



## PDHRE - The People's Movement for Human Rights Learning

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**Panel 5: Coherent Mobilization of all Sources of Financing for Development**  
**Tuesday, 2 October, 2012**

*Mobilizing Official Development Assistance (ODA) and harnessing South/South  
cooperation for development effectiveness*

Presentation by Gemma Adaba

### **INTRODUCTION - TOWARDS A NEW ARCHITECTURE FOR INTERNATIONAL DEVELOPMENT COOPERATION**

A new architecture for international development cooperation is evolving. The main elements shaping that architecture are twofold: 1) the OECD-DAC<sup>1</sup> process emerging from the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008), and most recently, the Busan Partnership for Effective Development Cooperation (BPEDC - 2011), and 2) the various processes focused on South/South cooperation.

I would like to:

- address and briefly describe the main contours of these two streams of development cooperation, and
- position this evolving architecture against the backdrop of "the future we want" for international development cooperation, we as civil society organizations committed to the principles of people-centred development, embedded in the human rights framework, and operating in an environment

where prospects for many developing countries are severely challenged by the on-going multiple crises: the financial and economic crises, the food and climate crises, the failure of millions of people to achieve sustainable livelihoods through decent work.

The critical question to be addressed is: what kind of development architecture could contribute to social change and transformation for the achievement of sustainable development?

## **THE OECD-DAC FRAMEWORK**

The OECD-DAC processes fit essentially the traditional mould of donor/recipient relationships, institutional arrangements, commitments and methodologies for the giving and receiving of aid. Much of the policy discussion has centred on how this aid could be effective, hence the designation "aid effectiveness agenda", and the modalities tied to eligibility criteria for receiving aid. The most recent agreements, those emerging from the 4th High-Level Forum in Busan, Republic of South Korea (December 2011), are enshrined in a Global Partnership for Effective Development Cooperation (GPEDC).

Agreement has been reached on ten indicators to measure progress on development effectiveness. Civil society organizations (CSOs) have hailed this as a promising framework. It involves broad stakeholder participation, makes progress in terms of shifting the paradigm from the traditional donor/recipient approach to one which emphasizes country-led processes, use of country systems, mutual accountability between donor and partner countries, and development effectiveness rather than the narrower concept of aid effectiveness.

### The Global Partnership for Effective Development Cooperation - Structure, Principles, Key Indicators

A Steering Committee of the GPEDC has been established, comprising major development partners as follows:

- five representatives of "recipients" of development cooperation, (Chad, Guatemala, Bangladesh, Samoa, Timor Leste),
- one representative of countries that are both "recipients" and providers of development cooperation (Peru),
- three representatives of providers of development cooperation (EU, Republic of South Korea, United States)

- one representative each from Parliamentarians, the Private Sector, and Civil Society,
- one representative from Multilateral Banks, UNDP/UNDG and OECD-DAC.

A joint OECD/UNDP team assumes the responsibilities of the Secretariat.

The mandate of the GPEDC is essentially to ensure follow-up of Development Cooperation for effective development results as measured by the ten agreed key indicators which, in turn, build on the Paris/Accra/Busan principles. To summarize briefly, the ten key indicators are:

1. Focus on results that meet developing country priorities;
2. Civil Society has a space for participation;
3. the Private Sector is involved;
4. Great emphasis is placed on transparency;
5. a) and b) Development cooperation is more predictable in terms of annual disbursements and medium-term predictability frameworks;
6. There is Parliamentary scrutiny at national level;
7. Mutual accountability is strengthened through inclusive reviews;
8. There is explicit commitment to achieving gender equality and women's empowerment;
9. a) and b) Emphasis is placed on using and strengthening PFM (Public Finance Management) systems and local procurement systems;
10. Aid is untied.

The BPEDC explicitly recognizes a broader framework which includes South/South and triangular cooperation, and puts forward the Busan agreements as a common set of principles that should underpin all development cooperation. According to the terms of the agreement, south/south cooperation partners are committed to the principles on a voluntary basis, with the understanding that country contexts and hence applications may differ, that processes should be country-owned and country-led, and that mutual reviews will allow for learning from both streams, north/south, and south/south cooperation. 162 countries have signed up to the BPEDC, including all the major donors of the north, many emerging economy countries that are both recipients of aid flows and providers of development cooperation in their own right, and traditional recipient countries of the south.

## Development Cooperation - The Political Economy Context

Clearly, for the first time, there is an explicit rapprochement between the two streams of development cooperation. This is taking place within a specific political economy context in which traditional ODA (Official Development Assistance) is declining, and south/south cooperation is gaining in prominence. The volume of ODA fell by 3% in 2011 because of the fiscal difficulties faced by donor countries in light of the financial crisis. This represented a shortfall of \$167 billion in 2011, in relation to committed amounts, while ODA rates are expected to stagnate between 2012 and 2015, owing to continuing fiscal constraints in donor countries. OECD countries have been experiencing significant declines in GDP performance. A 3.3% drop in GDP growth was recorded for 2009, translating to declines, both in core ODA, and in emergency relief assistance<sup>1</sup>. These trends have served to intensify discussion on and boosted new initiatives for innovative financing for development, including the Financial Transactions Tax (FTT), and to a heightened interest in south/south cooperation. What is more, a number of emerging economies of the south have shown remarkable resilience in face of the financial crisis, and have continued, and even strengthened initiatives on south/south cooperation.

### **SOUTH/SOUTH COOPERATION - CONTEXT AND POLICY FRAMEWORK**

Contrary to north/south cooperation, south/south cooperation typically operates in quite a broad development framework. This includes south-south trade and investment, trade facilitation, technology transfer, capacity building, increased activity on the part of regional development banks, as well as increased activity on the part of philanthropic organizations of the global south. As of 2008, developing countries accounted for about 37% of global trade, and nearly three-quarters of global growth. Some studies predict that by 2030, south/south cooperation will be one of the main engines of growth, accounting for 57% of the World's GDP. Growth rates among developing countries rose from an estimated 1.2% in 2009 at the height of the financial crisis to 5.2% in 2010 and 5.8% in 2011, and continue to be relatively resilient in face of the crisis<sup>2</sup>.

With the growing influence of south/south cooperation, what opportunities do we have for a shift in the development cooperation paradigm, so that it really serves to

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<sup>1</sup> MDG Gap Task Force Report, 2012, United Nations, New York

<sup>2</sup> See Organization for Economic Cooperation and Development, *Perspectives on Global Development, 2010: Shifting Wealth*, June 2010.

achieve people-centred, human-rights based development? The Nairobi outcome document of the High-Level United Nations Conference of 2009 on South/South Cooperation states that: " South/South Cooperation is a manifestation of the solidarity of the peoples of the south. It contributes to their attainment of national and collective self-reliance for their attainment of the MDGs." At the multilateral level, the UN and specialized agencies are viewed as the logical anchor for south/south cooperation, spearheaded by the UNDP Special Unit for South/South Cooperation. Key principles to guide south/south cooperation were agreed at the Nairobi High-Level Conference. The Outcome Document states that south/south cooperation must be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs, and mutual benefit.

### South/South Cooperation - Aims and Modalities

Because of the proximity of development experiences among partners of the global south, the environment is propitious for the formation of genuine development partnerships rather than the traditional donor/recipient partnerships. The aim of these south-south partnerships, according to the Nairobi Outcome Document, is to enhance "knowledge-sharing and technology transfer, and to strengthen local capabilities, institutions, expertise and national systems." Thus, south/south cooperation does not operate within a coordinated, systematized aid architecture focused on effective results, contingent upon aid disbursements, as does the OECD-DAC process. Rather, it is characterized by a broad range of modalities and areas of intervention, going far beyond the narrow framework of development assistance. It covers, among others:

- Cooperation in economic and political fields;
- Sharing of knowledge, experience and technology transfer;
- Financial and monetary cooperation;
- Cooperation in designing/strengthening institutional and regulatory frameworks;
- South/south and regional trade facilitation
- Creation of regional common markets and customs unions.

### South/South Cooperation - Key Principles

The political economies of scale that can be created by south/south cooperation have the potential to support developing economies in achieving sustained growth with shared prosperity and decent livelihoods for all. The emphasis on country-led

processes, non-conditionality, untied aid and use of local procurement should be helpful in according partner countries adequate policy space to chart their own development pathways and priorities, without the policy and fiscal constraints so often imposed in the context of external aid coupled with IMF/World Bank policy conditionalities.

South/south cooperation is viewed in the Nairobi Outcome Document, however, as complementing, not supplanting, north/south cooperation. The Outcome Document also recognizes the need to enhance the development effectiveness of south/south cooperation by continuing to increase its mutual accountability and transparency, as well as the level of coordination with other, on-going development programmes and projects. Civil society organizations will no doubt emphasize the need to ensure their involvement in shaping the policies and practice of south/south cooperation through agreement on such principles as democratic ownership, transparency, mutual accountability, and alignment with people-centred, human rights-based development. Such dimensions as democratic ownership and human rights-based approaches are not formally considered in the Nairobi Outcome Document. This is a major gap that needs to be addressed.

It is significant that the Nairobi Outcome Document asserts the importance of non-conditionality. CSOs have also raised concerns about the use of policy conditionalities by donor agencies, making aid disbursements contingent on macroeconomic performance, specific public expenditure options, or use of donor-based procurement systems. CSOs have pointed out that the use of these conditionalities effectively constrains the policy space of developing country governments in shaping their development policies. Indeed, policy conditionality is contrary to the principle of country-led processes, and use of country systems. The Accra Agenda for Action does commit "to [changing] the nature of conditionality" by introducing mutually agreed conditions that are consistent with national development strategies. However, in practice, progress on this front is quite limited.

Sometimes, conditionality is linked to the human rights record of a country, and aid disbursements are contingent upon improvements in its human rights record. However, human rights should not be used as a conditionality instrument. Rather, the mutual accountability framework should be used as a peer review mechanism to ensure that all development partners are meeting their obligations with respect to the human rights instruments they have ratified. Institutional capacity-building mechanisms should be used to strengthen legal and policy frameworks with a view

to ensuring observance of human rights, and the creation of an enabling environment for the full enjoyment by citizens of their human rights.

### Citizen Empowerment Through Human Rights Learning

The creation of such an enabling environment demands, also, a bottoms-up approach. Human rights learning should be an important dimension of community development. Communities and peoples must learn and know their human rights, and become empowered by this knowledge to act collectively within CSOs and CBOs, (Community-Based Organizations), engaging with development actors to shape the people-centred, human rights-based policies so essential to the attainment of sustainable livelihoods. Indeed, development effectiveness across the board, in the context of both north/south and south/south cooperation must deliver in terms of favorable outcomes for human rights. Indicators should be utilized to measure development effectiveness in terms people-centred outcomes, notably the enjoyment of human rights, gender equality, the achievement of poverty eradication, food security, decent work, social protection and sustainable livelihoods.

### Good Practice in South/South Cooperation

A review of current practice shows that some south/south cooperation initiatives do provide for civil society and trade union engagement. The South/South Cooperation UNDP Review of May 2012 reports, for example, that UNDP is supporting the IBSA Fund (the India/ Brazil/ South Africa facility for poverty and hunger alleviation) in developing a south-south cooperation model that emphasizes national ownership, use of national capacities, and a focus on partnerships with civil society, with a view to improving the impact of development assistance on human welfare.

India, Brazil and South Africa also have a joint Partnership Agreement with the ILO (International Labour Organisation), focused on supporting the efforts of developing countries in Latin America, the Caribbean, Africa and Asia in addressing poverty, combating child labour, and promoting decent work and social protection, through exchanges of experience and best practice. This provides an example of people-centred, human rights-based development. In the same vein, UNICEF organized a high-level meeting on child-rights in Asia. The Meeting produced a Declaration on South/South cooperation for child rights in the Asia Pacific Region. These examples demonstrate good practice in anchoring south/south cooperation within the UN System, making use of the policy and

normative frameworks on International Human Rights, ILO Conventions, Decent Work and Social Protection. They should be scaled up.

## **CONCLUSIONS - REMAINING CHALLENGES FOR SOUTH/SOUTH COOPERATION**

However, development challenges remain. There is a need to address fragmentation and the proliferation of initiatives and to achieve coherence, through greater coordination in implementation, and the establishment of common reporting mechanisms.

The establishment of consultative mechanisms for broad stakeholder participation, including, most importantly, civil society participation, can serve to strengthen accountability, with a view to ensuring people-centred outcomes. The increasing importance of south/south cooperation, and the consequent shifting of the development paradigm provide a tremendous opportunity to shape the kind of development cooperation architecture we want, one centred in country-led processes, genuine partnerships, broad stakeholder participation, mutual accountability for effective development results, in terms of economic growth with shared prosperity, founded on the normative frameworks on International Human Rights and core ILO Conventions.

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### **ABBREVIATIONS**

BPEDC - Busan Partnership for Effective Development Cooperation  
 DAC - Development Assistance Committee  
 FTT - Financial transactions tax  
 GDP - Gross Domestic Product  
 GPEDC - Global Partnership for Effective Development Cooperation  
 IBSA - India/Brazil/South Africa  
 ILO - International Labour Organization  
 ODA - Official Development Assistance  
 OECD - Organisation for Economic Cooperation and Development  
 UNDG - United Nations Development Group  
 UNDP - United Nations Development Programme  
 UNICEF - United Nations Children's Fund