

Remarks By Yiping Zhou: Director, Special Unit for South-South Cooperation at the
Opening of the Asia-Pacific Development Cooperation Forum (DCF) Regional
Workshop on Trends and Progress in Triangular and South-South Cooperation
(Bangkok, Thailand, 21 October, 2008).

The ESCAP Deputy Executive Secretary,
Distinguished Delegates,
Ladies and Gentleman,

First of all let me convey my congratulations to all of you for this event supported by UNDESA, UNESCAP and the Special Unit for South-South Cooperation in UNDP. I am pleased that this Forum will help to bring to the regional level, issues that we have been discussing at the global level. Frequently, there is a disconnect between the work we do in New York or Geneva and the reality and operational demands in the regions. I hope this regional forum is an appropriate step toward reducing those gaps.

Let me start by sharing with you what some diplomats in New York are saying: With or without the United Nations, South-South cooperation (SSC) in all fields is expanding drastically, its scope, depth and real potential for development is far beyond the scope for any one entity in the UN family to handle.

Indeed, South-South trade has been growing at an astonishing rate since 2000. Trade between Africa and Asia as well as intra-regional trade in Asia has increased tremendously in recent years. In Africa, we are seeing the strongest economic expansion of that continent since the early 1970s. In Asia, ASEAN has been busy expanding their free trade areas. After the collapse of the Doha trade talks, ASEAN has reached trade deals with India and separately with Australia and New Zealand covering trade worth roughly \$70 billion in 2006.¹ South-South flows of Foreign Direct investment (FDI) have also been growing rapidly in recent years from under \$5 billion in 1994 to over \$50 billion in 2000, according to the World Bank. It is further estimated that South-based FDI flows into emerging markets account for one-third of all emerging market FDI inflows.

In economic sectors, wealth creation is also expanding in the South. Projections show that 70 to 80 million people enter the middle class every year among the BRICs (Brazil, Russia, India and China) and emerging economies.² The number of dollar millionaires is also growing, particularly in India by 22.7 percent, in China by 20.3 percent, in Brazil by 19.1 percent and in the Middle East by 15.6 percent.³

¹ "After Doha," The Economist, 4 September 2008,
http://www.economist.com/finance/displaystory.cfm?story_id=12060235

² Goldman Sachs

³ "World Wealth Report," Merrill Lynch and Capgemini

Moreover, the Gulf Cooperation Council is home to roughly \$3 trillion within its assorted sovereign wealth funds and other such funds.

In technology transfer and technical cooperation, India's pharmaceutical firm, Panacea Biotec has produced pentavalent vaccines to combat diphtheria, tetanus, pertussis, Hepatitis B and HIB (whooping cough) to streamline the vaccination process and reduce the cost burden of vaccinations. It has recently been awarded a \$35 million drug supply order from UNICEF.⁴ Southern countries have also seen a great deal of developmental success spring forth from adaptations to mobile phone technologies that have led to increased job creation.

Technical cooperation between developing countries continues to form the bulk of activities under South-South development cooperation (SSDC) along with project aid. Only 10 percent of SSDC is actually given in the form of balance of payments toward budget support.⁵ In response to the recent food crisis, Saudi Arabia is an example of a country that has contributed both financial and technical assistance, constituting \$500 million to the World Food Programme, while also investing money and providing farming technology through projects in Sudan, Egypt, Ukraine, Pakistan and Turkey for wheat, barley, soya bean, rice and animal fodder.⁶

Given this new reality of the South's ascendancy in all fronts, some fundamental questions must be asked: Do we fully understand the dynamics and are we prepared to embrace them as new opportunities? Are the existing global governance structures and their development cooperation architecture, including the multilateral system, adequate to respond to the new dynamics and the new drivers of change? And what kinds of innovative public-private, South-South and North-South-South triangular partnership mechanisms must be built or re-built to deliver the much desired net gains to the poor?"

These have been the central themes of many policy debates among the Group of 77 member countries, at the General Assembly HLC, the ECOSOC's Development Cooperation Forum, the Aid Effectiveness Conference held in Accra that took place not so long ago, just to mention a few. What has emerged from these and other relevant multilateral policy discourses is a common recognition that South-South cooperation has become a dynamic and major force in shaping up a new geography of

⁴ The Economic Times, "Panacea bags \$35 million deal from UNICEF," 12 August 2008, http://economictimes.indiatimes.com/News_by_Industry/Panacea_bags_35_mn_Unicef_deal/article_show/3353789.cms

⁵ "Trends and progress in international development cooperation: Report of the Secretary-General," ECOSOC, Development Cooperation Forum, E/2008/69. Paragraph 91.

⁶ Silvia Aloisi, "Saudi to ease food crisis with investment," Arabianbusiness.com, 16 July 2008, <http://www.arabianbusiness.com/525012-saudis-to-ease-food-crisis-with-foreign-investment?ln=en>

politics, of economics, of wealth creation, of innovation and of social re-engineering. Some major economies have been engines generating these dynamics and benefiting other economies. At the same time, they have also been big gainers within these dynamics, lifting millions of their people out of poverty. The big question before us then is: How and what will the international community in general and the UN system in particular, effectively respond to such new dynamics to turn them into net gains, especially for the LDCs, Landlocked and Small Island Developing States, toward reducing poverty and promoting more inclusive growth and equitable development?

In recent years, many UN organizations have indeed undertaken strategic measures and innovative initiatives to respond to these dynamics. UNDP for example has made South-South Cooperation a corporate priority through its Strategic Plan 2009-2011, which seeks to mainstream support to SSC in all of its practice areas. UNIDO has established a number of South-South Industrial Cooperation Centers in a number of emerging economies to foster SSC in the realm of industrial development. UNEP, on the other hand, has plans to create a global Clearing-house Mechanism to promote South-South exchanges in the area of environment under the Bali Strategic Plan. Other organizations have established similar South-South knowledge-sharing networks and informative systems.

What is lacking are innovative funding and transactional mechanisms that move beyond knowledge-sharing to transferring Southern-grown technologies and sustainable development solutions to countries in need of them. In this regard, the World Bank has moved ahead in launching two innovative facilities. The first is the South-South Disaster Risk Management Facility, in which our Unit was involved in its conceptualization. The other is the South-South Experience Exchange (SSEE) Facility which was launched only last week by the World Bank's President Robert Zoellick. We hope to see more of such innovative mechanisms created by our sister organizations in the years ahead.

To better position the UN system to effectively and coherently support South-South Cooperation, the Secretary-General has recently issued a Policy decision (No. 2008/26 dated 25 August 2008), calling for a system-wide effort to mainstream SSC throughout the UN system, by mobilizing its strengths and capacities to support such cooperation, especially in the areas of food security, climate change and HIV/AIDS. The Special Unit has been tasked to work with relevant UN system SSC focal points to develop a concise, action-oriented, collaborative framework highlighting the UN's specific comparative strengths in SSC in these areas, including on-going initiatives, areas requiring increased collaboration, and timeframes for undertaking such initiatives. The Unit has since been working with the SG's High-level Task Force on the Global Food Crisis, his Climate Change Support Team and UNAIDS, and requested all relevant UN systems' SSC focal points to provide ideas for such a collaborative framework. The framework will be presented to the first session of the

Chief Executives Board in 2009. The SG also encouraged all members of the CEB, in accordance with their mandates and appropriate procedures, to adopt concrete measures to mainstream support to SSC in their corporate policy instruments and strategies, including the documentation of lessons and good practices, backed by the designation of senior SSC focal points and, where possible and appropriate, providing the necessary budget allocations within existing resources.

Let me take this opportunity to share with you what we in the Special Unit for South-South Cooperation in UNDP, have been doing since 2005. Being entrusted by the UN General Assembly with a system-wide and global coordination and facilitation responsibility in SS and triangular cooperation, we have been concentrating in building a UN system-wide and global South-South Support Architecture, with three functional and transactional platforms.

The first Platform is designed to enable partner organizations to map, document and disseminate Southern-grown Development Solutions (SDS), based on a rigorous methodology and broad-based peer review/validation process. So far, more than 100 such Southern Development Solutions have been documented and published electronically and in print in such areas as renewable energy, sustainable agriculture, water and sanitation, disaster mitigation, health and traditional medicine, etc. This Platform also offers a common Experts Roster Domain that enables partner organizations to create and manage their own expert rosters. So far, 42 specialized expert rosters have been created and are being widely sourced. Efforts are being made to consolidate Southern centres of excellence in SSC and triangular cooperation. In the next three years, our plan is to consolidate these service facilities into a Global South-South Development Academy.

The second Platform is designed to enable partner organizations to showcase well documented, successful, scalable Southern-grown Development Solutions, with a view to marketing the same and forging partnerships to scale up development impact. In the past three years, we have enabled various partners to showcase numerous scalable solutions in the area of disaster risk management; creative economy for development; oil & gas management; food security; SME development especially for women entrepreneurs. We are now consolidating and institutionalizing this Platform into an annual Global South-South Development Expo to be launched this year, in conjunction with the 5th United Nations Day for South-South Cooperation proclaimed by the General Assembly since 2004. More than 40 successful South-South, triangular and public-private partnership solutions will be exhibited at the UN headquarters in NY from 16-19 December 2008. And 20 more scalable cases will be presented for partnership and fund-raising purposes. These solutions include disaster risk management and climate change; poverty reduction especially in the areas of HIV/AIDS, health and education; green revolution and food security; the role of media and communication for development; public-private partnerships for

development; best practices in SSC and triangular cooperation; and market-based development fund-raising mechanisms including social investment stock exchanges.

The third Platform is the South-South Global Assets and Technology Exchange (known as SS-GATE) – an internet-based, transparent and market-operated transactional system. The SS-GATE lists Southern, appropriate, technology development solutions as “socially investable” propositions. The initial public offers (to be known as Development IPOs) need support by public and private entities, as well as civil society and ordinary citizens. In its pilot stage, the SS-GATE Tech-transfer Track has already helped conclude two South-South technology transfers. One such tech-transfer resulted in increasing Gabon’s production of building materials by 30 times, while reducing the cost of production by 50%. Another tech-transfer in the same industry led to the creation of 8,000 new local jobs in Ethiopia. At the Global South-South Development (GSSD) Expo this year, we are launching the second Track of the SS-GATE – South-South Human Development Stock Exchange (SS-HDSX).

These bold and transformational experiments represent the Unit’s concrete response to the strong commitment made by the Secretary-General and the Chair of the United Nations Development Group (UNDG)- the UNDP Administrator, to help the UN system and the global South to effectively translate the enormous potential of South-South Cooperation into real gains for all developing countries, especially the east developed countries (LDCs), Landlocked and Small Island Developing States (SIDS), with the support of the donor community, the private sector, civil society entities and the larger international community.

I invite all committed partners who truly believe in South-South and triangular cooperation to join our efforts, to contribute to and participate in the further consolidation and expansion of our “Three-in-One” system-wide and global SSC Support Architecture. So, together, we could make South-South and triangular cooperation work for achieving universal peace, human rights and equitable development for all.

Before concluding, I wish to express our profound gratitude to all our partner organizations for their generous support and contribution toward our transformational experiments and other initiatives. Our special thanks go to UNDP, UNDESA, ESCAP, ECA, UNIDO, UNCTAD, UNEP, WHO, UNESCO, UNICEF, the World Bank, IFC, JICA, GTZ (Germany), USAID, ABC (Brazil), CICETE (China), TICA (Thailand), TIKA (Turkey), OPEC Fund, Islamic chamber of Commerce and Industry (ICCI/OIC), TechnoNet Asia (Malaysia), TechnoNet Africa (South Africa), UNISDR, ADPC (Bangkok), a large number of our UN Country Teams, and many others. I would like to particularly thank the UNDP’s Regional Centre in Bangkok for consistently providing my able Regional Chief, Mr. Denis Nkala, with good guidance and support.

I wish you good deliberations.