

DCF, Policy Dialogue 3, Input by Dr. Christoph Beier, Managing Director, GTZ
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Your Excellencies, Mr Chairman, Ladies and Gentlemen, dear colleagues,

I very much appreciate being part of this policy dialogue on South-South, triangular and decentralised cooperation, and having the opportunity to contribute to this panel from the perspective of GTZ, the German Agency for Technical Cooperation. I am speaking from the point of view of a bilateral implementing agency, as a practitioner, not as a politician or as a government representative.

In my short input I will refer to the following topics

- I) What is the origin of the increasing importance of South-South or triangular cooperation, how do we assess these forms of cooperation and what are the possible 'complementarities' between South-South and North-South cooperation?
- II) What can we do in order to make these new forms of cooperation most effective and efficient? Here I will refer mainly to the example of the Alliance for Financial Inclusion (AFI).
- III) What is the role of 'the North', for example of a bilateral agency such as GTZ, in these new South-South or triangular network approaches?

I) What is the origin of South-South and triangular cooperation, what are the specific contributions and what are the 'complementarities' between the new actors in South-South cooperation and so-called 'North-South' cooperation (even though the terms 'South' and 'North' may no longer be appropriate in a new multipolar order)?

In the context of globalisation the world is changing dramatically, resulting in new global and regional settings with an increasing variety and number of actors, a shift of power and the emergence of a new multipolar order. Both the demand for international cooperation and the supply (of experiences, knowledge etc.) are changing. New forms of cooperation have emerged such as South-South cooperation and triangular cooperation that reflect the dynamic development of and in some countries, the changing relations between different countries and actors, their specific interests in each other and, based on these interests, new demands for interaction, exchange and cooperation. In my view these new forms of cooperation are neither better or worse, nor more or less effective than 'traditional' forms of 'North-South' cooperation. They are just different; different regarding the basic rationale

behind the cooperation, its logic and the way it is organised. We should not fall into the same trap we fell into with budget aid. Budget aid is as a matter of general principle not a better nor more effective mode of development cooperation, either. It is only suitable in specific circumstances (for example when money, and not capacity or know-how, is the problem) and only if certain conditions are met (like good governance, transparency, checks and balances etc.). When it comes to different modes of development cooperation, there is no better or worse; the issue is rather one of complementarities, and what fits best in which contexts?

It is therefore worthwhile defining the purposes for which, and the general conditions under which, South-South or triangular cooperation arrangements are the best answers to the demand or to the problem that needs to be solved.

What we have learned as development practitioners is that the diversity of country situations requires both different kinds of cooperation and different forms of support. In our experience South-South cooperation and triangular cooperation provide extremely valuable platforms for joint learning and knowledge sharing between different actors. A precondition for such an effective learning process is, of course, that there is something to learn. This would mean that certain policy solutions exist that have proved successful in one country, and could be adapted to, and replicated in another. A second precondition is mutual trust and respect between the partners involved. And a third precondition is that the right methods and instruments for the facilitation of learning processes are applied. One best practise for such a learning platform in our view is the Alliance for Financial Inclusion (AFI).

II) The Alliance for Financial Inclusion – a best practise

The Alliance for Financial Inclusion (AFI) is a global South-South network with the mission to unlock the innovations of the South. AFI's main objective is to initiate dynamic 'South-South Exchange and Learning' and thus enable political decision-makers in more than 100 developing countries and emerging economies to obtain mutual information and support, thereby empowering at least 50 million people to newly access financial products by 2012. The network is managed by GTZ with funding from the Bill & Melinda Gates Foundation. Through AFI many of the most innovative solutions for providing financial services to the poor, which have successfully been pioneered by developing countries, are being opened up for replication and joint learning. The countries of the South themselves are providing solutions to the challenges they face in their specific context, and sharing these solutions

within the broader network of AFI. The choice, control and direction of the policy solutions are determined solely by individual countries' policymakers and central banks.

The rapid growth in membership to 80 countries, the strong demand for the alliance's services and the clear will of the developing country representatives to shape the work of the Alliance themselves and to actively contribute their own experiences, are also generating political results.

Within a year of being launched, AFI had established a proven track record as a provider of access to finance and had filled a gap in the international microfinancing landscape. At the beginning of this year, AFI was included in a group of experts appointed by the G 20 that is mandated to identify solutions for integrating poor sections of the population into financial systems, in time for the G 20 Summit in Seoul in November 2010. Within this committee, AFI is representing the interests of the developing countries, and especially those countries that are not members of the G 20.

So far, AFI has been extremely successful. What are the factors for success according to our analysis?

- Peer learning plays a key role (as opposed to North-South know-how transfer).
- AFI is member-driven (strong role in governance through Steering Committee of member countries).
- It is demand-driven (grants and peer learning are linked to national reform agendas and strategies).
- It is inclusive (everyone can make a contribution, every idea counts).
- Proven solutions (policy solutions that have been shown to be effective in terms of driving access to finance) are applied.
- Both the 'donor' and the implementing agency have a lesser, or to be more precise a different, role to play in this network. For GTZ, for example, an exit strategy is important.
- AFI is results-based from the very beginning (internal M+E and results measurement by members play a crucial role).

III) The role of the bilateral GTZ in this new South-South network approach

In this case GTZ is acting as a mediator and facilitator, not as a bilateral advisor.

As we can see from the example of AFI, peer learning plays a key role. How can we successfully learn together? How can experiences be transferred into learning? What are the methodologies for successful learning? How can we support innovative and results-based mechanisms that allow several participants to increase joint learning and further enhance desirable structural changes within their own country or group? For all of these methodological questions, GTZ possesses a wealth of practical experiences, instruments and knowledge that we can provide to these new networks and arrangements. Furthermore, GTZ is closely aligned with its partners and has been cooperating with members of these new networks on the basis of trust and respect for a long time. We can also make these practical cooperation experiences available.

As a bilateral agency GTZ supports South-South cooperation in several ways. As the example of AFI has shown, this also helps create multilateral networks of global dimensions.

IV. Concluding remarks

There is no need to be 'afraid' of the 'new actors' and new forms of development cooperation. We should not focus so much on the issue of how these new actors can best be harmonised with what has been defined in the Accra Agenda for Action (AAA). The Accra Agenda for Action is not the end of the story. Rather than defining new aid architectures and bureaucratically controlled modes for delivering aid, we have to allow for competition of ideas and innovations, in order to identify effective forms of international cooperation for sustainable development in a new multipolar world order. Those new forms have to reflect better the interests of all parties involved and have to move beyond traditional development policy. In this context the so-called 'South-South' and triangular cooperation arrangements will play an important role. They offer new ideas and innovations, which should be jointly used. We see this as an important step toward broadening the understanding of 'development' and toward increasing awareness of the need for 'aid effectiveness'.

Thank you very much for your attention.