

# **Economic and Social Council**

## **Launching the**

### **Development Cooperation Forum**

**Geneva, 5 July 2007**

#### **Background Note**

#### **High-Level Roundtable Discussion<sup>1</sup>**

##### **Review of trends in international development cooperation: *South-South and triangular cooperation***

South-South cooperation has seen a period of major growth and transformation. Such collaboration among developing countries is fostering partnerships to promote economic development, stimulate job creation and advance their shared development agenda. As a result, cooperation in areas such as trade, investment, capital flows and financial and technical cooperation among Southern countries at similar levels of development, has become an important dimension of international cooperation for development.

This process of greater inter-connectedness of developing countries has been driven by several factors such as sustained high economic growth rates in a number of Southern countries; increased efforts towards sub-regional and regional integration, including rising number of intra-regional free trade agreements; strengthening of regional and sub-regional institutions; and the emergence of transnational networking and communications.

##### **Private sector and civil society: *a growing force in South-South cooperation***

Major innovations in South-South cooperation have regularly involved non-state actors, including multinational corporations, individuals, civil society organizations and other informal dialogue networks. The so-called “changing geography of trade”, combined with growing investment and capital flows among developing countries has over the past few years cemented the position of the South as a major force in the world economy. Developing countries, for example, now account for about 40 per cent of the global GDP (purchasing power parity). Furthermore, South-South trade grew from US\$222 billion in 1995 to US\$562 billion in 2004, with 17.6 per cent annual growth rate between 2000 and 2004, significantly higher than the 9.7 per cent growth of South-North exports during the same period.

Collaboration among non-state actors in the South has also taken numerous other forms, including the establishment of inter-regional business dialogue fora; replication of successful micro-credit programmes and other innovative development practices within and across regions; and the establishment of policy networks influencing regional and global policy-making on key issues such as globalization, aid and debt relief.

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<sup>1</sup> Organized in partnership with the Special Unit for South-South Cooperation - UNDP.

**Triangular cooperation: *building on the best of both worlds***

Triangular cooperation as a hybrid of South-South and North-South collaboration has also been experiencing a period of growth. For example, within the context of South-South cooperation, an increasing number of triangular partnerships have proven to be effective in technical cooperation among developing countries where Southern expertise, supported by funds or other resources from developed countries are used to assist countries in the national development process. Triangular cooperation also offers significant potential in promoting a coordinated response to some of the current and emerging global and regional development challenges such as those relating to energy and water security, infrastructure development, and the utilization of information and communications technologies (ICTs) for development in developing countries, often involving the participation of the private sector.

**Financial and technical cooperation: *an expanding feature of South-South cooperation***

Financial and technical cooperation among developing countries is an integral part of South-South cooperation. Such cooperation has a long history, but has witnessed resurgence in the past 5-10 years as some developing countries are asserting their role in the world economy. A number of these countries are now major providers of financial and technical assistance to other developing countries. The scope of such cooperation is also expanding, including not only economic and technical sectors but increasingly security, governance, health and the environment as well. Furthermore, South-South cooperation has demonstrated its value in coordinating responses to important transnational security threats and national disasters such as the avian flu, HIV/AIDS and the 2004 Indian Ocean Tsunami. Moreover, the share of contributions to development cooperation from developing countries has been growing, although lack of data on such flows makes accurate assessment difficult. Yet, such information is critical for more effective resource allocations in efforts to meet the IADGs.

**Potential discussion questions**

1. What are the major challenges to further growth of South-South and triangular cooperation?
2. What are the emerging areas and strategic priorities for South-South and triangular cooperation? How can such cooperation be made more responsive to the needs of recipient countries and their efforts towards the realization of the IADGs? What type of policy measures in Southern countries are particularly required to significantly enhance the number of developing countries participating in South-South cooperation?
3. How can the DCF promote enhanced policy dialogue for more coherent and effective development cooperation for the realization of the IADGs? Which issues of common concern could be priority areas for such a dialogue?
4. How can governments in developing countries create an enabling environment for greater role of the private sector in South-South and triangular cooperation?