
THE RISE OF THE SOUTH AND A NEW AGE OF SOUTH-SOUTH COOPERATION

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THESIS

- The growth and development of Southern countries, particularly those from Asia, have changed the global balance of power and contributed to the expansion of SSC.
- SSC once under the radar of Western donors has now become more visible, crossing paths, converging, and conflicting with traditional aid.
- Southern providers are struggling to define their own distinct narrative for SSC.

FEATURES OF SSC AND TRADITIONAL AID PRIOR TO 2000

Concept	SSC	Traditional Aid
Development	<p>Present challenge faced by countries</p> <p>Growth-centric</p> <p>Shared experience between partners at similar levels of development</p> <p>“Bootstrapping” – prioritizing state capabilities to address challenges</p>	<p>Origins in colonialism and post war construction</p> <p>Aid-centric</p> <p>First world/third world divide</p> <p>Washington consensus – liberalization as the pathway to development</p>
Partnership	<p>Reciprocal</p> <p>Both partners at similar stages of economic development</p> <p>Voluntary</p>	<p>Hierarchical</p> <p>Driven by sense of historical responsibility</p> <p>Large differences in stages of economic development</p> <p>Commitment-based</p>
Modalities	<p>Tied aid</p> <p>Lack of transparency</p> <p>Limited monitoring and evaluation</p> <p>Opaque hybrid financing combining aid and commercial investment</p>	<p>Discouraged tied aid</p> <p>Consolidated statistics</p> <p>Systematic impact assessment</p> <p>Grants or highly concessional credits</p>

FEATURES OF SSC AND TRADITIONAL AID PRIOR TO 2000

Concept	SSC	Traditional aid
Purpose	Mutual benefit and growth, solidarity	Poverty reduction and social development (often masking political and economic drivers)
Sectors	Hardware, economic and technical cooperation	Grants for budget support and social sector
Institutional Arrangements/Architecture	Limited designated agencies No tradition of development studies	Specialized agencies History of development studies
Conditionality	No strings attached, non interference	Policy conditionalities
Key actors	State, State-owned enterprises, private sector no role for non-state actors	State and NGOs
Working with partners and coordination	Bilateral relations preferred Limited coordination and dialogue with other actors	Harmonization, coordination of bilateral and multilateral efforts Centrality of the DAC

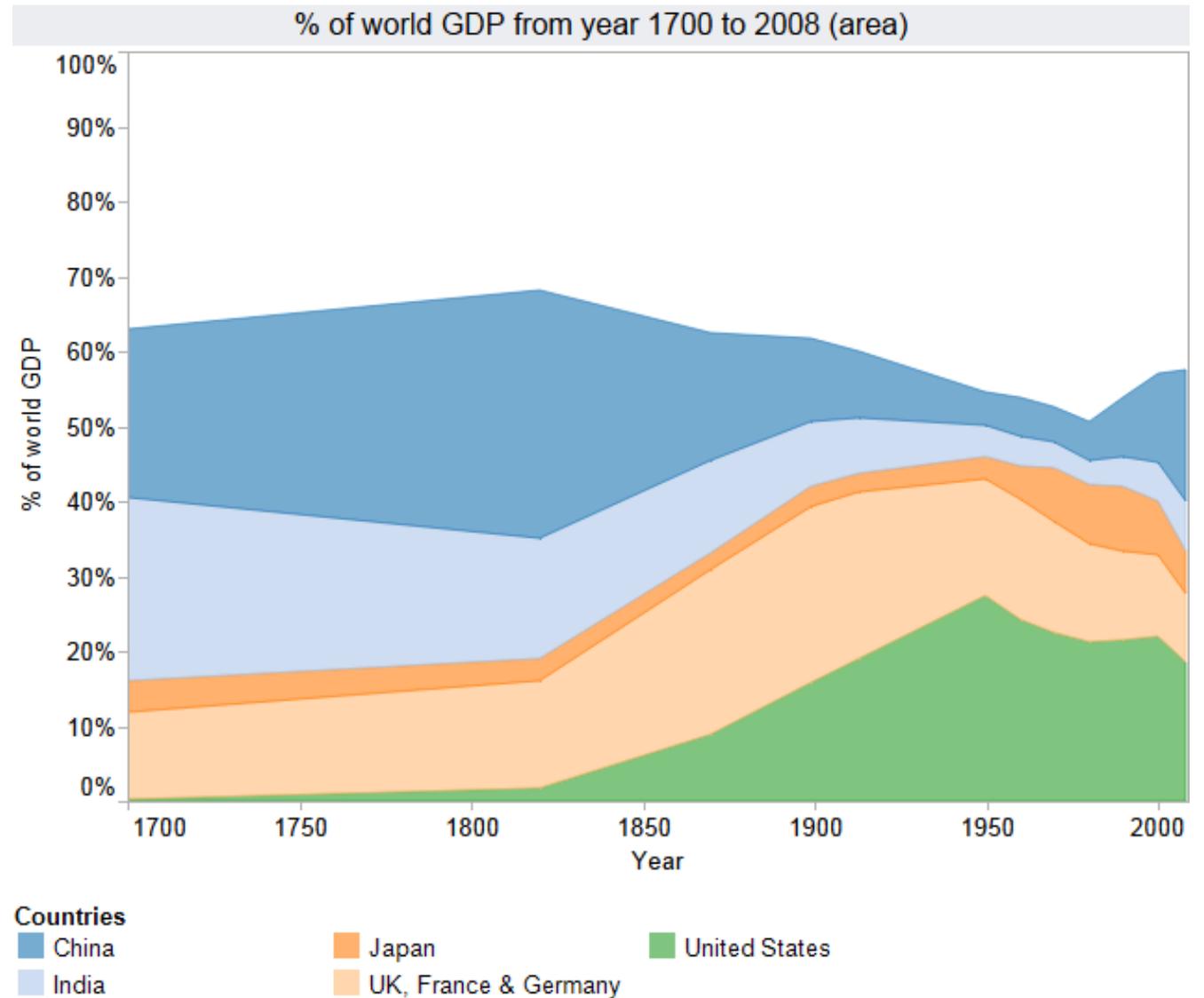
THE RISE OF THE SOUTH



PANG LI / CHINA DAILY

REBALANCED MIGHT

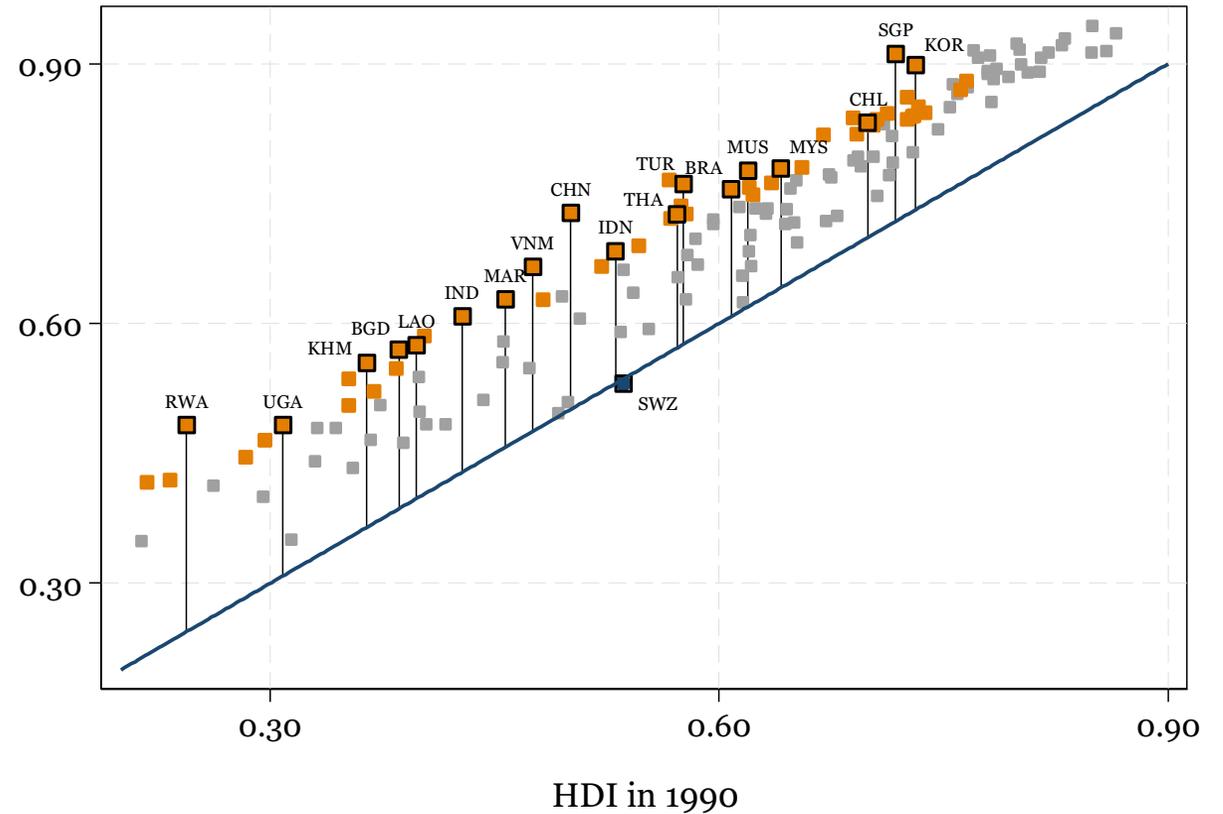
- In 1820, Asian countries produced over 56 percent of world output, overwhelmingly accounted for by China and India (but excluding Japan)
- By 1950, the share of China and India had fallen to less than 9 percent. In the larger sweep of history, this aberration has begun a course correction in the 21st century.
- The 21st century will see a profound structural shift in the centre of economic gravity. Already, China and India account for at least one-quarter of global output, while all developing countries combined account for the majority.



source: http://www.ggd.net/maddison/maddison-project/data/mpd_2013-01.xlsx

BROAD BASED PROGRESS

- Between 1990 and 2014, 142 out of the 143 countries improved their HDI.
- Southern countries accumulated three-quarters of the increase in foreign exchange reserves between 2000 and 2012 (over USD 10 trillion)

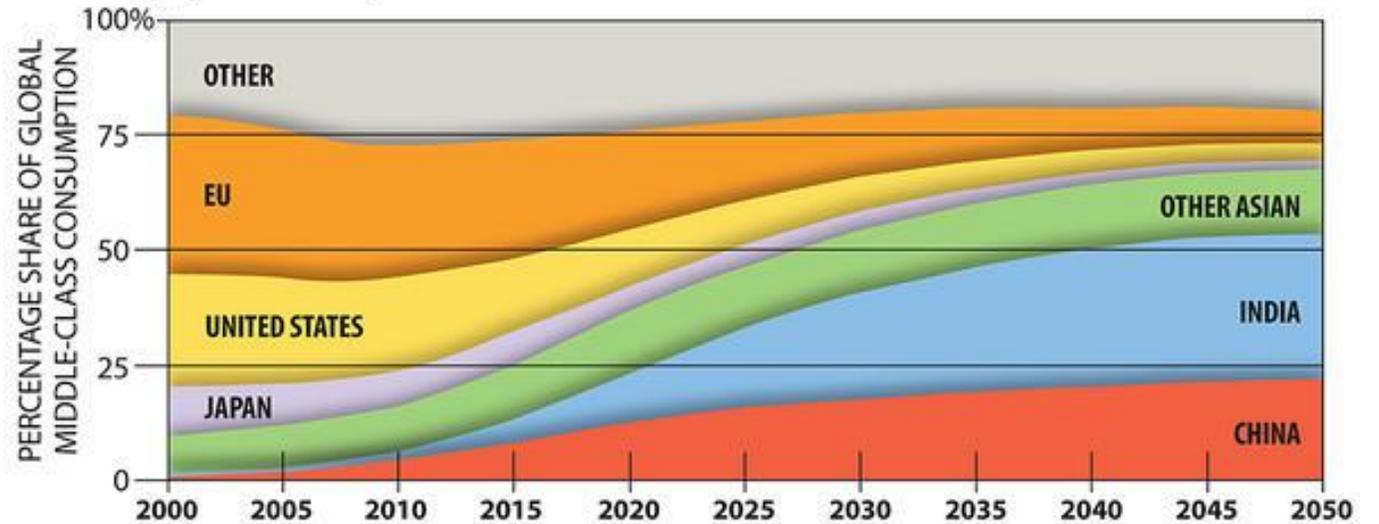


EXPANDING MIDDLE CLASS

- By 2030 more than 80 percent of the world's middle class will live in the megacities of the South and account for 70% of global consumption

The global middle-class wave

Global middle-class consumption will shift heavily toward China, India, and other Asian countries (excluding Japan) as the high-income countries see their share decrease.

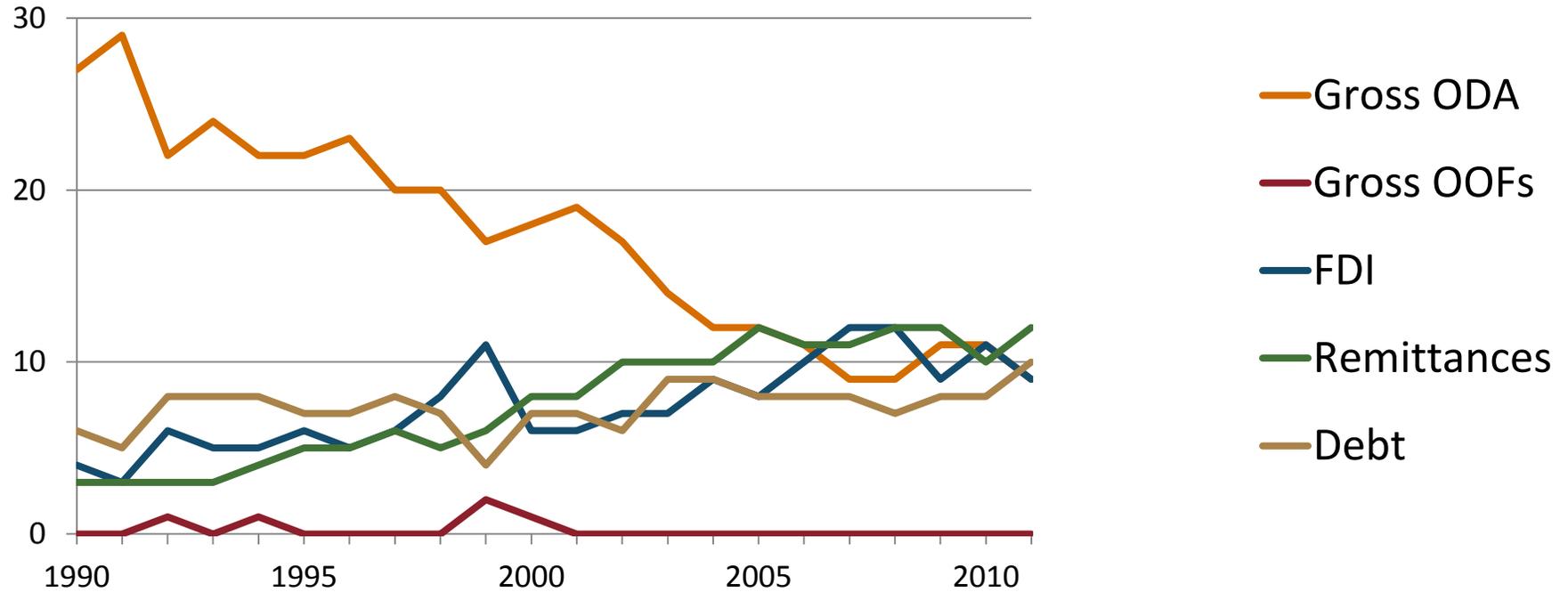


SOURCE: H. Kharas (2010), 'The Emerging Middle Class in Developing Countries,' OECD Development Centre Working Paper No. 285

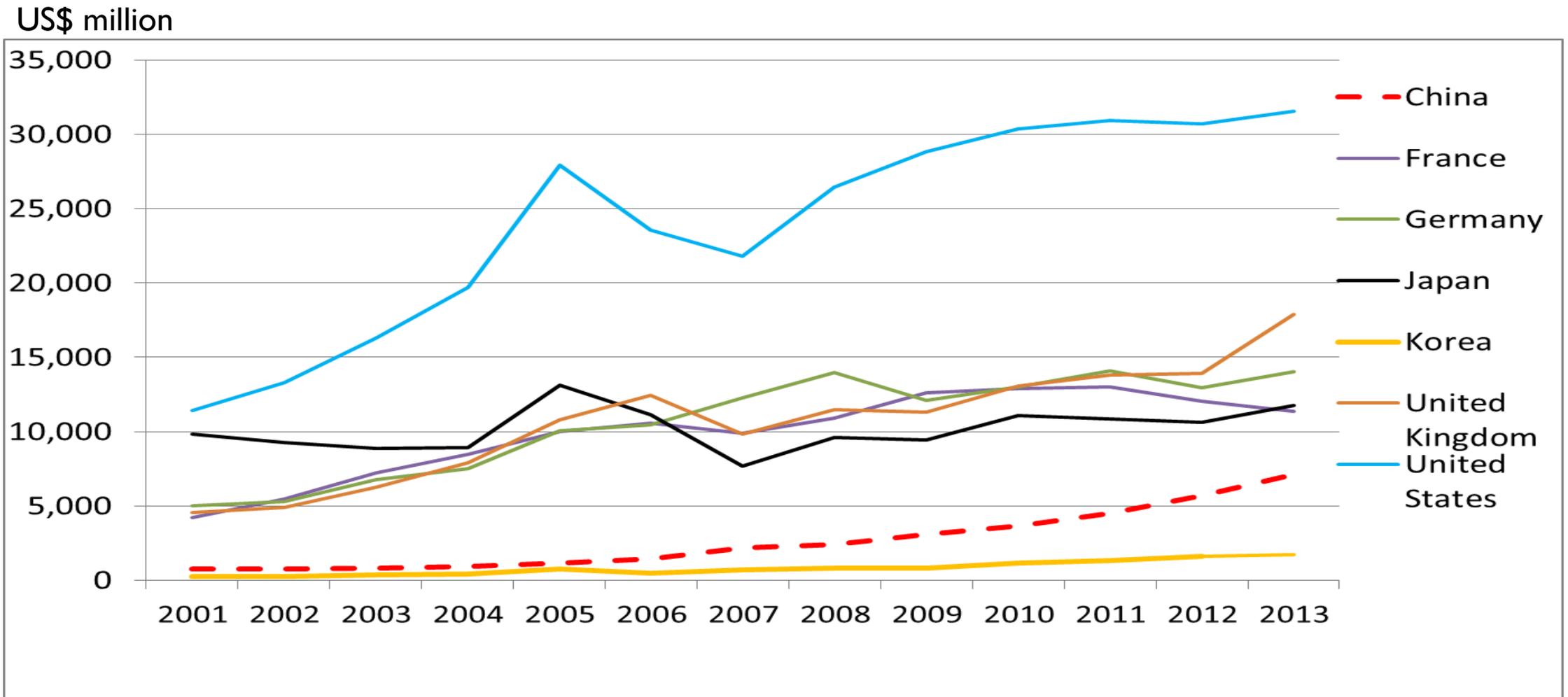
RICH CLABAUGH/STAFF

NEW ECONOMIC FLOWS

Number of countries for
whom each resource flow
is the largest



COMPARISON OF DAC MEMBERS' NET ODA AND CHINA'S NET FOREIGN AID



DIVERSE SPACE FOR ALTERNATIVE PARTNERSHIPS

- South's rise has redrawn the boundaries of cooperation
- Asian development cooperation is growing and its approaches are gaining prominence
- More heterogeneity: superpowers, middle powers, emerging powers
- Are we cycling back to a world before or beyond aid?



INSTITUTIONAL ARCHITECTURE

- Dedicated agencies
- Growth of Asian scholarship on development (KDI, JRI, RIS, NIDC, CAU, AADC, NeST)
- GPEDC and the Delhi Process
- AIIB and NDB as game changers in multilateral engagement





PRIORITIZING AND FINANCING INFRASTRUCTURE

- Global infrastructure gap
- Asian SSC prioritizing infrastructure
- Belt and Road Initiative, Indian Lines of Credit
- More options for partner countries for development finance

EXPANDING ROLE OF NGOS AND PRIVATE SECTOR

- 516 Chinese NGOs operate outside China
- Expanding space for civil society represents a shift from conventional state-led models of development and SSC.
- Opens up channels for convergence and dialogue between Northern and Southern civil society
- Asian companies are engaged in investment, CSR, Shared Value



GOING OUT 中国NGO走出去

TRANSPARENCY, ACCOUNTABILITY,

- South Korea, India, and China have increasingly vocal domestic constituencies demanding justification of foreign assistance transfers in the face of persistent domestic needs.
- China's two White Papers on Foreign Aid 2011 and 2014; China MOFCOM establishing a foreign aid statistical system
- March 2013, MOFCOM issued the Provisions on Regulating Competition in Overseas Investment and Cooperation
- Indian guidelines on LOCs 2015

MEASURING IMPACT OF SSC



- Partner countries pressure for better and faster delivery of SSC
- India, China, Korea, and Thailand have all embarked on assessment exercises
- NeST has been working for two years to develop a monitoring and evaluation framework for SSC.
- Challenges of how to measure mutual benefit

NEST FRAMEWORK TO MEASURE THE QUALITY OF SSC

DIMENSIONS	INCLUSIVE NATIONAL OWNERSHIP	HORIZONTALITY	SELF-RELIANCE & SUSTAINABILITY	ACCOUNTABILITY & TRANSPARENCY	DEVELOPMENT EFFICIENCY
INDICATORS	Multi-stakeholder partnerships	Mutual benefit	Capacity building	Data management & reporting	Flexibility & adaptation
	People-centred inclusivity	Shared decisions & resources	Knowledge & technology transfer	M&E systems	Time and cost efficiency
	Demand-driven	Trust & Solidarity	Use country systems and human resources	Transparency & access to information:	Internal & external coordination
	Non-conditionality	Global political coalitions	Domestic revenue generation	Mutual accountability & joint reviews.	Policy coherence for development

AN EVOLVING NARRATIVE ON DEVELOPMENT COOPERATION

- Western discourse and SSC borrowing and sharing concepts/language
- Aid and trade as part of a single fabric of bilateral cooperation
- Southern resistance, led by India
- Is a single narrative possible or desirable? Areas of contested meaning will persist
- Delhi process and NeST provide platforms



COMMON CHALLENGES, DIFFERENTIATED RESPONSIBILITIES

- SDGs and Paris Climate Accord provide a set of common challenges around which new and innovative partnerships can emerge.
- Aid commitments from the North remain necessary
- Global challenges facing the 21st century must look beyond aid for solutions – Asian style development cooperation may provide some of these



SUMMARY

- With the rise of the South (and Asia in particular), the world is circling back to a world beyond aid
- This has opened up space for new and innovative partnerships
- Asian countries are leading the way defining both the strategies and discourse of cooperation in the 21st century

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