South-South Development Cooperation: A challenge to the aid system?

The Reality of Aid Management Committee

Introduction

International development cooperation is commonly viewed in the context of North-South relations. According to the dominant development discourse, the developed North possesses the capital resources and technical skills which the poor South lacks. Indeed, this gap is used to explain the latter's underdevelopment. Therefore the North can and must promote international development by providing economic, financial and technical assistance to the South.

South-South development cooperation (SSDC) has been receiving greater attention lately as developing countries gain increasing weight in the world economy. The so-called BRICs economies – Brazil, Russia, India and China – with 40% of the world’s population spread out over three continents, already account for 25% of global gross domestic product (GDP). Goldman Sachs reckons that these four emerging economies could collectively surpass the output of the Group of Seven wealthy nations by 2032, with China becoming the world’s largest economy before 2030.1 In terms of official development assistance (ODA)2, the developed countries belonging to the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) continue to be the source of most international development assistance – US$121.5 billion in 2008. But the share of non-DAC contributors has been rising, especially from middle-income developing countries such as China and India.

Estimates from the United Nations (UN) Economic and Social Council (ECOSOC) place that at between US$9.5 billion and US$12.1 billion in 2006, or 7.8% to 9.8% of total ODA flows in that year, up from around 5% during the 1990s – excluding Southern contributions to multilateral agencies.3 Despite the global economic and financial crisis since 2008, SSDC has continued to expand. Global challenges such as energy and food crises, climate change, and pandemics like the influenza A(H1N1) have galvanized Southern countries into enhanced partnerships through interregional, regional and subregional mechanisms. Concerns about the volatile financial markets, food and energy insecurity, and alternatives to seeking emergency financing from the International Monetary Fund (IMF) are pushing developing countries to find support among themselves, especially amid economic decline in developed countries where they traditionally looked for assistance.

These contributions between developing countries are generating a new dynamism in international development cooperation. Indeed, the real significance of SSDC lies not so much in the magnitude of ODA or financial resources flowing between developing countries but rather in the character of the relationship expressed by these exchanges, especially when compared with traditional North-South development cooperation.

Developing countries and civil society have repeatedly criticized the way aid is often used as a neo-colonial tool by developed countries – imposing policy conditionalities on developing countries and tying aid to commercial, political and military interests of donors. In contrast, SSDC is often presumed to be based on principles of
solidarity rather than clientelism. For instance, the 2008 Accra Agenda for Action (AAA) of the Third High Level Forum on Aid Effectiveness affirms that, “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.”

It is essential to better understand the nature, shortcomings and potential of South-South development cooperation in order to inform and strengthen CSO advocacy for greater development effectiveness of aid, whether this involves South-South or North-South relations. This article examines the drivers of SSDC and to what extent emerging donors from the South are motivated by principles of solidarity and mutual benefit or driven by strategic interests. It also examines the implications of Southern donors’ policy of mutual benefit and non-interference on the quality and developmental impact of such aid. Finally it draws some lessons for improving international development cooperation.

Focusing on ODA

South-South cooperation has a long and notable history. In the 1950s, South-South cooperation emerged in the context of the common struggle of former colonies to attain genuine independence and development. The Bandung conference in 1955 brought together 29 countries from Asia and Africa to promote economic and cultural cooperation in the Asian-African region “on the basis of mutual interest and respect for national sovereignty.” This pioneering South-South conference paved the way for the rise of the Non-Aligned Movement (NAM) in 1961 and the Group of 77 in 1964.

Ever since, South-South cooperation has been practiced in numerous ways ranging from economic integration, the formation of negotiating blocs within multilateral institutions, military alliances, to cultural exchanges. It has included humanitarian assistance and technical cooperation as well as the provision of concessional financing for development projects, programs, budget support and strengthening balance of payments. Cooperative relationships have been at the level of governments and their agencies as well as between private enterprises or civil society organisations. All these efforts have made important contributions to strengthening the conditions for social and economic development in the cooperating countries.

As such, South-South cooperation is a much broader and deeper concept than foreign aid. However a comprehensive discussion of South-South Cooperation in all its diverse and multi-faceted forms is beyond the scope of this article. Instead, this article focuses on SSDC in the form of ODA from Southern governments to other Southern countries in order to narrow down the scope of the analysis and facilitate comparability (especially with ODA from OECD/DAC donors) at least in terms of orders of magnitude and quality issues.

Nevertheless, it must be acknowledged and emphasized that focusing only on ODA excludes numerous cooperative arrangements that developing countries may consider as genuinely beneficial to development and consistent with their national development strategies and priorities including South-South cooperation by other stakeholders such as civil society organizations, academia and the media (see Box 1). A second caveat is that there is no
Box 1. Diverse Examples of South-South Cooperation

Negotiating bloc: G77 (since 1964)
At the end of the first session of the United Nations Conference for Trade and Development in Geneva in 1964, a group of 77 developing countries signed the Joint Declaration of the Seventy-Seven Countries creating the G77, the largest coalition of developing countries/least developed countries at the UN system. The G77 currently has 131 member countries. The bloc aims to provide Southern countries the means to articulate and promote their collective economic interests and enhance their joint negotiating capacity on major international economic issues within the UN system, and promote South-South development cooperation.

Economic integration: Bolivarian Alternative for the Americas (ALBA)
Launched in 2004, the Bolivarian Alternative for the Americas (ALBA) is an integration initiative for the Latin American and Caribbean countries. It was first proposed by Venezuela in 2001 as an alternative to the United States (US) proposal for a Free Trade Area of the Americas. The organization is based on a vision of social welfare, equity and mutual economic aid rather than trade liberalization. Initially, ALBA had two member states, Venezuela and Cuba. A number of Latin American and Caribbean nations have since joined by signing the Peoples’ Trade Agreement that aims to implement ALBA’s principles. ALBA now has 8 members: Antigua and Barbuda (joined in 2009), Bolivia (2006), Cuba (2004), Dominica (2008), Ecuador (2009), Nicaragua (2007), St. Vincent and the Grenadines (2009), and Venezuela (2004).

Project assistance: China’s infrastructure projects in Africa
The 1,200 mile Tanzania-Zambia Railroad (TAZARA or Tanzam Railway), built between 1970 and 1975, was China’s largest ever aid project costing some US$500 million. Today, China continues to finance road projects in Africa, such as the 79-kilometer expressway in Ethiopia connecting the capital Addis Ababa and Nazret (Adama). The project, financed through a soft loan amounting to US$349 million, is expected to be completed by 2014 and will be Ethiopia’s first modern highway.

Sectoral cooperation: Cuban support to agriculture and food security
Cuba actively supports and participates in the Special Food Security Program of the World Food Organization by contributing agricultural and fishery experts and technicians to share knowledge and technologies to producers in other developing countries. Under this program, Cuba has signed agreements with African countries (Cape Verde, Equatorial Guinea, Guinea Bissau) and the Caribbean (Guyana, Grenada, Haiti, St. Vincent and the Grenadines, Dominica, St. Kitts and Nevis, Antigua and Barbuda, and the Dominican Republic). For example, the South-South cooperation agreement between Cuba and Cape Verde signed in 2000 paved the way for Cuban experts and technicians to introduce drip irrigation technique for adoption by local farmers, which proved to be cost effective and suitable to the very dry conditions of Cape Verde.

Technical assistance: Indian Technical and Economic Cooperation
The Indian Technical and Economic Cooperation (ITEC), founded in 1964, aims to upgrade skills and build capacity and empowerment for developing countries. ITEC provides assistance to 158 countries in Asia and the Pacific, Africa, Latin America and the Caribbean, Eastern Europe and Commonwealth of Independent States (CIS) countries. The program has four components, namely, training, projects and project-related activities, deputation of Indian experts, and study tours. India allots 5,000 vocational training slots annually in over 200 courses at 42 leading institutions, many of which specializing in technology such as information technology (IT). ITEC has an annual budget of some US$12 million and, since its creation in 1964, has provided over US$2 billion worth of technical assistance.
Education Exchange: Brazil’s South-South cooperation in education

Brazil’s development cooperation project in the field of education has been implemented mainly with Portuguese Mercosur countries involving school capacity building and fighting illiteracy. A Centre for Training and Enterprise Development was established in Luanda, Angola in 1999, while in Paraguay, the Brazilian Cooperation Agency has implemented a Centre of Excellence for Professional Training. Argentina and Brazil signed an agreement for implementation of obligatory disciplines of Portuguese in Argentinean and Spanish in Brazilian public schools. Another project is the Bolsa Escola (School Grant) granted to families keeping their children in school which has been implemented in Portuguese speaking countries such as Mozambique.

Concessional loans: Thai aid to Cambodia

Thailand provides concessional loans to developing countries in the region through its Neighbouring Countries Economic Development Cooperation Agency (NEDA). In August 2009, for example, Thailand provided Cambodia with a US$40 million concessional loan to upgrade a national highway on the Khmer-Thai border. The country has previously provided two concessional loans to Cambodia, bringing the total to US$99 million. Such loans are seen to strengthen cooperation between the two countries.

Venezuela PetroCaribe

PetroCaribe is a Caribbean oil alliance with Venezuela, launched in 2005, to purchase oil on preferential terms of payment – only a certain amount is needed up front and the remainder can be paid through a 25-year financing agreement on 1% interest. The deal allows Caribbean nations to buy up to 185,000 barrels of oil per day on these terms. It also allows nations to pay part of the cost with other products provided to Venezuela, such as bananas, rice, and sugar. PetroCaribe members are Antigua and Barbuda, the Bahamas, Belize, Cuba, Dominica, the Dominican Republic, Grenada, Guyana, Jamaica, Nicaragua, Suriname, St Lucia, St Kitts and Nevis, Saint Vincent and the Grenadines (2005), Haiti (2006), Honduras (2007), and Guatemala (2008).

Humanitarian relief: Turkish emergency aid

Turkey provided over US$31 million in emergency aid in 2008, equivalent to roughly 5.6% of total Turkish ODA that year. The country provided food and hygiene kits as well as prefabricated buildings to Pakistan when the country was hit by an earthquake. Turkey’s humanitarian aid to Pakistan totalled US$2.68 million. Turkey also provided humanitarian relief to Palestinians affected by attacks on the Gaza Strip in December 2008. It delivered food, clothing, medical equipment and ambulances, amounting to US$3.52 million. The largest recipient of Turkish emergency aid in 2008 was Iraq, receiving US$ 11.73 million or 37.7% of total emergency aid, comprised mostly of food packs and hygiene sets.

Note: As discussed in the ECOSOC study from which this box is based, the data used was gathered on a contributor-by-contributor basis, utilizing annual reports (such as the source used in updating India’s contribution in this box), other publicly available sources like government budgets, and communication with Southern government officials and research institutes/NGOs. The main limitations of this approach are: (a) data is not always comparable, as for example few of these reports use the DAC definition of ODA; and (b) substantial information gaps remain. A few Southern contributors provide information to the OECD/DAC, which was also used in updating this table.

uniform definition of ODA currently being used by Southern governments who do report on their foreign assistance programs. An analytical study produced by the United Nations Economic and Social Council in 2009 proposes a definition of South-South ODA as consisting of: ‘grants and concessional loans (including export credits) provided by one Southern country to another to finance projects, programmes, technical cooperation, debt relief and humanitarian assistance and its contributions to multilateral institutions and regional development banks.’

But this definition is still subject to debate and is not used consistently by official reports or existing studies on South-South cooperation.

Major SSDC Contributors

An authoritative 2008 study prepared for the Development Cooperation Forum (DCF) covering 18 major Southern contributors estimated South-South ODA flows between US$9.5 billion and US$12.1 billion disbursements for 2006, or some 7.8% to 9.8% of total international development assistance. When the 2006 figure for “Real Aid” for OECD DAC donors in the reference point is used, South-South ODA represented as much as 15% of DAC Real Aid in that year. These figures, as the study admits, are definitely estimates, given the lack of hard reported data from many smaller contributors and the divergence in definitions of what constitutes development cooperation or ODA among those who do make public their aid contributions.

Building on these estimates with latest available data (2008), disbursements for South-South development cooperation have increased since 2006 to at least US$12.1–US$13.9 billion. (See Table 1). This is in the vicinity of earlier projections indicating such development assistance growing to US$15 billion by 2010

<table>
<thead>
<tr>
<th>Gross National Income (GNI)</th>
<th>Amount (in US$ million)</th>
<th>% of Gross National Income (GNI)</th>
<th>% to Total SSDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia /3</td>
<td>5,564</td>
<td>1.5 /a</td>
<td>40</td>
</tr>
<tr>
<td>China /1</td>
<td>1,500 - 2,000</td>
<td>0.06 - 0.08</td>
<td>14.4</td>
</tr>
<tr>
<td>Venezuela /1</td>
<td>1,166 - 2,500</td>
<td>0.71 - 1.52</td>
<td>18</td>
</tr>
<tr>
<td>Turkey /3</td>
<td>780</td>
<td>0.11</td>
<td>5.6</td>
</tr>
<tr>
<td>South Korea /3</td>
<td>802</td>
<td>0.09</td>
<td>5.8</td>
</tr>
<tr>
<td>India /2</td>
<td>568.6</td>
<td>0.05</td>
<td>4.1</td>
</tr>
<tr>
<td>Taiwan /3</td>
<td>435</td>
<td>0.11</td>
<td>3.1</td>
</tr>
<tr>
<td>Brazil /1</td>
<td>356</td>
<td>0.04</td>
<td>2.6</td>
</tr>
<tr>
<td>Kuwait /3</td>
<td>283</td>
<td>...</td>
<td>2</td>
</tr>
<tr>
<td>South Africa /1</td>
<td>194</td>
<td>0.07</td>
<td>1.4</td>
</tr>
<tr>
<td>Thailand /3</td>
<td>178</td>
<td>...</td>
<td>1.3</td>
</tr>
<tr>
<td>Israel /3</td>
<td>138</td>
<td>0.07</td>
<td>1</td>
</tr>
<tr>
<td>United Arab Emirates /3</td>
<td>88</td>
<td>...</td>
<td>0.6</td>
</tr>
<tr>
<td>Malaysia /1</td>
<td>16</td>
<td>0.01</td>
<td>0.1</td>
</tr>
<tr>
<td>Argentina /1</td>
<td>5 - 10</td>
<td>0.0025 - 0.0050</td>
<td>0.07</td>
</tr>
<tr>
<td>Chile /1</td>
<td>3 - 3.3</td>
<td>0.0026 - 0.0029</td>
<td>0.02</td>
</tr>
</tbody>
</table>

**Table 1. Disbursements of Selected South-South ODA Flows, 2008 (in US$ million)**

Sources:
/a - GNI data used is for 2007
/1 – ECOSOC, Background Study for the Development Cooperation Forum – Trends in South-South and triangular development cooperation, April 2008 – Table 2
based on pledges. These figures exclude Southern contributions through multilateral facilities as well as triangular development cooperation involving Northern contributors.

According to the available data, the biggest bilateral non-OECD contributors are the Kingdom of Saudi Arabia, the People's Republic of China, the Bolivarian Republic of Venezuela and India, all noted to have previously provided at least $0.5 billion each annually. Together these four countries contributed over 76% of the estimated total ODA flows coming from the top 16 Southern contributors in 2008. Saudi Arabia and Venezuela now provide over 0.7% of gross national income (GNI) in development aid flows.

**Saudi Arabia**

Saudi Arabia has been the single largest aid donor in the world since 1973 as measured by the ODA/GNI ratio. Almost all of Saudi Arabian ODA is provided bilaterally (95%), mainly in the form of loans, with a large share poured into other Arab countries. But in recent years, assistance to South Asia, particularly Pakistan and Bangladesh, and to East Asia is growing. China, for instance, has received roughly 15% of new Saudi Fund commitments since 2003 (it previously did not receive any). The Saudi Fund, which plays a relatively minor role in distributing Saudi Arabian ODA but still accounts for a substantial share of total Arab aid flows, claims that only 50% of its aid now goes to Arab states.

While aid from Saudi Arabia and other Arab countries has been very substantial over the years, it has also been very volatile – due both to the volatility of revenues from oil and gas exports and to their strategic use of aid to support their foreign policies (See below).

**China**

Chinese development assistance to other countries started in the mid-1950s, increased in the 1960s and 1970s, and decreased in the 1980s before picking up again in the 1990s. In the earlier periods, support was focused on agriculture, technical assistance, and a few infrastructure projects such as the 1,200-mile Tanzania-Zambia Railroad – its largest aid project in history.

Current estimates of Chinese aid vary widely. A study citing data from the China Statistical Yearbook 2003-2006 said China provided US$970 million in aid in 2005, up from US$650 million three years earlier. Others estimated Chinese aid to Africa alone might be some US$2 billion. ECOSOC estimates in 2006 put the amount to be between US$1.5 billion and US$2 billion, while another study showed a dramatic increase in Chinese “aid and related investments” amounting to as much as US$27.5 billion in 2006 and US$25 billion in 2007. (See Table 2) The latter is based on news reports of Chinese foreign assistance and government-supported economic projects in Africa, Latin America, and Southeast Asia which includes activities that more closely resemble foreign direct investments rather than ODA according to the DAC/OECD definition.

**Table 2. Reported Chinese Aid by Year, 2002-2007 (in US$ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>51</td>
</tr>
<tr>
<td>2003</td>
<td>1,482</td>
</tr>
<tr>
<td>2004</td>
<td>10,485</td>
</tr>
<tr>
<td>2005</td>
<td>10,106</td>
</tr>
<tr>
<td>2006</td>
<td>27,518</td>
</tr>
<tr>
<td>2007</td>
<td>25,098</td>
</tr>
</tbody>
</table>

Source: NYU Wagner School, Understanding Chinese Foreign Aid: A Look at China’s Development Assistance to Africa, Southeast Asia, and Latin America, April 25, 2008.
Indeed it is difficult to draw the line between Chinese development assistance and trade/investment promotion. China’s foreign assistance is mainly comprised of concessional or low-interest loans and government-backed or subsidized investments in infrastructure and natural resources. The wide range of estimates of Chinese aid illustrates the difficulty of having varying interpretations of what constitutes ODA.

Nevertheless, there appears to be consensus that Chinese aid is substantial and increasing in recent years, especially in Africa. China reportedly planned to double aid to Africa by 2009. In May 2007, China announced it would provide roughly US$20 billion in infrastructure and trade financing to Africa in the next three years. It has also crafted a $5 billion China-Africa development fund to stimulate Chinese investments in Africa. China has also written off debts, with conservative estimates putting such debt cancellation at some US$2.13 billion for 44 countries, 31 of which are in Africa. Other reports suggest China has surpassed the G8 in debt relief as it has already cancelled about US$10 billion worth of debt owed by African countries.

**Venezuela**

Venezuela has become an important actor in South-South cooperation in the last few years, particularly under President Hugo Chavez. The Venezuelan government is reported to have committed some US$43 billion worth of direct and indirect investments, subsidies, grants and donations between 1999 and mid-2007, of which over 40% could be classified as social investments.

The country’s overseas social spending from 2004-2007 include oil subsidies to Cuba; cash donations to Bolivia; medical equipment donations to Nicaragua; heating oil subsidies to over a million American consumers; US$20 million to Haiti for investments in education, health care, and housing. Venezuela has reportedly provided US$2 billion to Cuba and donated 364 tons of food to Haiti when food riots broke out in 2008. It purchased government bonds from Argentina to enable the latter to repay its IMF loans ahead of time and terminate the conditionality-heavy IMF programme. and entered into multimillion-dollar investment deals with China and Iran to promote development.

Through the PetroCaribe initiative, Venezuela provides small Caribbean countries almost 200,000 barrels a day of oil and petroleum products at subsidized rates. The subsidy is estimated at around US$1.7 billion annually, which already puts Venezuelan aid at the same level as those provided by some OECD countries.

**India**

India, along with China, is commonly referred to as an emerging donor. Yet its international development assistance programs date back to the 1950s when India started to provide aid to Nepal. It established the Indian Technical and Economic Cooperation (ITEC) program in 1964 through which India has provided over US$2 billion worth of technical assistance to other developing countries. It has a long history of training public administration officials from other developing countries.

India has contributed to the African Development Fund, the concessional window of the African Development Bank (AfDB) Group, since 1982. More recently, it has boosted its overseas development assistance in the African region.
Brazil, South Africa and Thailand are also among emerging economies contributing significantly to SSDC, particularly within their respective regions. Since the 1950s, Cuba has been involved in South-South cooperation activities with more than 167 countries in Asia, Africa, Latin America and the Caribbean. It is difficult to compare Cuban foreign aid levels since they don’t report in financial terms. But the Cuban government reports that today there are 37,000 Cuban health workers in 98 countries and 4 overseas territories providing technical training or humanitarian assistance.

India, Brazil and South Africa formed the “IBSA trilateral” in 2003 to serve as a platform for the three countries to engage in discussions for cooperation in the field of agriculture, trade, culture, and defence among others. There are numerous multilateral SSDC initiatives that are in the offing, such as the ALBA (see Romero in this volume) and the Bank of the South (see Ortiz and Ugarteche in this volume). The proliferation of South-South regional cooperation arrangements is partly driven by the search for alternatives to the North-dominated neo-liberal international financial institutions (IFIs) and free trade pacts.

Drivers of SSDC

In this section we examine the major drivers of SSDC today, with particular attention to the policies and practices of the four major non-OECD donor countries – Saudi Arabia, Venezuela, China and India (See Table 3). As with traditional Northern donors, it is important to distinguish between the official rhetoric of emerging donor governments and their actual development cooperation practice as evident in the pattern of aid flows and the terms of their disbursement.
Most developing countries still regard the principle of equality and mutual benefit – expressed in the Bandung Conference of 1955 – as a central tenet of SSDC. As such, Southern donor countries are reluctant to be seen as reproducing traditional donor-recipient hierarchies.

China’s policies on development assistance are still officially guided by eight principles first laid out by former Premier Zhou Enlai during the 1960s (see Box 2), foremost of which is the principle of equality and mutual benefit.

India’s foreign aid program likewise dates back to the 1950s. As one of the pillars of the Non-Aligned Movement, India promotes

### Table 3. Major Contributors of South-South Development Cooperation, Top Recipients, Type of Aid and Priority Sectors, 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount of Aid (in US$ million)</th>
<th>Top Recipient Countries/Regions</th>
<th>Type of Activity</th>
<th>Priority Sectors/Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>5,564</td>
<td>Mostly Arab countries, also South Asia (esp. Pakistan and Bangladesh), and China</td>
<td>Saudi Fund gives mainly project-type assistance (but no technical cooperation), with program aid historically 4% of total; direct bilateral support includes some budget support and debt relief</td>
<td>Lead sector is transport and communication, then health, education, agriculture and energy</td>
</tr>
<tr>
<td>China</td>
<td>1,500 - 2,000</td>
<td>86 countries: Asia (40%), Africa (25%), Latin and Central America (13%), other countries (10%)</td>
<td>Most aid in form of projects, in-kind, technical cooperation and debt relief</td>
<td>Mostly energy, transport and communications, but also education and health (often construction of schools and hospitals)</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1,166 - 2,500</td>
<td>Latin America &amp; Caribbean</td>
<td>Venezuela’s oil aid deals are essentially BoP support; also gives some humanitarian assistance and project-type aid through BANDES</td>
<td>Energy is main sector, but also projects in health, education, housing, water and private sector development</td>
</tr>
<tr>
<td>India</td>
<td>568.6</td>
<td>Mostly Asia: Bhutan (45.6%), Maldives (19.1%), Afghanistan (15.8%)</td>
<td>Aid fundamentally project oriented (including technical cooperation), with exceptions of Bhutan, Nepal and Afghanistan; provides some debt relief</td>
<td>Grants mostly rural dev’t, education, health, technical cooperation, loans for infrastructure (ex. energy, transport), also provides disaster relief</td>
</tr>
</tbody>
</table>


**Official Aid Policies**

Most developing countries still regard the principle of equality and mutual benefit – expressed in the Bandung Conference of 1955 – as a central tenet of SSDC. As such, Southern donor countries are reluctant to be seen as reproducing traditional donor-recipient hierarchies.
The Reality of Aid

On the other hand, the present Venezuelan government frames its foreign assistance program in more political terms. It professes to champion internationalism based on a Bolivarian Socialist tradition. It seeks to win autonomy and policy space to implement different development strategies supportive of the region’s sovereignty and responsive to citizens, free from the dominant influence of the Washington Consensus.

Of the four major Southern ODA sources, the Saudi Arabian government is perhaps the most candid in its official aid policy. The Saudi Fund’s declared objectives are: to provide development financing for other developing countries and to promote non-oil exports from Saudi Arabia.

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**BOX 2. Eight Principles of Chinese Development Assistance**

a. The Chinese Government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual.

b. In providing aid to other countries, the Chinese Government strictly respects the sovereignty of the recipient countries, and never attaches any conditions or asks for any privileges.

c. China provides economic aid in the form of interest-free or low-interest loans and extends the time limit for repayment when necessary so as to lighten the burden of the recipient countries as far as possible.

d. In providing aid to other countries, the purpose of the Chinese Government is not to make the recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.

e. The Chinese Government tries its best to help the recipient countries build projects which require less investment while yielding quicker results, so that the recipient governments may increase their income and accumulate capital.

f. The Chinese Government provides the best-quality equipment and material of its own manufacture at international market prices. If the equipment and material provided by the Chinese Government are not up to the agreed specifications and quality, the Chinese Government undertakes to replace them.

g. In providing any technical assistance, the Chinese Government will see to it that the personnel of the recipient country fully master such technique.

h. The experts dispatched by China to help in construction in the recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities.

Examining the ODA priorities of emerging donors, however, reveal their strategic use of ODA to further ends other than pure solidarity.

**Geopolitical Interests**

Most Southern contributors of aid prioritize neighbouring countries in their development assistance programs. This may be due to cultural and historical affinities which make such cooperation more productive. It can also be a way of promoting local stability and security while enhancing a donor country’s stature and influence within the region.

For instance, almost half of Saudi Arabia’s foreign aid goes to other Arab countries with a predominantly Muslim population within the region; compared to only 15% for Sub-Saharan Africa which includes many of the world’s poorest countries. Countries which vote in tandem with the Saudi Arabian government in the UN get 68% more aid compared to other countries. When Iraq invaded Kuwait in 1990, Saudi Arabia withheld aid to countries that supported the invasion and, after the war, boosted aid to countries that supported the US-led invasion of Iraq. Turkey, Egypt and Morocco became leading recipients of Saudi aid even though these are all middle-income countries.

China’s foreign aid program during the Maoist period was also more politically motivated. It was intended to help post-colonial regimes modernize and become self-reliant while securing China’s leadership in the Third World anti-imperialist struggle, the Non-Aligned Movement and the international Communist movement. It was also designed to mitigate the influence of Taiwan’s Kuomintang government and counter its diplomatic efforts to maintain international recognition as the government of China. Until today, China requires its partners to adhere to its One-China policy even though commercial interests have become the prime motivation for Chinese aid in the post-Mao era.

Venezuela’s aggressive promotion of South-South cooperation may be as much a defensive strategy against US efforts to destabilize and isolate the Chavez government as it is about its commitment to Southern peoples’ solidarity and self-determination. Indeed, the Venezuelan government appears quite eager to gather more allies including Russia, Iran and other governments who clearly do not harbour socialist ideals but are no less critical of US imperialism.

India has long considered itself a regional power. Its development assistance program which used to be concentrated in its immediate neighbourhood reflected this. But in the wake of its rapid economic growth since the 1990s, it is now eagerly projecting itself on the global stage, for instance, vying for a seat in the UN Security Council. In this light, India has begun to extend its development assistance way beyond its immediate neighbours – from Central Asia to islands in the Pacific Ocean to Southeast Asia and Africa – in order to help boost trade, ensure its access to energy resources, project soft power and build military alliances.

**Commercial Interests**

As already mentioned, one of the main objectives of Saudi aid is to promote Saudi exports and support the diversification of Saudi income sources beyond crude oil exports. In the case of China, the primary motive behind its development assistance today seems to be its need to extend its energy and raw materials sources, which it needs to sustain its manufacturing-for-export industrialization strategy.
For instance, China provides low-interest loans with generous grace periods and long repayment terms which debtor countries can repay with natural resource exports.\footnote{37}

According to one analyst of China’s role in Africa:

“Since 2004, China has concluded such deals in at least seven resource-rich countries in Africa, for a total of nearly US$14 billion. Reconstruction in war-battered Angola, for example, has been helped by three oil-backed loans from Beijing, under which Chinese companies have built roads, railways, hospitals, schools, and water systems. Nigeria took out two similar loans to finance projects that use gas to generate electricity. Chinese teams are building one hydropower project in the Republic of the Congo (to be repaid in oil) and another in Ghana (to be repaid in cocoa beans).” \footnote{38}

Chinese commercial interests are apparent in many of its projects. In 2008, for example, China invested US$100 million to rebuild the TAZARA line that was falling apart due to underinvestment and poor maintenance. Rebuilding the line also links two of China’s Special Economic Zones (SEZs) in Chambishi (Zambia’s copper belt where China has huge investments) with SEZs in Dar es Salaam, where China has invested in the modernisation and extension of the port. It will also link up in Zambia with the Benguela line crossing Angola to the Atlantic coast, also being rebuilt by China. These two Chinese funded projects will create a first-ever functioning east-west corridor across the African continent and facilitate the free movement of goods from the landlocked interiors of Zambia to the sea port of Dar es Salaam.\footnote{39}

Indian aid for infrastructure projects in its neighbours, Bhutan, Nepal and Afghanistan are as much about promoting regional security and goodwill as it is about securing hydroelectricity and energy for India itself. Now, like China, it has its sights set on Africa where Indian products in light engineering, consumer goods, and intermediate products are expected to do well because of their low costs and adaptability to local conditions. India’s diplomatic offensives are particularly felt in West Africa’s Gulf of Guinea, where 70 percent of African oil is extracted. India pledged US$500 million in concessional credit facilities to eight resource-rich countries: Burkina Faso, Chad, Equatorial Guinea, Ghana, Guinea-Bissau, Ivory Coast, Mali, and Senegal.\footnote{40}

Other recent initiatives that are said to be earning tremendous goodwill for India among Africa governments include the Techno-Economic Approach for Africa India Movement and the Pan-African E-Network.

In a 2008 study of the ODA practices of China, India, South Africa and Brazil, Rowlands concludes:\footnote{41}

“Emerging donor practices suggest that politically motivated assistance is of particular importance regionally, while commercial interests seem more influential the further away the recipients are located. Notwithstanding, economic motivations remain present in regional assistance since economic integration may be a key priority, as in the case of South Africa. … Such a pattern may be apparent in the behaviour of traditional donors, such as the emphasis by the United States on Latin America and the Caribbean, and
of Europe on Africa. … This example [on the part of emerging donors] need not be considered undesirable or evidence of deception. Instead, it is a logical allocation of resources to ensure an emerging donor’s own immediate development interests. ... Of course, it is also true that the more powerful the donor, the more dispersed and far-flung its political interests.”

This behaviour is, of course, consistent with the practices of traditional donors from the North. The empirical record confirms that actual North-South ODA flows are determined as much by political and strategic considerations of donor countries as by economic need and the policy performance of recipient governments. For instance, according to a study by Alesina and Dollar (2000), the leading bilateral donors from the North provide significantly more ODA to their former colonies. They also provide more aid to countries that vote with them at the UN.42 Another study by Neumayer (2003) finds that aggregated Western bilateral and multilateral ODA tends to go to countries to which these countries export their goods. Some donors, especially France, but also Germany and Japan, give more aid to recipients that import a larger share of these donors’ goods.43

If allocations of military aid and export credits are examined alongside ODA, the weight would surely shift even more decisively towards Northern donor self-interest, rather than recipient needs, as the prime motivation for traditional foreign aid. Put simply, aid is used as a tool for diplomacy, investment and export promotion by the major donor countries, including now newly emerging donors from the South.

SSDC and Development Effectiveness

If traditional Northern aid providers and major emerging donors have similar motives for their aid provision, is the quality of their development assistance also comparable?

Conditionality

One of the principal criticisms repeatedly raised against traditional aid regards the use of policy conditionalities. Northern bilateral and multilateral donors frequently attach macroeconomic and governance conditionalities to their development assistance, even though they have signed on to the Paris Declaration which recognizes the principle of (partner) country ownership of aid. The continued use of policy conditionalities in development assistance violates the sovereign right of people to determine their own country priorities and strategies for development.

Southern donors do not usually impose any macroeconomic or governance conditionalities. They also come with less procedural requirements which translate to quicker disbursements and more predictable financing, which programme countries prefer. Disbursements are usually suspended only if a program country falls into arrears with debt servicing.44 Southern countries invoke the principles of non-interference and respect for sovereignty for this approach.

But this approach has also received a lot of criticism both from traditional donors and civil society. Multilateral donors such as the International Monetary Fund (IMF) and WB are vexed because partner countries that refuse to implement their policy prescriptions can
now turn to Southern donors for development assistance “without strings attached.” Interestingly, the Democratic Republic of the Congo (DRC) received a new aid package from donors and the IMF, after pressure from these donors led to revisions in a significant US$10 billion Chinese “minerals-for-infrastructure” loan package for the DRC.45

More importantly, China and to a lesser extent India have been heavily criticized for ignoring the appalling human rights records of some of their partners. For instance, Human Rights Watch has raised issues with recent Chinese investments in Angola, reporting that Angolan troops stationed in the oil-rich Cabinda area torture civilians to control their movements. CSOs have also voiced concern over poor working conditions of workers and non-compliance with environmental safety regulations. Regular mine accidents in Zambia have come under scornful assessments while environment activists in Mozambique have also opposed Chinese timber buyers who get tropical hardwoods from Mozambique's semi-arid forests. In the same vein, a proposed dam in Mozambique, Mphanda Nkuwa has been criticised for weak social and environmental assessment with fears that it has potential negative impacts for the Zambezi delta.46

Providing aid with complete disregard for human rights, social and environmental considerations is seen as condoning or even supporting continued mis-governance, for the sake of gaining access to their country’s resource base and markets.

Tied Aid

While Southern donors avoid being seen as interfering with the domestic economic policies and political processes of partner countries, this policy of respecting national sovereignty does not extend to the use of development assistance for local or regional purchasing of goods and services. The 2008 DCF study reports that project assistance from Southern donors is primarily tied to the purchase of goods and hiring of contractors from the donor country. This is particularly true for China, India and Venezuela.

For instance, in most of Chinese development assistance to Africa, Beijing requires that 70 percent of infrastructure construction and other contracts are awarded to “approved”, mostly state-owned, Chinese companies and the rest handed to local firms, many of which are also in joint ventures with Chinese groups.47 Many projects have been undertaken with imported Chinese labour.

Arab donors are reported to be the exception since their procurement guidelines stipulate competitive bidding and allow for local suppliers to participate. The 2008 ECOSOC report notes that recent pronouncements from China may indicate a willingness to move towards limited competitive bidding.

In contrast, OECD/DAC donors have adopted a policy of untied bilateral aid. Most DAC donors have made significant progress in this respect with the US as a notable exception. However, DAC donors’ technical assistance and food aid programs are not covered by this policy and, hence, remain heavily tied.48

Numerous studies of aid from DAC countries have shown that tying aid not only undermines program country systems but also inflates the costs of development projects by 15 to 30%. The ECOSOC study, however, reports that a number of program countries indicate that the goods and services provided by tied aid from Southern donors such as China and India are in fact better priced and of appropriate quality. But there is also evidence that this may not be
the case. Technical assistance from Southern countries is also seen as more appropriate to local conditions and needs compared to Northern expertise which is also more expensive.

The AFRODAD chapter in this book suggests that perhaps some Southern development assistance projects (e.g. Chinese projects in Zambia) have lower costs and faster completion times because labor, environmental and social standards are compromised. Landingin in this volume presents evidence that Chinese projects violate national laws and rules on procurement, with allegations of overpricing and corruption.

Transparency

Transparency is another problematic aspect of Southern development assistance. There is a serious lack of accessible and comprehensive information on Southern development assistance. This is not surprising since even the major Southern donors do not have central coordinating agencies to manage and monitor development assistance at the national level. China has a Department of Aid to Foreign Countries within the Ministry of Commerce but its loans (and debt relief) are handled by the China Exim Bank. Most others have different focal points for different aspects of development assistance embedded in different agencies (such as Foreign Affairs, Finance or Economic Planning Ministries) or multiple divisions within the same ministries, sometimes with diverse mandates and various sources of funds. Since Southern donors explicitly reject the role of the DAC in setting ODA standards, the problem is as basic as not having a common definition of foreign aid or international development cooperation by the emerging donor governments.

This incoherence is compounded by the deliberate secrecy of many Southern governments on both sides of the partnership. For instance, China does not release official statistics on its foreign aid activities. Saudi Arabian and Chinese officials refuse to reveal details of development assistance such as project costs, loan terms and repayment conditions.

At the international level, there is no equivalent of the DAC where Northern donors collectively agree on data standards and then report on an annual basis based on these standards, with a DAC support system to organize and disseminate this comparable data through print media and electronic databases. A handful of Southern donors report to the DAC (South Korea and Turkey), while Arab donors have their own Coordination Secretariat, which publishes a report on loans and technical assistance twice a year. But the majority of Southern donors report to no such mechanism at the international or regional level.

CSOs have reportedly raised concerns over limited transparency in the use of funds emanating from SSDC and have urged for greater disclosure on investments from SSDC. The lack of transparency and dearth of information invites corruption. As Landingin illustrates in his contribution to this book, cheap Chinese ODA can easily win the support of corrupt officials even for projects of dubious merit, leaving citizens with the burden of repaying these graft-ridden loans.

Sustainable development

In financial terms, unlike current sector allocations by DAC donors, the bulk of SSDC goes to expenditure on infrastructure and the productive sectors. According to the ECOSOC (2008), funding for transport and communications, energy and other economic infrastructure development, accounts for 50
percent of ODA from major Southern donors, while about a fifth is allocated to the health and education sectors.

In many program countries with severe budgetary constraints for capital spending, this emphasis is much appreciated especially since Northern development assistance has been concentrated in the social sectors since the early 2000s.

Capital expenditure in infrastructure and the economic sectors can yield immediate gains for aid-recipient countries in terms of increased production, trade and possibly export earnings. Some studies cited in the AFRODAD article in this book, for instance, credit Africa’s increasing linkages with China for higher export volumes, improved terms of trade, higher gross national product (GNP) growth, an increase in public revenues and improved debt tolerance for African countries.

But critics, such as Samir Amin, ask what happens when the raw materials for export are depleted? In other words, unless SSDC or any other aid package contributes to a comprehensive and locally-owned national strategy that develops agriculture, industry and services in an all-rounded, integrated and sustainable manner, then whatever short-term economic gains brought by aid are illusory. Indeed they may even be counter-productive in the long-run as the people in impoverished countries may end up even poorer, more deeply indebted and left with a degraded resource base. Rocha et al (2007) also point out that investments within the SSDC framework have failed to generate additional employment to their destination points while CSOs also cite lack of evidence of technology transfer with most sub-contracted firms being from the point of origin.

### Democratic Ownership and Accountability

The responsibility for charting a national development strategy necessarily lies with the program country, not the donor, if the principle of country ownership and sovereignty is to be respected. However, in most accounts of SSDC there is hardly ever mention of citizen’s or even parliamentary participation in steering these initiatives. ODA from the emerging lenders have been restricted to government-to-government affairs pursued as pure commercial undertakings, with little opportunity for CSO participation.

The serious lack of transparency discussed above precludes any real democratic ownership of SSDC. Without information there can be no meaningful participation in shaping policies and monitoring outcomes. Citizens are inhibited from exercising their right to make demands on their own government as well as purported partners. It undermines the accountability of the institutions involved in SSDC to the people on both sides of the partnership.

### Capacity Development

One area of SSDC that does have direct benefits to people in partner countries is capacity development. Indeed, education, health and technical cooperation make up the majority of SSDC projects of the less affluent Southern donors such as Brazil and Cuba. As noted by the G77, South-South technical cooperation is not constrained by the economic wealth of countries since all developing countries have diverse and varying degrees of capacities and experiences that can be shared with other countries.
In fact, one major advantage of southern donor countries in technical cooperation is that they are able to draw on their own experiences that more closely resemble program country contexts than those of Northern donors. Their consultants are also significantly less costly than their Northern counterparts.

Cuba takes technical cooperation to a deeper level, according to Anderson’s study of Cuban health cooperation in Timor Leste (in this volume), through “large scale systematic programs with strong mass training component and a public service ethos.” This takes capacity development to the grassroots and enhances the contribution of SSDC to the empowerment of the poor and marginalized to claim their right to development.

In this connection, it would be enlightening to also examine South-South capacity development initiatives by other stakeholders such as CSOs, academe and media but this can be the subject of future researches.

**Key Messages**

1. **SSDC should be encouraged and promoted** at various levels – bilateral, sub-regional, regional and interregional as well as multilateral or sectorally. It can be bolstered by adequate and structured support from developed countries and the UN.

SSDC levels are rising and, in the case of a few contributors such as Saudi Arabia, China, Venezuela and India, involve considerable sums of development finance. Overall, however, emerging donors still only provide a small portion of international assistance. Nevertheless, amidst the possible decline of financial flows from the North brought about by the financial crisis, SSDC brings in important additional development finance for developing countries today.

2. **SSDC can be further developed not just as additional financing for development in the South but also as an alternative to traditional aid.** Development assistance that offers better and more flexible terms and less intrusive conditions compared to the conditionalities and complicated procedures associated with OECD/DAC aid and the IFIs are most necessary. Likewise, development financing for sectors that are unfunded or underfunded by traditional aid sources are most welcome.

3. **The human rights and democratic framework of SSDC should be strengthened so that the acclaimed advantage of Southern donors in terms of their avowed respect for sovereignty and policy of non-interference is not abused.** Respect for national sovereignty should not mean ignoring gross human rights violations, environmental destruction, corruption and blatant abuse of power in partner countries. There is strong evidence in this Report that such concerns have not been in the forefront of Southern donors’ engagement with their partners. But neither should these concerns lead to attaching conditionalities to development assistance. Every country in the community of nations has obligations under International Law and international Human Rights Covenants and Conventions. Human rights should not be attached to ODA as conditionalities; rather they are obligations assumed by all governments and should therefore inform their dialogue and agreements on international cooperation.

Aid, whether provided by DAC donors or Southern donors, is a “global public
good”, which must strengthen the capacities of countries to meet their human rights obligations and for people in these countries to claim their civil, political, social, economic and cultural rights. In this regard, development cooperation should build state capacities to implement and report on adherence to international conventions and standards, enhance national accountability systems, strengthen local civil society groups and improve their capacities to build awareness so that the people can hold their own governments to account. There is no evidence to date that SSDC has strengthened these aspects in its development cooperation.

4. SSDC should adhere firmly to the principle of mutual benefit and equality with due respect to unequal conditions of partnership that often prevail even between South-South cooperating countries. This implies that the interests of the weaker program country should be respected in an affirmative manner as genuine solidarity, mutuality and equality demand. However, despite the avowed policy of mutual benefit and non-interference, there is no evidence that SSDC is given with no strings attached. While mutual benefit does not necessarily imply “interference”, SSDC is often characterized by highly unequal relationships with the poorest countries, in which the donor interest can easily be paramount. Southern donor interests can range from simply earning diplomatic goodwill and loyal allies abroad, to facilitating trade and investment of Southern donor-based (state) corporations, to bolstering the donor country’s budding hegemonic ambitions.

ODA as a global public good is a mechanism for global redistribution of wealth, particularly for Northern donors, given their overwhelming responsibility for policies that perpetuate gross inequalities. In the case of SSDC, where the donor country itself still has tremendous poverty and development challenges, it is perhaps to be expected that Southern donors, at this stage of South-South cooperation, have tended to be more selective and strategic in selecting their partners. But donors, whether from the North or the South, should not hide behind the rhetoric of promoting development or non-interference when they are really primarily motivated by their own mercantilist and geopolitical interests.

5. Civil society organizations have a crucial role to play in ensuring that the boom in the SSDC is managed in a manner that contributes to the eradication of poverty as well as sustainable economic growth and development. However, in almost all the major countries involved in SSDC, the relationship between CSOs and the state is less than facilitative for this role. The institutional and legislative framework governing CSOs and the enforcement capacity of the state is designed to deter CSO input into the discourse on SSDC. CSO concerns over the negative human rights and environmental implications of some SSDC initiatives are dismissed as anti-development. On the other hand there is weak capacity among the CSOs to organise and mobilise around the core issues they have about the SSDC, as such they do not engage much with SSDC issues as they do with the OECD-led aid effectiveness agenda.

6. Civil society organizations are paying more critical attention to the aid practices of emerging Southern donors and their wider
implications for policies that promote development effectiveness. CSOs insist that ODA, whether from the North or from the South, is developmentally effective if it is strengthening the capacities for poor and vulnerable populations in the poorest countries to claim their political, social, economic and cultural rights. Such efforts must also take account of the fundamental importance of gender equality and women’s rights for development progress. CSOs in the Reality of Aid Network and in Better Aid, from both the South and the North, have called for aid reforms consistent with lessons on development effectiveness, arising from decades of aid relationships. CSOs in the Reality of Aid Network and in Better Aid, from both the South and the North, have called for aid reforms consistent with lessons on development effectiveness, arising from decades of aid relationships.57 (See CSO Statement on South–South Cooperation annexed to this volume)

In this regard, CSOs associated with this Report are calling for donors and recipients in SSDC to contribute to strengthening development effectiveness through:

- **Alignment to national development and poverty reduction strategies**, which have been developed through broad-based processes with the participation of parliaments, CSOs, academic institutions, and independent media. These stakeholders, especially those from impoverished and marginalized sectors, should play key roles in designing, implementing, monitoring and evaluating SSDC initiatives.

- **Greater transparency** especially in relation to the terms of SSDC projects, loans and subsidized export-credit arrangements. Indicators for evaluating the social and environmental risks and actual impacts of SSDC should be developed, with disaggregated figures for different sectors of the population.

- **Enhancing mutual accountability** of Southern donors and program countries to each other and to their citizens by expanding the range of actors involved in assessing aid and development effectiveness, particularly at the country level. This should include elected national and local representatives, national and grassroots CSOs. Citizens’ audits of SSDC undertakings should be supported.

- **The unconditional untying of aid** should also be directed to Southern donors, who must be both transparent and open with developing country partners with respect to the comparative advantages of goods and services provided through their aid relationships. Whatever advantages that Southern technical or production personnel may have over their Northern counterparts, the recipient governments must have the freedom to apply its country systems and standards to SSDC projects as appropriate to their priorities and needs.

- **The cancellation of debts** from Southern creditors that are found to be odious or illegitimate, which is in line with a global CSO call to cancel all such debt.

- **Multi-stakeholder processes and engagement** at the national and international level, to be facilitated by governments and multilateral institutions. This can enhance harmonization in aid policies in line with human rights obligations and internationally agreed development goals while respecting democratic and local ownership of the development process. People-based SSDC can
better contribute to the progressive realization of human rights, gender equality, decent work, ecological sustainability and social justice.

7. SSDC best practices should be studied and promoted, not just among developing countries, but also among developed countries and multilateral institutions. The determination of best practices requires Southern governments, as both donors and recipients, to be more transparent, disclosing the levels and terms of development assistance to the public in a timely and accessible fashion. The UN DCF Secretariat is in an excellent position to be the central repository of information provided by governments and to conduct technical studies on SSDC. This will enhance transparency, accountability, policy coherence and norms-setting in international development cooperation for all donors to better promote national and internationally-agreed development goals. Best practices in South-South ODA and technical cooperation should be situated within the full range of all forms of South-South cooperation.

8. The growing participation of new donors from the South in international development cooperation heralds shifts in the norms and practices in international development cooperation more generally. As these emerging donors gain more experience, join more multilateral efforts and seek greater international recognition, their perspectives should be brought to bear on reforms being contemplated by other donors and the OECD/DAC. The DCF can be the focal point within the UN system for mutual learning and greater harmonization in aid policies in line with human rights obligations and internationally agreed development goals. It has the potential for a more holistic and balanced approach to reforming international development cooperation; but meaningful multi-stakeholder participation as full and equal participants by other development actors (CSOs, parliamentarians) in the preparations and deliberations of the DCF must also be strengthened.

Endnotes


2 The terms “ODA”, “development assistance” and “aid” will be used interchangeably throughout the paper.


6 United Nations Economic and Social Council, South-South and Triangular Cooperation: Improving Information and Data, 4 November 2009

7 ECOSOC 2008, op.cit., p. 10

8 Real Aid for OECD DAC donors excludes debt cancellation, estimates of the costs for refugees in donor countries for their first year and imputed costs associated with

9 Ibid.

10 This is according to official data, which excludes substantial unreported resource transfers made by Saudi ruling families coursed through official channels for building mosques, schools, hospitals, etc. (Villanger 2007)

11 Ibid.


13 According to Villanger (op. cit.), the Saudi Fund distributed between 2% and 7% of total Saudi foreign aid from 1973-89 but represents 9% of total Arab aid finance from 1974-2006.


15 Thomas Lum; Hannah Fischer; Julissa Gomez-Granger; and Anne Leland. China’s Foreign Aid Activities in Africa, Latin America and Southeast Asia, Congressional Research Service (United States Congress), February 2009.

16 The OECD defines ODA as: “Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (“bilateral ODA”) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions. Lending by export credit agencies—with the pure purpose of export promotion—is excluded.” From the OECD Glossary of Statistical Terms accessed at http://stats.oecd.org/glossary/detail.asp?ID=6043


18 Woods, op.cit.


20 Woods, op.cit.

21 Klarreich, Kathie. Food Riots Lead to Haitian Meltdown, Time.com, April 14, 2008 accessed at http://www.time.com/time/world/article/0,8599,1730607,00.html#ixzz0dhwHx8dV

22 Ibid.

23 Ibid.

24 Indian Technical And Economic Cooperation Division, Ministry Of External Affairs, Government Of India accessible at http://itec.nic.in/about.htm

25 German Development Institute. India’s Development Cooperation – Opportunities and Challenges for International Development Cooperation, Briefing Paper, March 2009.


30 DCF 2008, p. 16

31 Villanger, ibid.


34 Petras 2009
While these loans may not be considered ODA according to the DAC definition, many of these loans are eventually converted to debt relief. For instance, during the China-Africa Summit held in Egypt last November, Chinese Prime Minister Wen Jiabao pledged to cancel some of the government debts of the most heavily indebted and least developed African nations that are set to mature at the end of 2009.


http://www.pambazuka.org/en/category/africa_china/60030/print

Agrawal (2007). *Emerging Donors in International Development Assistance: The India Case*. IDRC


ECOSOC 2008, op.cit.

Barney Jopson and William Wallis. “Congo cuts back aid deal with China”, Financial Times (London), November 11, 2009. China agreed to eliminate the DRC state guarantee of China’s $3 billion mining project and to reduce the overall amount to $6 billion from $10 billion. In exchange the IMF will request Paris Club rescheduling of the DRC’s official debt.

A. Lemos, D. Ribeiro and M Chan-Fishel in F. Manji and S. Marks (eds) 2007: 67, 147

http://www.ft.com/cms/s/0/908c24f2-2343-11dc-9e7e-000b5df10621.html?nclick_check=1>


See http://www.railwaysafrica.com/2009/07 namibia%E2%80%99s-chinese-locomotives/ This report concluded that “the decision to buy [four Chinese locomotives for their railway system] was economically justified, but due to a lack of a proper technical analysis of the Chinese manufacturer’s design and a lack of quality control, these locomotives were not suitable for the Namibian environment in which they had to operate.”

Rowlands, op.cit; ECOSOC 2008, op.cit.

Davies, op.cit.

Villanger, op.cit.

ECOSOC 2008, op.cit.

Samir Amin. *Aid for Development*, in *Aid to Africa: Redeemer or Coloniser?* Edited by Hakima Abbas and Yves Niyiragira. Pambazuka Press, pp. 59-75


Statement on behalf of the Group of 77 and China by H.E. Dr. Altigani Salih Fidal, Minister of International Cooperation and Head of the Delegation of the Republic of Sudan, at the High Level Conference on South-South Cooperation, Nairobi, Kenya, 1 December 2009.