Austral: Brazilian Journal of Strategy & International Relations |
e-ISSN 2238-6912 | ISSN 2238-6262| v.1, n.2, Jul-Dec 2012 | p.225-249

DEVELOPING FROM THE SOUTH: SOUTH-SOUTH COOPERATION IN THE GLOBAL DEVELOPMENT GAME

Sean Burges[1]

The international development assistance scene is getting busier. Traditionally, the lines of division have been pretty clear, with industrialized countries of the Organization for Economic Cooperation and Development providing development assistance to the rest of the world. By 2010, members of the OECD's Development Assistance Committee (DAC) were spending US$128.5 billion a year on official development assistance (ODA) to social and economic progress in the South. To ensure efficient use of funds the DAC membership was also organizing and thinking of enforcing codes of conduct in an attempt to ensure that aid is effective, using a succession of High Level Forums to get input and buy-in from developing countries. The end result has effectively been the rise of a self-appointed club of countries who have tried to decide how, when and where development assistance should be dispensed.

Today, it appears that the authority of this club of developed, aid-providing nations is under attack, not least by articulate and charismatic figures such as Dambisa Moyo (2009). The real challenge comes from countries variously described as emerging donors, new development partners, and new donors. Irrespective of the name, the goal is to use South-South technical cooperation for developmental goals. China is the most discussed non-DAC source of development cooperation, but other increasingly active countries

[1]PhD (Warwick) in Politics and International Studies; MA (Western Ontario) in Political Science. Lecturer in International Relations in the Australian National University. (sean.burges@anu.edu.au)

include Brazil and India as major players and Chile, the Gulf States, Indonesia, and South Africa as quietly rising voices. The challenge these countries present to the existing international aid architecture is that they operate outside of it and in a manner that is at times alien to officials within existing development agencies. While the new players are not necessarily antagonistic to the DAC, they see no reason to petition the DAC for membership or await Northern benediction of their South-South technical cooperation agenda.

The purpose of this paper is to give an initial sense of what Southern-based development cooperation is, how it is organized and delivered, and the logic behind the decision to engage in this sort of activity. Attention will be focused on a subset of the major countries engaged in providing South-South cooperation: Brazil, China, India and South Africa. Ultimately, the argument that will be presented is that these, for the DAC, newly discovered actors are not a threat if the focus is the delivery of effective official development assistance. Instead, they may offer solutions to some of the questions plaguing high-level policy discussions about policy coherence and aid effectiveness.

What is South-South Cooperation?

While members of the DAC continue to provide the bulk of global bilateral assistance measured in straight dollar terms, 'emerging donors' are becoming increasingly important through the provision of soft loans, technical assistance, foreign investment and increased market access. Although data is hard to find, some well-informed estimates have been released through the United Nations system. ECOSOC estimates that South-South development cooperation flows in 2006 were somewhere between US$9.5 billion and US$12.1 billion (ECOSOC, 2008). A 2011 'State of South-South Cooperation' report to the UN General Assembly provided updated numbers for 2008 with an estimated total spend of US$13.9 billion, or just under one tenth of DAC expenditure.[2]

The relative disparity between Northern and Southern development cooperation expenditures is misleading and understates the impact of Southern expenditures for two sets of reasons. First, the internal economic stabilization

[2] United Nations General Assembly, "Operational Activities for Development: South-South Cooperation for Development. The State of South-South Cooperation Report of the Secretary-General." A/66/229 (3 August 2011).

and international emergence of Brazil, India and China – three of the Goldman Sachs 'BRIC' countries – has provoked a renaissance of the Southern solidarity approach to development captured in UNCTAD's 1978 Buenos Aires Plan of Action on South-South Cooperation.[3] By its nature South-South technical cooperation offers the potential for a different kind of development return than traditional DAC assistance because it is based on the premise that "developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts" (UNITED NATIONS, 2012). The mindset is subtly, but critically different, starting from an assumption that development is a joint process, not something that one state can give to another. Projects thus take on a dialectical quality, with the country providing the assistance gaining experiences that can help with domestic development. Equally are the resultant person-to-person and institution-to-institution linkages that accelerate growth of the civil society, bureaucratic and business networks that drive growth in the North.

Most DAC member development agencies recognize that South-South cooperation offers major contributions to development results because it directly transfers knowledge and expertise that has been generated and successfully implemented within a developing country context, not formulated in an industrialized country and then trialed in a selected partner country. There is also a greater cross-cultural receptiveness to South-South cooperation because it is explicitly framed in terms of solidarity and operates largely free of an historical legacy of colonialism. Added to this is the lower cost-base of South-South cooperation. On a bureaucratic level, the governance structures are much simpler, creating a more direct link between decision-makers and the success or failure of a program. Countries engaged in South-South cooperation use accounting rules that do not necessarily include items that the DAC classifies as ODA, i.e., first year refugee resettlement costs, bureaucratic contributions in kind from other government departments, or the layers of compliance staff necessary to satisfy DAC reporting requirements.[4]

[3] United Nations Special Unit for South-South Cooperation, "Buenos Aires Plan of Action," (1978): http://ssc.undp.org/Buenos-Aires-Plan-of-Action.22.0.html.

[4] OECD-DAC (2008), "Is it ODA?" Fact Sheet: www.oecd.org/dataoecd/21/21/34086975.pdf. [Accessed 6 June 2012]

The actual cost of delivering South-South technical cooperation can be significantly lower than a similar DAC-member program. Countries such as Brazil and China avoid contracting external consultants for their projects. Instead, internal governmental expertise is sent to the partner country to pursue the project. This not only reduces the cost of delivering programming by avoiding the higher costs of external consultants and NGOs, but also lowers overheads because it removes the need for the intricate tendering, accounting and monitoring systems. Savings are amplified by the lower salaries of emerging market government employees. Finally, the full expenditure necessary to pursue a South-South cooperation program may not be evident in the figures reported by the implementing agency because the technical experts sent to do the work may be paid by their home department, not the 'development' agency coordinating the project.

The second set of factors complicating a comparison development cooperation expenditure lies in the explicit elements of outward engagement found in many emerging market countries, with collective advancement being seen at least rhetorically as an important element of sustainable domestic growth (PREBISCH, 1988; SUNKEL; ZULETA, 1990). In the Brazilian case this was clearly annunciated as part of Lula's vision of a new international economic geography (SILVA, 2004). While less triumphalist in tone, the Chinese and Indian governments have been very active along the same lines, with some scholars pointing to a growing trend of moving production plant to Africa and developing at regional and inter-regional production chains (BRAUTIGAM, 2009). The result is a genuine recasting of global trade. South-South trade has gone from being 10% of world trade thirty years ago to 20% today, exceeding an annual level of US$2 trillion by 2007 (LAMY, 2012). This pattern is borne out in trade data in tables 1 and 2, which demonstrates a rapid acceleration in bilateral trade between key emerging market sources of South-South technical cooperation and sub-Sahara Africa and developing Asia.

Table 1: Exports to developing regions (US$ millions)

País	Partner Area	2003	2005	2007	2009	2011	2003-2011 change (%)
Brazil	Developing Asia	6,356.3	10,566.6	15,037.5	26,610.2	55,277.2	869.6
	Emerging and Developing Countries	29,766.7	55,660.2	76,808.5	82,519.8	144,280.9	484.7
	Sub-Saharan Africa	1,848.2	3,824.3	5,614.1	5,420.7	6,535.4	353.6
China	Developing Asia	30,755.0	56,798.7	103,304.0	122,250.7	211,482.5	687.6
	Emerging and Developing Countries	81,281.7	152,783.8	308,171.9	340,323.4	590,713.5	726.7
	Sub-Saharan Africa	6,887.2	11,913.6	24,652.4	31,206.8	53,317.1	774.1
India	Developing Asia	10,251.4	16,690.3	27,526.5	28,364.5	51,881.8	506.1
	Emerging and Developing Countries	25,126.7	42,163.4	75,101.7	81,399.4	154,857.2	616.3
	Sub-Saharan Africa	2,796.7	4,813.1	10,252.7	9,380.6	17,875.6	639.2
South Africa	Developing Asia	2,125.3	3,705.2	6,974.5	9,335.4	25,583.1	1203.8
	Emerging and Developing Countries	8,591.1	12,859.9	20,423.6	23,403.2	45,376.7	528.2
	Sub-Saharan Africa	4,835.0	6,795.0	8,921.9	10,098.1	13,030.8	269.5

Source: IMF Direction of Trade Statistics.

Table 2: Imports from developing areas (US$ millions)

Country	Partner Area	2003	2005	2007	2009	2011	2003-2011 change (%)
Brazil	Developing Asia	4,342.9	9,399.1	21,454.6	24,499.8	51,396.7	1183.5
	Emerging and Developing Countries	20,026.8	33,782.7	63,641.2	82,519.8	123,556.1	617.0
	Sub-Saharan Africa	2,017.6	3,732.5	8,131.4	6,282.2	11,717.8	580.8
China	Developing Asia	42,191.1	69,982.3	108,122.1	104,735.0	192,298.6	455.8
	Emerging and Developing Countries	94,274.0	170,769.6	273,848.9	303,220.4	595,874.1	632.1
	Sub-Saharan Africa	6,433.8	16,655.2	28,183.2	32,345.1	59,944.0	931.7
India	Developing Asia	9,383.8	18,750.0	40,990.6	48,400.4	87,327.5	930.6
	Emerging and Developing Countries	18,749.5	37,983.6	132,872.6	150,041.2	272,599.4	1453.9
	Sub-Saharan Africa	2,757.5	3,852.4	14,027.8	16,892.7	32,057.6	1162.5
South Africa	Developing Asia	4,254.1	9,117.6	15,876.5	18,642.8	25,213.9	592.7
	Emerging and Developing Countries	10,999.7	18,439.9	38,283.2	36,745.6	54,326.1	493.9
	Sub-Saharan Africa	1,136.6	2,214.8	5,828.1	5,162.4	8,981.2	790.2

Source: IMF Direction of Trade Statistics.

In part this surge in trade is driven by Chinese and Indian need for commodities to sustain domestic growth and export-oriented economic activity. The other part of the story is that of new markets for the lower technological products that are produced not just by workers in the major emerging market economies, but also increasingly in developing countries. Globalized trade and investment flows are being used to drive internationally integrated industrial development strategies to bring about socio-economic transformation in major emerging markets.

The substance of growing Southern economic muscularity is also evident in the shifts in foreign direct investment flows necessary to create the global value-chains driving contemporary economic growth (MARKUSEN; VENABLES, 1999). This is evident in the number of Southern-based multinational corporations, leaping from 2,700 in 1993 to over 18,000 in 2005. These firms were in turn responsible for over US$253 billion in South-originating FDI in 2007, of which 40% was destined for other Southern countries (UNGA, 2009). For Northern observers the confusing aspect is the tendency to conflate rises in bilateral trade, FDI flows and EXIM financing operations with the provision of development assistance. In some respects this is not necessarily a problem, but instead points to something closer to a cross-government policy coherent approach to development.[5]

Part of these changes comes from a recasting of global production systems. In her work on China's role in Africa Deborah Bräutigam (2008) resurrects the Japanese 'flying geese' model of development seen in twentieth century Southeast Asia (AKAMATSU, 1962),, which saw lower value-added industries being pushed from the major emerging market countries to other developing countries as cost-bases change. The rapidity of this can be seen today in the revivification of Mexican exports to the North American market as the rising cost of labour drives up the price of Chinese exports (SHARMA, 2012). Other research points to the 'creative destruction' of domestic industrial sectors in China and their relocation to parts of Sub-Saharan Africa (BLAISE, 2005). Similar events are taking place in Brazil, with foreign trade officials actively seeking to build links between São Paulo industrial elites and small-

[5] For one way to understand this, see www.cgdev.org/section/initiatives/_active/cdi/

scale textile mills in Bolivia. Maquiladora plants in Paraguay for the Brazilian and Argentine markets are appearing as regional infrastructure links thicken.[6] As is highlighted in tables 1 and 2, the result is a surge in the imports and exports flowing between developing countries and the BRICS. While a substantial portion of the flows originating in the poorest countries takes the form of primary materials destined for surging emerging markets, there is a growing traffic in the labour intensive and semi-processed products.

This is creating a bit of confusion for analysts in Northern development agencies trying to discern where development assistance ends and investment begins. Many of the state-financed venture capital investments coming from countries such as Brazil, China and India appear risky to the point where Northern governments tend to view them as masked aid or attempts at economic domination. Little attention is given to the different risk profiles at play, Southern investors and institutions engaged in the outward expansion of emerging market economies generally demonstrating a much higher risk tolerance than their Northern counterparts. Viewed more cynically, we can argue that the new development partners are working with governance structures closer to 1920s North America than twenty-first century Europe. The general hypothesis is that capital in the South may now be more pioneering and adventurous than in the North, which is reinforced by state-based financing that allows firms to work with decennial profit horizons rather than Wall Street-driven quarterly targets.

Patterns of South-South Cooperation

Many of the leaders in South-South cooperation are not "new" actors in international development. Most have been providing development assistance for decades (ie. China, India, Saudi Arabia), but do not participate in multilateral fora for 'established' donors, such as the OECD 's Development Assistance Committee (DAC), the OECD's Export Credits Group or the Paris Club of creditor countries (MANNING, 2006). The barrier here is a perception of clubiness to the OECD, which exerts a strange pattern of attraction and revulsion. Some countries such as Chile and Mexico have been more than happy

[6] "Investindo no Paraguai," editorial, *O Estado de São Paulo* (1 February 2011).

to join, but others such as Brazil, China and India only feel a need to converse with a grouping where they would have little influence.

Despite the institutional independence of the new development actors, some follow a model close to that seen in DAC-member agencies. Generally this maps onto the available budget size, with the financially smaller programs focusing most on 'softer' development programming of capacity building projects and technical training. This is not to say that the larger players do not engage in such activities. In 2011 India announced an extra US$700 million for additional African training programs and institutes.[7] China has massive capacity building programs, training over 10,000 Africans between 2006 and 2009 as a part of a scholarship system that offers 4,000 study places a year. The additional assistance that the larger countries offer comes in the form of infrastructure projects, albeit sometimes for public works like sports stadium that are more symbolism than human development.

The substance of the concern from the North is that South-South cooperation, especially from China and India, is excessively focused on access to natural resources (SANBORN; TORRES, 2009). A lack of conditionality on resource-backed infrastructure loans is held up as a major concern because it could not only undercut the global aid effectiveness agenda, but also create a situation where sub-Saharan countries are saddled with new debts just in addition to existing obligations. At issue is a conflation of perceived foreign aid and emerging market commercial activity. Again, the case of China is instructive. The maligned infrastructure funding for resource access are often presented in the media and policy commentary as a straight resource grab by China. Yet, the reality is that this approach differs little in substantive terms from previous loan agreements from OECD countries guaranteed by resource rents.

What matters are the terms of the infrastructure for resource contracts. Are resources-based repayments valued at market rates or a pre-negotiated price? Is local or imported labour used for infrastructure construction? For China this increasingly appears to be an issue in Africa, with many countries

[7] "India announces $5 billion aid for Africa, seeks support for UN reforms," (24 May 2011): biz.zeenews.com [last accessed 24 May 2011].

expressing discontent with the existing pattern of bilateral economic relations (STRAUSS; SAAVEDRA, 2009). Representatives of major Brazilian construction firms maintain that they are quietly winning African infrastructure contracts because they try to minimize the use of imported labour. Moreover, some African countries are pressing for revised contract terms that bring in the investment in a manner that offers the needed technical and managerial skill transfers.

A final point attached to the development of infrastructure is that it is often not provided as foreign aid, but as a commercial investment. Anecdotal evidence suggests that the risk tolerance amongst the rising number of Southern-based multinational is simply higher than in the North. Difficult questions of how to cope with the fuzzy zones between formal and informal approaches to governance structures in business and negotiations familiar to Southern actors represent a strange and confusing land for Northern businesses. More importantly, they create a significant tax on FDI and export financing in the form of political risk premiums for Northern financing. Southern foreign policy priorities support a more pioneering approach to market opening, with state-run banks in countries such as Brazil and China providing export-financing loans for infrastructure development on a scale unmatchable by the World Bank group.

A related issue pertains to the question of development results. Although DAC-member development agency programming has enjoyed laudable results in some specific areas, most notably health care and education, the simple reality is that governments from the new development partners have endogenously experienced far greater anti-poverty achievements than all the Northern donors combined. Domestically devised programs in countries such as Brazil, China and India are working. Indeed, some of the development programs from the South are increasingly being championed by institutions such as the World Bank, with initiatives such as conditional cash transfers receiving a great deal of recent attention (FISZBEIN; SCHADY, 2009). Development advice and ideas transferred through South-South cooperation consequently carry a salience and relevance that can be lacking in North-South transfers. Even in surging economies such as Brazil and China development remains the overriding public policy priority and central challenge to be addressed on the route to lasting political and economic stability.

As Ngaire Woods has pointed out (2008), the new development actors bring an element of competition into development assistance programming. Part of the concern being raised by some close observers, including Rwandan president Paul Kigame, is that the conditionality and financial security that comes with aid flows from DAC-members is discouraging a responsible approach to public policy (KIGAME, 2009; MOYO, 2006). It is also restricts the sorts of policies that leaders of developing countries can consider, which is deeply problematic given the extent to which successful development currently appears to be attached to slightly heterodox policy approaches in such widely differentiated countries as China, Brazil, Bolivia, Argentina, India, Botswana and Ecuador. Commercial agreements with the new development partners carries the additional attraction of bringing the sorts of large investment flows that dwarf foreign aid and are often not forthcoming from the North. Underpinning these issues is a persistent concern that the political imperatives guiding DAC-member agencies may not be particularly worried about human development, focusing instead on using conditionality and the Bretton Woods Institutions as mechanisms of control (PEET, 2003). The combination of their own experiences and the tentative sense of global Southern fraternity works to make the new development partners distrustful of DAC-generated frameworks, strengthening the existing sense of independent international engagement' (RICUPERO, 2009).

Institutional Structures and Directions in South-South Cooperation

Searching out the governmental organ responsible for the coordination and delivery of South-South cooperation is not a universally easy task. There is no easy list such as that kept by the DAC for identifying which government department or agency is responsible for South-South cooperation and how much they spend. In cases such as those found in the Gulf States there are readily identifiable national and regional agencies, but their activities may be eclipsed by the private actions of ruling families, or the clarity of their policy decision and priority processes may be greatly obscured by monarchical patterns of national governance. Other countries poised between the 'developed' and 'developing' world face a delicate political balancing act of providing development cooperation for foreign policy reasons while simultaneously having to carefully obfuscate the amount spent to avoid awkward questions in national legislative bodies and the national media.

The interesting element of South-South cooperation is that in several instances the agencies used to coordinate incoming flows of development cooperation are now being used to organize outflows. In some cases this has meant only minor institutional shifts, often within the foreign ministry, but in others it has resulted in a significant strengthening of international cooperation institutions and discussion of the establishment of near-free standing overseas development agencies in Brazil, and South Africa. If we remove China and India from the mix, a common feature that appears is a tentative move from existing DAC-member agencies to pursue trilateral initiatives, which is something that has been embraced particularly effectively by the German GTZ and Japan's JICA, and to a lesser extent by most of the other members of DAC. In large part this desire to pursue trilateral programming is a reflection of the limited budgets available for South-South cooperation, resulting in a preferred mode of trilateral cooperation that strongly resembles a DAC-member agency contracting a Southern government to provide technical cooperation programming in a third country.

To give a sense of the differing approaches to coordinating South-South cooperation as well as well as the sort of activities undertaken, attention will now be turned to providing a snapshot of a selection of representative countries: Brazil, China, India, and South Africa. While this list is far from representative of all of the countries engaging in South-South cooperation, it does provide a useful cross-section of the differing scales of engagement, institutional arrangements, thematic and regional focuses, and engagement in trilateral programming.

Brazil

During the Lula presidency (2003-2010) South-South technical cooperation assumed an important role in Brazilian foreign policy and formed the backbone for expanded engagement with Africa (SARAIVA, 2010; DÁVILA; JERRY, 2010). In part South-South cooperation was pursued to support regional stability, notably with Paraguay and Bolivia. It also helped to expand Brazil's commercial presence in Africa. Bilateral programming has consequently focused on South America, the Community of Portuguese Speaking Nations, and a selection of sub-Saharan countries that includes Ghana, Nigeria and Senegal. Nevertheless, there is a clear sense within the foreign ministry and presidency that South-South cooperation is not being strategically positioned to boost individual bilateral relationships, but rather formed an important strut of Lula's international platform of a Southern solidarity approach to mutual development.

Although the Brazilian Cooperation Agency (ABC – Agência Brasileira de Cooperação) has an active webpage that provides links to all of the projects it is overseeing as well as contact details for many of its staff, exact budgetary details are thin and subsumed into the overarching foreign ministry financial reports. The role of ABC is to receive requests for cooperation from partners and then make the arrangements between a Brazilian government executing division and the partner country in the form of a bilateral agreement. An officially sponsored study into Brazilian resources directed towards development cooperation found a total expenditure of US$1.426 billion between 2005 and 2009. Those funds were directed to four primary activities, with international organizations receiving US$1,082.2 million, scholarship programs US$138.8 million, humanitarian relief US$79.1 million and technical cooperation US$125.6 million. While all four of these areas fall within the DAC definition of ODA, the one most commonly associated with foreign aid is technical cooperation. Significantly, this expenditure line is growing quickly in Brazil, moving from US$11.4 million per annum in 2005 to US$48.9 million in 2009, and encompassing over 400 projects in 58 different countries (IPEA, 2010).

Nineteen different Brazilian government ministries and agencies have been involved in the provision of South-South cooperation, with 81% of programming being pursued by five ministries: foreign affairs, education, health, agriculture and science and technology. Three agencies that stand out as particularly effective implementing organizations are EMBRAPA (agricultural research) FIOCRUZ (public health) and SENAI (industrial training). Thematic priorities are biofuels, agriculture, health and professional education. The approach send Brazilian specialists abroad to provide the training necessary to create self-sustaining programs in the partner country. Costs such as plane tickets are covered by ABC, but the salaries of workers sent on mission and associated expenses are covered by the separate government agencies. The defacto total value of delivered programming in DAC terms is consequently likely in the $750 million to $1 billion dollar range. Technocrats at ABC are actively seeking to leverage their limited budget into expanded programming through trilateral MOUs, and have signed agreements with Japan, Germany, UK, Spain, USA, France, Italy, Canada and Australia (CABRAL; WEINSTOCK, 2010).

There is surprisingly little opposition in Brasília to the existence or operation of ABC. The biggest complaint is about a lack strategic focus clarity of exactly what role South-South cooperation should play in the larger foreign policy context. Management of ABC is aware of these concerns and is working increase its institutional presence through expanded staffing, plans to create a development officer career stream and, ultimately, the formation of a free standing agency that operates with a budget independent of the foreign ministry. The question is what organizational form this agency should take, if it is created, and to what extent useful lessons can be learned from the various models found within the DAC membership.

China

Outside of the DAC China has perhaps the most extensive development cooperation system and the longest history in the field. Twenty different government ministries, offices and agencies are engaged in development cooperation. Officially, the 2004 ODA spend for China was US$731 million, with updated figures pointing to a total spend of 256.29 billion yuan or US$40.2 billion. Despite efforts in an April 2011 White Paper to provide some clarity of total spend, as much for internal policy-making purposes as to allay external concerns, completely accurate figures remain difficult to obtain. In part this is because not all data appears to be centrally reported. Confusion is added to the mix when attention is turned to low-cost, but not concessional loans and the FDI of state-owned/controlled enterprises. What is clear is that three organizations are responsible for coordinating development assistance. The Department of Aid to Foreign Countries in the Ministry of Commerce is responsible for 90% of the declared ODA spend. The rest is accounted for by activities of the Ministry of Foreign Affairs and concessional lending from the Eximbank. Line ministries are called upon to provide technical cooperation and staff for missions. A critical point to keep in mind when evaluating the declared ODA spend is that Chinese salaries are a fraction of those found in DAC governments, and state employees are generally seconded to development projects without a substantial variation in their base salary.

Development cooperation has been part of the Chinese policy milieu since the early days of Mao. The result is a set of clear guiding principles for development assistance: promote peaceful international relations and cooperation; be based on and support relations of equality and respect; be based on mutual support in international affairs; offer assistance within China's capacity; and result in win-win cooperation that contributes to China's positive international reputation. The foreign policy imperative behind Chinese development cooperation programming is revealed in the pattern of geographic concentration, which in 2009 saw 45.7% destined for Africa, 32.8% for Asia, 12.7% for Latin America and 8.8% for other areas.[8]

In 1998, the Chinese government began to run seminars for officials. The departments involved and the scale and scope of such training programs have expanded rapidly. By the end of 2009, China had run over 4,000 training sessions of different types that were attended by some 120,000 people, including interns, managerial and technical personnel and officials. These trainees were from over 20 fields, including economy, diplomacy, agriculture, medical and health care, and environmental protection. At present, roughly 10,000 people from developing countries receive training in China every year.

The key themes found in Chinese development cooperation are infrastructure, agriculture, health, and capacity building. Increasing attention is being turned towards capacity building and training initiatives. A program to provide training to 15,000 African professionals was announced at the November 2006 China-Africa Cooperation Forum. This was designed to build on existing programs that Chinese officials hold up as having by 2009 trained some 120,000 people through 4,000 different sessions in over 20 fields. At the time of the 2011 White Paper's publication official estimates were that roughly 10,000

[8] Republic of China, "China's Foreign Aid," Information Office of the State Council of the People's Republic of China, Beijing (April 2011): http://news.xinhuanet.com/english2010/china/2011-04/21/c_13839683.htm [last accessed 25 June 2012].

people from developing countries received some form of training in China each year. Backing this is a concerted program of Chinese FDI in developing regions that follows the sort of frontier spirit found in the North America of the 1800s. In a wider development industry context, the move to untied aid has provided a major opportunity for China with Chinese firms becoming major contestants for World Bank contracts. While new to Northern eyes, in reality this sort of integrated approach represents a return to the sort of policies used in the 1960s and 1970s to spread Western economic influence

India

Foreign aid is playing an increasingly large role in India's quiet contest with China for influence in South Asia and now in Africa. This helped stimulate the May 2011 announcement of heavily expanded programming for Africa, including a three-year, $5 billion aid package on top of a $700 million expansion in training programs.[9] Greater engagement with Africa comes on top of regional work on infrastructure, education and health programming in countries such as Bhutan, Nepal, Afghanistan and Myanmar. Where the money is coming from within the Indian government and exactly how much is being spent remains a bit unclear. Indeed, turf wars between different departments conspired in 2010 to finally kill efforts to create an India International Development Cooperation Agency (MITRA, 2010). The bulk of Indian development cooperation activities are run through the established channels of the Ministry of External Affairs, which declared a $420 million spend in 2007-2008, and the Ministry of Finance, which announced a 2007-2008 spend of about $1 billion through loans and credits. Very little of this money is given in the form of cash grants, and questions about rights and democracy are often attached to the support agreements.

Under the Indian accounting system, funds declared as development cooperation spending generally cover items such as project assistance, purchase subsidies, lines of credit, travel costs and technical training costs. Indeed, it is this latter item that represents a significant portion of Indian programming. The Indian Technical and Economic Cooperation program trains approximately

[9] Zeenews, 2011.

3,000 people a year and has over 40,000 alumni. Over 50% of the training offered through this program takes place in the information technology sector. Technical training is India's focus in Africa, with an emphasis on programs for civil servants and state firm employees, often delivered through India's Special Commonwealth African Assistance Program. Private business is also encouraged to expand throughout the South, but the Indian government is able to do little more than encourage and offer technical training programs as political support because it lacks the financial muscle of China or the export-oriented national development banks of Brazil.

Although India is a participant in a number of multilateral funds such as the UN Democracy Fund and the Special Commonwealth African Assistance Project, there is a great deal of reluctance to engage in trilateral programming. In large part this is because there is a clear sense that development cooperation is underpinned by foreign policy prerogatives. As such, the Indian government is intent on ensuring that any development cooperation that it provides works to strengthen the country's regional and international reputation pointing to a clear preference for bilateral programming (STUENKEL, 2010). Understanding exactly what this might involve is difficult because of the lack of published policy papers and clear statements about programming direction and priorities beyond statements that assistance provision is guided by Panchsheel principles of mutual assistance while respecting sovereignty and autonomy in a non-interfering manner (KATTI; CHAHOUD; KAUSHIK, 2009).

South Africa

The main mechanism for South African development programming is the newly created South African Development Promotion Agency (SADPA), which is specifically envisioned as a

> "vehicle to advance foreign policy, as informed by the domestic development agenda … and to create the political, economic and social space to fight poverty, underdevelopment and marginalization of Africa and the South."(REPUBLIC OF SOUTH AFRICA, 2011).

One of the prime motivations for this is to organize and better control the substantial development cooperation coming from South Africa, which supports the core foreign policy priorities of being positively embedded in Africa and advancing South-South cooperation (REPUBLIC OF SOUTH AFRICA, 2011). This is particularly important as the aim is to provide 0.2-0.5% of GDP in assistance in coming years. In 2006 the estimated ODA spend by South Africa was between US$363 and US$475 million, which was part of a total transfer to African countries estimated at US$2.79 billion. Wrapped within this larger figure are a number of expenditures on regional security, trade and infrastructure that do not fit within generally accepted ODA definitions. The clear point is that the South African government has decided that it must contribute substantially to regional development for two reasons. First, there is a strong desire to maintain a position of regional leadership. Second, the government wants to ensure that it is not overwhelmed by a flow of economic and humanitarian migrants.

The three main goals of South African South-South cooperation are the strengthening of institutions, supporting NEPAD, and improving bilateral relations. Programs are consequently focused on a set of guiding priorities, which include cooperation with African countries, renewing Africa, building democracy and good governance, preventing conflict, development, humanitarian relief and human resource development. These strategic guidelines result in about 55% of South-South cooperation expenditure going to broad areas in the defense category and 36% on education. Approximately 70% of the funds spent go to programming in members of the Southern African Development Community.

South Africa has a vibrant NGO sector, which provides important contributions to national South-South cooperation programs. Particular emphasis is placed on using phrasing such as "development partner" in lieu of more politically loaded terms such as 'donor'. With this in mind, programming is pursued with a number of multilateral institutions, including the ABD, UNHCR, UNICEF, IDA, SADC, UNDP, UNIDO, WHO, FAO, WFP, and the Red Cross. Trilateral programming, currently coordinated through the National Treasury, is an area of growing interest with programs already underway with Netherlands, Switzerland, Sweden, Norway and Belgium. The notable characteristic of SADPA is that from its inception it is being created with a detailed accountability, financial management, and results-based managed structure that bears remarkable similarities to the governance frameworks of

DAC-member agencies.[10] This is not particularly surprising given the importance attached to trilateral programming as well as the clear strategic decisions within the Department of International Relations and Cooperation to expand assistance provision both as a national development tool and as a device for improving the regional security situation.

Tentative Conclusion From Ongoing Research

Given the long linkage between foreign policy ambitions and the provision of development assistance (MORGENTHAU, 1962; LUMSDAIN, 1993), it is hardly surprising that emerging market countries have turned to development assistance to shore up their growing international economic and political insertion.[11] Although there are elements of altruistic 'Southern solidarity' in the rising flows of development assistance from the new development actors to low-income countries, the dominant prerogatives are economic and national security in nature. This points to a series of tentative conclusions that can be drawn from the preliminary survey in this paper.

The first is that a country does not have to be a member of the DAC in order to provide development cooperation assistance. Indeed, some of the positive results being achieved by non-DAC members suggest that operating outside of the DAC frameworks may be a good thing (WOODS, 2008).

A second obvious conclusion is that South-South cooperation is not a new phenomenon. China has been engaged in foreign development cooperation for decades and UN-supported South-South cooperation initiatives have been running since the 1970s. What has changed in the contemporary context is that the necessary funds, administrative ability and industrial capacity to drive effective development programming can now be found easily in the South.

---

[10] South Africa, "Establishment of SADPA."

[11] Chrispim Marin, "Brasil amplia presença internacional para reforçar política externa Sul-Sul," *O Estado de São Paulo* (6 December 2009); Ngaire Woods, "Whose Aid?"; Peter Kragelund, "The Return of Non-DAC Donors to Africa: New Prospects for African Development?" *Development Policy Review* 26 (5) (2008): 555-584; Manning, "Will 'Emerging Donors' Change the Face of International Cooperation?"; ECOSOC, "Background Study for the Development Cooperation Forum"; Sven Grimm, John Humphrey, Erik Lundsgaarde and Sarah-Lea John de Souza, "European Development Cooperation to 2020: Challenges by New Actors in International Development," EDC 2020 Working Paper, No. 4 (May 2009): http://www.edc2020.eu/fileadmin/Textdateien/EDC2020_WP4_Webversion.pdf.

The third point is a useful reminder for DAC-based advocates of sustained or increased levels of foreign aid, namely that development assistance is most sustainable when it is grounded in the national interest. This is not a new proposition and can be found in some of the earliest scholarly examinations of foreign assistance (MORGENTHAU, 1962). While the cases set out in this paper are often publicly wrapped in a rhetoric of Southern fraternity and good international citizenship, the underlying reality is that the development cooperation is being provided to advance strategic objectives, whether it be regional security, market access, resource access, international support, or simple increases in global prestige. This is doubly important given the still-considerable development challenges that the new development parters often face at home. The critical lesson for DAC-members from this is that there does not have to be a contradiction to doing good through development assistance and framing policies around and advancement of the national interest.

A fourth point relates to best practices in the delivery of development assistance. The rise of the emerging market countries has made it abundantly clear that there are policies and programs in developing countries that work exceptionally well. This can create a bit of a cultural challenge for DAC-member development agencies that treat the possibility of effective and efficient innovation in the South as improbable. But the reality is that solutions to many challenges may already exist in the South where the daily policy context is development.

Fifth, it is results that matter, not process. Many of the DAC members express the same sentiment while becoming moribund in procedural arguments. Countries such as Brazil, China, India and South Africa are looking to found development cooperation agencies to ensure coordination and coherence of programming, not to satisfy the accounting and reporting requisites of the OECD. Moreover, far more direct approaches to results are being taken, with the ultimate indicator being whether the project did what it said it would, not that all of the correct boxes were checked along the way. In a sense this far more direct approach has to be taken because the pool of available resources is significantly smaller, bureaucratic capacity quite a bit lower, and the stakes for failure higher for both parties.

Complaints about predatory Chinese activities in Africa point directly to the final lesson, namely that development assistance is not enough. As was argued above, a distinction needs to be made between development cooperation and business-driven foreign direct investment. The confusion arises in the Chinese case because the volumes of financial flows are so high. What gets overlooked is the diversity of instruments being used to pursue these ventures and the fact that China, like Brazil, India and the Gulf States is willing to invest in areas that are considered too risky for Northern firms. Moreover, the sheer number of people being trained each year in Brazil, China, India and South Africa points to a revival of the original ethic behind programs such as the Fullbright and Chevening scholarship schemes, namely a real transfer of capacity and technical knowledge that also creates soft power linkages. The result is a more policy coherent approach to development cooperation, which is founded on a more holistic approach that sees expanded national development as predicated on wider Southern development because the future possibilities from Northern market access are very limited.

One issue not addressed in this paper is the possibility that the expanded volume and range of South-South engagement in cooperation will create new problems or reverse existing gains, most notably through the creation of new debt loads and lack of coordination amongst existing programs. While there is much to this concern, the abiding reality is that the DAC itself is still grappling with in-country and cross-country coordination to the point where member agencies are still highly reluctant to accept the probity of reporting and assessments from their counterparts because the documentary templates differ. Understandably, developing countries are not waiting for this issue to be resolved and instead taking advantages of the new opportunities that come from South-South development cooperation, opportunities that increasingly extend beyond foreign aid.

REFERÊNCES

AKAMATSU, Kaname. **A Historical Pattern of Economic Growth in Developing Countries: The Developing Economies**, 1962.

BLAISE, Séverine. **On the Link Between Japanese ODA and FDI in China: A Microeconomic Evaluation Using Conditional Logid Analysis**. In: Applied Economics 37, 2005.

BRÄUTIGAM, Deborah. **'Flying Gees' or 'Hidden Dragon'? Chinese Business and African Industrial Development**. In: ALDEN, Chris; LARGE, Daniel; OLIVEIRA, Ricardo Soares de. China Returns to Africa: A Rising Power and a Continental Embrace. New York, Columbia University Press, 2008.

___________, Deborah. **The Dragon's Gift: The Real Story of China in Africa**. Oxford: Oxford University Press, 2009.

BROOKS, William L. Brooks; ORR, Robert M. **Japan's Foreign Economic Assistance**. In: Asian Survey 25 (3), March 1985.

CABRAL, Lídia Cabral; WEINSTOCK, Julia. **Brazilian Technical Cooperation for Development: Drivers, mechanics and future prospects**. Overseas Development Institute, 2010.

DÁVILA, Jerry. **Hotel Trópico: Brazil and the Challenge of African Decolonization, 1950-1980.** Durham, NC: Duke University Press, 2010.

EASTERLY, William. **The White Man's Burden**. New York: Penguin, 2006.

ECOSOC. **Background Study for the Development Cooperation Forum: Trends in South-South and Triangular Development Cooperation**. New York: United Nations, Apr. 2008.

FISZBEIN, Ariel; SCHADY, Norbert. **Conditional Cash Transfers: Reducing Present and Future Poverty.** Washington, DC: IBRD/World Bank, 2009.

GRIMM, Sven; et al. **European Development Cooperation to 2020: Challenges by New Actors in International Development**. EDC 2020 Working Paper, n.4 (May 2009): <http://www.edc2020.eu/fileadmin/Textdateien/EDC2020_WP4_Webversion.pdf>.

IPEA. **Cooperação Brasileira Para o Desenvolvimento Internacional 2005-2009**. Brasília: IPEA/ABC, 2010.

KATTI, Vijaya; CHAHOUD, Tatjana; KAUSHIK, Atul. **India's Development Cooperation: Opportunities and Challenges for International Development Cooperation**. In: German Development Institute Briefing. Paper n.3, 2009.

KIGAME, Paul. **Africa Has to Find Its Own Way to Prosperity**. *Financial Times* 7 May 2009.

KRAGELUND, Peter. **The Return of Non-DAC Donors to Africa: New Prospects for African Development?** Development Policy Review 26 (5), 2008.

LAMY, Pascal. **The Changing Landscape of the WTO**. Speech to the Japan Institute of International Affairs. 16 March 2012. <http://www.wto.org/english/news_e/sppl_e/sppl221_e.htm>. Accessed 6 June 2012.

LANDIM, Raquel. **OCDE corteja países emergentes**. In: O Estado de São Paulo, 7 December 2009.

LUMSDAIN, David Halloren. **Why Was There Any Foreign Aid at All?** In Moral Vision in International Politics: The Foreign Aid Regime, 1949-89. Princeton, NJ: Princeton University Press, 1993.

MANNING, Richard. **Will 'Emerging Donors' Change the Face of International Co-operation?** In: *Development Policy Review* 24 (4), 2006.

MARIN, Chrispim. **Brasil amplia presença internacional para reforçar política externa Sul-Sul**. In: O Estado de São Paulo, 6 December 2009.

MARKUSEN, James R; VENABLES, Anthony J. **Foreign Direct Investment as a Catalyst for Industrial Development**. European Economic Review 43 1999.

MIGIRO, Asha-Rose. **A new spirit of solidarity rises in the South**. Op-Ed, *Financial Times.* 9 December 2009.

MITRA, Devirupa. **India Drops Plan for External Aid Agency**. In: iGovernment.in <http://www.igovernment.in/site/india-drops-plan-external-aid-agency-37739>. Accessed 25 June 2012.

MORGENTHAU, Hans. **A Political Theory of Foreign Aid.** In :American Political Science Review, v.56, n. 2, June 1962.

MOYO, Dambisa. **Dead Aid: Why Aid is not Working and How There is a Better Way for Africa**. London: Allen Lane, 2009.

O ESTADO DE SÃO PAULO. **Investindo no Paraguai**.1 February 2011.

OECD-DAC. **Is it ODA?** Fact Sheet, 2008. <www.oecd.org/dataoecd/21/21/34086975.pdf>. Accessed on 6 June 2012.

PEET, Richard. **Unholy Trinity: The IMF, World Bank and WTO**. London: Zed Books, 2003.

PREBISCH, Raúl; "Dependence, Interdependence and Development," *CEPAL Review* No. 28 (Abril, 1988)

REPUBLIC OF CHINA. **China's Foreign Aid. Information Office of the State Council of the People's Republic of China.** Beijing. April 2011: <http://news.xinhuanet.com/english2010/china/2011-04/21/c_13839683.htm>. Accessed 25 June 2012.

REPUBLIC OF SOUTH AFRICA. **Building a Better World: The Diplomacy of Ubuntu**. White Paper on South Africa's Foreign Policy, 13 May 2011. <http://www.info.gov.za/view/DownloadFileAction?id=149749>. Accessed 25 June 2012.

______________. **Establishment of SADPA: Presentation to the NCOP Select Committee on Trade and International Relations**. Department of International Relations and Cooperation. 3 August 2011. <http://www.safpi.org/sites/default/files/110803sadpa-edit.pdf>. Accessed 25 June 2012.

RICUPERO, Rubens. **Brazil Political and Business Comment**. Interview of Rubens Ricupero, former Brazilian finance minister. 8 June 2009. http://www.brazilpoliticalcomment.com.br/content/view/262/0/lang,en

SANBORN, Cynthia A; TORRES, Victor, *La Economía China y las Industrias Extractivas: Desafíos para el Perú* (Lima: Centre de Investigación de la Universidad del Pacífico; CooperaAcción, 2009).

SARAIVA, José Flávio Sombra. **Áfria parceira do Brasil atlântico: Relações internacionais do Brasil e da África no início do século XXI.** Belo Horizonte: Fino Traço, 2012

SHARMA, Ruchir. **Bearish on Brazil: The Commodity Slowdown and the End of the Magic Moment**. In: Foreign Affairs, v.91, n. 3, May-June, 2012.

SILVA, Luiz Inácio da. **A nova geografia do comércio: Cooperação Sul-Sul em um mundo cada vez mais interdependente**. Discurso na sessão de debate da XI UNCTAD, São Paulo, Brazil, June, 14th, 2004.

STRAUSS, Julia C.; SAAVEDRA, Martha. **China and Africa: Emerging Patterns in Globalization and Development.** Cambridge: Cambridge University Press, 2009.

STUENKEL, Oliver. **Responding to Global Development Challenges: Views from Brazil and India**. In: German Development Institute Discussion Paper, n. 11, 2010.

SUNKEL, Osvaldo; e ZULETA, Gustavo; **Neo-Structuralism versus Neo-Liberalism in the 1990s**, *CEPAL Review* No. 42 (Dezembro, 1990).

UNITED NATIONS GENERAL ASSEMBLY. **Promotion of South-South Cooperation for Development: A Thirty-Year Perspective**. Report of the Secretary General, Doc 64/504, 27 October 2009.

UNITED NATIONS. **Special Unit for South-South Cooperation: What is South-South Cooperation?** 2012. <http://ssc.undp.org/content/ssc/about/what_is_ssc.html>. Accessed 6 June 2012.

_____________. **United Nations Special Unit for South-South Cooperation: Buenos Aires Plan of Action**. 1978. <http://ssc.undp.org/Buenos-Aires-Plan-of-Action.22.0.html>.

WOODS, Ngaire. **Whose Aid? Whose Influence? China, Emerging Donors and the Silend Revolution in Development Assistance**. In: International Affairs 84 (6), 2008.

ABSTRACT

This paper looks at the rise of South-South cooperation as an alternative to traditional foreign aid provision by member agencies of the OECD's Development Assistance Committee. It tracks the rise of South-South cooperation and places it in the context of contemporary approaches to development programming, arguing that there are valuable lessons for the North in this Southern-driven approach to development.

KEYWORDS

Development; South-South; Cooperation;

Received on 27 June 2012
Approved on 14 July 2012