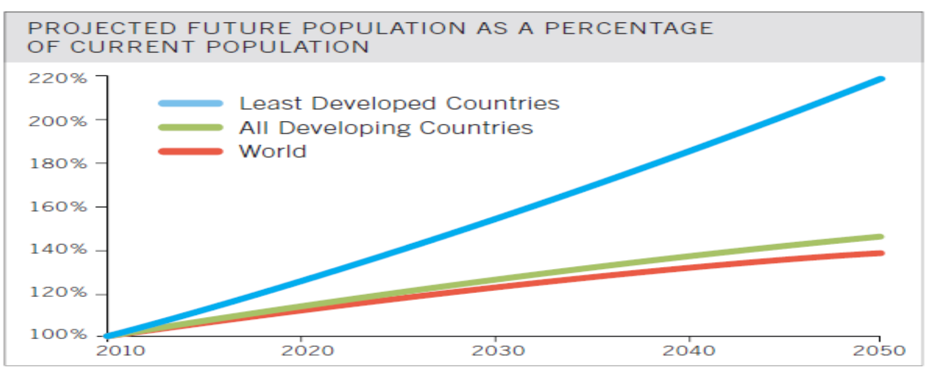
The List of "least developed countries" applied for 48 countries according to the United Nations with some that are categorised into the landlocked developing countries and the Small Island Developing States. In Africa 34 countries, in Asia 9 countries, Ocenia 4 countries and Americas one country.
Since the LDC category was initiated, only four countries have graduated to developing country status. The first country to graduate from LDC status was Botswana in 1994. The second country was Cape Verde, in 2007. Maldives graduated to developing country status on 1 January 2011, while Samoa graduated in 2014. It is anticipated that Equatorial Guinea and Vanuatu will be the next countries to be promoted from LDC status. At the UN's fourth conference on LDCs held in May 2011, delegates endorsed a goal targeting the promotion of at least half the current LDC countries within the next ten years.

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

A. LDCS

1. Population

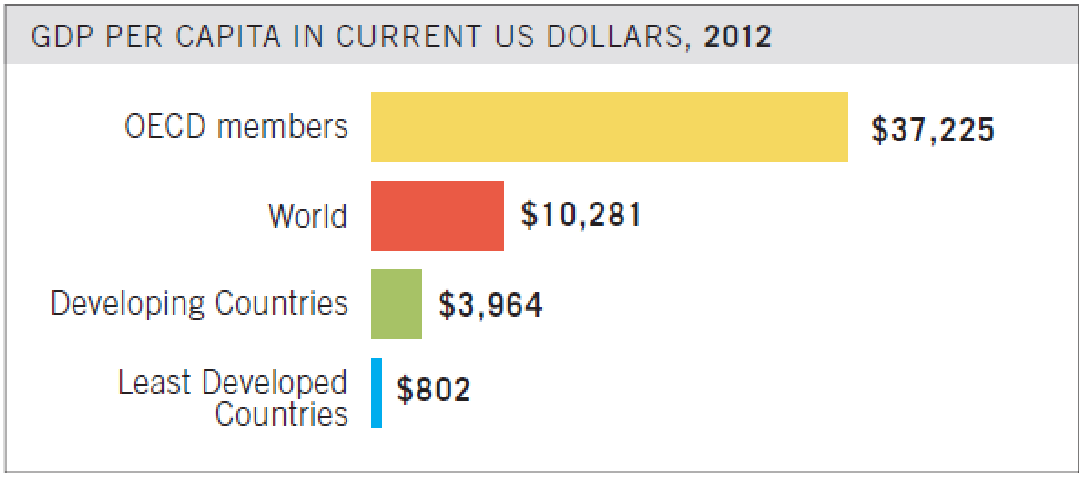
- In 2014, the population of LDCs was 898 million—1/8 of the world’s total.
- The population in LDCs is expected to more than double between 2010 and 2050. In the same time period, the total world population is expected to grow less than 40%.



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

2. Economy

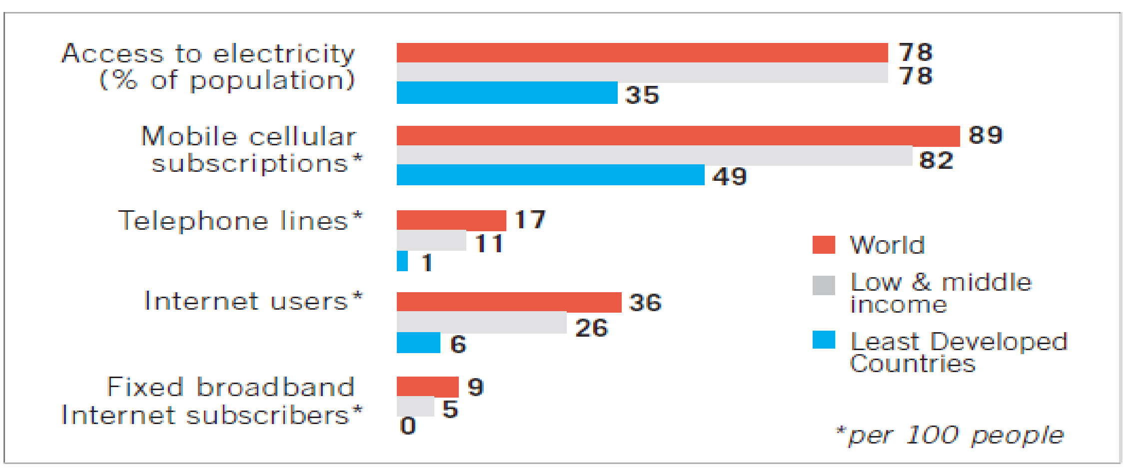
- In 2012, the LDCs averaged a per capita GDP of only USD 802. That is less than 1/12 of the world average.
- LDC economies grew at a rate of 5.7% in 2013—up from 4.0% in 2012. This is down significantly from 2007, when they grew at 9.0%.
- GDP growth for least developed countries is projected to reach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



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

3. Productive capacity

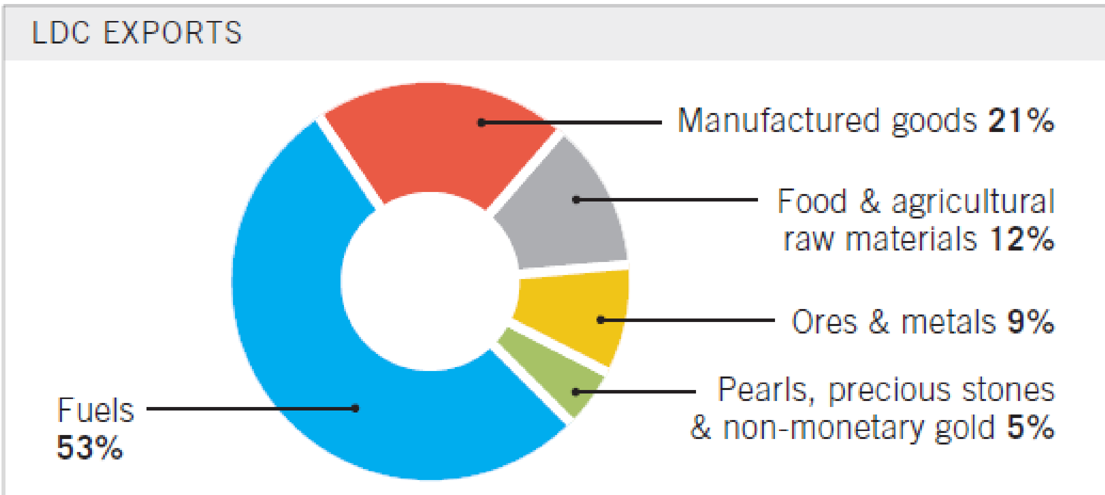
- The share of manufacturing in LDC economies is less than 10%, compared to 21% in all developing countries.
- Least developed countries lag behind the world in terms of access to electricity, telephone services and Internet usage, despite making substantial progress.



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

4. Trade

- In 2012, the combined exports of all 48 LDCs made up 1.11% of worldwide exports. Although a small percentage, it is nearly double the figure in 2001.
- Fuels dominate LDC exports, making up 53% of LDC exports. This is up from only 37% in 2001. However, two-thirds of these fuel exports came from Angola alone.
- The 2 largest LDC exporters, Angola and Bangladesh, export nearly as much as the other 46 combined. Least Developed Countries (LDCs).



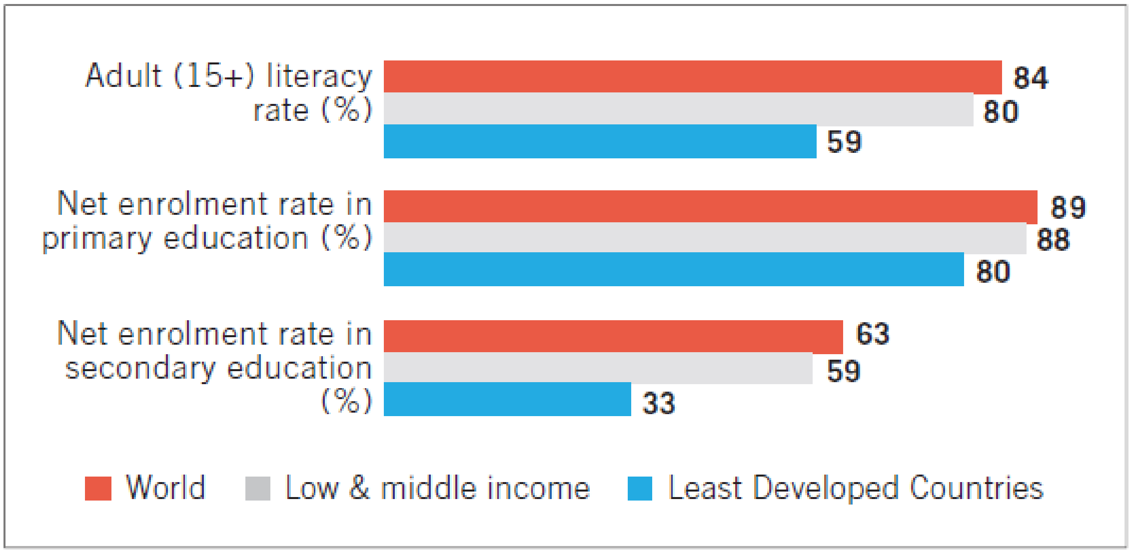
Source: UN Population Division estimates; World Development Indicators (World Bank); UNCTAD Merchandise Trade Matrix; UNESCO Institute for Statistics.

5. Poverty

- 50.8% of the population in LDCs— 450 million people—lives on less than $1.25 per day.
- 72.5% of the population in LDCs lives on less than $2 per day.
- It is estimated that 252 million people live with hunger in LDCs.

6. Education

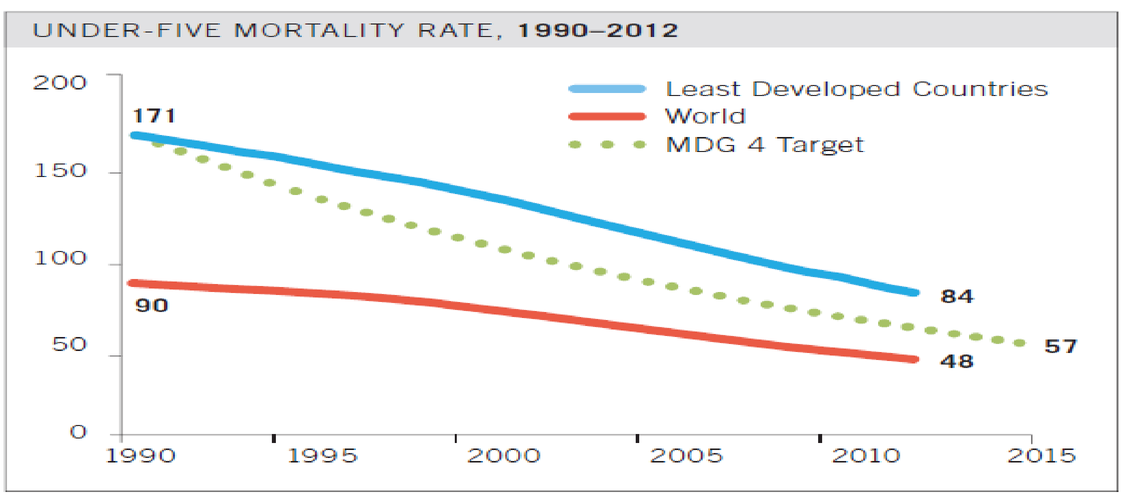
- According to the latest national figures, over 18 million children of primary school age in LDCs are not enrolled in primary education.
- If current trends continue, LDCs will not meet the MDG 2 goal of universal primary education by 2015.
- In LDCs, 16.1% of government expenditures were spent on education, compared to 13.9% in the world as a whole.



Source: (i) ibid.

7. Health

- Despite progress, the LDCs continue to have very high child mortality rates. While only 12% of the world's population lives in LDCs, 36% of under-fi ve deaths occurred in LDCs in 2012.
- Maternal mortality in LDCs was estimated at 430 per 100,000 live births in 2010—more than double the rate of the world as a whole. A woman's lifetime risk of death as a result of childbirth complications was 1 in 52, which is more than 3 times the worldwide rate.
- Malnutrition affects many children under fi ve in LDCs, with 25% underweight and 40.3% exhibiting stunting.
- Although HIV prevalence is relatively stable at 2% of the overall LDC population, four LDCs continue to have prevalence rates above 10%.



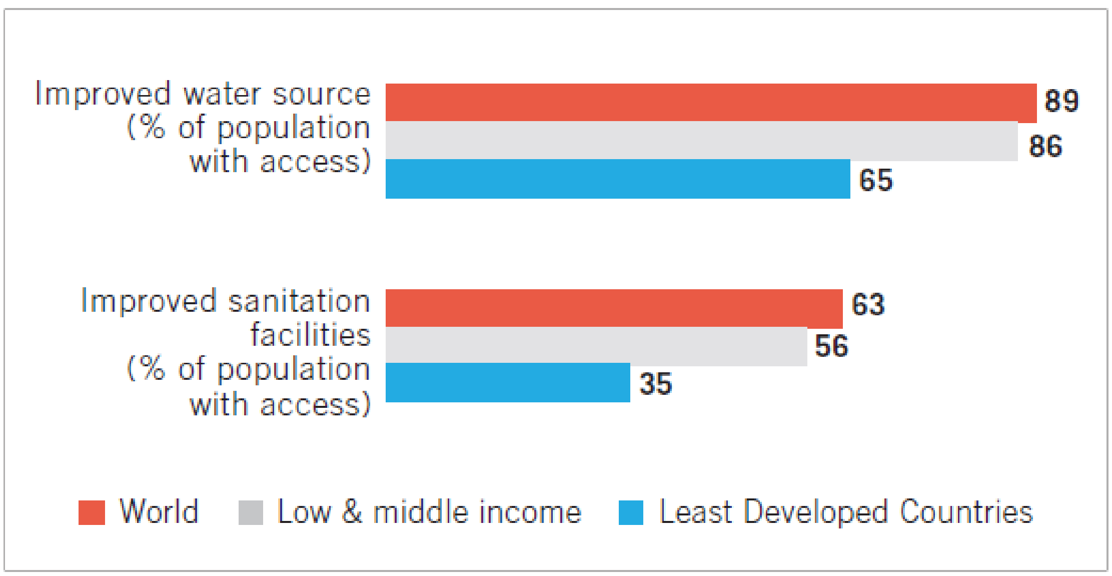
Source: (i) Inter-agency Group for Child Mortality Estimation (IGME).

8. Water and sanitation

- Water and sanitation services are under-provided in LDCs, even compared with other developing countries. Only 65% of LDC residents had access to an improved water source.
- Rural areas are particularly behind: only 31% of rural populations in LDCs had access to improved sanitation facilities; 58% had access to improved drinking water sources.

9. Gender and women empowerment

- In 2014, women held an average of 19% of parliamentary seats in LDCs, up from only 9% in 2001.
- LDCs have achieved near parity in primary (48% female) and secondary (46% female) education. However, male students continue to dominate tertiary education (35% female).
- Although progress has been made, LDCs continue to be difficult places for women, in part due to weak enforcement of laws protecting women, underinvestment in women's health and enduring prejudice.



Source: WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation; OECD DAC International Development Statistics. Updated May 2014.

10. Foreign direct investment and remittances

- FDI reached USD 25.7 billion in 2012, up from 21.4 billion in 2011. FDI stock was USD 185.4 billion in 2012. Resource-rich LDCs continued to account for the largest share.
- Remittance flows to LDCs stood at $30.5 billion in 2012 representing an 11% increase from 2011.

11. Aid

- Official Development Assistance to LDCs from OECD DAC countries totalled USD 43.1 billion in 2012, down from USD 45.5 billion in 2011.
- ODA increased consistently in current terms over the 2003 –2011 period, though there was a deceleration in the wake of the global financial crisis.
- Only 7 advanced countries met the ODA target of 0.15% of GNI going to LDCs in 2012, down from 9 in 2011 and 10 in 2010.

B. LLDCs

Nearly half a billion people are living in landlocked developing countries (LLDCs), where trading their products and goods is more costly than in those countries with direct access to ports and the sea. They often have poor roads and infrastructure. Landlocked developing countries (LLDCs) lack territorial access to the sea which means they can face significant challenges in trade, transport and infrastructure amongst other areas. All LLDCs have low gross domestic product (GDP) and low human development. A large proportion of the 32 landlocked developing countries are also classified as least developed countries. There are 16 LLDCs located in Africa, 10 in Asia, 4 in Europe and 2 in Latin America with a total population of 442.5 million in 2012.

Table 1. Key facts on LLDCs

Total population (in 2012)	442.5 million
Number of countries	32
Africa	16 countries
Asia	10 countries
Europe	4 countries
Latin America	2 countries
Average distance to closest seaport	1 370 km
Average HDI (in 2012)	60.6
Share of LLDCs in global trade	1.17%

	Time to export (days)	Cost to export (US$ per container)	Time to import (days)	Cost to import (US$ per container)
LLDCs	42	3 203	47	3 884
Transit countries	22	1 287	27	1 602

1. Key challenges for LLDCs

Because LLDCs are located far from major world markets, trade is difficult. LLDCs are heavily reliant on neighboring countries for the transit of goods. Often, developing transit countries have poor infrastructure, fragile political situations and costly administrative practices. Roads and railways are frequently in bad condition: for example, only nine transit countries have more than 50 per cent of their roads paved. Strikes, civil wars and natural disasters are also frequent.

All these factors contribute to high transport costs. According to UNCTAD, typically LLDCs spend twice as much of their export earnings on transport and insurance services as the average developing country and three times more than the average developed country.

In 2011 the share of Landlocked Developing Countries in global trade was only 1.17 per cent. These figures are reflected in the GDP and Human Development Indices (HDI) of LLDCs. GDP per capita is below 1,000 US dollars in 19 LLDCs and the average HDI was nine points below the world's average HDI.

Land lockedness is a major obstacle to development as the high transport costs lead to lower levels of trade, which impacts negatively on economic growth and affects progress in achieving sustainable development.

C. SIDs

SIDs are mainly located in two regions, with 23 in the Caribbean and 20 in the Pacific, and 9 in the rest of the world (scattered across Africa, the Indian Ocean, Mediterranean and South China Sea).

Small, peripheral island states are natural, self-contained political units of administration, of great diversity but easily idealised as highly sociable and well-run. In academic jargon, they may be ‘network-driven’ with high ‘social capital’ and ‘island neo-corporatism’ that inherently morph into ‘good governance. But development outcomes for the SIDS have not been universally impressive: in the Pacific, for example, Kiribati has achieved political and macroeconomic stability since independence in 1979 yet its development record has been weak; between 1998 and 2008, only Samoa and Tuvalu managed to achieve an annual average growth in GDP of 3 percent or more; and only Tuvalu and Vanuata succeeded in converting growth into poverty reduction. The picture on the quality of governance is similarly mixed. Tuvalu in the 2010 World Governance

Indicators shows mixed results. Tuvalu rates very highly (in the top 10 percent) for the rule of law and political stability, although the Cabinet changed nine times from 1993 to 2006, and very few prime ministers have survived their full four-year term; ranks well (in the 50th- 75th percentile) for voice and accountability, and control of corruption; is assessed as weak (in the 25th-50th percentile) for government effectiveness; and ranks in the lowest 10 percent for regulatory quality based on perceptions of the government's ability to formulate and implement sound policies and to promote private sector development.30 Overall the World Governance Indicators may suggest "the smaller the state, the better the record,"31 although this may also simply reflect the limited sample and the inverse ratio of country size to available reliable data.

One of the poorest SIDS is Kiribati with per capita income of $2,010 in 2010; the richest include Brunei and four high income SIDS: Bahamas, Barbados, Malta, and Saint Kitts and Nevis. This disparity confirms the general finding that politics, policies and institutions matter more than just size, geography or natural resources. For example, the Dominican Republic and Haiti share the island of Hispaniola and are broadly similar in geography and history, yet their development trajectory has diverged remarkably. The countries had the same per capita real GDP in 1960 but by 2005 the Dominican Republic's per capita real GDP had tripled whereas that of Haiti had halved because the Dominican Republic enjoyed reasonably effective governance, and Haiti did not.32 The same finding applies across the whole Caribbean—politics, policies and institutions shape improvements in per capita GDP. Smallness by population or territory is also not destiny: within any country it can have different impacts, as described above in Tuvalu. Cross-country comparisons confirm the variation. The Maldives rank 143rd out of 178 countries in the 2010 Corruption Perceptions Index. However, the other small Indian Ocean archipelago state, the Seychelles, ranks 49th—nearly a hundred places higher.34 UNDP's Human Development Index ranks the Seychelles 52nd among the 187 countries covered in 2011, but with less than a third of the per capita income of the Maldives at 109th.35 Seychelles, with a population of some 80,000 people, ranked second only to a rather bigger small island state, Mauritius (population around 1.3 million) out of 48 sub-Saharan African countries on the 2010 Ibrahim Index of African Governance and the same two island states—Seychelles and Mauritius—top the Human Development Index for Africa.

The Seychelles is one of the few globally to have achieved the targets of the Millennium Development Goals. The economy is diversifying with China, India and the United Arab Emirates as key trading partners and the country has become a leader in environmental conservation. The African island countries highlight that economic growth and social stability are achievable for remote, small island states, and that even with few resources, they can overcome their problems of scale, size, isolation and poverty.

III. Review of SSTDC in Asia-Pacific Region

A. Examples of cooperation

The different examples of cooperation in the Asia-Pacific Region can be identified based on several criteria such as the areas of cooperation (health, education, climate change, and energy). The way resources are mobilized for financing projects (example: private, public, international agencies); the role of each stakeholder; the regulatory reforms and institutional set up and policy frameworks are areas in which countries of the South can cooperate. Some examples of the recent SSTDC are discussed here.

B. Japan International Cooperation agency (JICA)

The Japan International Cooperation agency (JICA) has been actively supporting SSTDC. In recent years China, India, Brazil, Indonesia, South Korea and other emerging countries are providing development assistance to promote the developing countries in the framework of SSTDC. This cooperation is based on the needs identified by the countries themselves. JICA is also collaborating extensively in triangular cooperation through developing countries, developed countries and international institutions working together for financing development. Both the SS and TDC are a bit different than the conventional South-North Cooperation where finance to the North often used to come without assessing the specific preferences of the receiving countries.

- <u>Training program on the management of basic Vocational Training for Afghanistan:</u> This project was one of the agreed projects designed for both managerial and trainer levels from the ministry of Labor, Social Affairs, Martyrs and Disabled of Afghanistan. After preparation and discussions to find the proper training course, the participants come to Iran and the training courses were conducted three times from 2010 to 2012 at the Instruction Training Center (ITC) in Karaj City of Iran. During these courses the Afghan Participants learnt about the objectives; roles and national system of technical vocational training and received 30 hours of theoretical and 90 hours of practical training of each course. In Afghanistan JICA implemented a technical cooperation project from 2005-2009, aiming to establish a vocational training system. Bringing together the outcomes of previous projects and the human resources developed by them to support this training. The knowledge and technology accumulated at ITC were effectively and efficiently transferred to the Afghan participants.
- <u>Diversity in Multicultural Nations:</u> Today, the concept of “Security” has undergone significant changes to encompass all aspects or characteristics of a functioning society – political (including legal), economic, social (including psychological), military etc. Multicultural societies are particularly vulnerable to political fault lines developed along ethno nationalism. Hence, it is imperative that the process of nation building in these societies is geared towards managing diversity. In this training program, the participating public officials from Afghanistan, Iraq, Sudan, South Sudan and Timor – Leste enhanced their multicultural understanding based on the experience of Malaysia and Japan and developed viable public policies and political mechanisms for managing potential areas of conflict and in order to attain the

goals of peace development and nation building. They also learned the principles of constitutionalism, institutional building, and good governance in a multicultural society.

- Asia Pacific Development Center on Disability: Thailand: Since it's established in 2002, the Asia-Pacific Development Centre on Disability (APCD) projects has conducted various training programs and workshops on disability issues, in which persons with disabilities from the region share their expertise, including in the strengthening of self-help organizations and implementing community based rehabilitation activities. Many ex participants of the APCD project activities have participated in the policy making process and are recognized as resource persons in their own country and in the Asia-Pacific region. One of the notable results in the creation of self-help groups of deaf persons and persons with intellectual disabilities. Thai deaf leaders who have acquired knowledge and enhanced their leadership skills through attending APCD project activities are actively supporting deaf persons in Cambodia, Laos, Myanmar and Viet Nam. They have conducted various workshops in these countries, encouraging deaf persons to form their own organizations and promote understanding of their family members regarding the needs and potential of deaf person.

C. The International Labor Organization (ILO)

The ILO has been promoting SS and TDC in the field of social solidarity groups with the aim of promoting labours' interest and ensuring "decent work". This is particularly important from the point of view of poverty reduction. The developing countries which have relatively higher exposure to globalization and trade, especially of ASEAN region have collaborated with ILO in promoting development.

1. Examples of SSTC in Southeast Asia

Box 1

In Indonesia the ASEAN Foundation, together with the Japan International Cooperation Agency (JICA), ASEAN University Network/Southeast Asia Engineering Education Development Network (AUN/SEED Net) and the Faculty of Mechanical and Aerospace Engineering of Institute Technology Bandung (ITB) jointly organized the Regional Conference on Mechanical and Aerospace Technology (9–10 February 2010, Bali, Indonesia), with 150 engineering experts from ASEAN and Japan and representatives from the government and private sectors participating. The ASEAN Foundation, through the Japan-ASEAN Solidarity Fund, in partnership with JICA, provides financial support to expand and enhance the educational and research engineering capacities of 19 leading engineering schools in ASEAN in cooperation with 11 leading Japanese universities.

Box 2

In Malaysia FAO-ASEAN cooperation in agriculture and forestry was initiated in 2013 with the aim of strengthening cooperation in agriculture and forestry toward the goal of reducing hunger in the region and improving food security. The two organizations have agreed to work together in addressing growing challenges in agriculture, particularly in addressing global challenges in food and nutrition security and sustainable agriculture, as well as supporting the sector by contributing to the realization of the ASEAN Economic Community in 2015. Under the programme, ASEAN and FAO will strengthen collaboration in the areas of transboundary animal disease control, food safety, nutrition, food security, and bio-energy development.

Box 3

The Korea International Cooperation Agency (KOICA) expanded its overseas development assistance (ODA) in 2015 for ASEAN. This was intended to strengthen the partnership between ASEAN and KOICA in combating poverty and supporting the sustainable socioeconomic growth of ASEAN member countries. Currently Cambodia is the third largest recipient of KOICA's global ODA (the largest among ASEAN countries) with US$25.392 million, followed by Viet Nam (US$23.89 million), the Philippines (US$23.717 million) and Indonesia (US$19.8722 million). KOICA's ODA to other ASEAN countries such as Malaysia, Thailand, and Singapore were rather limited, but KOICA welcomed further joint collaboration with these countries in 2015.

Box 4

The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) is an ASEAN sub-regional development cooperation initiative formed in 1993 by the Governments of Indonesia, Malaysia, and Thailand with the aim of increasing intra-IMT-GT and inter-IMT-GT trade and investment to accelerate economic transformation in less developed provinces. The private sector plays a key role in promoting IMT-GT economic cooperation. Since its formation the IMT-GT has grown in geographic scope and activities to encompass more than 70 million people. It is now composed of 14 provinces in southern Thailand, 8 states of Peninsular Malaysia, and the 10 Provinces of Sumatra in Indonesia.

Box 5

The Brunei Darussalam-Indonesia-Malaysia-Philippines-East Asian Growth Area (BIMP-EAGA) is another ASEAN subregional development cooperation initiative formed in 1994 with the aim of increasing trade, tourism and investment in the growth area through cross-border cooperation. To achieve its development goals, the BIMP-EAGA cooperation is anchored on five strategic pillars: Connectivity, Food Basket, Tourism, Environment, and Trade and Investment Facilitation. In support of this inter-governmental initiative, the business sector has organized the East ASEAN Business Council (EABC) with a full-time Secretariat in Brunei Darussalam. The East ASEAN Business Council promotes private sector participation in all activities in BIMP-EAGA.

D. Financial inclusion

Financial inclusion is vital for bringing poor and marginal groups in the mainstream of finance. Besides, for promoting equitable development financial inclusion is also major goal of developing countries.

Box 6 shows some examples of SSTDC in microfinance:

Box 6. South-South and Triangular Cooperation in microfinance in support of social and solidarity economy

Microfinance originated with the successful practice of the Grameen Bank in Bangladesh in the mid-1970s. The Grameen Bank Approach was first replicated in several Asian countries in the mid-1980s by the now defunct Asian and Pacific Development Centre (APDC) based in Kuala Lumpur, Malaysia with the support of the UNDP. Almost at the same time, the project Linking Banks and Self Help Groups was launched in Indonesia by the Asia-Pacific Rural and Agricultural Credit Association (APRACA) based in Bangkok, Thailand – with German government support in the mid-1980s, and subsequently replicated in several Asian countries such as India, Nepal, the Philippines, Thailand and Viet Nam with fund from UN-FAO for lending to small farmers. The program facilitated exchange of visits, peer to peer learning and capacity building of banks, NGOs and support agencies which participated in the programme. The programme was first implemented in Indonesia, which subsequently provided a concrete model that was replicated in other Asian countries, notably India, Nepal, the Philippines, Thailand, and Viet Nam. In India the National Bank for Agriculture and Rural Development collaborated with the Reserve Bank of India to implement the self-help groups-Bank linkage programme in the early 1990s. During the pilot stage of the project, the National Bank for Agriculture and Rural Development NABARD received support from BMZ/GTZ and from the Swiss Government to work out self-help group-bank linkages together with civil society organizations.

IV. Regional Cooperation in Asia-Pacific Countries

In Asia-Pacific region, the countries listed as LDCs, LLDCs, SIDCs, vary in their development performances, priorities as well as challenges. Obviously the policies and programs in these countries may vary but there are some stylized facts like drivers of growth, technology, institutional framework may have some common features. These stylized facts, if addressed properly can help a country to graduate from its respective category to a higher grade. There are several regional bodies which have been promoting SSTDC and have potentials to many development partners like the World Bank (WB), Asian Development Bank (AsDB), Food & Agricultural Organization (FAO), United Nation Industrial Development Organization (UNIDO), and International Fund for Agricultural Development (IFAD) which have been promoting SSTDC through country specific program as wee as through regional bodies. Table 2 gives examples of projects of IFAD:

Table 2. IFAD support to South-South cooperation

Project	Nature of activity	Date
ICT Africa-Latin America	Grant-funded	2005
Iraq-Iran civil societies cooperation	Grant-funded	2006
Palenque learning route	Grant-funded	2006
Pro-poor policy with FAO	Grant-funded	2007
Competitiveness Greater Mekong Subregion	Grant-funded	2007
Learning route Ecuador -Peru, market access	Grant-funded	2007
Cooperation with farmers' organizations	Grant-funded	2008
First Asia Regional Gathering Pastoral Women	Grant-funded	2009
Terra Madre India and Brazil	Grant-funded	2009
New Delhi Conference	Grant-funded	2010
Brazil-Africa Agricultural Innovation Marketplace	Grant-funded	2010
Indigenous partnerships	Grant-funded	2010
Knowledge-sharing, microfinance and social safety	Grant-funded	2010
Promoting SSC with China, knowledge sharing	Grant-funded	2010

Source: IFAD, October 2011.

A. Regional bodies

The United Nations Conference on Technical Cooperation in Trade and Development (UNCTAD) is an important body for broader framework cooperation in trade. For several years, this corporation was limited to low skill based on low level technology considering the conditions of many developing countries. However, emergence of some economic power houses among developing countries the focus has changed to second generation technologies like bio-fuels, information and communications technology (ICT). The establishment of Green Climate Fund (GCF) can play a major role in funding bio-fuels research and production in a few developing countries. The cooperation framework under the Indo-Brazil-South Africa (ISBA) and the framework between Brazil and China are two advanced examples.

Box 7. India Brazil South Africa (IBSA) cooperation on bio-fuels

The India, Brazil, South Africa (IBSA) Dialogue Forum has, since its establishment in 2003, become a powerful and results-oriented alliance. At the first IBSA Summit, held in September 2006 in Brasilia, key areas for cooperation included the energy, agriculture, transportation, trade, science, technology, and information society sectors. In what refers specifically to bio-fuels, a Memorandum of Understanding (MoU) on bio-fuels was signed with the decision to create the Trilateral Task Force on bio-fuels to work on concrete areas of common interest in 2008.An IBSA ministerial meeting held in September 2009 in Brasilia recognized the vital role of access to energy for sustainable development. In April 2010, the Fourth Summit of IBSA produced the document "The Future of Agricultural Cooperation in IBSA", which was endorsed by the member countries, providing an overview of the current status of agriculture in the three countries and calling for a more specific study aiming to explore areas where there are significant synergies between these countries for agricultural cooperation.

Box 8. Asia-Pacific Economic Cooperation (APEC) Bio-fuels Task Force

The Asia-Pacific Economic Cooperation (APEC) bio-fuels Task Force was established in 2006 as one of the key outcomes of the eighth meeting of APEC Energy Ministers in Darwin, Australia where the Darwin Declaration on Achieving Energy Security and Sustainable Development through Efficiency Conservation and Diversity was issued. The Task Force unites fifteen member states of the inter-regional economic dialogue, including the United States, China, Canada, Australia, Thailand, Malaysia, Indonesia, Chile, Peru, Colombia, Japan, Mexico, New Zealand, The Philippines, Russia and Thailand. The Task Force aims to assist APEC member economies to share experiences in order to improve their understanding of the potential for bio-fuels as a substitute to fossil fuels in the transport sector. The group focuses on joint analysis of key issues affecting the development of bio-fuels, including: resources, economics, infrastructure, vehicles and trade opportunities. Achievements thus far include: the Survey of bio-fuel Resource Assessments and Resource Assessment Capabilities, studies on the use of second-generation bio-fuels, Guidelines for Biodiesel Standards and Status of Liquid bio-fuels. Upcoming projects include researching the resource potential of algae for biodiesel, a study of the Sustainable bio-fuels Development Practices in APEC Economies and publication of a work entitled “Strategies for Developing bio-fuel Transport and Distribution Infrastructure in APEC.”

Bio-fuels in the APEC region are produced from a variety of first-generation feedstock using well-established conversion technologies. For ethanol production, feed stocks include: starches from grains (cereals, feed, and grains), tubers (cassava and sweet potatoes), sugars from crops (sugar beets, sugarcane, and sweet sorghum) and food processing by-products (molasses, cheese whey and beverage waste).

B. Triangular Cooperation on bio-fuels

Triangular Cooperation (TC), which refers to support of South-South cooperation initiatives by a northern country (traditional OECD donors) or multilateral agencies, has emerged as an innovative mechanism for integrating developed countries into South-South cooperation programs. Japan has been at the forefront of these initiatives, with linkages going back to the time when it was a developing nation and one of the participants of the Bandung Conference in 1955. Japan has been instrumental in implementing bilateral and triangular projects with ASEAN countries, such as with the East Asia Summit (EAS), a forum for dialogue on broad strategic, political and economic issues in the region and supports the creation of an East Asia Community project that envisages establishing a EU model of integration for the region, an important example of regional cooperation with major economies such as China. Another example is the recent agreement with the Brazilian Cooperation Agency (ABC) and Japan International Cooperation Agency (JICA), to implement projects in Mozambique making use of Brazil’s agricultural expertise for promoting agricultural development and food security. The Swiss Agency for Development and Cooperation (SDC) has also signed an agreement with ABC for agricultural projects in Haiti. In addition, the EU has signed an agreement with Brazil establishing the basis for Triangular Cooperation on health, agriculture and bioenergy projects in Africa.

Triangular Cooperation presents valuable opportunities for boosting development cooperation while exploring local capacity in the south, and particularly for promoting developing countries' expertise and technology. It also provides opportunities to break down some of the conditions that have transformed aid agencies into contract agencies.

C. Channels of co-operation

In the context of globalization, some of the major challenges of cooperation are trade, foreign direct investment, credit flows, equity flows, and sale of bonds in the international capital markets. The important field of cooperation amongst Asian countries is through exports and imports. The protagonist of development argue in favor of trade rather than aid, because experiences of aid from developed countries and international organizations have not been very encouraging, especially in achieving equitable development and poverty eradication. The performances of Asian countries have been shown in Table 3, 4 & 5 which depict the situation of some developing countries in the field of trade relations. The tables give a mixed picture. In table 3, ten countries suffer a decline in exports as proportion of GDP in 2012 compared to 2007. These were modest increases in some countries including Bangladesh. Only the republic of Korea achieved significant increases in exports. In terms of imports six countries achieved increases including Bangladesh, while nine countries suffered decline in imports. All countries except Lao PDR and Pakistan witnessed considerable increase in FDI in absolute value (Table: 4). Table 5 shows as many as eight economies including the major ones(China and India) achieved lower growth rates in every year during the period 2011 to 2014., compared to the periods before the global financial crisis. The major challenge faced by the developing countries is enhancing experts. Despite increase in trade in these countries the major destinations of exports are developed countries. In the context of low growth of the developed countries, the challenges of the developing countries are to increase trade among these countries and improve their growth performances. The flow of foreign direct investment from the developed countries may suffer a setback because of slow recovery of these countries from global crisis and from the present turmoil in the financial sector especially in Europe. The situation analyzed here points to the need for greater SS and TDC to enhance the development pace of the countries in the South.

Table 3. Trade as % of GDP

	Exports		Imports	
	2007	**2012**	**2007**	**2012**
Bangladesh	20	23	27	32
Cambodia	65	54	73	60
China	42	27	32	25
India	21	24	24	31
Indonesia	29	24	25	26
Korea	46	56	45	54
Lao People's Democratic Republic	37	36	53	48
Malaysia	110	87	90	75
Nepal	13	10	31	34
Pakistan	14	12	21	20
Philippines	43	31	42	34
Singapore	231	195	202	173
Sri Lanka	29	23	40	36
Thailand	73	75	66	74
Viet Nam	77	80	90	77

Sources: World Bank, *World Development Indicators*, 2009 and 20014

Table 4. Foreign direct investment

	2007($ millions)	**2012**	
		($ millions)	**% GDP**
Bangladesh	653	1 258	1.1
Cambodia	867	1 557	11.1
China	138 413	295 626	3.6
India	22 950	23 996	1.3
Indonesia	6 928	19 618	2.2
Korea	1 579	9 496	0.8
Lao People's Democratic Republic	324	294	3.1
Malaysia	8 456	9 734	3.2
Nepal	6	92	0.5
Pakistan	5 333	859	0.4
Philippines	2 928	3 215	1.3
Singapore	24 137	61 160	21.3
Sri Lanka	603	941	1.6
Thailand	9 498	10 692	2.9
Viet Nam	6 700	8 368	5.4

Sources: World Bank, *World Development Indicators*, 2009 and 20014.

Table 5. GDP growth (annual percentage change)

	2005-2007	2011	2012	2013	2014	2015*
Bangladesh	6.3	6.7	6.2	6	6.1	6.4
Cambodia	11.4	7.1	7.3	7.6	7.2	-
China	12.7	9.3	7.7	7.7	7.5	7.4
India	9.5	6.7	4.5	4.7	5.5	6.3
Indonesia	5.8	6.5	6.2	5.8	5.4	5.8
Korea	4.8	3.7	2.3	3	4	3.8
Lao People's Democratic Republic	7.7	8.3	8.3	8.2	7.5	-
Malaysia	5.9	5.1	5.6	4.7	5	5.3
Nepal	3.2	3.8	4.5	3.6	4.5	-
Pakistan	7.2	3.6	3.8	3.7	4.1	4.2
Philippines	5.8	3.6	6.8	7.2	6.7	6.4
Singapore	7.8	5.2	1.9	3.9	3.5	3.9
Sri Lanka	6.9	8.2	6.3	7.3	7.6	7.5
Thailand	4.9	0.1	6.5	2.9	2.2	4.5
Viet Nam	8.4	6.2	5.2	5.4	5.7	5.7

Sources: ESCAP, *Economic and Survey of Asia and the Pacific 2014.*
*Asian Development Bank, *Asian Development Outlook,* 2014 (update).

D. Global value chains

Trade and investment policies play a crucial role in improving the prospects of LDCs in taking advantage of globalization and free trade. The countries of Asia-Pacific can derive huge benefits by mitigating their development disadvantages arising from their small domestic markets, insufficient capital, and lack of efficiency in meeting international standards. During the past three decades, global value chains (GVCs) have played a dominant role in globalization. GVC refers to a full range of cross-border, value-added business activities that are required to bring a product or service from conception, design, sourcing raw materials and intermediate input stages, to production, marketing, distribution and supplying to final consumers. Table 6 gives a picture of GVC in various developing countries. GVC participation rate defined by UNCTAD, refers to the extent to which a country's exports incorporate inputs with foreign value added (the upstream component), and the extent to which its exports contribute value added to other countries' exports (the downstream component).

Table 6. Global value chains: participation rate of various countries

Singapore	82%	Viet Nam	48%
Hong Kong, China	72%	Indonesia	44%
Malaysia	68%	Mexico	44%
Korea	63%	Peru	42%
South Africa	59%	Turkey	41%
China	59%	Pakistan	40%
Tunisia	59%	Argentina	39%
Philippines	56%	Macao, China	38%
Thailand	52%	Brazil	37%
Egypt	50%	India	36%
Morocco	48%	Bangladesh	36%
Chile	48%	Colombia	26%

Source: UNCTAD, *World Investment Report 2013*. *Global Value Chain: Investment and Trade for development* (Geneva, 2013).

Although the opportunities for GVC differ among these countries, they have some common disadvantages arising from small domestic markets and from being less connected to regional markets and already developed production networks. According to the survey by OECD-WTO (2013), of the main obstacle that LDCs face in connecting to value chains, more than half of domestic firms identified inadequate infrastructure as the foremost issue, followed by access to trade finance and compliance with technical standards.

Removing those constrains will require massive investment for infrastructure development, reforms in educational and skill development systems, and provision of financial and technical assistance to small and medium enterprises (SMEs). Given the limited availability of capital and technical capacity in LDCs, financial and technical assistance from partner countries through "Aid for Trade" programmes, knowledge and technology transfers from lead firm of GVCs, and support from international organizations could play an important role.

E. BIMSTEC

On 6 June 1997, a new sub-regional grouping was formed in Bangkok and given the name BIST-EC (Bangladesh, India, Sri Lanka, and Thailand Economic Cooperation). Myanmar attended the inaugural June Meeting as an observer and joined the organisation as a full member at a Special Ministerial Meeting held in Bangkok on 22 December 1997, upon which the name of the grouping was changed to BIMST-EC. Nepal was granted observer status by the second Ministerial Meeting in Dhaka in December 1998. Subsequently, full membership has been granted to Nepal and Bhutan in 2003.

In the first Summit on 31 July 2004, leaders of the group agreed that the name of the grouping should be known as BIMSTEC or the Bay of Bengal Initiative for Multi-

Sectoral Technical and Economic Cooperation. Bimstec Headquarters is situated in Dhaka, Bangladesh and opened by Bangladeshi Prime Minister Sheikh Hasina (13 September 2014).

The main objective of BIMSTEC is technological and economical cooperation among south Asian and south east Asian countries along the coast of the bay of Bengal . Commerce, investment, technology, tourism, human resource development, agriculture, fisheries, transport and communication, textiles, leather etc. have been included in it .

BIMSTEC has Fourteen priority sectors cover all areas of cooperation. Six priority sectors of cooperation were identified at the 2nd Ministerial Meeting in Dhaka on 19 November 1998. They include the following:

- Trade and Investment, led by Bangladesh
- Transport and Communication, led by India
- Energy, led by Myanmar
- Tourism, led by India
- Technology, led by Sri Lanka
- Fisheries, led by Thailand

After the 8th Ministerial Meeting in Dhaka on 18–19 December 2005, a number of new areas of cooperation emerged. The number of priority sectors of cooperation increased from 6 to 14. The 7 new sectors were discussed in the 1st BIMSTEC Summit and there has been various activities to enhance those co-operations ever since. The sectors are as follows,

- Agriculture, led by Myanmar
- Public Health, led by Thailand
- Poverty Alleviation, led by Nepal
- Counter-Terrorism and Transnational Crime, led by India
- Environment and Natural Disaster Management, led by India
- Culture, led by Bhutan
- People to People contact, led by Thailand
- Climate change, led by Bangladesh

ADB has become BIMSTEC's development partner since 2005, to undertake a study which is designed to help promote and improve transport infrastructure and logistic among the BIMSTEC countries. So far, ADB has already finished the project so called BIMSTEC Transport Infrastructure and Logistic Study (BTILS). The final report of the said study from ADB has already been conveyed to all members and being awaited for the feedback. Other fields of cooperation will be designed later on. Free Trade Area Framework Agreement in order to stimulate trade and investment in the parties, and attract outsiders to trade with and invest in BIMSTEC at a higher level. All members became signatories to the Framework Agreement in the 6th Ministerial Meeting, as witnessed by the Prime Minister of Thailand and BIMSTEC's Foreign Ministers.

F. SAARC

The South Asian Association for Regional Cooperation (SAARC) is an economic and geopolitical organisation of eight countries that are primarily located in South Asia or the Indian subcontinent. The SAARC Secretariat is based in Kathmandu, Nepal. The combined economy of SAARC is the third largest in the world in the terms of GDP (PPP) after the United States and China and fifth largest in the terms of nominal GDP. SAARC nations comprise 3% of the world's area and contain 21% (around 1.7 billion) of the world's total population and around 9.12% of the global economy as of 2015. SAARC also home to the world's third and seventh largest economy in GPP (PPP) & GDP (nominal) terms respectively, as well as the world's fastest growing major economy, that is India. India makes up over 70% of the area and population among these eight nations. During 2005-10, the average GDP growth rate of SAARC stood at an impressive 8.8% p.a., but it slowed to 6.5% in 2011 largely because of economic slowdown in India, which accounts for nearly 80% of SAARC's economy. But driven by a strong expansion in India, coupled with favorable oil prices, from the last quarter of 2014 South Asia once again become the fastest-growing region in the world. As of 2015 foreign exchange reserves of SAARC nations stands at USD 411 billion.

The idea of regional political and economical cooperation in South Asia was first raised on 2nd May 1980 by Bangladesh President Ziaur Rahman and the first summit was held in Dhaka on 8 December 1985, when the organisation was established by the governments of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka Since then the organisation has expanded by accepting one new full member, Afghanistan, and several observer members.

The SAARC policies aim to promote welfare economics, collective self-reliance among the countries of South Asia, and to accelerate socio-cultural development in the region. SAARC has developed external relations by establishing permanent diplomatic relations with the EU, the UN (as an observer), and other multilateral entities. The official meetings of the leaders of each nation are held annually whilst the foreign ministers meet twice annually. The 18th SAARC Summit was held in Kathmandu from 26–27 November 2014.

On 2 August 2006, the foreign ministers of the SAARC countries agreed in principle to grant observer status to three applicants;[31] the US and South Korea (both made requests in April 2006), as well as the European Union (requested in July 2006). On 4 March 2007, Iran requested observer status,] followed shortly by Mauritius.

The SAARC Secretariat is supported by 12 Regional Centres established in Member States to promote regional co-operation. These Centres are managed by Governing Boards comprising representatives from all the Member States, SAARC Secretary-General and the Ministry of Foreign/External Affairs of the Host Government. The Director of the Centre acts as Member Secretary to the Governing Board which reports to the Programming Committee.

G. BCIM

The Bangladesh, China, India and Myanmar Economic Corridor is an initiative conceptualised for significant gains through sub-regional economic cooperation within the BCIM. The multi-modal corridor will be the first expressway between India and China and will pass through Myanmar and Bangladesh.

These advantages are envisaged to accrue from greater market access for goods, services and energy, elimination of non-tariff barriers, better trade facilitation, investment in infrastructure development, joint exploration and development of mineral, water, and other natural resources, development of value and supply chains based on comparative advantages, by translating comparative advantages into competitive advantages, and through closer people to people contact.

The proposed corridor will cover 1.65 million square kilometres, encompassing an estimated 440 million people in China's Yunnan province, Bangladesh, Myanmar, and Bihar in Northern India through the combination of road, rail, water and air linkages in the region. This interconnectedness would facilitate the cross-border flow of people and goods, minimize overland trade obstacles, ensure greater market access and increase multilateral trade.

One of the most recent developments to the BCIM came to fruition during the meeting between Chinese Premier Li Keqiang and Indian Prime Minister Manmohan Singh in 2013. Li's visit marked the first time high-ranking officials had discussed the trade corridor. Furthermore, earlier in the year, the first ever BCIM car rally was held between Kolkata and Kunming via Dhaka to highlight road connectivity in the four countries.

On December 18, 2013, the four nations drew up a long discussed plan, emphasising the need to quickly improve physical connectivity in the region, over two days of talks in the south-western Chinese city of Kunming— the provincial capital of Yunnan, which borders Myanmar— on Wednesday and Thursday. This marked the formal endorsement on the BCIM-EC by the four nations, whereby it was agreed that the corridor will run from Kunming to Kolkata, linking Mandalay in Myanmar as well as Dhaka and Chittagong in Bangladesh.

The economic advantages of the BCIM trade corridor are considerable, most notably: access to numerous markets in Southeast Asia, improvement of transportation infrastructure and creation of industrial zones.

The construction of industrial zones will have a twofold benefit. Firstly, it will lead to industrial transfer boosting industries such as processing, manufacturing and commerce logistics. Secondly, as labour costs rise in China, labour-intensive industries such as textile and agro processing will eventually be shifted out of China. These industries will need to be transferred to new regions with lower labour costs. Companies operating in China will likely give priority to the trade corridor region given its established infrastructure, improved logistics and ease of access . India's isolated eastern and north-eastern states also stand to gain by higher trade and connectivity with China and the rest of Asia.

The eleven BCIM Forums, organised in rotation by the aforesaid institutions in the four countries, have highlighted the potential benefits of closer cooperation among the four countries in such areas as connectivity, trade, investment, energy, water management, tourism and other areas. The four countries also agreed to encourage greater cooperation and exchanges in the BCIM region in the areas of education, sports and science and technology.

Through linking the ASEAN Free Trade Area, ASEAN-China Free Trade Area and the ASEAN-India Free Trade Area, the corridor would constitute as one of the largest free trade areas. Bangladesh, China, India and Myanmar hope to create a corridor that would effectively combine road, rail, water and air linkages in the region. This will also bolster foreign trade of the BCIM countries and empower bilateral trading.

H. CIRAP

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) is a regional, inter-governmental, and autonomous institution established in 1979 at the initiative of the countries of the Asia-Pacific region and the Food and Agriculture Organization (FAO) of the United Nations with support from the concerned UN bodies and donors. At present, the Centre has fifteen member states which include Afghanistan, Bangladesh, Fiji, India, Indonesia, Iran, Lao PDR, Malaysia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Viet Nam. The Centre has a sub-regional office for Southeast Asia in Jakarta, Indonesia, while the head quarter is located in Dhaka, Bangladesh.

The Centre provide a forum for exchange of ideas and experiences on rural development and stimulate new thinking and approaches to the most urgent problem of alleviation of rural poverty in the region. The main objectives of CIRDAP are to assist national action and promote regional cooperation with the aim of improving the socio-economic and living conditions of poor farmers and other disadvantaged groups and encouraging their participation in development. Another major objective of CIRDAP is to act as a servicing institution for its member states by providing them with technical support, by fostering the exchange of ideas and experiences and by encouraging such collaborative activities as may benefit those states individually and collectively.

One of the distinctive organizational features of CIRDAP is its regional network which consists of CIRDAP Link Institutions (the national level rural development institutions) and CIRDAP Contact Ministries (the ministries of rural/agriculture development) in the CIRDAP Member Countries (CMCs). It is mainly through this network that CIRDAP formulates and implements research, action research, pilot project, training and information dissemination activities. CIRDAP's professional expertise is drawn both from its core professional staff as well as from its network.

The promotion of policies and actions at the national level for alleviation of rural poverty and ensuring participation of the rural disadvantaged groups are the major concerns of CIRDAP programmes.

I. ECO

Pakistan and Turkey joined to form the ECO. By the fall of 1992, the ECO expanded to include seven new members; Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The date of the expansion to its present strength, 28 November, is referred to as "ECO Day". The status and power of the ECO is growing. However, the organization faces many challenges. Most importantly, the member states are lacking appropriate infrastructure and institutions which the Organization is primarily seeking to develop, to make full use of the available resources in the region and provide sustainable development for the member nations. The Economic Cooperation Organisation Trade Agreement (ECOTA) was signed on 17 July 2003 in Islamabad.[2] ECO Trade Promotion Organization (TPO) is a new organization for trade promotion among member states located in Iran (2009). Under the agreement reached between ECO members, the common trade market should be established by 2015.

The Objectives of ECO

- Sustainable economic development of Member States;
- Progressive removal of trade barriers and promotion of intra- regional trade; Greater role of ECO region in the growth of world trade; Gradual integration of the economies of the Member States with the world economy;
- Development of transport & communications infrastructure linking the Member States with each other and with the outside world;
- Economic liberalization and privatization;
- Mobilization and utilization of ECO region's material resources;
- Effective utilization of the agricultural and industrial potentials of ECO region.
- Regional cooperation for drug abuse control, ecological and environmental protection and strengthening of historical and cultural ties among the peoples of the ECO region; and
- Mutually beneficial cooperation with regional and international organizations.
- Sovereign equality of the Member States and mutual advantage;
- Linking of national economic, development plans with ECO's immediate and long-term objectives to the extent possible;
- Joint efforts to gain freer access to markets outside the ECO region for the raw materials and finished products of the Member States;
- Effective utilization of ECO institutions, agreements and cooperative arrangements with other regional and international organizations including multilateral financial institutions;
- Common endeavors to develop a harmonized approach for participation in regional and global arrangements;
- Realization of economic cooperation strategy; and Exchanges in educational, scientific, technical and cultural fields

Activities of ECO are conducted through directorates under the supervision of Secretary General and his Deputies which considered and evolve projects and programs of mutual benefit in the fields of:

- Trade and Investment

- Transport and Telecommunications
- Energy, Minerals and Environment
- Agriculture, Industry and Tourism
- Human Resources & Sustainable Development
- Project & Economic Research and Statistics

All the ECO states are also member-states of the Organisation of the Islamic Conference (OIC), while ECO itself has observer status in the OIC since 1995.

J. The Shanghai Cooperation Organization (SCO)

The Shanghai Cooperation Organisation is a Eurasian political, economic and military organisation which was founded in 2001 in Shanghai by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. These countries, except for Uzbekistan had been members of the Shanghai Five, founded in 1996; after the inclusion of Uzbekistan in 2001, the members renamed the organisation. On July 10, 2015, the SCO decided to admit India and Pakistan as full members, and they are expected to join by 2016.

All SCO members but China are also members of the Eurasian Economic Community. A Framework Agreement to enhance economic cooperation was signed by the SCO member states on 23 September 2003. At the same meeting the PRC's Premier, Wen Jiabao, proposed a long-term objective to establish a free trade area in the SCO, while other more immediate measures would be taken to improve the flow of goods in the region.[24][25] A follow up plan with 100 specific actions was signed one year later, on 23 September 2004.

On 26 October 2005, during the Moscow Summit of the SCO, the Secretary General of the Organisation said that the SCO will prioritise joint energy projects; such will include the oil and gas sector, the exploration of new hydrocarbon reserves, and joint use of water resources. The creation of an Inter-bank SCO Council was also agreed upon at that summit in order to fund future joint projects. The first meeting of the SCO Interbank Association was held in Beijing on 21–22 February 2006.[27][28] On 30 November 2006, at The SCO: Results and Perspectives, an international conference held in Almaty, the representative of the Russian Foreign Ministry announced that Russia is developing plans for an SCO "Energy Club".[29] The need for this "club" was reiterated by Moscow at an SCO summit in November 2007. Other SCO members, however, have not committed themselves to the idea.[30] However, on 28 August 2008 summit it was stated that "Against the backdrop of a slowdown in the growth of world economy pursuing a responsible currency and financial policy, control over the capital flowing, ensuring food and energy security have been gaining special significance".

At the 2007 SCO summit Iranian Vice President Parviz Davudi addressed an initiative that has been garnering greater interest and assuming a heightened sense of urgency when he said, "The Shanghai Cooperation Organisation is a good venue for designing a new banking system which is independent from international banking systems".

Initiatives in other sub-regions of the Asia-Pacific region include the Pacific Islands Forum (PIF) was set up as the South Pacific Forum in 1971 and has 16 member states

including Australia and New Zealand and 14 independent Pacific Island states. Twelve members of PIF have also signed
the Pacific Island Countries Trade Agreement (PICTA) in 2006 created within the framework of Pacific Agreement for Closer Economic Relations (PACER) signed in 2001.

K. ASEAN

In the wake of the East Asian crisis of 1997-98 ASEAN countries expedited the programme of implementation of AFTA from 2008 to 2002 and moved on to deepen economic integration further to an ASEAN Economic Community by 2020, a goal that was later expedited to 2015. The crisis also led to the launch of several regional initiatives such as the Chiang Mai Initiative (CMI) in the area of monetary cooperation which involves ASEAN together with China, Japan and Republic of Korea – the ASEAN+3 countries. In addition, ASEAN's policy of engaging key Asian countries as dialogue partners has provided much needed cohesion in the Asian region as is clear from the numerous schemes for regional and bilateral free trade arrangements that are at different levels of implementation. China, India, Japan, Republic of Korea, Australia and New Zealand have all negotiated FTAs (the so-called '+1 FTAs') with ASEAN and are also engaging each other. It is also leading to more inclusive broader groupings. An important initiative was the launch of the East Asia Summit (EAS) in December 2005 in Kuala Lumpur, Malaysia, as an annual forum participated by ASEAN and all its dialogue partners. Bringing together 16 of the largest and fastest growing economies in an annual Summit level dialogue, EAS was widely expected to pave the way for broader regional arrangement in Asia that could be the third pole of the world economy.

Major initiatives towards regional economic integration led by ASEAN include the following:

- Subregional attempts such as those by ASEAN to form FTA and further deepen economic integration to the ASEAN Community;
- FTAs or comprehensive partnership arrangements between ASEAN and its dialogue partners, namely China, India, Japan and Republic of Korea; and also between ASEAN and CER (Australia-New Zealand)—or the +1 FTAs;
- FTAs or comprehensive arrangements between individual ASEAN countries and ASEAN dialogue partners, for example Japan-Singapore, India-Singapore and India-Thailand; and
- FTAs or comprehensive arrangements between the dialogue partners themselves, such as India-Japan, India-Republic of Korea already signed. And Japan-China-Republic of Korea (JCK), and India-China.

V. South-South Cooperation

South-South cooperation continues to be of increasing importance across Asia, most significantly in a new collaborative effort by China and India on low-carbon paths to sustainable development.

Trends in the social, political and environmental context during 2012-2013 have had adverse effects on South-South cooperation. The World Economic Forum report entitled

Global Risks 2014 identified structural unemployment and underemployment, income inequality, water crises and risks relating to climate change mitigation and adaptation as some of the top threats to future global stability. Widening income disparities, exacerbated by unregulated and unfair business practices of multinational companies and persistent structural unemployment, especially of youth, have contributed to rising crime rates, stagnant economies and social stress. Inequalities in other areas such as access to electricity, health and education are other stress factors hampering human progress and development.

Extreme weather such as Typhoon Haiyan in the Philippines, political crises and armed conflicts in all three regions of the South have imposed a heavy toll on development. The contagion effects of those events in terms of refugee flows, negative economic repercussions and political tensions illustrate the urgent need for reform, given the increasing interdependence among countries and the urgency for reforms in the overall architecture of global cooperation (UNCTAD, 2013).

Foreign direct investment (FDI) flows to developing economies reached a new high of $759 billion in 2013, accounting for 52 per cent of the global total. Developing Asia, with its flows at a level similar to thoseof 2012, remained the largest host region; flows increased 6.8 per cent to Africa and 18 per cent to Latin America and the Caribbean.

Regional development banks are among the leaders of South-South cooperation. The most prominent are the African Development Bank and the Asian Development Bank, both with a primary focus on building infrastructure, and the Inter-American Development Bank, which places more emphasis on social projects. In Latin America and the Caribbean, subregional development banks —the Central American Bank for Economic Integration, the Caribbean Development Bank and the Andean Development Corporation (CAF) —have partially filled the infrastructure financing gap. Asia lacks subregional banks, so the Asian Development Bank plays a dominant role in financing infrastructure. In Africa,the African Development Bank is the main source of infrastructure finance because subregional banks —the East African Development Bank, the West African Development Bank, the Central African States Development Bank, and the Eastern and Southern African Trade and Development Bank —have limited resources.

Remittances sent home by international migrants from developing countries are estimated by the World Bank to total $414 billion in 2013, three times more than development aid from the North. South-South flows account for almost half the total. India, the largest recipient in 2013, received an estimated $71 billion. 11 Of that, the largest component, over $15 billion, was from the United Arab Emirates. East and West Asia are major remittance sources. Other major recipients in 2013 were China ($60 billion), the Philippines ($26 billion), Mexico ($22 billion), Nigeria ($21 billion) and Egypt ($20 billion).

Improving relations in Asia are reflected in the proposal to revive the ancient Silk Road through Bangladesh and Myanmar. The establishment of an Asian infrastructure investment bank in China has raised expectations that new air, rail, road and water transport linkages will develop in the 1.65 million-square-mile land bridge across south-east Asia.

The interregional South-South cooperation of Africa spans the globe. In 2012, BRICS-Africa trade reached $301 billion, up 3.8 per cent from $290 billion in 2011. While still impressive, it was the lowest annual increase since 2000. China alone accounted for $166 billion of that trade with Africa in 2012. People-to-people links were also booming: 1 million Chinese tourists travelled to Africa in 2012-2013 and nearly 500,000 Africans went to China. India-Africa trade expanded from $20billion in 2005-2006 to $68billion in 2011-2012 and is targeted to reach $90billion by 2015.17 India-assisted pan-African capacity-building institutes include ones on information technology in Ghana, on foreign trade in Uganda, and on education, planning and administration in Burundi as well as a diamond institute in Botswana. The third Korea-Africa Forum meeting in Seoul in 2012 adopted an action plan for 2013-2015. The third Africa-South America Summit meeting in Malabo approved 27projects in the areas of trade, investment, health, education, infrastructure, and science and technology. The 2013 BRICS Summit adopted the eThekwini Declaration and Action Plan to strengthen support for infrastructure development, food security, skill development, job creation and industrialization. Turkey is implementing a $260 million technical cooperation package in African least developed countries to support capacity-building in water resources and climate change.

The Asian Development Bank and the Inter-American Development Bank have been pursuing the vision of a common platform for South-South cooperation between the Asia and the Pacific and Latin America and the Caribbean regions since 2012. The initiative, which aims to facilitate the exchange of knowledge and best practices between both regions, has resulted in important collaboration on a range of matters, including customs practices, achievement of universal broadband access, reducing the impact of poverty on families, sustainable cities, and increasing innovation.

The Blue Economy Summit, held in Abu Dhabi on 19 and 20 January 2014, focused on the sustainability needs of small island developing States and coastal States heavily dependent on the oceans.

The India, Brazil and South Africa (IBSA) Facility for Poverty and Hunger Alleviation (IBSA Fund) partnered with the Sudan, the United Nations Development Programme (UNDP) and the United Nations Office for South-South Cooperation in 2013 on a $1.3 million programme for poverty and hunger alleviation that creates employment opportunities for unskilled youth in the Sudan through labour-intensive projects and provides training for skilled jobs.

The BRICS countries signed a memorandum of understanding in February 2014 on collaboration in science and technology. Each country will lead in a particular sector: Brazil on climate change and natural disasters; the Russian Federation on water resources and pollution treatment; India on applications of geospatial technology; China on renewable energy; and South Africa on astronomy.

Brazil has a strong interregional South-South cooperation programme. The State-owned Brazilian Agricultural Research Corporation (EMBRAPA) is reported to be cooperating with 56 developing countries and 89 foreign institutions under 78South-South cooperation agreements. It has established a presence in several other countries, including Venezuela (Bolivarian Republic of), Ghana and Panama, to facilitate quick action. EMBRAPA experts will help Angola to formulate a national strategy for agricultural innovation.

A fundamental reason for the success of South-South cooperation over the past two decades is the broadening involvement of corporations and civil society. Most transnational corporations based in developing countries are engaged in South-South operations, as are most civil-society networks of social activists. Beyond those obvious proponents of South-South cooperation are others that exist in the shadows, hardly noticed but often providing crucial research, demonstrating cutting-edge technologies, fulfilling essential tasks on shoestring budgets or providing vital financial services (e.g. Grameen Bank, BRAC, ASA in Bangladesh).

VI. Financing Development from Public Sources

For any low income country's development, its transition to middle income country and beyond depends on the amount of resources it can mobilize, and the cost of such resources , the sources of financing(domestic or foreign), means of mobilizing resources (taxes, deficit, financing, borrowing) , the financial architecture for mobilizing and channeling resources, the sectors to be used(public or private).

The public sector is a major source of investment in the early days of a country to invest in large infrastructures, public utilities and creating enabling environment for the private sector to come forward at a later stage. However, experiences in developing countries have shown that private sector investment is shy in sectors with high positive externalities. Therefore need for public sector resource mobilization is still required. In the domestic front public sector resources mainly consist of government tax, fees and income from state owned enterprise (SOE). The public sector external resources come from bilateral and multilateral donors, external financial institutions. The experiences in public private partnership (PPP) in developing countries provide a mixed picture , which will be discussed later.

A. Budget, a tool for sustainable development

The starting point for public resource mobilization should be aimed at improving the fiscal management of public resources. Budget of the government is an important tool for sustainable and equitable development.

Traditionally, public finance literature focused on in the areas of government revenues, taxation and expenditures, debt financing and management and capital budgeting. Such topics as cash management and investment functions, financial markets and institutions, portfolio management methods, as well as the benefits that can be derived from employing management information system (MIS) and microcomputers were largely ignored. Academic thought toward this trend is changing. Currently public finance literature espouses to the belief that government finance managers must possess adequate knowledge in all these areas.

The role of budget and state policies should be visualized beyond the conventional focus on stability, privatization and liberalization, the legacy of the "Washington consensus". We need to emphasize on poverty alleviation, sustainable development, growth, decentralization and people's participation. The post- "Washington Consensus" seeks to understand the relationship between democratization, inequality, good governance, human capital, social capital, people's participation, role of the civil society and the markets. Our knowledge has not kept pace with this proliferation of goals. We must develop complementary policies and strategies that can take us toward achieving all these goals. But we must also recognize that not all policies will contribute to all objectives. Some of the policy reforms are discussed below:

1. Financial reform

The importance of building robust financial systems goes beyond simply averting economic crises. The financial system is often termed as the "brain" of the economy. It plays an important role in collecting and aggregating savings from agents who have excess resources today. These resources are allocated to others such as entrepreneurs who can make productive use of them. Well- functioning financial systems do a very goods job of selecting the most productive recipients for these resources. In contrast, poorly functioning financial systems often allocate capital to low-productivity investments. Selecting projects is only the first stage.

The financial system must continue to monitor the use of funds, ensuring that they continue to be used productively. In the process, financial markets serve a number of other functions, including reducing risk, increasing liquidity, and conveying information. All of these functions are essential to both the growth of capital and the increase in total factor productivity.

Left to themselves financial systems will not do a very good job of performing these functions. Problems of incomplete information, incomplete markets, and incomplete contracts are all particularly severe in the financial sector, resulting in an equilibrium that is not even constrained Pareto efficient (Greenwald and Stiglitz 1986).

The emphasis on "transparency" in recent discussions of East Asia demonstrates the growing recognition of the importance of good information for the effective functions of markets. Capital markets, in particular, require auditing standards accompanied by effective legal systems to discourage fraud, provide investors with adequate information about the firm's assets, liabilities, and protect minority shareholders. But transparency by itself is not sufficient, in part because information is inevitably imperfect. A sound legal framework combined with regulation and oversight is necessary to mitigate these informational problems and foster the conditions for efficient financial market.

It is also important to recognize the importance of "good governance" in reaping maximum benefits from various financial and non-financial institutions, both in the public and private sectors. "Corruption" a sign of bad governance has not always been perceived as having a negative impact upon development. Robert Kiltgaard (1988) argues that corruption generates negative externalities that degrade the performance of a systems as a whole and compromise the economy's long-term dynamic efficiency.

Government's fiscal policies and reforms must introduce a comprehensive system to minimize corruption in various public and private sector activities.

2. Fiscal decentralization

In most of the countries in Asia and the Pacific, the highly centralized planning approach introduced during the 1950s in an attempt to utilize the scarce resources available for development most effectively, has failed to achieve the intended goals. The extensive effort at national level to reduce income disparities among groups and regions has not made much headway. The main emphasis was placed on economic growth, neglecting other important dimensions of development such as the development of backward regions and community's as well as the administrative and organizational capacity of the government necessary to spread development activities to the grassroots level. The administrative system of many countries was highly centralized and bureaucratic and personal recruitment and promotion were politically influenced; regulations were rigid, and morale was low. Such characteristics often involved delay or undermined the implementation of development plans and programmes. Non- governmental organizations and local units of administration were only marginally involved in the planning and implementation processes and thus plans formulated by professional and technical people in central planning agencies often could not be fully implemented. Even when plans were carried out, they often produced adverse or unintended results.

The experience has led policy makers and development practioners to emphasize the need for decentralization and the creation of organizations that could plan and implement policies and programmes at regional and sub-regional levels. Each country in Asia and the Pacific has had its own reasons for pursuing decentralization measures but they have shared several common characteristics. These include the desire on the part of many governments to reduce the growing economic disparities among regions, to involve the resources and administrative capacity of local governments in that process and to encourage people's participation in their own development.

Fiscal Decentralization relates to 1) sorting out roles and responsibilities among governments; 2) intergovernmental transfer; 3) strengthening local revenue systems and 4) defining local service delivery systems. There are two other aspects of decentralization in a broad sense (not directly related to fiscal decentralization) which are: privatizing state-owned enterprise; and providing a safety net.

- The best way to achieve fiscal decentralization in the true spirit of overall decentralization is to set a permanent Local government Finance Commission (LGFC).In India there is one Union Finance Commission at the central level and one state Finance Commission in each state, both of which have been set up under the constitutional provisions. The Commission may be enlisted with the following responsibilities. Formulate appropriate principles and procedures for resource mobilization by different tires of local government bodies:
- Identify the sources of taxes, toll, fee and facilitate its collection;
- Assist in assessment of properties, income and other asset, for imposing taxes;
- Allocate transfers and grants-in-aid from the central government to the local government bodies;
- Allocate fund from the central government budget (Revenue and Development budgets) to the local government bodies;
- Set up the targets for revenue collection for different tiers of local government and recommend for matching grants from the central government;
- Resolve any conflict in the financial matters arising between a local government unit and a unit of the central government;
- Financial supervision and monitoring of local government expenditures and receipts;

- Frame financial rules for the local government bodies.

The Commission members (including the Chairman) should be selected carefully and the Commission should be given full "autonomy" and should not be under any ministry and should only be answerable to the national parliament.

A question may arise; does fiscal decentralization jeopardize macroeconomic stability? There is little evidence of an incompatibility of decentralization and successful macro-stabilization policy (e.g. Canada, Germany, Switzerland, USA, European countries).

Roy Bahl (1999) recognized the importance of tying both political and fiscal decentralized together. Bahl (1999) notes that in order to capture the efficiency gains of local government, it would be necessary for the local government to have "a significant set of expenditure responsibilities and a significant amount of taxing powers". It is important to mention that additional domestic public resources should be supplemented by international assistance for realizing SDG goals. The developed countries and International Financial Institutions should increase the official development assistance (ODA). The target of achieving 0.7% of ODA-GNI for developed countries has not been very encouraging. One important functions of ODA is to catalyze additional resources from public, private and other sources. In this context increase South-South cooperation to sensitized increased ODA commitment by the North. The Addis Ababa Action Agenda for post 2015 reaffirmed promoting inclusive economic growth, protecting the environment and promoting social inclusion. The public sector fiscal management should pay special focus on financial inclusion of the poor.

B. Financial Inclusion in Bangladesh

Bangladesh Bank (The Central Bank) has been pursuing a financial inclusion policy to reach out with services hitherto un-served and underserved population segments and economic sectors(like small holder agriculture, SMEs and women entrepreneurs. Specific financial inclusion initiatives are mentioned bellow:

1. Support and promotion of agricultural lending

In addition to farm lending from two state owned agricultural lending institutions (Bangladesh Krishi Bank and Rajshahi Krishi Unnayan bank), all commercial banks operating in Bangladesh (state owned or private sector owned) are now providing firm credit, directly and through micro finance institutions (MFIs) or through intermediaries in value chain.

2. Credit for sharecroppers

Bangladesh Bank issued guidelines in 2008 for the banks to provide credit to the share croppers. State-owned and privately owned banks extend loan to sharecroppers, a sizable number of whom are women farmers. Agricultural credit totaling Taka 10.86 billion was disbursed by these banks in FY 12 to around 500 thousand sharecroppers. BRAC, the biggest NGO in Bangladesh has taken a lead role in this field.

3. Bank accounts for farmers and other disadvantaged groups

Within the inclusion initiative, banks have opened more than ten million new bank accounts in names of small farmers and other rural and urban people of small means at no charge, with nominal initial deposits as low as Taka ten (about twelve US cents). These accounts are being used by the account holders for receipt of agricultural input subsidies; social safety net payments etc. besides use as savings and payments medium.

4. Finance for women entrepreneurs

Under the small and medium enterprise (SME) refinance scheme of Bangladesh Banka number of initiatives have been taken to ensure women entrepreneurs to have access to financial facilities on simple terms and conditions. At least 15% of total refinance fund for SME sector has been allocated for them at a reduced interest rate of 10%. Banks and financial institutions may sanction loan up to Taka 2.5 million to women entrepreneurs without collateral but against only personal guarantee. A policy of group based lending of up to Taka 50 thousand or above has been initiated to include small micro entrepreneurs.

VII. Financing Development from Private Sources

The investment requirements for developing countries are much higher than the available resources from public sectors both domestic and international. Therefore, private investment should play the major role in all sectors including infrastructures projects. Private sector investment takes diverse organizational forms. There is a recent trend emphasizing on public private partnership (PPP).

A. Public private partnership (PPP)

The empirical evidences in many countries suggest that the approaches of "only-government" or "only-market" are hardly relevant and as such alternatives are explored. The government and markets are complements rather than substitutes. This framework suggests increasing partnership between the public and private sector. The empirical evidences also suggest the following three "stylized facts”:

- What has traditionally been identified as the domain of the public sector is increasingly being occupied by private sector agents.
- Fruitful partnership between the public and the private sectors in the production and delivery of essential commodities and services is widely recognized and is actively promoted.
- There is an increasing recognition of the role played by NGOs community-based organizations (CBOs) in ensuring 'proper' delivery of social services to a given target group.

The above observations relate to private sector participation in the delivery of goods and services that were once perceived to be public goods.

In Bangladesh progress in poverty reduction and human development resulted due to public-private partnerships in three major fields as discussed below:

1. Provision of education services

Private sector participation in the education sector - by both for-profit and non-profit private enterprises- has been on increase over the last three decades. There are two distinct phenomena that are observed: (a) government schools and higher educational institutions in the urban centers failed to accommodate the increase in demand, especially as a consequence of rapid urbanization in the developing countries. This attracted private sector investment, initially at the primary and secondary levels and in English medium schools, which aimed at serving the upper income group. (b) Spread of alternative education (including non-formal and adult education) under the initiatives of NGOs, aiming to increase literacy rates and attracting children of poor rural households. In addition, there have been private sector investments in specialized education (such as medical and vocational training). In all these efforts, the governments in developing countries had been silent observers, and are still grappling to find the right regulatory framework.

An example of NGO participation in education is the involvement of the Worlds' biggest NGO the Bangladesh Rural Advancement Committee (BRAC), which started its education program in Bangladesh in 1985. The non-formal primary education (NFPE) program, meant for children aged 8-10 years, is a four-year program. The other is the Basic Education for the Older Children (BEOC) program for children aged 11-14 years, which is a three-year course. Coverage of BRAC schools in mainly rural areas of Bangladesh. Existence of BRAC schools remains independent of any formal arrangement between the government and BRAC.

2. Provision of healthcare and nutrition services

There is also a similarity in NGO-engagement in the health sector with that in education. In the case of Bangladesh, their involvement, prior to rapid expansion of microcredit, ran parallel to public health services. However, such services largely confined to consultations since major treatment require massive investment. Much of the NGO supports were also in the form of raising awareness and facilitating links with rural health centers. The remarkable successes of Bangladesh in the field of immunization program of children and introduction of oral rehydration saline (ORS) for diarrhea were largely due to involvement of NGOs. During the more recent past, some of the NGOs have ventured into establishing their own hospitals, aiming to subsidize the health care for the poor. In the post-microcredit scenario, some of the NGOs (who also provide microcredit) offer health insurance. However, such insurance primarily covers consultations and a minimum level of local treatment.

B. Role of the private sector

The role of private sector in infrastructure development is increasingly being given importance because when a developing country passes through its initial phase, public sector resources are devoted mainly for social sectors like health, education, social services and more recently in mitigating adverse impact of climate change.

The multilateral development banks (MDBs) like the World Bank, Asian Development Bank, have not been able to meet the increasing needs of infrastructure investment of the emerging countries. Moreover other international, bilateral and multilateral organizations, private financial institutions have also not come forward in a big way.

In this context, the Asian Infrastructure Investment Bank (AIIB) has been launched in early 2016 in Beijing as the latest MDB. The AIIB's stated aim is to promote "sustainable economic development" and as its name indicatesd will primarily be done through infrastructure investment. It starts with a solid foothold on the global financial landscape with an authorized capital base of $ 100 billion of which $50 billion is initially subscribed, much of it by China. Including Bangladesh, the 58 founding members now have as many as 21 European countries, but 75 percent of the shareholding (voting distributed according to size of gross domestic product or GDP) has been reserved for Asian members. The AIIB's founders have given priorities of developing countries and actually are focusing on a sector which many MDBs have not properly addressed. A 2010 Asian Development Bank (ADB) study estimated an $8.0 trillion infrastructure financing gap across Asia during 2010-20. Asian countries will need $730 billion annually over the next decade to meet their demand for infrastructure investment with Bangladesh's requirement, according to the Seventh Five Year Plan, at $9-10 billion annually. Globally, MDBs lent only $40 billion to infrastructure projects in 2013 with only 30 percent of World Bank lending portfolio going to infrastructure.

VII. Conclusions and Recommendations

The post-2015 development agenda for the less developed countries needs to recognize the complex relationship between the state and the market, the nature of which is mostly complementary. Moreover, it is important to recognize the changing role of both state and market with time and specific country situation and the need to adapt to one another. The success in the past has come in countries which succeeded in bringing the right blend of the roles of the state and the market especially in ensuring investments in infrastructure and social sectors and promoting employment-creating and inclusive growth and development. There should be a clear message that achieving the MDGs and delivering on the post-MDG agenda is not optional, since the agenda involves an essential investment for a safer, more human and prosperous world. The goals are not just an 'aid obligation' but the basis for political and economic strategies that will benefit all the world's citizens, and not just the least fortunate.

In addition, the post-2015 agenda should include some explicit accountability mechanisms for the relevant stakeholders. Within the agenda, specific goals should form part of a conceptual framework for development for the post-2015 period. The above requires considerable thought and appropriate responses which meet the political and technical needs of the multiple actors in global development.

A. Drivers of SSTDC

Drivers of South-South Cooperation that developing countries have found to have long-lasting benefits and deserve further attention include:

- Health: Cooperation in public health increases the collective ability of southern countries to fight inequality and to promote highest attainable level of health for all. In the midst of different crises, the South has seen tremendous success in combating a number of infectious diseases.

- Education: The developing nations have worked hard to provide education and skills to their respective work-forces.
- Policy: effective policy frameworks in countries that have efficient governance and functioning economies could share their experiences with other developing countries whose weak policy-making structures and inefficient and often corrupt governments hamper their development.
- Science & technology: Developing countries are rapidly moving ahead to create hubs of knowledge based on bright and educated people and are looking for ways to exchange relevant technology across the South.
- Institutional capacity: The developing nations often have world class institutions owing to immense experience; numerous ways to develop institutional capacities have been tried and tested in the South.
- Interdependency: The South realizes the interdependency between individuals and their communities can go a long way to overcoming their development challenges.
- Outlook towards globalization: Many developing countries have been able to derive benefits from globalization. SSC and TDC provide a platform to exchange experiences and foster innovative developmental strategies.
- Support of the North: Shared goals (such as human development, security, peace etc.) can be achieved effectively if SSC can be supplemented in cooperation with the North.

SSC can take place on a bilateral, regional, sub-regional or inter-regional basis and can involve two or more developing countries. Despite the fact that SSC can be more sustainable than traditional North-South cooperation allowing better adaptation to the country situation, in practice there is still no shared understanding on the very nature and goals of SSC. This is true on the basis of the various and sometimes divergent "interpretations" on SSC given by both emerging economies and developed countries. Some argue that South-South Cooperation should not be seen as a substitute for, rather a complement to North-South cooperation. While others argue that the two models can't be placed on an equal footing. Triangular Cooperation (TC) involves two or more developing countries in collaboration with a third party, typically a developed country government or organization, contributing to the exchanges with its own knowledge and resources.

B. Recommendations

To promote SSC and TDC in the Asia-Pacific region the following areas should be given priorities:

1. Domestic resource mobilization: Broadening tax bases, enhancing efficiency of the tax collecting authority, ensuring transparency, reducing discretionary power of tax officials. However, strategy for domestic financing should be determined by the national governments. It should be pointed out that domestic resource mobilization should not be taken as the pretext by the developing countries to reduce the relevance of official development assistance (ODA).
2. Strengthening regulatory regime and creating enabling environment for private

sector investment including FDI: Laws related to land registration, contract enforcement, to be made more relevant in the present context.
3. Strengthening the financial sector: Banks, non-bank financial institutions, insurance companies, capital market, should promote private sector investment, financial inclusion and gender equality.
4. Roles of Policies: Along with fiscal and monetary policies, other policies like industrial policy, export policy, financial inclusion policy that hold out the promise of ensuring sustainable and inclusive growth should be introduce by the respective government.
5. Stronger and better-coordinated South-South cooperation in dealing with security issues has the potential to dramatically reduce international and civil conflicts, especially if drug trafficking and the global black market are collectively targeted for elimination.
6. .South-South cooperation that aims to address humanitarian and social ills in Latin America and the Caribbean may be emulated to accelerate economic growth pursued with prudential measures to reduce inequalities, prevent social unrest and promote social cohesion.
7. As individual organizations of the United Nations system adopt strategic approaches to South-South and triangular cooperation in their policies and programmes, additional measures should be taken enabling agencies with similar expertise to pool or systematize their support to efforts of developing countries in priority areas such as the enhancement of productive capacities and the establishment of regional and global value chains that are essential to job creation and poverty eradication.
8. The most radical implications of information and communications technologies have not been realized yet, especially in enabling new financing, management and marketing arrangements that will render obsolete the hierarchical, top-down organization of corporations. The ability to target niche markets cheaply will make artisanal and/or rural production competitive if the capacity to use off-grid renewable energy and other affordable technologies is better utilized for small-scale, high-quality industrial production in rural areas across the South.
9. The numerous contributions of the private sector and civil society to South-South and triangular cooperation should be better harnessed through stronger public-private partnerships that are systematically forged to address priority development needs through investments in science, technology and innovation as well as in other fields where non-State actors have high levels of expertise and resources.
10. The export sector of developing countries can increasingly participate in global value chains (GVC) which will spread benefits within and across countries. Programmes for increasing GVC can be tied with post-2015 SDGs

Specific areas of action for public sector:

1. Combination of taxes and transfer will be needed for political economy and distributional objectives.
2. Taxes should influence compositions of investment and also to generate environmental sustainability.
3. Large increases in public investment in infrastructure, education, will be specifically needed. This may done through "innovative financing" like imposition of environmental taxes including carbon taxes, taxes on currency

transactions, a global lottery and global premium bond, philanthropy, migrants', remittances', and taxes on the monopoly and other rents that are prevalent in the market economy.

4. Asia's infrastructure finance gap can be closed by PPP. The Asia Pacific Project Preparation Facility, participated by Japan, Canada and Australia can help developing countries in obtaining strong technical, financial and legal advice in preparing and structuring PPPs.

Specific areas for private sector:

1. Address the influence of regulatory economics.
2. Cover environmental considerations.
3. Risk sharing particularly for infrastructure project finance.
4. Contract structure of project financing (legal issues), tax structure.
5. Architecture of a financing model. Structure and financial covenants.
6. Risk management solutions.
7. Appropriate balance of commercial issues that arise in loan agreements that will have a potential impact on other finance documents
8. By increasing investment in the capacity and competitiveness of producers, traders, and trade support institutions, benefits for trade can be increased.

C. Conclusion

In conclusion the following issues may be taken for further actions:

- Centrality of North-South Cooperation, SS and TDC.
- Need to establish international finance facilitation mechanism and international technology facilitation mechanism.
- The imperatives of policy space especially fiscal and monetary policies in developing countries.
- The development partners' resolve to meet their ODA commitments.
- Cooperation in playing crucial role in poverty eradication, sustainable and equitable development
- Broadening involvement of non-government organizations (NGOs) and civil society organizations in the framework of South-South and Triangular cooperation, in ensuring good governance, rule of law, participatory development and eliminating corruption in their respective countries.

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ANNEX

Table A.1. Tax GDP ratio

Least developed dcountries (LDCs)	Tax as % of GDP
Africa	
1. Angola	1.4
2. Benin	15.4
3. Burkina Faso	11.5
4. Cape Verde	23.0
5. Central African Republic	
6. Chad	4.2
7. Congo, Dem. Republic of the	13.2
8. Djibouti	20.0
9. Equaitorial Guinea	1.7
10. Ethiopia	11.6
11. Gambia	18.9
12. Guinea	8.2
13. Lesotho	42.9
14. Liberia	13.2
15. Madagascar	10.7
16. Mali	15.3
17. Mauritania	15.4
18. Mozambique	13.4
19. Rwanda	14.1
20. Sao Tome and Principe	17.4
21. Senegal	19.2
22. Somalia	
23. Sudan	6.3
24. Tanzania	12.0
25. Uganda	12.6
26. Zambia	16.1
Asia	
27. Afghanistan	6.4
28. Bangladesh	8.5
29. Bhutan	10.7
30. Lao PDR	10.8
31. Maldives	20.5
32. Myanmar	4.9
33. Timor-Liste	
34. Yemen	7.1
Australia and the Pacific	
35. Kiribati	20.7

36. Samoa	25.5
37. Solomon Island	24.7
38. Vanuatu	
Caribbean	
39. Haiti	9.4
Landlocked developing countries (LLDCs)	
Africa	
1. Botswana	35.2
2. Burkina Faso	11.5
3. Burundi	17.4
4. Central African Republic	
5. Chad	4.2
6. Ethiopia	11.6
7. Lesotho	42.9
8. Malawi	20.7
9. Mali	15.3
10. Niger	11.0
11. Rwanda	14.1
12. Swaziland	39.8
13. Uganda	12.6
14. Zambia	16.1
15. Zimbabwe	27.2
Asia	
16. Afghanistan	6.4
17. Armenia	22.0
18. Azerbaijan	17.8
19. Bhutan	10.7
20. Kazakhstan	26.8
21. Kyrgyzstan	21.4
22. Lao PDR	4.9
23. Mongolia	33.8
24. Nepal	10.9
25. Tajikistan	16.5
26. Turkmenistan	20.2
27. Uzbekistan	21.0
Europe	
28. Mecedonia, Rep. of	
29. Moldova	33.8
Latin America and the Caribbean	
30. Bolivia	27.0
31. Paraguay	12.0
Small island developing States (SIDS)	
AIMS	

1. Cape Verde	23.0
2. Comoros	12.0
3. Guinea Bissau	11.5
4. Maldives	20.5
5. Mauritania	15.4
6. Sao Tome and Principe	
7. Syecheles	32.0
8. Singapore	14.2
Caribbean region	
9. Antigua and Barbuda	
10. Bahamas	18.7
11. Barbados	32.6
12. Belize	21.6
13. Cuba	44.8
14. Dominica	30.3
15. Dominican Republic	12.0
16. Grenada	
17. Guyana	31.9
18. Haiti	9.4
19. Jamaica	27.2
20. Saint Kitts and Nevis	
21. Saint Lucia	23.1
22. Saint Vincent and the Grenadines	26.5
23. Suriname	22.1
24. Trinidad and Tobago	28.0
Pacific region	
25. Cook Islands	
26. Fiji	21.8
27. Kiribati	20.7
28. Marshal Islands	
29. Federated States of Micronesia	12.3
30. Nauru	
31. Niue	
32. Palau	
33. Papua New Guinea	24.5
34. Samoa	25.5
35. Solomon Islands	24.7
36. Timor Leste	
37. Tonga	27.0
38. Tuvalu	
39. Vanuatu	

Sources:

- Data based on *Heritage Foundation (2015). "2015 Macro-economic Data"*. and Index of Economic Freedom, **Heritage Foundation.** Note: Tax revenue as a percentage of GDP was obtained from the individual country pages, under the "Fiscal Freedom" section. These numbers change. Please update the numbers for individual countries in the list. Figures may vary if additional of reference provided;
- http://big5.cri.cn/gate/big5/gb.cri.cn/45731/2015/01/20/7493s4847063.htm;
- http://news.qq.com/a/20150131/005809.htm ;
- *Directorate-General for Taxation and Customs Union and Eurostat (2013). Taxation trends in the European Union: Data for the EU Member States, Iceland and Norway (2013 ed.). Publications Office of the European Union. p. 172. doi:10.2778/30605. ISBN 978-92-79-28852-4.* (unweighted average);
- Total tax revenue as percentage of GDP. Table, 1965 to 2009 (it does not have each year). **OECD** (Organisation for Economic Co-operation and Development). Publication date: December 15, 2010. To view the .xls table you can use the free Excel Viewer. Most of the data is for 2009 and is provisional. 2008 data is shown for Australia, Japan, Netherlands, Poland and Portugal. The table is from the 2010 edition of the OECD book, *Revenue Statistics*. See the bottom of the page for links to editions for various years. Taxation: Key Tables from **OECD** - OECD iLibrary. See "Total tax revenue" links (Web, PDF, XLS). This table covers the time period 2002 to 2009. **OECD.** Statistics from A to Z - Beta version. See "Total tax revenue" links. Click the "Get real-time data" link to get a detailed 1965 to 2009 table with data for each year.

Table A.2. Official development finance to developing countries

Constant 2013 USD billion	2011	2012	2013	2014
OFFICIAL DEVELOPMENT FINANCE (ODF)	**161.1**	**162.4**	**172.1**	**181.0**
1. Official development assistance (ODA)	139.4	134.2	150.8	160.6
of which:				
Bilateral donors (a)	101.2	94.0	108.6	117.7
Multilateral organisations	38.3	40.2	42.2	42.8
2. Other ODF	21.6	28.2	21.3	20.4
of which:				
Bilateral donors (a)	7.1	8.0	4.8	2.5
Multilateral organisations	14.5	20.2	16.4	18.0
For cross reference				
Total DAC net ODA (b)	132.6	127.6	134.8	136.5
of which: Bilateral grants	91.4	86.1	92.1	89.0

a) Bilateral flows from DAC countries and non-DAC countries (see table 33 for the list of non-DAC countries for which data are available).

b) Comprises bilateral ODA, as above, plus contributions to multilateral organisations in place of ODA disbursements from multilateral organisations as shown above.

Table A.3. Total net private flows by DAC country

Net disbursements at current prices and exchange rates
(Percentage of GNI)

	2010	2011	2012	2013	2014
Australia	0.80	0.82	0.98	1.22	1.97
Austria	1.37	1.62	0.86	- 0.18	0.44
Belgium	0.96	- 0.41	0.07	1.41	1.11
Canada	0.91	0.33	0.51	0.17	0.58
Czech Republic	...	..	..	- 0.06	
Denmark	0.56	- 0.10	- 0.07	0.36	0.32
Finland	1.21	- 0.57	0.07	- 0.16	0.47
France	0.88	0.75	0.68	- 0.05	0.27
Germany	0.82	1.12	0.61	1.01	0.91
Greece	0.08	0.02	0.23	0.26	- 0.29
Iceland	...	..	..	..	..
Ireland	0.88	0.56	..	0.55	..
Italy	0.33	0.35	0.41	0.63	0.21
Japan	0.58	0.78	0.53	0.88	0.66
Korea	0.86	0.70	0.85	0.89	0.43
Luxembourg	...	..	..	..	..
Netherlands	0.77	1.84	1.79	1.54	7.19
New Zealand	0.02	0.02	0.02	0.02	0.02
Norway	0.36	- 0.00	- 0.00	- 0.00	..
Poland	..	..	..	..	..
Portugal	- 0.22	- 0.88	- 0.06	0.85	- 0.34
Slovak Republic	..	..	..	..	..
Slovenia	..	..	..	..	..
Spain	0.32	1.10	- 0.00	0.41	0.84
Sweden	0.08	0.20	1.66	0.81	0.55
Switzerland	3.54	1.41	1.66	1.37	0.08
United Kingdom	0.54	1.32	1.96	0.46	0.45
United States	1.10	0.71	0.65	0.54	1.01
TOTAL DAC	0.86	0.76	0.71	0.62	0.90
of which :					
DAC-EU countries	0.64	0.84	0.81	0.59	0.88

a) Excluding grants by NGOs.

Table A.4. Total net flows from DAC countries by type of flow

Net disbursements at current prices and exchange rates

	Per cent of total			
	2011	**2012**	**2013**	**2014**
I. Official Development Assistance	27	26	30	24
1. Bilateral ODA	19	18	21	16
of which: General budget support	0	0	1	0
Core support to national NGOs	0	0	0	0
Investment projects	3	2	2	2
Debt relief grants	1	1	1	0
Administrative costs	1	1	1	1
Other in-donor expenditures (a)	1	1	1	
2. Contributions to multilateral institutions	8	8	9	7
of which: UN	1	1	2	1
EU	3	2	3	2
IDA	2	2	2	2
Regional development banks	1	1	1	1
II. Other Official Flows	1	2	2	1
1. Bilateral	2	2	2	1
2. Multilateral	-0	-0	0	-0
III. Private Flows at market terms	65	64	61	70
1. Direct investment	44	43	37	33
2. Bilateral portfolio investment	21	19	19	36
3. Multilateral portfolio investment	-2	-0	2	1
4. Export credits	2	2	4	1
IV. Net grants by NGOs	7	7	8	6
TOTAL NET FLOWS	**100**	**100**	**100**	**100**
Total net flows at 2013 prices and exchange rates (b)				

Source of private flows: DAC Members' reporting to the annual DAC Questionnaire on total official and private flows.

Notes: a) Includes development awareness and refugees in donor countries.
b) Deflated by the total DAC deflator.

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