



Why do Latin American countries offer development assistance?

by Carmen Robledo

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In recent years, several Latin American countries have started to actively engage in South-South Cooperation (SSC). Not only the emerging superpower, Brazil, but also countries as diverse as Chile, Colombia, Mexico, Cuba and Venezuela. As recipients, Latin American countries experienced aid as a product of a donor's desire to maintain colonial spheres of influence, buttress alliances or as motivated by guilt or moral obligation. As donors, these nations have a range of incentives to offer development assistance.

However, SSC is not a new trend in the continent. In fact, Latin America has a long tradition of SSC. It began during the 1950s, when the region entered a period of industrialisation through the substitution of imports (ISI), in which foreign imports were replaced with domestic products. In his famous manifesto, Raul Prebisch **posited** that the ISI model was key to overcoming economic imbalances, such as the deterioration of the region's terms of trade. But, to stimulate and maintain economic impetus, reasonable sized markets and technological capabilities were needed. Prebisch argued that economic integration would enable developing countries to take advantage of the economies of scale offered by larger markets, as well as fostering the exchange of knowledge and technology.

The ISI model was the theoretical foundation for Latin American industrialisation policies. It also became the ideological foundation for anti-imperialism and opposition to intervention in the region. Latin American SSC policies were guided by a desire to challenge US hegemony and restrain foreign intervention, and they were underlined by a shared cultural and historical heritage. While SSC in the 1950s and 1960s focused on exchanging industrial expertise, today Latin American cooperation is driven by a range of factors, as we will see in turn.

The **Mesoamerica Project**, funded by private and public sources from the nine country-members and regional development banks, is illustrative of the modern Latin American SSC approach. It is a cooperation initiative to promote political

dialogue and coordinate development projects in Central-America. The project's emphasis is on communication and transport infrastructure, energy supply, and (of course) trade facilitation. But it also includes joint efforts to enhance the provision of regional public goods and improve health, housing and environment standards. Other examples of *regional integration* motivated by development cooperation in Latin America are [ALBA](#), [MERCOSUR](#) and [UNASUR](#).

Chile and Colombia use SSC as an instrument of *self-reaffirmation* of their good citizenship and providers of public goods on the global scene. Chile wishes to be seen as a contributor to global governance, sharing its experiences of transitioning to democracy and institution building. Colombia seeks to improve its international image and portray itself as a leader in the aid debate. Colombian SSC is based on its experience of fighting organised crime and governance building.

Cuba has engaged in SSC to promote economic growth and achieve *self-sufficiency*. Cuba offers technical assistance and training in exchange for resources and technology (for example, Cuban medical services in exchange for Venezuelan or Arab oil).

Latin American countries also use SSC to *strengthen their regional and global leadership*. Brazilian foreign policy under former president Lula aimed at consolidating Brazil as the natural leader of South America and to expand such leadership to the international scene; for this purpose, SSC became a corner stone of Brazilian foreign policy. Likewise Venezuela, especially under former president Chavez, sought to strengthen its international leadership in the energy sector. Energy and self-sufficiency are key elements of the Venezuelan SSC strategy or 'petro-cooperation', as it is commonly known.

Development cooperation initiatives such as the IBSA, BRICs and Banco do Sul, have *non-alignment* as their main objective and seek to challenge Western dominance. They give developing countries options beyond partnerships with powerful nations with capitalist interests, and at the same time seek to help them *protect their sovereignty*. For example, Banco do Sul, was conceived as an alternative to the IMF and the WB to fund development projects in the region.

SSC is also used to win allies and increase *leverage in international organisations*. Brazil, as well as other emerging economies, actively fosters coalitions within international fora to undermine Western dominance (for example, the WTO Doha round and UNFCCC climate change conference). Moreover, Brazilian SSC is seen as being directed towards a seat on the UN Security Council in case such reforms succeed.

Finally, SSC gives emerging donors a means for *self-legitimation*. Proponents of SSC argue that it has a more developmental approach than traditional aid, since it does not focus only on poverty alleviation and because it is less self-interested. SSC donors claim that it is offered on the basis of equality and not as a hierarchical imposition. It is provided as a sign of solidarity and with respect to the rights to non-interference and self-determination of partners. In addition, SSC donors contend that it is more cost-effective and relevant to the conditions of recipients than traditional north-south schemes.

The traits of Latin American SSC are not exclusive to this region; other southern donors present similar characteristics. Although the era of ISI may have long-since passed, SSC presents an opportunity for developing countries not only to strengthen foreign relations, but also to develop their national capabilities and spur their economic development, as Prebisch noted. In any case, deeper knowledge of the intentions and objectives of emerging donors can only be beneficial for better understanding, engagement and collaboration among all the participants in the aid regime.

This blog post is based on Carmen Robledo's presentation at the [2014 Australasian Aid and International Development Policy Workshop](#). Her presentation is available [here](#).

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