

SECTION 5. PARTNERSHIPS AND FINANCING FOR SOUTH-SOUTH AND TRIANGULAR COATION

5.1 South-South and triangular cooperation partnerships

Similar to the CCA and programming phases, the design of the UNSDCF funding framework follows a specific set of steps to guide the UNCT in formulating multi-year and annual funding frameworks for the UNSDCF (Refer to [Checklist 15](#)), and the corresponding joint partnerships and resource mobilization strategy. As in the other phases, South-South cooperation and triangular cooperation may be integrated throughout these steps into those outcome areas identified in the CCA and UNSDCF programming. To be clear, it is not a question of mainstreaming across all outcomes and outputs but of integrating those two modalities into outcomes and outputs previously identified as relevant for South-South and triangular cooperation.

The *action plan for implementation of the UN system-wide strategy on South-South and triangular cooperation* invites regional UN entities to promote regional and interregional forums that are conducive for partnership-building based on South-South cooperation principles, and to facilitate the development of regional and subregional initiatives on South-South and triangular cooperation partnerships. Such partnerships may take various forms, involve various stakeholders, and will be described or reflected in formal project documents, agreements, letters of intent or memorandums of understanding.

Box 14. Partnerships for South-South cooperation, triangular cooperation and infrastructure development

Recognizing that the infrastructure gap in Africa is massive and constitutes one of the primary reasons that many African countries may not achieve their SDG targets, the Economic Commission for Africa (ECA) programme budget (2022) included a specific subprogramme aimed at bridging this gap through South-South cooperation.

The sub-programme will leverage and build on partnerships with African regional and continental organizations, relevant United Nations agencies, and specialized institutions worldwide involved in the infrastructure development of the continent. In an effort to strengthen stakeholders' capacities to use private-public partnership models as a means of generating innovative financing and infrastructure development in support of industrialization in selected African countries, the subprogramme will help six countries reach North-South and South-South cooperation agreements for project development and technology transfer.

The **regional commissions and regional offices of UN entities can thus work to leverage** South-South and triangular cooperation partnerships to generate innovative financing for development (See examples in box 14).

The **regional commissions and regional offices of UN entities** may also **support centres of excellence** (e.g., academia, civil society organizations, research centres, think tanks) that have a track record in evaluating or implementing successful Southern solutions in their respective regions and establish partnerships with them so that their expertise or capacity-building services may be tapped when needed.

Furthermore, and given their mandate, the **regional collaborative platforms** can facilitate the identification of relevant partners among regional or national institutions. They may also promote **regional and interregional forums that are conducive to partnership-building** based on South-South and triangular cooperation principles and facilitate the development of clear, realistic regional and subregional initiatives.

[Checklist 16](#) sets out questions that can support the process of identifying potential partners and stakeholders at the regional level.

For more detailed guidance on the building of multi-stakeholder partnerships, see *Partnering for Sustainable Development: Guidelines for Multi-stakeholder Partnerships to Implement the 2030 Agenda in Asia and the Pacific*,⁷⁹ prepared jointly by the United Nations University Institute for the Advanced Study of Sustainability in Tokyo and ESCAP in Bangkok. The document provides practical guidance for UN Member States, policymakers, practitioners and other stakeholders to build, strengthen and implement effective multi-stakeholder partnerships aimed at accelerating the implementation of the 2030 Agenda in the Asia and the Pacific region.

5.2 South-South and triangular cooperation financing options

South-South cooperation includes both financial and non-financial forms, including expertise, knowledge and technology transfers between developing countries. Such cooperation could involve in-kind exchanges of goods, training, volunteers, humanitarian assistance, technical cooperation, joint research, participation in peacekeeping operations, scholarships and infrastructure projects, among others.

The traditional architecture of international development cooperation is being complemented and reshaped by **new Southern players**. Thus Brazil, China and India are now the three largest providers of development cooperation, particularly South-South cooperation, outside countries of the Organisation for Economic Co-operation and Development (OECD). Many other countries are also taking a lead in South-South cooperation, within their means, especially in regional and interregional developments.⁸⁰

This section looks at:

- **South-South cooperation funding mechanisms**, including South-South cooperation financing programmes and funds that help interested countries to leverage multi-partner/stakeholder financing facilities and costing arrangements, and new sources and instruments of innovative financing;

triangular and multilateral funding mechanisms, including export-import banks, multilateral institutions, Southern funds and philanthropies, and development banks as

⁷⁹ https://sustainabledevelopment.un.org/content/documents/2545MSP_Guidelines.pdf.

⁸⁰ UNDP, Report of the Administrator of UNDP on the review of progress made in implementing the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries, the new directions strategy for South-South cooperation and the Nairobi outcome document of the High-level United Nations Conference on South-South cooperation (SSC/20/1), June 2021.

well as triangular sources of support and bilateral, trilateral and interregional initiatives; and

the role of UNOSSC and other UN entities in facilitating access to funding mechanisms, including work to raise awareness of funding opportunities, manage trust funds, and facilitate sharing of information, experiences and good practices in public-private financing partnerships and similar cooperation mechanisms.

Figure 7. South-South and triangular cooperation funding opportunities



5.2.1 South-South funding mechanisms

UN entities and their partners have already set up a number of South-South and triangular cooperation centres of excellence, financing facilities, trust funds and other mechanisms. UNCT and UN entity knowledge and use of these resources are key to their support to Governments in financing country-level SDG achievement and funding the UNSDCF. This includes becoming familiar with the characteristics, purpose, mission and focus of all South-South and triangular cooperation funding mechanisms relevant to the country context and connecting Governments and national partners with potential financing mechanisms, such as centres of excellence, financing facilities and trust funds.

The UNSDCF guidance highlights South-South and triangular cooperation as potential external/public avenues for mobilizing resources to support national sustainable development plans and country-level achievement of the SDGs through the UNSDCF. The UNSDCF **financial**

landscape analysis⁸¹ - which is undertaken as part of the CCA, provides an in-depth look at SDG financing requirements and identifies available resources and financing avenues to fill funding gaps, which in turn informs the resource mobilization for the UNSDCF funding framework.

At this stage, the UNCT seeks to leverage different sources of financing and investment flows, including through South-South and triangular cooperation, to address the financing of the SDGs and the funding of the UNSDCF.

Regional UN entities can also support UNCT resource mobilization efforts in two principal ways: (a) including South-South and triangular cooperation in their resource mobilization and partnership strategies; **(b) scoping for potential regional partners; and (c) catalysing the establishment of innovative partnerships between private and public actors.**

South-South funding mechanisms consist of a number of trust funds created to finance, on demand, the development programmes and projects of two or more partner developing countries. **South-South Galaxy** is an online portal for detailed information on these South-South cooperation funding mechanisms, including how to benefit from South-South cooperation financing. For a more personalized experience, sign in to South-South Galaxy and the other portals to explore development solutions potentially applicable to different country contexts as well as available financing mechanisms. Examples of the South-South cooperation trust funds are listed below, including those directly managed by UNOSSC on behalf of Member States.

Box 15. South-South trust funds managed by UNOSSC	
<p>India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (IBSA Fund)⁸²</p> <p>The IBSA trust fund supports developing countries on a demand-driven basis to address development challenges. Through its partnerships, it implements replicable and scalable projects that can be disseminated to interested developing countries as good practices in the fight against poverty and hunger.</p>	<p>United Nations Fund for South-South Cooperation (UNFSSC)⁸³</p> <p>UNFSSC is a core element of UN development system support to Member States to engage partners and mobilize resources for the joint implementation of innovative and transformative South-South cooperation development activities.</p>
<p>Pérez-Guerrero Trust Fund for South-South Cooperation (PGTF)⁸⁴</p> <p>The PGTF, managed on behalf of the Group of 77 (G-77), provides catalytic financial support for cooperative projects carried out by three</p>	<p>India-UN Development Partnership Fund (including the Commonwealth Window) (UNFSSC-related)⁸⁵</p> <p>This fund is led by the Government of India, managed by UNOSSC and implemented in</p>

⁸¹ "UNSDCF: Internal guidance", 2019, chapter 4.

⁸² <https://www.southsouth-galaxy.org/funding-mechanisms/ibsa-fund>.

⁸³ <https://www.unsouthsouth.org/partner-with-us/un-fund-for-ssc>.

⁸⁴ <https://www.southsouth-galaxy.org/funding-mechanisms/pgtf>.

⁸⁵ <https://www.southsouth-galaxy.org/funding-mechanisms/india-un-development-partnership-fund>.

<p>or more developing-country members of the G-77.</p>	<p>collaboration with the UN development system. It supports Southern-owned and -led, demand-driven, transformational sustainable development projects throughout the developing world, focused on LDCs and SIDS. UN entities implement the Fund projects in close collaboration with partner Governments.</p>
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Box 16. South-South and triangular cooperation Funds managed by other UN entities and Member States

<p>FAO South-South Cooperation Programme⁸⁶</p> <p>The programme is designed to improve food security in poor households through national and regional programmes for food security through notable current partnerships with Brazil, China, Morocco and Viet Nam.</p>	<p>Africa Solidarity Trust Fund⁸⁷</p> <p>An innovative Africa-led fund to support African development initiatives, “Its main goal is to strengthen food security across the continent by assisting countries and their regional organizations to eradicate hunger and malnutrition, eliminate rural poverty and manage natural resources in a sustainable manner.”</p>
	<p>China-IFAD South-South and Triangular Cooperation Facility⁸⁸</p> <p>“The Facility finances South-South and triangular cooperation [SSTC] projects and programmes to complement IFAD’s SSTC agenda by increasing the volume of South-South exchanges, spurring innovation, and promoting investments in rural areas and in rural people.” It “pursues the overarching objective of mobilizing knowledge, technologies and resources from the Global South to accelerate rural poverty alleviation, enhance rural productivity, and advance rural transformation.”</p>

Box 17. Funds managed by UN entities and Member States with a South-South and/or a triangular cooperation component

⁸⁶ <https://www.fao.org/partnerships/south-south-cooperation/en>.

⁸⁷ <https://www.fao.org/3/cb1644en/cb1644en.pdf>

<p>The Secretary-General’s Peace and Security Sub-Fund⁸⁹</p> <p>This sub-fund of the United Nations Peace and Development Trust Fund, managed by the Executive Office of the Secretary-General, supports “financing projects and activities related to the maintenance of international peace and security”.</p>	<p>United Nations Peace and Development Trust Fund (UNPDF)⁹⁰</p> <p>The UNPDF supports projects and activities in “peacekeeping security, rapid response system, prevention and mediation, counter-terrorism, strengthening partnership between the United Nations and regional organizations, poverty alleviation, science and technology, small and medium-sized enterprise, education, health care, etc.”.</p>

Box 18. South-South Funds managed by other partners	
<p>Adaptation Fund⁹¹</p> <p>“The Adaptation Fund finances projects and programmes that help vulnerable communities in developing countries adapt to climate change.” Established under the Kyoto Protocol of the United Nations Framework Convention on Climate Change, it “has committed US\$700 million to climate adaptation and resilience activities”. “The Fund is financed in part by government and private donors, and also from a 2 per cent share of proceeds of certified emission reductions issued under the Protocol’s Clear Development Mechanism projects.”</p>	<p>Expo Live Innovation Impact Grant Programme⁹²</p> <p>An initiative of Expo 2020 Dubai, “the grant programme provides funding, business support and exposure to innovative solutions that benefit communities and/or the environment.” It “awards funding of up to USD100,000 each to social enterprises, start-ups and grass-roots projects from around the world, based on their potential to impact the environment positively and generate real social value.”</p>
<p>Digital Identification and Finance Initiative in Africa (DigiFi Africa)⁹³</p>	<p>Global Innovation Fund⁹⁴</p> <p>The Fund uses grants, loans and equity investments to back “innovations with the</p>

⁸⁹ <https://www.un.org/en/unpdf/peace.shtml>.

⁹⁰ <https://www.southsouth-galaxy.org/funding-mechanisms/united-nations-peace-and-development-trust-fund>.

⁹¹ <https://www.southsouth-galaxy.org/funding-mechanisms/the-adaptation-fund>.

⁹² <https://www.southsouth-galaxy.org/funding-mechanisms/expo-live-innovation-impact-grant-programme>.

⁹³ <https://www.southsouth-galaxy.org/funding-mechanisms/digital-identification-and-finance-initiative-in-africa>.

⁹⁴ <https://www.southsouth-galaxy.org/funding-mechanisms/global-innovation-fund>.

<p>DigiFi Africa “aims to generate rigorous evidence on how African governments, private companies and NGOs [non-governmental organizations] can leverage digital payments and identification systems to improve lives through better public service delivery, governance, and financial inclusion.”</p>	<p>potential for social impact at a large scale, whether they are new technologies, business models, policy practices, technologies or behavioural insights.” It “supports innovators in developing countries at all stages of their life cycle, from start-up and pilot-testing through to larger-scale implementation.”</p>
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5.2.2 Triangular and multilateral funding mechanisms

Triangular cooperation and multilateral cooperation at the global and regional levels have the potential to accelerate the achievement of the SDGs in innovative and collaborative ways, including through the funding mechanisms in the boxes below.

Some of the key actors or SDG financing sources available at the regional level are the following.

- **Joint investment mechanisms.** Joint investment programmes or joint public-private partnerships can be established to build capacities and transfer **technical know-how in key SDG sectors**. A large current provider is China, which reported that Chinese enterprises had invested about \$20.3 billion in non-financial direct investments in countries “along the Belt and Road” in 2021.⁹⁵
- **Southern development banks.** These banks are taking an increasing role in **financing SDG sectors**, such as the New Development Bank, the Asian Infrastructure Investment Bank (AIIB) and the Islamic Development Bank (IsDB), which have all begun redirecting their lending programmes towards health-related investment projects.⁹⁶ UNCTAD had estimated that a prudent lowering of the equity-to-loan ratios by the subregional development banks in Latin America and the Caribbean, Asia and Africa could expand their loan portfolios by nearly \$25 billion.⁹⁷
- **Multilateral development banks.** These banks are increasingly investing in **climate financing**. For example, AIIB plans to align all its operations with the goals of the Paris Agreement by July 2023 and scale up its existing climate commitments to at least 50 per cent by 2025. In 2021 alone, AIIB climate finance amounted to \$2.9 billion, or 48 per cent of total approved financing, up from 41 per cent in 2020.⁹⁸
- **Diaspora financing** is becoming an important source of development financing for countries of the South. While the diaspora comprises non-traditional providers of finance, in recent times they have demonstrated commitments to green projects and a history of support in

⁹⁵ Christoph Wang, “Brief: China Belt & Road Initiative (BRI) Investment Report 2021”, Green Finance & Development Centre, 2 February 2022.

⁹⁶ UNDP, Report of the Administrator of UNDP..., June 2021, p. 5.

⁹⁷ UNCTAD, South-South Cooperation at the time of COVID-19: Building Solidarity Among Developing Countries, May 2020 https://unctad.org/system/files/official-document/gdsinf2020d4_en.pdf

⁹⁸ https://www.aiib.org/en/news-events/annual-report/2021/common/pdf/2021_AIIBAnnualReport_web-reduced.pdf, p. 45.

times of crises.⁹⁹ Diaspora bonds “have brought billions of dollars into a few countries (such as India and Israel) with large, long-established diasporas in high-income countries of residence.”¹⁰⁰ Sub-Saharan African immigrants living in the United States of America, Europe and elsewhere send back significant amounts in remittances to the continent. In 2021, they amounted to \$46 billion, an increase of 6.2 per cent over 2020, when remittances were impacted by the COVID-19 pandemic.¹⁰¹

Box 19. Sources of funding for triangular cooperation	
<p>African Development Bank South-South Cooperation Trust Fund¹⁰²</p>	<p>Adelante 2¹⁰³</p> <p>A European Union programme, Adelante 2 contributes to “fulfilling the 2030 Agenda and facilitate[s] a more inclusive and sustainable development through the promotion and use of triangular cooperation between Europe and Latin America and the Caribbean”.</p>
<p>The Fund provides support to African countries “in mobilizing and taking advantage of development solutions and technical expertise available in the South”, focused on technical assistance, capacity-building, knowledge-sharing, and implementation and piloting of innovative approaches.</p>	

Box 20. Southern funds and financing institutions	
Export-import banks	Multilateral institutions
<p>Export-Import Bank of China¹⁰⁴ Export-Import Bank of India¹⁰⁵ Brazilian Development Bank¹⁰⁶</p>	<p>New Development Bank¹⁰⁷ Arab Fund for Economic and Social Development¹⁰⁸ Arab Bank for Economic Development in Africa¹⁰⁹ OPEC Fund for International Development¹¹⁰</p>
<p>These institutions provide concessional loans for various infrastructure and construction projects, and credit and project financing for</p>	

⁹⁹ Samuel Salia and Eugene Bempong Nyantakyi, “Diaspora bonds can help fill climate finance gaps in developing economies”, The London School of Economics and Political Science, 18 January 2022. Available at <https://blogs.lse.ac.uk/africaatlse/2022/01/18/diaspora-bonds-can-fill-climate-change-finance-gaps-in-developing-economies-cop26/>.

¹⁰⁰ Stephen Gelb, Sona Kalantaryan, Simon McMahon and Marta Perez-Fernandez, Diaspora finance for development: from remittances to investment (EUR 30742 EN) (Publications Office of the European Union, Luxembourg), 2021, p. 39. Available at https://southsouth.contentfiles.net/media/documents/diaspora_finance_for_development_final_final.pdf.

¹⁰¹ Witney Schneidman, Admassu Tadesse and Abyssinnia Lissanu, “Diaspora bonds: An innovative source of financing?”, Brookings, 15 December 2022. Available at <https://www.brookings.edu/blog/africa-in-focus/2022/05/27/diaspora-bonds-an-innovative-source-of-financing/>.

¹⁰² <https://www.southsouth-galaxy.org/funding-mechanisms/african-development-bank-group-south-south-cooperation-trust-fund>.

¹⁰³ <https://www.southsouth-galaxy.org/financing-mechanisms/adelante-window-2022>.

¹⁰⁴ <http://english.eximbank.gov.cn>.

¹⁰⁵ <https://www.eximbankindia.in>.

¹⁰⁶ https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en.

¹⁰⁷ <https://www.ndb.int>.

¹⁰⁸ <https://www.arabfund.org>.

¹⁰⁹ <https://badea.org>.

¹¹⁰ <https://opecfund.org>.

<p>domestic companies investing in other countries of the South.</p>	<p>These institutions provide loans, grants, equity capital and other forms of financial assistance to member countries as well as financial assistance for socioeconomic development in other countries of the South</p>
<p>Southern funds</p>	<p>Southern philanthropy</p>
<p>China South-South Cooperation Assistance Fund¹¹¹ The Fund supports developing countries to implement the 2030 Agenda, respond to humanitarian crises and reduce poverty.</p> <p>Japan Social Development Fund (JSDF)¹¹² The JSDF provides grants to support “community-driven development and poverty reduction projects that empower the poorest and most vulnerable groups not reached by other programs to improve their lives through direct benefits.”</p> <p>Kuwait Fund for Arab Economic Development¹¹³ Qatar Fund for Development¹¹⁴ Abu Dhabi Development Fund¹¹⁵ Nigeria Trust Fund¹¹⁶ These institutions provide loans, grants, equity capital and other forms of financial assistance to member countries as well as financial assistance for socioeconomic development.</p>	<p>Mohammed bin Rashid Al Maktoum Knowledge Foundation¹¹⁷ Dubai Cares¹¹⁸ These philanthropies provide loans and grants through endowments.</p>
<p>Development banks</p>	
<p>in addition to referrals to foundational documents¹¹⁹ BRAC Bank¹²⁰ and Grameen Bank¹²¹</p>	

¹¹² <https://www.southsouth-galaxy.org/funding-mechanisms/japan-social-development-fund-jsdf/>.
¹¹³ <https://www.kuwait-fund.org/en/web/kfund>.
¹¹⁴ <https://qatarfund.org.qa/en/>.
¹¹⁵ <https://addf-uae.com>.
¹¹⁶ <https://www.afdb.org/en/about-us/corporate-information/nigeria-trust-fund-ntf>.
¹¹⁷ <https://mbrf.ae/en>.
¹¹⁸ <http://dubaicares.com>.
¹¹⁹ <https://www.aiib.org/en/index.html>.
¹²⁰ <https://www.bracbank.com/en>.
¹²¹ <https://grameenbank.org>.

Central American Bank for Economic Integration¹²²
Islamic Development Bank¹²³

These institutions provide loans for infrastructure investments in Asia and other regions; small loans, mainly to women, to set up small businesses; and loans for social programmes and infrastructure development.

5.2.3 Role of UNOSSC and other UN entities in facilitating access to funding mechanisms

In coordination with the other members of the United Nations Inter-Agency Mechanism for South-South and Triangular Cooperation, UNOSSC acts as a hub for raising awareness among UN entities about existing funding opportunities in support of South-South and triangular cooperation activities.

In line with the management and accountability framework, the resident coordinator advances, together with and in support of government, UNCT and relevant regional entities, regional knowledge-sharing and collaboration, policy integration, South-South and triangular cooperation exchanges, and multi-country and transboundary initiatives in pursuit of greater system-wide results and impact. Resident coordinators coordinate UNCT-wide efforts for resource mobilization for the Cooperation Framework. When coordinating submissions to global funding mechanisms on behalf of the UNCT, the resident coordinator consults with UNCT members and explains final decisions on the basis of the agreed-upon criteria relating to prioritization of requests to the UNCT.

UNOSSC will continue to manage the trust funds for South-South cooperation highlighted earlier (box 3), facilitating the multi-stakeholder formulation of impactful South-South cooperation projects, overseeing their implementation and communicating the results. As part of its secretariat functions, UNOSSC will contribute to the strengthening of UN development system implementing-partner capacities. It will also continue to act as a repository of, and facilitator for, the sharing of relevant information, experiences, and good South-South and triangular cooperation practices so that UNCTs can integrate South-South cooperation and triangular cooperation into the CCA and UNSDCF processes and apply them to their own country context.

UNOSSC will also support the efforts of developing countries to collaborate with UN entities in brokering partnerships for in-kind support and/or financing arrangements with Southern providers to advance the achievement of the SDGs at the country level through South-South and triangular cooperation.

¹²² <https://www.bcie.org/en>.

¹²³ <https://www.isdb.org>.