Summary

The Development Cooperation Forum of the United Nations (DCF) provides a trusted, multi-stakeholder platform for action-oriented reviews of trends, progress and emerging issues in international development cooperation. The 2018 High-level Meeting of the DCF generated policy guidance on South-South and triangular cooperation in the run-up to the second United Nations High-level Conference on South-South Cooperation (BAPA+40 Conference). This included the opportunity for BAPA+40 Conference to:

- Reinforce the strategic focus of South-South cooperation on promoting autonomy, resilience and structural change;
- Capture current dynamism and innovation in the South-South space that is effectively aligned with the 2030 Agenda and other internationally agreed development goals; and
- Further mainstream regional and national experiences of South-South and triangular cooperation into national development cooperation policies.

To build further on these ideas, the President of the Economic and Social Council, H.E. Ms. Inga Rhonda King, Ambassador and Permanent Representative of Saint Vincent and the Grenadines to the United Nations, convened a DCF policy side event at the BAPA+40 Conference. Discussions at the side event brought together representatives of governments and technical experts, in a dynamic multi-stakeholder setting to spotlight policy innovations in South-South and triangular cooperation, looking at the areas of:

(i) addressing climate change, disaster risk and resilience; and
(ii) strengthening international tax cooperation and domestic resource mobilization.

In her opening remarks, Ambassador King acknowledged South-South and triangular cooperation as among the most important and growing forms of bilateral and multilateral cooperation in today’s development landscape. South-South and triangular cooperation had proved instrumental in mobilizing the key means of implementation – from financing for infrastructure projects to capacity-building for resource mobilization and international tax cooperation, technical cooperation in the areas of data and statistics, collaboration on climate adaptation efforts and technology development and transfer.

Mr. Martin Rivero Illa, Coordinator of Social Cohesion and South-South Cooperation of the Iberoamerican General Secretariat, framed the discussion on these two important topics – resilience and tax cooperation – bringing extensive expertise from his experience in South-South and triangular cooperation in Latin American and Caribbean context. The moderator, Ms. Elizabeth Sidiropoulos, Chief Executive of the South African Institute of International Affairs (SAIIA), then elaborated on the interconnection between the two topics, encouraging speakers to focus on the cross-cutting nature of the domestic resources mobilisation and tax issues and their implications on climate, risk and resilience issues.

SOUTH-SOUTH AND TRIANGULAR COOPERATION IN ADDRESSING CLIMATE CHANGE, DISASTER RISK AND RESILIENCE IN THE CONTEXT OF THE 2030 AGENDA

South-South and triangular cooperation, including through statistical capacity development and technical support and risk-informed development assistance, can serve as a powerful approach to identifying timely, dynamic and efficient ways to reduce climate and disaster risk and to build resilience.

Climate change is accelerating and thus worsening the weather-related hazards. In this context, countries need to be supported not only in managing disasters through better preparedness and response but also in preventing the creation of new risk. Additional support should aim to better manage and reduce existing risks and build resilience to residual risk, in line the Sendai Framework for Disaster Risk Reduction.
As demand for support increases for climate action and disaster risk reduction, so does the need for collection and dissemination of quality, comprehensive and disaggregated data for risk assessments. Both are critical to identify the remaining gaps for effective and evidence-based policy and optimal role of development cooperation.

Panelists spoke about national experiences in addressing climate change. H.E. Dr. Bambang Brodjonegoro, Minister of National Development Planning of Indonesia, emphasized the important role that South-South Cooperation could play in knowledge-sharing on disaster management and resilience. Indonesia had already lowered gas emissions by 15 per cent and signed 11 disaster management cooperation treaties, both bilateral and triangular. Despite these efforts, further capacity was needed to adapt to the increasing frequency of natural disasters.

H.E. Mr. Marc-André Blanchard, Ambassador and Permanent Representative of Canada to the United Nations, noted that climate action was the lowest hanging fruit of all the SDGs and that there was urgency for financing to flow to this area more effectively. He discussed the importance of data and monitoring for the SDGs on climate change as well as initiatives underway on risk insurance for small islands developing states (SIDS), including those in the Caribbean. In his view, the main challenge was not lack of resources for climate action. Rather, overestimation of risks and underestimation of opportunities that the SDGs bring had led to insufficient links between existing finance and bankable projects. How, therefore, would projects would be structured to be bankable and in line with global capital markets to ensure that capital flows rapidly and at scale? As co-facilitators for the upcoming High-level Dialogue on Financing for Development, Canada and Ghana were working together to analyze all 7 pillars of the Addis Agenda to identify what has and has not worked and how best to advance implementation.

Ms. Catalina Quintero, Acting Offer Director of APC Colombia, outlined how Colombia had used South-South cooperation to address disaster risk reduction. She underscored the necessity of national ownership and horizontal cooperation. Colombia, in partnership with USAID, hosted the first international conference on seismic shifts. Over 25 countries from Latin America and the Caribbean participated in the conference. There have since been follow-up workshops and seminars with those countries.

Mr. Markus Reisle, Deputy Head of Sustainable Development and Humanitarian Affairs at the Permanent Mission of Switzerland to the United Nations stressed the importance of multi-stakeholder approaches to addressing climate, disaster and risk mitigation. Switzerland was working on an instrument aiming over the next 2-3 years to link global level efforts to the concrete actions and pilot projects that were innovative, flexible and adapted to country contexts, in the area of climate action as well as others.

Mr. Raul Salazar, Chief of the Regional Office of the Americas of UNISDR outlined how the regional level was increasingly becoming the place to exchange best practices, with economic commissions taking the lead in bringing the disaster risk reduction discussion forward. However, countries still faced a lack of knowledge on the economic impacts of disaster risk reduction - with only 13 percent of low-income countries having such an impact assessment. Without such knowledge, action could not be tailored to increase its impact.

SOUTH-SOUTH AND TRIANGULAR COOPERATION IN STRENGTHENING INTERNATIONAL TAX COOPERATION AND DOMESTIC RESOURCE MOBILIZATION

The Addis Ababa Action Agenda reiterates the centrality of capacity development to achieve the SDGs, including through improving the fairness, transparency, efficiency and effectiveness of tax systems. While maintaining ODA commitments remains a necessity, increasing domestic resource mobilization in developing countries remains crucial for long-term sustainable development.

Many countries of the South have made significant strides in enhancing their capacities, particularly with regard to international tax cooperation and supporting the strengthening of tax administrations. South-South and triangular cooperation can play a significant role in offering not only financial support but also tools and capacity support to country efforts in these areas.

H.E. Mr. Charles Owiredu, Deputy Minister of the Ministry of Foreign Affairs and Regional Integration of Ghana noted the efforts the country had made toward achieving the SDGs, including in the areas of money management laws and institutional capacity building for domestic resource mobilization. He discussed the various measures Ghana had taken to enhance tax administration; for instance, the Ghana Revenue Authority plans to launch the Integrated Tax Application Preparation System (iTaPS) in April 2019, which will allow its citizens to file tax returns and pay appropriate tax online. He also emphasized the need to attract more long-term private investment and increase the optimal use of natural resources in the country, noting the importance of such a sector to Ghana’s economy at large.
Mr. Jens Frolich Holte, State Secretary of the Ministry of Foreign Affairs of Norway highlighted Norway’s commitment to financing for the SDGs and to the issue of domestic resource mobilization. For over a decade, Norway had allocated more than 1 percent of its GNI to ODA, while also keeping a strategic focus on domestic resources mobilization and taxation policies. South-South Cooperation would be critical to this focus in future, as many developing countries in the South were increasingly influencing the international tax agenda. Simply transferring Northern knowledge would not be sufficient. Southern actors should play a more active role in sharing evidence and knowledge at all levels. Norway would continue to prioritize the issue of tax cooperation, including through the Addis Tax Initiative, noting that it was on track to doubling its commitment in 2019.

Mr. Carlos Protto, Director of International Tax Relations of the Ministry of Treasury of Argentina, speaking in his capacity as Member of the United Nations Committee of Experts on International Cooperation in Tax Matters, outlined the integral role that effective tax policy has in achieving the SDGs. The Committee provided both guidance and capacity building support toward developing effective tax administrations and policies in developing countries. He noted that the Committee was working on environmental and carbon taxation, as well as tax consequences of the increasingly digitalization of the economy. The Committee was also providing guidance on capacity building initiatives for least developed countries (LDCs) and SIDS to combat profit shifting. He noted that it was not just the collection of taxes that was a challenge, but also how to tackle illicit financial flows.

INTERACTIVE DISCUSSION

Participants expressed appreciation for bringing the taxation issue into the fold, highlighting that, while funding for development remained essential, retaining domestic tax revenue was critical to sustaining development impacts. The issue of tax havens was raised, with some asking whether it were possible to have a list of tax havens to better channel tax avoidance initiatives. Mr. Protto agreed that the issue of tax havens created a race to the bottom that no one wanted. He noted that the European Union was working on a “black list” as a good starting point to address the issue. He also discussed the OECD’s Base Erosion and Profit Shifting (BEPS) project.

Norway noted that its Sovereign Wealth Fund (SWF) was a very important part of how country's resources were managed and that it was aiming to share with other countries the lessons learned on managing natural resources. Ghana was still learning about how to effectively use the stabilization fund in the face of fluctuations in oil prices. Ghana's Heritage Fund would be focusing on infrastructure investment.

Indonesia raised the issue of access to concessional finance to fight the impacts of climate change. It was noted that, while grants and concessional loans were readily available in the aftermath of disaster, it was very difficult to get access to such concessional finance for climate change, which would help with mitigation efforts. In this regard, adjustments were needed as to the approach of international financial institutions and their assessment processes in identifying projects for financing.

On taxation, Indonesia noted that in many countries, economic growth was faster than tax growth; this meant that many economic activities were not channeling funds into taxes. Further analysis was needed on whether this was a byproduct of BEPS or other factors. Indonesia discussed that South-South cooperation could be valuable in sharing lessons on how developing countries would effectively translate economic growth into the growth of tax revenues. The issue of how taxation should be used to address inequality was raised in this context. The importance of promoting resilient investments and integrating risks into policy perspectives and cooperation efforts was also underscored.

CLOSING

The President of ECOSOC closed the session encouraging participants to think big and act bold in their efforts to achieve the 2030 Agenda. She noted that the DCF was a multi-stakeholder platform for those aiming high, reiterating her call for participants to use the DCF as a unique and trusted space to make South-South cooperation more visible and enable its actors to be bolder in sharing Southern experiences. She highlighted the strategic role of the DCF in promoting effective mainstreaming of South-South and triangular cooperation in policies and institutions as well as in boosting inclusive multi-stakeholder partnerships.