



High-Level Committee on South-South Cooperation

New York, 1-4 June 2021

Concept Note

Side event

“South-South and triangular cooperation funding mechanisms: A complementary and multifaceted cooperation for sustainable development”

Sponsored by Government of Argentina



2 June 2021 | 8:15-9:45am (EST)



Virtual

<https://undp.zoom.us/j/87277611963>



Language: English

I. Background

South-South cooperation is increasingly recognized as an important complement to North-South cooperation in financing for sustainable development and is central to the implementation of the 2030 Agenda and all other internationally agreed development goals.

“We need to realign financing for sustainable development and unlock the trillions that will deliver the 2030 Agenda,” Secretary-General Antonio Guterres emphasized during remarks to the Second High-level United Nations Conference on South-South Cooperation in Buenos Aires on March 20, 2019, noting that “South-South cooperation can never be a substitute for official development assistance or replace the responsibilities of the Global North set out in the Addis Ababa Action Agenda and the Paris Agreement.”

The South is undergoing rapid transformations. Despite the fact that each country of the Global South has expertise, wealth, and experience, new patterns of trade, investment, and other economic linkages are rapidly emerging. In such an environment, innovation is key in financing such rapidly transforming avenues to keep up with development demands. Financing tools, models, and frameworks for South-South cooperation have the potential to advance cooperation frameworks in ways that benefit developing countries and are consistent with the policy and operational guidelines outlined in major United Nations documents on South-South cooperation.

The Addis Ababa Action Agenda on Financing for Development encourages developing countries to voluntarily step up their efforts to strengthen South-South cooperation; and to commit to strengthen triangular cooperation.¹

The private sector contributes the vast majority of capital to emerging economies. Foreign direct investment (FDI) was expected to account for approximately one-third of all external funding flows to developing countries in 2019.² During the COVID-19 pandemic, developing countries saw private finance drop by \$700 billion in 2020, while foreign direct investment flows to developing countries declined by 30-45% in 2020.³

Remittances accounted for roughly a quarter of all global finance transfers to emerging countries in 2019. According to the World Bank, remittances fell by 7% in 2020, and are expected to fall by another 7.5% during 2021.⁴ This has had devastating impact on the one billion people who

¹ A/RES/69/313

² UN (2020). Financing for Development in the Era of COVID-19 and Beyond Menu of Options for the Consideration of Heads of State and Government Part II. Retrieved from https://www.un.org/sites/un2.un.org/files/financing_for_development_covid19_part_ii_hosg.pdf

³ OECD (2020), Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet, OECD Publishing, Paris.

⁴ <https://www.worldbank.org/en/news/press-release/2020/10/29/covid-19-remittance-flows-to-shrink-14-by-2021>

depend on remittances, including the 200 million migrants who send money home – half of whom are women – and their 800 million family members in low- and lower-middle-income countries.

Against this backdrop, the COVID-19 pandemic also provided an opportunity for scaling up South-South collaboration in health and related areas. As key entities to mitigating potential economic implications, Southern development banks are in a stronger position today than a decade ago. Despite the significant amount of funding provided by Southern financial institutions to aid the recovery of the Southern economy during this crisis, there is still potential for these banks to increase their funding without significant consequences.

The New Development Bank and Asian Infrastructure Investment Bank, along with the Islamic Development Bank (IsDB), redirected their lending programmes towards health-related investment projects. This is highlighted in the report of the Administrator of UNDP to the 20th Session of the High-level Committee on South-South cooperation (SSC/20/1).

The report of the Administrator further notes the impact of new players from the Global South. Complementing the efforts of Brazil, China and India, other countries are also taking a lead in South-South cooperation – especially in regional and interregional development – including Malaysia, Saudi Arabia, Thailand, Turkey and the United Arab Emirates. Twenty non-DAC countries that report to the OECD averaged \$15.2 billion in development assistance between 2015 and 2017.⁵

Numerous United Nations entities have established South-South and triangular cooperation funding mechanisms within their respective focus areas. During 2020, the United Nations Office for South-South Cooperation mobilized \$30.9 million in contributions from partners through its four trust funds: \$22.4 million from the India-UN Development Partnership Fund, \$4.2 million from the United Nations Fund for South-South Cooperation (UNFSSC), \$4 million from the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation, and \$0.3 million from the Pérez-Guerrero Trust Fund for South-South Cooperation (PGTF). These South-South trust funds fast-tracked finance and in-kind support totaling almost \$12 million to 31 countries of the Global South to help them to respond to COVID-19.

⁵ Organisation for Economic Co-operation and Development, "Development Finance of Countries beyond the DAC," 2019.

The importance of triangular cooperation as a means to achieve the 2030 Agenda was emphasized by the global development community in the outcome of the 2019 Second United Nations Conference on South-South Cooperation (BAPA+40).⁶ In this regard, numerous United Nations entities have established South-South and triangular cooperation funding mechanisms within their respective focus areas.

Globally, many triangular cooperation partners have continued their efforts towards supporting SDGs achievement in the countries of the South. With its forward-looking recommendations, the BAPA+40 outcome emphasized the need to mobilize adequate resources from all sources for enhancing South-South and triangular cooperation for sustainable development. The outcome document also encourages countries to further explore new sources and instruments of innovative financing for funding the Sustainable Development Goals at the global, regional, national and subnational levels. In this regard, moving forward, there is agreement for a need to shift attitudes from those of “donor-recipient” to “partnership.”

The emphasis on reciprocity, where both parties gain, is at the core of funding agreements in South-South collaboration, moving away from the conventional donor-recipient relationship. While some countries are certainly more vulnerable and face greater political and economic barriers, it is widely believed that every country has the potential to contribute to collective growth. South-South cooperation gives these financially disadvantaged countries the power to identify and shape their economic ties. In recent years, there has been a surge of South-South cooperation facilitated innovative funding approaches that defy conventional hierarchical methods. Many countries have benefited from these programs, but there remain many more that are significantly economically disadvantaged and could benefit from them. Traditional development modalities alone will not be enough to meet the tremendous amount of capital needed to achieve the SDGs in economic, social, and environmental areas. Southern technology, experience, skills, and resources have thus become key complementing established development process.

South-South cooperation networks are critical in laying the groundwork for a long-term economic recovery, especially following COVID-19. Despite the immense social, economic, and human costs associated with this crisis, it has provided a distinct and unprecedented opportunity for sustainable development. There will undoubtedly be a profound impact due to numerous

⁶ A/RES/73/291

insufficient solutions and the extreme complexity of the current pandemic, which many future generations will have to cope with. However, it is critical at this time to ensure that those who are most vulnerable to these consequences have access to resources that will assist them in achieving a more financially secure future. The Global South has faced many challenges in terms of growth, and the strength and resilience of emerging economies is what offers potential for new cooperative initiatives based on solidarity and inclusion. The enormous amount of cooperation and resources needed, not only to return to pre-pandemic economic growth, but also to get on a better track to achieving the SDGs, remains the challenge before the international community.

II. Objective

This side-event will give Member States and other South-South and triangular cooperation stakeholders the opportunity to better understand valuable opportunities to scale up development impact through South-South and triangular cooperation funding mechanisms.

The discussion can also highlight the importance of all partners in leveraging and tracing the impact South-South and triangular private-sector funding, foreign direct investment, remittances, and philanthropy. The discussion will be anchored by the following guiding questions:

- What are some of the key advantages and disadvantages facing Southern actors in funding an equitable and sustainable post-COVID-19 recovery?
- What systematic approaches can be leveraged to scale-up and improve innovation in South-South financing mechanisms for sustainable development?
- What policy instruments may Southern countries consider toward stimulating external investment? What is the role of the Southern community in ensuring that this promotion does not create market distortions in national and regional markets? And how can countries ensure that some of the benefits of their expanding businesses are channeled back to domestic markets?
- How can policy makers best facilitate the unlocking of innovation to optimize total financing directed towards sustainable development outcomes?
- What are key mechanisms for enforcing and assessing the presence of best practices in innovative South-South investment flows? How can countries ensure accountability and transparency in the alignment of investments with national sustainable development targets?

III. Agenda

The side event will be held on 2nd June, between 8:15-9:45am (EST) and will be moderated by Mr. Navid Hanif, Director, Office for Financing for Sustainable Development, Department of Economic and Social Affairs (DESA) (TBC). Five panelists will each make a ten minutes presentation, followed by interactive discussions. The session will end with a summary presentation of the findings by the moderator.

8:15 am - 8:25 am	Opening remarks and introduction	Mr. Navid Hanif. Director, Office for Financing for Sustainable Development, Department of Economic and Social Affairs (DESA) (TBC)
8:25am - 9:15 am	Presentations	H.E. Mr. Felipe Sola. Minister, Foreign Affairs, International Trade and Worship, Argentina <i>Topic: "Challenges and opportunities for Southern actors in funding an equitable and sustainable post-COVID-19 recovery"</i>
		H.E. Ms. Naledi Pandor. Minister of International Relations and Cooperation, South Africa (TBC) <i>Topic: "Ensuring accountability and transparency in the alignment of investments with national sustainable development targets"</i>
		Dr. Bandar M.H. Hajjar. President of Islamic Development Bank (IsDB) Group (TBC) <i>Topic: "Leveraging and scaling up innovation in South-South financing mechanisms for sustainable development"</i>
		Mr. Dominik Ziller. Vice-President of International Fund for Agricultural Development (IFAD-NU) <i>Topic: "Safeguarding food security and resilience during crises: Aligning investments and scaling up response"</i>
		Mr. Carlos M. Correa. South Centre (IGO) (TBC) <i>Topic: "Strengthening national eco-systems and policy frameworks in Southern countries to stimulate South-South cooperation and external investment"</i>
9.15am - 9: 30 am	Interactive discussions	Moderated by Mr. Navid Hanif (TBC)
9:30am - 9:45am	Summary of discussions	Mr. Navid Hanif (TBC)

Reports and background information

prepared for the 20th session of the High-level Committee may be found on our website at:

<https://www.unsouthsouth.org/our-work/policy-and-intergovernmental-support/high-level-committee-on-south-south-cooperation/high-level-committee-on-south-south-cooperation-20th-session/>.

For more information on the side event

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Website

<https://www.unsouthsouth.org/>