

Promoting the Effective Use of South-South & Triangular Cooperation in Cambodia

**Development Cooperation and Partnerships Strategy (2014-2018)
Background Paper No. 5
www.cdc-crdp.gov.kh/strategy**

**Cambodian Rehabilitation and Development Board (CRDB)
Council for the Development of Cambodia (CDC)
February 2013**

This paper is the fifth in a series of Background Papers that will elaborate issues and themes to be included in the forthcoming Development Cooperation and Partnerships Strategy (2014-2018). The potential for South-South Cooperation has been widely acknowledged; this paper explores the manner in which increased use of this modality, combined with enhanced management practices, can effectively complement existing development cooperation partnerships.

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I. Introduction

In 2013, CRDB/CDC will prepare the Royal Government's [Development Cooperation and Partnerships Strategy for 2014-2018](#). The over-arching objective of this Strategy is the promotion of development effectiveness. Succeeding and replacing the 2006-2010 [Strategic Framework for Development Cooperation Management](#) (SFDCM), this revised Strategy will identify objectives and goals for managing development cooperation and partnerships as well as setting out approaches to implementation and monitoring of development cooperation activities.

As development finance becomes more complex, the forthcoming Development Cooperation and Partnerships Strategy will consider a range of partnering arrangements and financing modalities. One such modality that is promoted by Government as potentially of great benefit is South-South Cooperation. The origins of South-South Cooperation date back to the period of the Non-Aligned Movement in the 1950s and 1960s, a grouping in which Cambodia took an active role. In more recent times, however, the potential for increased use of South-South Cooperation as a complement to more traditional North-South arrangements has been increasingly acknowledged.

In the global discussions on aid and development effectiveness since 2005, there has been a progressive increase in the attention paid to promoting and managing South-South Cooperation: it is noteworthy that there was no reference whatsoever of South-South modalities in the original 2005 Paris Declaration, which was mainly a compact for OECD donors and multilaterals with partner countries, but the successor document – the 2008 Accra Agenda for Action – made several references, indicating how the notion of a global partnership for aid effectiveness has moved centre-stage in the last 5-10 years.

“South-South cooperation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development cooperation and is a valuable complement to North-South cooperation.”

Accra Agenda for Action (2008), para 19(e)

By 2011, momentum had increased further so that at the Busan High-level Forum the emphasis was placed on a global partnership focusing on development effectiveness rather than on aid. New signatories, including Brazil, China and India, joined the Busan agreement as southern partners rather than as donors, emphasising that their assistance was different in nature from conventional forms of ODA. Moreover, during this period of increasing engagement, the financial flows from Southern partners and new donors have increased significantly.¹ This being the case, it is useful to understand more clearly the guiding principles of South-South Cooperation and their application in Cambodia so that its potential can be maximised in supporting Cambodia's development effort.

II. Guiding principles in the use of South-South Cooperation

South-South cooperation refers to cooperation between developing countries. This modality formalises and promotes arrangements for the exchange of policies, practices, technology and expertise between countries of the South. It is devised on a peer-to-peer approach that emphasises solidarity, affinity and equity; this can be more effective in cases in which the culture gap and power imbalance that are often inherent in North-South aid relationships may undermine the pursuit of development effectiveness and sustainable capacity development.

¹A [study](#) conducted for the global evaluation of the Paris Declaration in 2010 estimated that 'development resources beyond the current reach of the Paris Declaration' amounted to between USD 12-14 billion annually in 2009. The [Center for Global Development](#) estimates between USD 11-41 billion in 2009, but notes difficulty in providing a more accurate estimate as non-DAC donors do not use the same criteria for classifying their support as DAC donors and multilaterals use for recording their ODA.

As a complement to traditional North-South modes of support, South-South cooperation therefore has the potential to provide policy solutions and technologies that are more contextualised, demand-led, responsive, flexible, cost-effective and sustainable. At a global level, guiding principles for promoting the effective use of South-South Cooperation have been developed, including in the 2010 [Bogata Statement on South-South Cooperation and Development](#), which identified the following principles and approaches:

- i) South-South Cooperation is a Southern-led process to be seen as a natural expression of collaboration and mutual interest between partner countries, at global, regional, and country levels.
- ii) South-South Cooperation is a historical process, with unique characteristics, including that providers are often themselves aid recipients. This can mean that South-South support reflects solidarity, adapts to local contexts and capacities, and promotes mutual benefit and win-win outcomes and horizontal partnerships.
- iii) Although the practices and modalities may differ from those of traditional aid partnerships, and Southern partners generally do not consider themselves to be donors, the objectives of South-South Cooperation are the same: responding to global and national development challenges and achieving the MDGs.
- iv) The main areas of support are: sharing of experience and learning, knowledge exchange, and technology and skills transfer.
- v) South-South Cooperation is typically demand-driven in nature and is not a substitute for, but a complement to, North-South development cooperation.
- vi) Triangular cooperation can act as a bridge between South-South and North-South cooperation, promoting synergies between partner countries, Southern partners and donors.

Triangular cooperation, identified in Bogata as a “bridge”, is defined as a three party arrangement that comprises: (i) a recipient country that has defined its needs and priorities; (ii) a partner country from the South that is considered to have relevant policy expertise or technology; and (iii) a traditional donor that can provide financial resources to facilitate the South-South exchange as well as logistical support to ensure effective programming, implementation and monitoring. This arrangement is thought to be an effective means to combine the relevance (and usually low-cost) of assistance provided by Southern partners and the expertise in managing development cooperation associated with traditional donors. Given the financial constraints faced by South-South partners, triangular cooperation underlies many South-South partnering arrangements.

III. Emerging lessons from the use of South-South & Triangular Cooperation

Although there has been no comprehensive evaluation of South-South Cooperation to date, the literature often highlights challenges as well as the anticipated benefits that have been noted above. For middle-income countries that are scaling-up their provision, for example, there has been found to be some tension between preserving the more responsive and flexible characteristics of South-South Cooperation and adopting business practices associated with traditional development cooperation that may improve effectiveness. These tensions are evident in the following observations recorded in the literature related to the challenges experienced in implementing South-South Cooperation initiatives:

- a) Due to its more informal nature, support can be somewhat fragmented and ad hoc. Cooperation initiatives may not be rigorously designed, programmed or implemented. There is often an absence of follow-up support or monitoring by either provider or recipient.

- b) Most providers are yet to establish formal structures and systems for providing support, including for monitoring. Where provision is fragmented, this can mean that lessons are not applied to future provision of support so that incremental improvements can be made.
- c) In the absence of robust monitoring systems in provider and recipient countries, there is no effective means of objectively confirming the effectiveness of South-South support; the sentiment of solidarity can sometimes cloud the collective judgement on just how useful these modalities can be. This results in unnecessary waste and loss of impact.
- d) Recipient countries generally lack any robust means of identifying or prioritising South-South opportunities. Where South-South arrangements are seen to exist outside the formal development partnership (especially where there is no fund transfer), activities may not be well aligned with sector programmes or effectively coordinated with other externally-financed programmes.
- e) A lack of knowledge management capacity on both sides means that initiatives are usually not taken to scale or sustained. Problems of ownership, effective leadership and implementation can be as problematic as for traditional ODA.²
- f) It is naïve to ignore national self-interest, which may exist in the same way as it might in traditional aid relationships.³

Recognising these problems and seeking to ensure longer-term effectiveness, a range of Southern partners – including the BRICS - are formalising their own development cooperation arrangements and strengthening their institutional frameworks for cooperating with recipient countries.⁴ For similar reasons, many potential providers and recipients of South-South Cooperation seek to form triangular partnerships that involve a traditional donor, which, in addition to the advantages outlined in section II, also provides an opportunity for a Southern provider to learn more about the delivery and management of development assistance. This approach is also not without its pitfalls, however, as there is concern that the traditional donor – which performs the role of financial sponsor - can become excessively dominant so that the dynamics associated with traditional ODA programmes are simply replicated. On the proviso that Government ownership is respected and the usual partnering principles are applied, however, the triangular approach may be well-suited to Cambodia as development partners can work with Government to identify providers of support that are aligned to, and coordinated with, national and sector programmes and priorities.

IV. Making use of South-South & Triangular Cooperation opportunities in Cambodia

Cambodia is located in a 'good neighbourhood', surrounded by fast-growing economies and middle-income countries. These countries – including China, Malaysia, Thailand, Indonesia and Singapore – have been able to provide support related to key sectors and reforms, including infrastructure, agriculture, health, education and public sector management. Beyond the sub-region, Cambodia has also received support from India (agriculture, water, power, preservation of monuments), Brazil (agriculture), Russia (drug control), Hungary (agriculture, fisheries), Kuwait (water) and Qatar (agriculture). As a provider of expertise on a South-South basis, Cambodia has also been able to support other developing countries in fields such as mine action and aid management.

² See the [2006 JICA survey](#), which shows that providers and recipients of South-South Cooperation have no policy framework to guide support or are insufficiently involved in programming and implementation: “the ultimate beneficiaries of SSC had low expectations regarding its impact” (page 63).

³ Much of the aid provided by Southern partners is tied in order to promote the ‘win-win’ principle, for example, while emerging donors such as [Brazil](#) have explicitly linked their cooperation to foreign policy objectives.

⁴ Amongst those Southern and non-DAC partners that support Cambodia or are increasingly active on the world stage, many have formalised their South-South based technical cooperation and development support. These include [China](#), [India](#), [Malaysia](#), [Singapore](#), [Kuwait](#), [Qatar](#), [Brazil](#) and [South Africa](#).

In addition to the purely South-South based exchanges, several regional bodies and development partners are formally engaged in triangular arrangements. These can either be scaled-up or used as models for future triangular partnering arrangements. Examples include the [Initiative for ASEAN Integration](#) (IAI), which was established in 2000 with the objectives of Narrowing the Development Gap (NDG) and accelerating economic integration of the newer members of ASEAN (Cambodia, Lao PDR, Myanmar, and Vietnam). An IAI Development Cooperation Forum has been established to serve as the main venue for engaging ASEAN's Dialogue Partners and other donors in a collective dialogue on the IAI Work Plan. Bilateral initiatives including, for example, Japan's JARCOM (JICA-ASEAN Regional Cooperation Meeting) and UNDP's MOU with China that explores opportunities for collaboration at a global level but is piloted in Cambodia.

Overall, Cambodia is well placed to make increased use of South-South Cooperation opportunities. Through diligent application of the principles of good practice and with due regard to the potential problems identified above, Cambodia is well positioned to lead on the design and implementation of South-South support that is both relevant and effective. Perhaps the most important considerations to be included in the dialogue related to the preparation of the Development Cooperation and Partnerships Strategy are as follows:

- Ensure ownership and alignment by using existing policy, planning and review processes, including current partnering mechanisms, to identify the potential use of South-South arrangements as a complement to existing partnership arrangements.
- Promote effectiveness and impact by ensuring effective programming and implementation arrangements, including, where possible, by linking to a sector results and monitoring framework.
- South-South initiatives should be subject to the same principles and practices that promote alignment and results: they should be included in policy and planning dialogue with partners as part of a sector programme or programme-based approach.
- Maximise the impact of South-South support by creating improved knowledge management arrangements (e.g. through a searchable on-line database) to record, disseminate, scale-up and replicate the results of South-South initiatives.
- Identify and utilise increased South-South arrangements by establishing a more strategic and coherent process for identifying needs and matching them with possible providers of support.

Through a triangular cooperation approach or simply in their support to national institutions and their capacity development, there is a role for development partners to play in supporting the Royal Government efforts to maximise the potential for South-South Cooperation. Especially in the provision of technical cooperation, where Southern providers are often usefully positioned to provide relevant expertise, traditional development partners can play an important facilitating role through the following approaches:

- In the policy environment, development partners can work with the Royal Government to identify capacity development needs in a comprehensive manner (including in key areas such as climate change, agriculture, public service management, poverty and MDG monitoring, and trade facilitation). Common capacity assessments should include an analysis and identification of potential South-South solutions.
- In their partnerships with countries of the region (especially middle-income countries) and in using their corporate networks that share experience across partner countries, development partners should facilitate the process of: (i) identifying appropriate opportunities for South-South collaboration in Cambodia; (ii) forming triangular cooperation relationships; and (iii)

providing Cambodian counterparts with specialist South-South institutions and knowledge networks.

- In partnership with the Royal Government, development partners can help to develop a knowledge base that records potential sources of expertise (and resourcing if via a triangular mode of cooperation) in sectors/themes of national interest. Equally, where relevant, development partners can facilitate the sharing of Cambodia's own experience with other countries in the region as well as further afield.

V. Conclusions and next steps for promoting South-South & Triangular Cooperation

Development finance is becoming more complex with new actors, modalities and funding arrangements blurring the distinction between ODA and other official flows of public funds. Many of Cambodia's new partners from the South may provide in-kind support or will otherwise consider themselves not to be 'donors' as typically defined by the OECD/DAC; their practices and implementation arrangements will therefore be different from those that are used in managing traditional modalities. It is therefore necessary to understand more about the motivation of South-South partners and the decision-making processes that underlie their South-South partnering with Cambodia.

In this way, effective results can be assured and the principles and objectives of development effectiveness applied equally to all forms of partnering arrangement. Effective use of South-South Cooperation must therefore be defined in the same way as for other forms of development assistance: results. It then follows that the same principles of effective ownership, coordination and monitoring against national results frameworks must be applied. In addition, given the relative informality of South-South initiatives in Cambodia to date and the lack of evidence on its impact, it is necessary for Government and its traditional development partners to work together to establish a more coordinated approach that can: (i) increase the utilisation of South-South initiatives; (ii) ensure that providers are well suited and have sufficient capacity to deliver effective support; and (iii) improve monitoring and knowledge management so that the results and impact of South-South initiatives can be replicated and shared with others.

On the basis of its own experience with South-South Cooperation, the Royal Government recognises the effectiveness of this modality and its potential to make an increasingly important contribution to national development. In formulating the Development Cooperation and Partnerships Strategy for 2014-18, the Royal Government will therefore reflect on the issues raised in this paper as it defines its approach to working with South-South partners and expanding triangular cooperation arrangements. To ensure that the official position of the Royal Government is based on all of the available evidence, further inputs from across Government and from development partners are encouraged.