

# Making South-South Cooperation Partnerships Work for Africa: A situational analysis and policy recommendations

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Reality of Aid Africa

## Situational Analysis

There have been significant changes in recent years in the structure of the development co-operation and partnerships. South-South Cooperation (SSC) is increasingly playing an important role in global trade, finance, investment and governance. These changes have opened up opportunities for further partnerships between Africa and countries in the South, as evidenced by the plethora of new initiatives aimed at fostering political, economic and social relations.

In the past decade, South-South trade has expanded more quickly than North-South trade. South-South investment has also shown unprecedented dynamism. Africa's total merchandise trade with non-African developing countries increased from US\$34 billion in 1995 to US\$97 billion in 2004, and then jumped to US\$283 billion in 2008 and US\$595 billion in 2012.<sup>1</sup>

At the same time the number of "Greenfield"<sup>2</sup> foreign direct investment (FDI) projects by investors from non-African developing countries more than tripled, from 52 in 2004 to 184 in 2008.<sup>3</sup>

A further indicator of the increased importance of South-South Cooperation and partnerships is the fact that countries in the South have become an additional source of official development assistance (ODA) to African countries. While data availability does not permit a comprehensive

and reliable estimate of the scale of official flows to Africa from the South, it is estimated that official aid to the region from the South was US\$2.8 billion in 2006. And it has risen substantially since, as China committed to double its assistance to Africa by 2009. Aid to Africa made up 45.7% of China's total aid in 2009 and this share has jumped to 52% by 2012. The estimate of China's current concessional foreign aid is approximately US\$5 billion, making its current annual contribution to Africa US\$2.6 billion.<sup>4</sup> The flows are increasingly channelled to the infrastructure and production sectors of African economies. Available evidence suggests that Chinese infrastructure and public works finance commitments in sub-Saharan Africa, both in concessional and non-concessional terms, rose from US\$470 million in 2001 to US\$4.5 billion in 2007, and is likely significantly larger today.<sup>5</sup>

South-South Cooperation continues to gain traction among governments in Africa, albeit with different intensity. Resource flows within the context of SSC partnerships have seen a massive increase despite the dwindling aid flows from the OECD countries. At the political level there are clear initiatives to promote SSC and partnerships. Political leadership considers South-South partnerships to be more economical and effective. Furthermore, there is a feeling among the African governments that the partnering countries have relevant development experience and technical capacity in the area of cooperation as well as availability of practical know-how. These South-South partnerships have the potential to

help Africa's transformation, not only through growing trade and financial flows, but also by supporting regional infrastructure projects, transferring knowledge and poverty eradication.<sup>6</sup>

The positive sides of current and dynamic South-South Cooperation have been registered primarily in the increased inflows of resources, especially to the benefit of African countries. Nevertheless many states also face major challenges because of increased dependence on raw materials and the greater pressure of competition from other countries in the South in the case of light manufactures. The challenges for Africa in SSC seem to revolve around Africa's political and emotional approach to SSC partnerships, rather than focusing on the actual strategic, economic and technical interests such partnerships can generate. The effect has been the failure to develop relevant institutions in Africa, both technical and academic, to facilitate and deepen and benefit more substantially from these partnerships.

African countries are yet to fully invest in South-South partnerships. Most of the efforts to date to improve these partnerships across the board appear to have been left to non-Africa partners and South Africa. The stronger Southern partners from outside Africa seem to fully fund and finance the partnerships, rather than work through joint ventures. In the end, SSC partnerships seem to strengthen the visibility of the provider, rather than be based on mutual interest of the partnerships.

This scenario has seen African governments, particularly those on the recipient side, take less initiative to develop a strong policy and legal and institutional framework that could govern and promote their interests in partnerships beyond political dialogue and engagement. Their approach to legal and institutional reform has been that of creation of an enabling environment for trade and investment opportunities for their

counterparts from the South. Other challenges include lack of budgetary allocation to SSC partnerships as well as data and information management. It is therefore difficult for Africa to measure the true value and outcome of these partnerships.

While South-South partners promote the notion of equality in the political sphere, there exist significant imbalances in economic and real political power among the co-operating partners. The fear is that SSC, with their accompanying inequalities, may degenerate into political and economic patronage.<sup>7</sup> Many of the initiatives in the partnerships are largely funded and supported by the provider with the recipient creating space for absorption of the investment or knowledge transfer, accompanied by extraction of minerals and raw materials by the provider. This 'two-way street' exchange remains a mirage.

The use of traditional instruments of aid transfers including project aid, loans and credits, with grants through technical co-operation and humanitarian assistance, exemplify worrying similarities between such South-South partnerships and traditional partnerships in North-South cooperation. Similar to the framework for North-South cooperation, African countries play the role of beneficiaries rather than stakeholders. As such, little exchange of experience takes place with African countries in SSC, unless it is engineered through a third bilateral or multilateral party in the context of triangular cooperation and/or learning from SSC.

In the context of the importance given to the principle of ownership in effective development cooperation, partnership engagement seems to be limited to deal-making with heads of state, with little involvement of the relevant government institutions. Citizen involvement in the growth of these partnerships is almost always completely absent. There is little or no emphasis on the promotion of citizen exchanges, promoting citizen-based

institutions or academic institutions partnerships. Citizens are seen as mere recipients and beneficiaries of development projects and programs. The focus seems to be on providing scholarships to African countries, rather than in student exchange programs, curriculum development exchanges and establishment of relevant institutes to help in building the partnerships.

Furthermore, there are no efforts towards joint surveys and joint consultative meetings with potential collaboration of national organizations, including the private sector or relevant government agencies. African governments generally clear the way for SSC 'development projects,' including destruction of property, involuntary relocation and land repossession.

## Understanding the institutional model of SSC partnerships

In SSC, there is often no clear distinction between official and commercial flows, making it difficult to classify the form of co-operation under any particular institutional model. SSC usually involves a mixture of capacity building, technology transfer, research and public-private partnership. Partners engage both at the regional and national levels, depending on the magnitude of the project. The following areas define different forms of engagement that are common to SSC partnerships:

- Regional technical cooperation: Involvement of the aid-provider government representatives in regional experts meetings organized by the African Union or regional trading blocks.
- Technical cooperation: African countries receive technical assistance to develop sectoral programmes or improve existing initiatives.
- Study tour: Organisation of a visit to enable

an exchange of experiences between African and host government officials.

- Capacity building, technology transfer, and Public-Private Partnership.

The areas of co-operation between African countries and their Southern partners have included infrastructure construction, agriculture, human resources development, and health and water supply. In this regard, co-operation has resulted in major projects including among others, the Kollo Project (Tunisia-Niger), the Pan-African E-Network Project (India-African Countries), the Lighten-up Africa Project (China-African countries), the SMASSE project (Kenya-Niger), and the Growth Triangle Initiative by Zambia, Malawi, and Mozambique (ZMM-GT).

## Financing South – South Cooperation in Africa

Financing efforts by African governments that promote SSC remain very limited. African countries do not allocate budgets towards the facilitation of SSC and partnership development, unlike their counterparts in China, Brazil and India. The continent heavily relies on the support of the bilateral South-South aid-provider, or a multilateral institution such as the UNDP Special Office for SSC, or the Africa Development Bank. Triangular co-operation has also become one of the tools commonly used to support SSC.

The South-South Cooperation Trust Fund is one example of a financing mechanism. Largely funded by the government of Brazil, the South-South Cooperation Trust Fund (SSCTF) seeks to support African countries in mobilizing and taking advantage of development solutions and technical expertise available in the South. The Fund also seeks to promote South-South partnerships and knowledge sharing among middle-income countries (MICs) and between

MICs and least-developed countries (LDCs) in Africa. The Fund's focus areas include Agriculture and agri-business, health, social development and clean energy. It supports:

- Provision of technical assistance in the preparation of policy and sector studies, research and analysis;
- Capacity-building and human resources development;
- Organization of seminars, workshops, conferences and consultations and sharing of knowledge and experiences; and
- Implementation and piloting of innovative approaches to solve development challenges in African countries.

## **Policy forums in Africa for Partnerships**

Whereas SSC receives political backing from the continent's political leadership, there is no leading African policy forum to provide stakeholders with the support they need to engage with this diverse and challenging co-operation. There are investment promotion centres across the continent with a very restricted mandate for business promotion. In the same context, there is little evidence to show the existence of 'stand-alone' policy forums dedicated to SSC partnership development in African most countries. Efforts to create partnership development institutions are yet to be initiated.

At the regional level, SSC policy dialogue forums take place alongside other major development financing conferences. While the African Platform on Development Effectiveness (APDEV), the African Union Commission and NEPAD all have SSC as one of their thematic focus areas, no Platform has yet to fully develop a more ongoing and substantial dialogue on SSC. At the global level, the United Nations Development Co-operation Forum (DCF) that

reviews the global development trends includes a focus on the South-South Co-operation.<sup>8</sup>

At the initiative of the more economically advanced SSC aid-providers outside Africa, there exists several more structured policy forum for partnership development. These include the Forum on China-Africa Cooperation (FOCAC), the China-Africa Business Council (CABC), the Turkey-Africa Cooperation Summit, the BRICS Summit, the India-Brazil-South Africa Dialogue Forum (IBSA), the BASIC group comprising Brazil, South Africa, India and China (BASIC), and the India-Africa summit.

## **What makes SSC Partnerships work better for more advanced members of SSC?**

The more advanced economies involved in SSC appear to have an upper hand. This is particularly visible in the deteriorating terms of trade between African economies and their Southern Partners. The establishment of the BRICS Bank for Brazil, Russia, China and South Africa without seeking contributions from other Southern partners is a clear indication that levels of investment in the SSC are not equal. Institutions, such as the BRIC Bank, and the fora mentioned above seem to have been put in place to advance the interests of the BRIC and other emerging economies in the partnership.

Other important institutions to advance South-South Cooperation and partnerships include:

### **The Special Unit for South-South Cooperation at the United Nations**

The United Nations has created a special unit for SSC to mainstream SSC throughout the international development community. It does so by leveraging its global reach as well as its policy and institutional capacities to assist developing

countries in strengthening their SSC capacities. It supports countries' efforts to manage, design and implement SSC policies and initiatives through the identification, sharing and transfer of successful Southern-generated development solutions. Despite its existence, African countries are yet to utilise this facility to enhance their capacity on partnership development with their more advanced SSC partners. But the reverse is the case, where countries such as China have benefited from the expertise of this institution.

### **China-Africa Business Council (CABC)**

Based in Beijing, the China- Africa Business Council seeks to create an enabling environment for China-Africa economic and technical cooperation, and in particular deepen economic relations between China and Africa with regard to investment. It is private sector-driven with strong public sector support, and working alongside government ministries. It provides business advice and technical information on policies and regulations to assist Chinese and African companies, tailored to the need of Chinese and African companies, to achieve their investment objectives. CABC has established offices in five 'core' countries: Nigeria, Ghana, Tanzania, Mozambique and Cameroon.

### **The Forum on China-Africa Cooperation (FOCAC)**

FOCAC operates at three levels: 1) a Ministerial Conference, convened once every three years, and attended by Ministers of Foreign Affairs and Ministers responsible for International Cooperation and/or Financial and Economic Affairs; 2) the Senior Officials Meetings (SOMs), which are convened one year ahead of the Ministerial Conference to discuss follow-up activities; and 3) The head of State Summit which is convened once every three years and attended by the heads of states and government. FOCAC has

been institutionalized and remains an important platform for collective dialogue and an effective mechanism for enhancing cooperation and partnerships between China and African countries.

In addition, China has established key academic and policy based institutional think tanks, which facilitate its engagement in SSC and partnership development. These include the China International Centre for Economic and Technical Cooperation (CICETE) and the China South-South Cooperation Network.

### **CSOs in the South-South Cooperation**

Civil society participation in SSC and related partnerships has been influenced by their notion that CSO partnerships are embedded in a human rights-based approach to development and as such work within a framework of solidarity, justice and mutuality. CSOs focus mostly in areas and on issues that are considered peripheral by official SSC partnerships.

CSOs as development actors in their own right have equally been at the forefront in promoting and participating in their own South-South Cooperation partnerships albeit with difficulties. Issues touching on human rights, social development, cultural exchanges, environmental sustainability, democracy and sustainable employment form the cornerstone of CSO SSC partnerships. Currently CSOs have different forum for sharing experiences and knowledge on poverty reduction, advocacy for human rights, debt cancellation, removal of aid policy conditionalities, and challenging human rights abuses, among others.

Focus on issues such as human rights have created tensions between CSOs and many Southern governments. These tensions have resulted in visiting activists being imprisoned or being denied

the right of entry by the violating country. For example, activists were denied access to the annual World Bank CSO meetings in Singapore in 2009 because of visa restrictions and other political considerations. In 2012 the Chinese investor in Zambia copper mines shot and killed two miners advocating for better employment terms, stoking protests by CSO activists across the country.

Cooperation between Southern CSOs on debt campaign issues have resulted in many of the African governments receiving debt relief, and also reforms in aid conditionalities. AFRODAD with its partners, for example, worked closely with CSOs in Liberia to push for the cancellation of the country's debt at the time.

On the capacity-building front, CSO cooperation in the context of SSC has seen a cross-pollination of ideas for organisational and program management. IBON International, based in the Philippines, undertook personnel exchange with the Kenya Debt Relief Network based in Nairobi. The objective was to build the capacity of the personnel with the view of improving program management as well as the institutional capacity in organisational administration. KENDREN had a gap in organisational program management, while IBON International was constrained in its understanding of the African CSO policy terrain. In this regard the two institutions signed an agreement for a six-month exchange program of senior staff.

CSO South-South Cooperation has seen tremendous growth over the years. However, these partnerships have continued to operate parallel and often in an antagonistic manner to Official SSC. The reason is largely due to a lack of dialogue fora for discussions of critical issues. Furthermore governments in SSC have yet to see the real value of CSO participation in SSC partnerships. This is

particularly so given the prominence given to trade and investment in official SSC.

Most of the reforms suggested to improve SSC partnerships appear to be geared towards creating an enabling environment for trade and investment. Little effort has been made towards improving social and cultural exchanges. CSO-SSC partnerships, on the other hand, continue to experience dis-enabling environments for their work, particularly through restrictions in the movement of people across the borders as well as the legal and regulatory framework for CSO operations in many countries involved in SSC.

## **Conclusions**

The largest impediment for the SSC and its partnerships are the limitations on, or absence of, participation on the part of citizens of the beneficiary countries in SSC. This impediment is noticeable at all levels, from the assessment of needs, to project design and implementation. This limitation is further compounded by the lack of opportunities by the aid-providers in SSC to consult widely beyond the immediate beneficiaries of a project, which is usually the government or the private sector. Furthermore, there is little partnership co-ordination between SSC aid-providers in the sectors where they have common interest. The national interest of the provider seems to discourage partnership co-ordination.

At another level, the absence of overall national policies on SSC and related partnership development among most African countries make it difficult for them to pursue SSC in a comprehensive manner. Even with a political declaration in support of South-South Cooperation at the highest political level, legal reforms and institutional and policy

frameworks have not been established to guide the engagement.

## Policy Recommendations

The relationship between Africa and Southern partners in SSC has clearly increased resources available for development. Africa must therefore take advantage of the opportunities and enhance their partnership engagement in this form of cooperation.

### For African Governments

#### Mainstream SSC into national development strategies

SSC provides new opportunities for the continent to comprehensively address their development challenges. SSC can address and increase the potential to improve Africa's capacity to deal with the challenges of poverty, poor infrastructure, weak productive capacity, food insecurity, energy deficits, as well as financial and economic crises. African countries should adopt a well-defined strategy for SSC and related partnership development to ensure that it maximises African benefits from the partnership. SSC should be mainstreamed into national development strategies if Africa is to realise these benefits. In this regard, African governments should endeavour to ensure that SSC partnerships are aligned to their national development plans and priorities.

#### Develop strong policy and institutional frameworks for SSC

The absence of African governments' policies on SSC and partnership development strategies, alongside the absence of mechanisms to coordinate the activities of different implementing agencies, make it difficult for African countries to pursue SSC partnerships in a comprehensive manner. Many countries appear to be guided by political statements and directives from those in

position of power with no policy and institutional framework. Decisions on SSC partnerships and projects are taken at various levels including the offices of the heads government, ministries of finance and the line ministries with little or no co-ordination among themselves. Furthermore these institutions often lack credibility among other stakeholders because of the non-inclusive nature of the partnership.

This scenario has greatly contributed to the passive nature of Africa's participation in the current SSC. Political commitment to SSC must be backed up by a strong policy and institutional framework. This framework should promote democratic ownership, transparency and accountability and development results. It should be the outcome of extensive consultations, bringing together representatives of central and local government, SSC aid-providers, civil society and the private sector. The end result should be a framework that clearly sets out how the government will participate and partner in SSC, and ensure that such cooperation will contribute to poverty reduction and people's empowerment.

#### Create an enabling environment for civil society organisations

Civil society organisations continue to assume more responsibilities and are gaining greater visibility and influence both at the national and the regional levels in all areas of development. The latter, including such issues as civil rights for women and minorities, human rights, environmental protection, democratic governance, corruption and abuse of power. Through the mobilization of constituents and resources, CSOs can influence and monitor national policies and their implementation.

Despite their growing presence and importance, CSOs have been locked out of official SSC partnerships, especially in trade development

programs and investment processes. SSC seems to acknowledge the existence of only two spheres – the market and the state. As a consequence, CSOs have been seriously hampered and their potential for contributing to the solution of development issues in the South under SSC is often challenged or ignored.

Governments involved in SSC partnerships continue to attempt to control and silence civil society organisations. Most of the recent passage of NGO laws seeks to constrain and limit the space for civil society, compromise their independence, and clamp down on their operations at the national level. This scenario has greatly contributed to suspicion and lack of partnership between CSOs and their governments in SSC arrangements. Therefore governments across the continent must work with CSOs to develop relevant legislation and institutional frameworks that not only anchor CSOs' legitimacy within the country's development policies and strategies, but also maximise their contribution to the development process in their countries, including those involving SSC.

### **Broaden the ownership of SSC**

According to the 1990 African Charter for Popular Participation in Development and Empowerment,

'We believe strongly that popular participation is in essence, the empowerment of the people to effectively involve themselves in creating the structures and in designing policies and programmes that serve the interests of all as well as to effectively contribute to the development process and share equitably in its benefits.'

Unless SSC is able to include CSOs as key stakeholders in policy development and implementation of these partnerships, in Africa SSC will fall far short of the African Charter quoted above and the transformation it sought to bring to the continent.

Participation of CSOs in SSC has the potential to broaden country ownership of SSC development projects and programs. It is an important avenue to put people at the centre of the partnership and address the current gaps in engagement with citizens. To ensure effective national ownership of the process and outcomes of evolving partnerships in the South, African governments should make efforts to get parliaments, the private sector, and civil society more directly engaged in the process of negotiations, project design, implementation and evaluation. This engagement will increase transparency and accountability as well as the likelihood that resources will be used in pursuit of national development goals and priorities. It will also reduce public scepticism and give more credibility to the partnerships.

### **Recommendations for regional and multilateral institutions**

The role of regional and multilateral agencies such as the UN in promoting equal partnerships among SSC partners cannot be over-emphasized. They not only have a global network ideal for knowledge exchange, but can also provide the relevant expertise that can benefit both sides of the partnership. In this regard, these institutions should endeavour to:

- (a) Coordinate capacity development for African public institutions that deal with SSC, particularly those that manage statistics and collection of information on SSC and partnership



development. Failure to have reliable data and information has made it difficult for African countries to assess the impact of SSC in the overall efforts for poverty eradication. African regional organizations such as the African Union Commission and NEPAD, in collaboration with the United Nations, should develop a database on Africa-SSC partnerships. This will allow for an identification of best practices for learning.

(b) Provide more research support. Despite the increasing engagement of Africa in SSC partnerships, there are relatively very few think tank, academic, and research institutions that guide the continent, both at the regional and national level on the development effectiveness of their engagement of SSC partnerships. Therefore there is a need for the creation and development of national and regional institutions of excellence for SSC partnerships. These institutions should carry out rigorous and systematic country and regional studies of the impact and sustainability of these activities in the region. Such institutions would provide African policymakers with the information needed to make decisions on partnerships with SSC aid-providers. Thus, African regional organizations as well as the United Nations and other multilateral institutions should scale up their support in this area.

(c) Establish financing facilities for SSC partnership development. Regional and multilateral finance institutions should make more resources available for support to SSC partnership projects and initiatives. Inadequate resources continue to inhibit the growth of intra-Africa and Africa-South partnerships. Funding instruments in the form of trust funds should be established with national governments making substantial contributions. The funds

should largely be directed towards supporting intra-regional cooperation, as well as boosting the cooperation of African participation in the South-South Cooperation.

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## Endnotes

- 1 UNCTAD, 2010 and UNTAD 2014.
- 2 A “greenfield” investment is an investment in a manufacturing, office, or other physical company-related venture where no previous facilities exist.
- 3 UNCTAD, 2010.
- 4 Yun Sun, “Africa in China’s New Foreign Aid White Paper,” Brookings Institute, July 16, 2014, accessed at <http://www.brookings.edu/blogs/africa-in-focus/posts/2014/07/16-africa-china-foreign-aid-sun>

- 5 UNCTAD, 2010.
- 6 NEPAD, 2011. African Consensus and Position on Development Effectiveness [http://www.un.org/en/ecosoc/newfunct/pdf/luxembourg\\_afr\\_pos\\_busan.pdf](http://www.un.org/en/ecosoc/newfunct/pdf/luxembourg_afr_pos_busan.pdf)
- 7 UNCTAD 2010 on South-South cooperation: "Africa and the new forms of development partnership shows that trade and investment flows with the South are reinforcing a longstanding trend in which African countries export farm produce, minerals, ores, and crude oil, and import manufactured goods. It says this situation should be reversed while the South-South trend is still in its early stages. A repeat of the traditional pattern will not help African countries to reduce their traditional dependence on exports of commodities and low-value-added goods."
- 8 The UN Development Co-operation Forum brings together policy makers, civil society organizations, Members of Parliaments, local authorities and foundations from rich and poor countries to review development cooperation trends. It allows building greater coherence among various development actors. It debates ways to improve the quality and effectiveness of development cooperation and to increase its impact on development goals.
- 9 "African Charter for Popular Participation in Development and Transformation," Arusha, 1990.