

South Meets South

Enriching the development menu

Guest Editorial

BY ENRIQUE MARURI AND HAN FRAETERS

AFRICAN COUNTRIES, like Nigeria, with an emerging information technology (IT) industry, are examples of how globalization has opened up vast new opportunities. Information technology and business process outsourcing is a multibillion dollar talent-driven industry with a market that is still untapped. Africa is keen on exploring this new frontier which

has the potential to create thousands of quality jobs for its young people. But to do so, it must nurture the right skills. Where can these be found?

We immediately think of India as the natural choice. A world leader in IT and related services, India employs some 10 million people in the industry and generates about US\$50 billion a year in IT exports. Yet, only 20 years ago it was a low-income agricultural economy, much like Nigeria today. India has the know-how and experience in how to build a business process outsourcing industry. They understand the manage-



World Bank Managing Director Ngozi Okonjo-Iweala, a champion of South-South knowledge exchange, was instrumental in creating the South-South Experience Exchange Trust Fund.

ment processes, they have the firms that can assess and address the skill gaps with high-quality training, and they have developed a successful industry association. So India's trajectory resonates with Africa's ambitions. And what's more: India is interested in sharing its experience.

Double-sided demand

THIS HAPPY CONVERGENCE OF INTERESTS opens powerful opportunities for South-South Knowledge Exchange. Let's call it the power of double demand: the *desire to learn* and the *desire to share*. Countries from all income levels want to learn from the practical experiences of their peers: the practices that work and the pitfalls to avoid. Practitioners want to be connected to each other across countries and regions. It stems from a belief that development solutions work best when they are designed with peers and partners who have faced, or are facing, similar challenges. South-South Knowledge Exchange is about the power of peer learning, about ownership, and about the diversity of development choices.

But developing countries do not only want to learn from the experiences of others. They also want to share their own. Especially for middle-income countries (MICs), this offers an opportunity to be providers of development cooperation, to become active players in the global development architecture. In countries such as Indonesia, Vietnam, South Africa and Colombia, South-South has become a key component of their foreign policy and development plans. It opens markets, helps validate locally developed solutions, facilitates regional and subregional integration processes, and links institutions and communities with common interests, both within and across regions.

Picking up speed

SOUTH-SOUTH COOPERATION, usually defined as the exchange of resources, technology and knowledge between developing countries, has been going on for more than 50 years. It was first promoted by the United Nations, mainly among the G-77, a coalition of developing countries that looks after the joint economic interests of its members and helps increase their negotiating power.

Today, South-South Cooperation involves a complex mosaic of governmental and nongovernmental actors, and instruments ranging from one-off activities to budget support and large-scale loans. The World Bank estimates that, in 2008, South-South Foreign Direct Investment (FDI) accounted for one third of the total \$780 billion of FDI going to developing countries, and the proportion is growing. South-South also plays an increasingly relevant role in development cooperation: in 2008, the UN ECOSOC estimated that bilateral development partners in developing countries contributed \$12 to 15 billion in concessional financing and export credit to other developing countries. And, although difficult to quantify in financial figures, it is clear that technical cooperation and knowledge exchange have become very prominent among the growing group of middle-income countries.

The South-South agenda has seen a remarkable surge in recent years. First of all, the management of global public goods has gained importance, some of which depend mainly on actions by Southern countries. Secondly, in the aftermath of the global economic crisis, deep changes are underway in international relations and global governance. Developing countries are acquiring more voice and influence. This new inclusiveness is neatly reflected in the G20. In this swiftly changing world with multiple poles of growth across the globe, the G20 offers an opportunity to countries like Brazil, Indonesia and South Africa, to place the South-South agenda at the forefront of the global development debate, which will intensify as the 2015 deadline for the Millennium Development Goals approaches.

Multipolar sources of knowledge

IT IS IN THIS CONTEXT that the exchange of knowledge and experience has an enormous potential role to play in the emerging global development architecture. Today, answers to development challenges can come from anywhere. Many developing countries have designed and implemented solutions that have no precedent in the "rich world." Look at the microfinance models in countries like Bangladesh and Indonesia, some of the rapid bus transit systems in Colombia or Brazil, or the use of mobile technologies for all kinds of services in Africa and elsewhere. Those same developing countries are building strong and reputable academic institutions and development think tanks. This has huge implications for the diversity, sources, and availability of development knowledge and experience.

In 2007, New York City Mayor Michael Bloomberg visited Toluca, Mexico to learn about the Oportunidades Program and Conditional Cash Transfers as a means of combating inner-city poverty. Brazil is helping many Latin American countries to establish "human milk banks," and Cuba provides know-how in literacy programs to a major donor like Spain. It is clear that the Western monopoly on development expertise has come to an end. In today's world, useable knowledge can travel in any direction: South-South, South-North, East-West, you name it. The term "South-South Cooperation" will soon be *passé*.

So what will it take to deliver on this transformative agenda that we like to call the *South-South Opportunity*? This opportunity is a challenge presented to us—the development community—by the changing global context: a challenge to invest in a more demand-driven model of cooperation that promotes horizontal relationships, invests in local capacity, and moves away from one-size-fits-all solutions? First of all, it certainly means that direct exchanges between countries at various stages of development should become the rule rather than the exception. Secondly, it is not just about doing more, but about doing it right. And finally, this agenda belongs to us all. We all have key roles to play.

Let's go back for a moment to Nigeria and its desire to learn from India how to build an IT outsourcing industry. An exchange did take place in 2009, which resulted in a plan to develop an Industry Association in Nigeria, modeled after the

existing one in India. However, this exchange happened only because of a set of brokering mechanisms that connected the *desire to share* with the *desire to learn*. In this case, it was the multidonor South-South Experience Exchange Trust Fund, hosted at the World Bank, which *heard* the demand, *helped mobilize* the supply, and *provided* the funding. But there was also NEPAD (New Partnership for Africa's Development), which, through its e-Africa Commission, played a key role in identifying and articulating the demand. Multiple brokering mechanisms are emerging at the local, regional, and global levels, and this is good. It is wrong to think that one "killer application" will one day solve all South-South brokering requirements. We need a thriving market of South-South brokers, who operate in an open, transparent, and self-coordinating way. IT, including the social media, can help the demand find the supply and make the exchanges happen once the match is made.

As we take South-South exchanges to scale, we need to keep taking stock of what works and what doesn't. The assumption is that South-South, when designed with respect for local leadership, and implemented with accountability among those involved, leads to more sustainable solutions and strengthens local capacity. But without hard evidence on the comparative advantage of South-South we will not be able to influence the global agenda. The work being done by the United Nations Development Cooperation Forum, the DAC-Working Party on Aid Effectiveness, together with the work of the Task Team on South-South Cooperation, and other regional and subregional platforms and initiatives, is critical. Equally important are the initiatives to mainstream South-South Knowledge Exchange practices in development organizations.

We're all in it together

FINALLY, WE ALL NEED to take this agenda forward. Countries on the supply side need to document their development experiences and make them ready for export. On the demand side, countries need to embed horizontal cooperation in their development plans, and to articulate their learning needs carefully. Regional and global multilaterals should mainstream South-South approaches in their business lines and develop funding and brokering mechanisms for low- and middle-income countries, and for short-term as well as longer-term projects. Traditional donors need to become fully aware of the unique win-win opportunity to develop capacity in one country to thereby affect more sustainable change in another country, and they need to adapt their cooperation strategies accordingly. Parliamentarians and Civil Society Organizations can ensure that governmental peer learning fosters democratic ownership and human rights. Academia and the private sector can help enrich the agenda and engage more with governments and other stakeholders.

Above all, it is up to the countries of the South to realize the transformative power of this agenda. This is not about recycling the mistakes of the past. This is about a new approach to development that fosters solutions that meet local needs, build on local capacity, and are rooted in transparency and mutual accountability. Only then can we deliver on the South-South Opportunity. 

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New York Mayor Michael Bloomberg speaks with Beatriz Zavala, Mexican Minister of Social Development during a visit to learn about the governmental program "Oportunidades" (*Oportunidades*), which aims to deliver economic support to low-income people.