

# Session 6

## South-South Cooperation and Triangular Cooperation, a focus on the countries with special needs

### 1 Session objective

As the Asia-Pacific region is comprised of many low income and vulnerable economies, substantial external resources are essential for pursuing sustainable development. One of the major approaches to increase external resources is to enhance regional cooperation, for which South-South Cooperation and Triangular Cooperation can play a very important role. These approaches are not only important channels for funding development programmes but they also provide new opportunities to share best practices, skills and expertise among developing countries and regions. The objective of this session is to discuss the potential of South-South Cooperation and Triangular Cooperation, which provides a unique opportunity to support the idea that “no nation can succeed alone” in moving towards shared prosperity for all.

### 2 Background

Developing countries in the region have undertaken South-South Cooperation activities over the past decades with varying degrees of engagement and size. The two largest contributors to those activities, Turkey and China, have spent more than \$3.3 billion and \$3.0 billion, respectively, in recent years. Other important contributors to South-South Cooperation activities in Asia and the Pacific are India, Indonesia, the Republic of Korea, the Russian Federation and Thailand.

The majority of South-South Cooperation activities in the region are related to projects, capacity-building and sharing development experiences. Some important areas for cooperation have been related to trade, investment and technology transfer, especially for least developed countries. Other key areas include poverty alleviation, gender, agriculture and rural development, food security, infrastructure projects, information and communications technology, environment, disaster relief and reconstruction, debt relief, banking, training of civil servants, governance, capacity-building and advisory services, and humanitarian aid.

The expansion of South-South Cooperation has enormous potential in the region for generating mutual benefits in the creation of new markets in terms of production and consumption. Developing countries currently provide one-third of global investments. South-South investment flows were predominate in the landlocked developing countries, and the share of greenfield investment projects from developing economies jumped from 41 per cent of total projects in 2011 to 66 per cent in 2012. Even when China is excluded, global South-South trade has been growing at an

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average rate of 17.5 per cent a year over the past decade, with trade in manufactured goods expanding as rapidly as trade in commodities.

Regarding regional financial cooperation, there are a number of important ways that South-South cooperation could provide support. Therefore, it is important to recognize that the modalities for South-South Cooperation include a wide range of activities, such as the provision of financial resources, the creation of pools of funds for balance of payments contingencies, the sharing of ideas, best practices and expertise, and cooperation in monitoring and regulating financial flows, as what is evident in many countries in the ASEAN region.

The effectiveness of the South-South Cooperation needs to be enhanced, especially when it involves countries with special needs. It is particularly critical that they are given special attention in designing these policies, especially to support financing for poverty reduction and initiatives related to energy demand, climate change consequences and trade-investment growth. Consequently, policymakers need to enhance State-to-State cooperation oriented towards harnessing markets and facilitating cross-border private sector investment and trade and also to promote cooperation in tackling sustainable development issues.

### **3 Policy issues for discussion**

At the regional level, policies need to be directed to enhance South-South Cooperation and Triangular Cooperation; a mechanism for knowledge-sharing, especially for the countries with special needs, should be established. It would be useful to establish a network that includes practitioners from developing countries and donor and international organizations, and to promote knowledge-sharing on South-South Cooperation and Triangular Cooperation through regularly held capacity-building workshops and contacts among the network members. Additionally, such a network would also promote joint work among the members, including joint South-South Cooperation and Triangular Cooperation programmes/projects, as well as through joint research on issues important for improving the practices of South-South Cooperation and Triangular Cooperation.

Furthermore, countries need to establish stronger, more diversified regional platforms for South-South Cooperation to address issues of common concern and interest. The changing development landscape and global norm-setting increasingly calls on Southern partners to coordinate on strategy, policy and operations. Such coordination must be anchored on an appropriate platform, which must be credible and inclusive. There is urgent need for the South to develop a platform for cooperation. At the national and regional levels, mainstreaming South-South Cooperation into national and regional systems and processes would ensure that the cooperation is targeted towards contributing to the overall development and the efficient use of resources. Working with region and country-specific instruments for self-assessment is important in that it would lead to greater socioeconomic gains and political governance, which would intensify mutual commitment for development. The proposed Southern platform may help link up some of these initiatives.

At the national level, countries should create a dedicated agency within one of their ministries to deal with South-South Cooperation and Triangular Cooperation. For instance, China (Ministry of Commerce), India (Ministry of External Affairs administers the Indian Technical and Economic Cooperation Programme), the Republic of Korea (Overseas International Cooperation Agency KOICA), Indonesia (Ministry of National Development), and Thailand (International Cooperation Agency TICA) are some examples in the region, which should be utilized and made use of for strengthening of the South-South Cooperation and Triangular Cooperation. Triangular Cooperation is strongly linked with South-South Cooperation, but it is a modality of international cooperation with a unique feature. Triangular Cooperation should be grounded in inclusive and horizontal partnerships, which implies shared governance, decision-making and accountability among all actors involved. In particular, the respective government ministry in each country can collaborate with its leading research institution/think tank to draw professional knowledge and expertise. For example, the Economic Relations Division (ERD) of the Ministry of Finance in Bangladesh can collaborate with the Bangladesh Institute of Development Studies (BIDS) and the Centre for Policy Dialogue (CPD).

## Possible Questions

- What are the key priority areas for enhancing South-South Cooperation and Triangular Cooperation in Asia and the Pacific?
- What is the scope for increasing cooperation within the existing regional bodies and instituting a regional framework to strengthen South-South Cooperation and Triangular Cooperation in Asia and the Pacific?
- What are the best approaches for supporting countries with special needs, specifically through peer learning, knowledge-sharing and capacity-building, in their efforts to implement the 2030 Agenda for Sustainable Development?
- What are the major sources of innovative global finance, in addition to present pooled global resources, available for financing priority areas to enhance South-South Cooperation and Triangular Cooperation in the Asia-Pacific region?

### HIGH-LEVEL SPEAKERS

The Chair will introduce the panelists, explain the structure and objectives of the session and moderate the discussions. The speakers in the panel discussions will be kindly requested to limit their interventions to seven minutes

**Ly Thuch**  
Senior Minister  
Cambodia



**Khalil Sediq**  
Governor  
Central Bank of Afghanistan

**Denton Rarawa**  
Governor  
Central Bank of Solomon  
Islands



**Damodar Bhandari**  
State Minister of Finance  
Nepal

**Helder Lopes**  
Vice-Minister of Finance  
Timor-Leste



**Eugene Amor**  
Chief Economist  
Department of Finance &  
Administration  
Micronesia (Federated States of)

**Boonchai  
Charassangsoomboon**  
Executive Director, IEPB  
Ministry of Finance  
Thailand

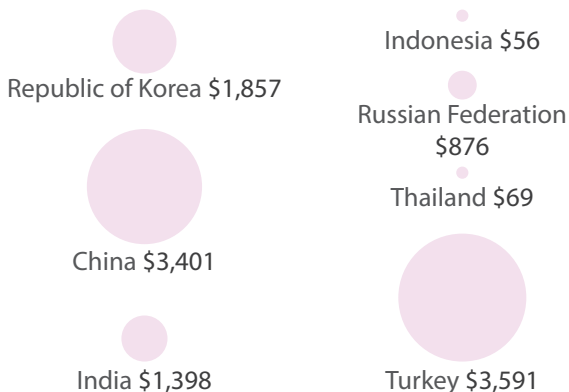


# Strengthening South-South and Triangular Co-operation

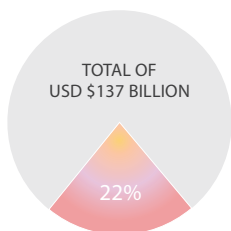
## SOUTH-SOUTH COOPERATION IS GROWING



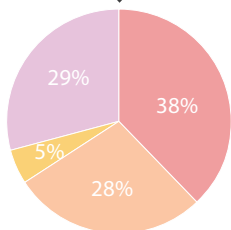
Billion USD  
2014



Million USD



USD \$30 BILLION



Total ODA in the region, 2014

### HOW MUCH IS ASIA-PACIFIC GETTING FROM DAC?

### WHO IS RECEIVING IT?

- LDCs Least Developed Countries
- LLDCs Landlocked developing countries
- PIDS Pacific island developing States
- Rest of Asia-Pacific

	2010	2011	2012	2013	2014
LDCs	11,102	11,773	12,242	14,785	11,468
LLDCs	9,957	10,645	10,290	8,664	8,528
PIDS	1,471	1,750	1,791	1,753	1,510
Rest of Asia-Pacific	5,575	5,810	3,610	5,192	8,725

Total ODA (Official Development Assistance) from DAC (Development Assistance Committee) countries in Asia - Pacific, USD millions