
SOUTH-SOUTH COOPERATION, NORTH-SOUTH AID AND THE PROSPECT OF INTERNATIONAL AID ARCHITECTURE

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South-South Cooperation (SSC) and North-South Aid (NSA) arise from different historical conditions and there are great differences between their philosophies, principles and paradigms. Against the background of a changing global environment, developed countries realized that the original development aid architecture must be reformed on one hand, and that developing countries are increasingly important in the aid architecture on the other. Hence, Western donors began to rethink their aid principles and methods, and accepted the concept of development effectiveness gradually, an attempt to establish global development forum and global partnership including emerging donors, beneficiary countries, civil society and the private sector. Nevertheless, being developing countries themselves, emerging donors are faced with unsolved domestic poverty issues and imperfect aid management institutions, which means that the emerging donors are unable to take a dominant position in the current aid architecture. Hence, the future dialogue and cooperation between traditional and emerging donors should feature the principle that the responsibilities taken by each party are collective but not identical, with developing countries bearing the main responsibilities in promoting poverty reduction and economic development in developing countries. They should be mutually tolerant about the different philosophies and share useful experiences. Moreover, emerging donors should promote development capacity building in recipient countries through win-win cooperation and solve their domestic development issues at the same time.

Key words: South-South cooperation (SSC); North-South Aid (NSA); international development aid architecture; triangular cooperation.

Introduction

South-South cooperation (SSC) and North-South Aid (NSA) arise from different historical backgrounds and have their own distinctive features. As two independent instruments of promoting economic development and social progress for developing countries, there are great differences between their ideas, principles and paradigms.

The traditional NSA has been provided for several decades, and certain political and economic conditions were usually being attached to aid during this process. Since the new millennium, Western countries began to widely implement the principles of Aid Effectiveness (AE) [1]. Since 1960, outflow of DAC countries' foreign aid capital has been increasing steadily. It is estimated that approximately 3.2 trillion dollars have flown into poor countries from rich ones [2]. However, though having received large amounts of assistance, the majority of beneficiary countries, instead of making progress in their economic development and poverty reduction, are suffering from an increasing number of poor people.

On the other hand, with the development of global economy, some developing countries, such as China, Russian, India, Brazil and other emerging economies, have made great progress in terms of economic growth. Statistics in 2012 showed that the total value of GDP in these four countries (China, India, Brazil, South Africa) accounted for 15% of the world. The rapid economic development has turned these NIEs into the driving force of international development cooperation. In 2010, \$7.2 billion of aid funds

from non-DAC countries, who offered reports to OECD, were allocated to developing countries. The total amount of aid from these countries has tripled since 2010. Despite the absence of a complete adding-up about the aid amount contributed by non-DAC countries, the increasing trend of it is obvious both in their direct official aid funds to developing countries and their expansion in trade and investment volumes. These newcomers have not only stepped up their international development assistance and provided more chances and space for developing countries, but also brought the ideas and principles of South-South Cooperation into development assistance, especially expressing concerns about development effectiveness.

Facing new circumstances and doubts, developed countries are entering a path towards new modes of assistance to and cooperation with countries. On the one hand, they have begun to adjust their patterns of assistance. The United States of America, for instance, have started to offer unconditional assistance to the least developed countries. On the other hand, they are looking to the newcomers for constructive conversations. From the agenda of a Post-2015 International Development Agenda and the discussions on MDG/SDG, developed countries have realized there are some ideas and principles in common between North-South Assistance and South-South Cooperation. Signs of transferring Aid Effectiveness to Development Effectiveness have come in being, and the construction of a global development forum and some international development assistance partnership have come in sight. What is worthy of consideration now is whether and how the traditional and new assistance countries can cooperate in the future global aid system.

South-South Cooperation and North-South Aid

Different perceptions of NSA and SSC towards the necessity of external force in a country's development process led to the different ideas and principles they followed in development cooperation, which further resulted in the different comments about their respective aid outcomes.

In Western countries, the operation basis of development assistance is modernization theory, which hypothesizes that all the countries' modernization and economic process is similar to the 300 years' development phases experienced by Western donors and based on historical experience [3]. The transfer of resources and technologies from rich countries to poor countries will contribute to accelerating modernization and growth. Therefore, there is a tacit assumption in Western aid, that western countries have the responsibility to help developing countries, and developing countries also cannot realize development without western aid. This assumption directly leads to the formation of traditional donors' aid philosophy.

In the first place, developed countries have always been viewing ODA as charities to developing countries, inherently consistent with Altruism in the Western Christianity, which directly resulted in the unequal status of donors and beneficiary countries [4].

Secondly, western countries believed that they clearly understand how to drive development. Consequently, they are inclined to push policy making and institution building, which they think are beneficial to development in the recipient countries. In other words, western donors tend to define development according to their experiences,

understanding and will, and set a development path for developing countries. In fact, western countries have been exporting their values and ideas, and promoting their political, economic institutions via foreign assistance. Since 1990s, politically speaking, western donors began to emphasize indicators like human rights, democracy and good governance, and supported the development of nongovernmental organizations and civil society organizations in developing countries, imposing influence on recipients' ideology, political institutions and social structure. Meanwhile, western countries spread the new liberalism and stressed the force of market to affect recipient countries' economic institutions [5].

The divisions between the concepts of SSC and NSA are directly lead to the different definitions of assistance in western donors and developing donors. Western countries' perceptions of aid, based on charity and altruism, are inclined to hold that developing countries cannot realize development without western aid and take assistance and development as one notion. Therefore, donation is the priority option of providing assistance and inherently consistent with ODA. Meanwhile, aid should be clearly split from the commercial activities like trade and investment, which are considered as instruments of pursuing self-interest. In contrast, SSC emphasizes the cultivation of developing countries' self-development and collective self-reliance capacity. South-South aid, combined with trade and investment, is more than capital transfer and donation, which aims to promoting mutual cooperation between developing countries. As referred to in a research report on *Recalibrating Development Co-Operation: How can African Countries Benefit from Emerging Countries* issued by OECD Development Centre in 2011, "international development cooperation could be broadly divided into two different philosophies: 'international development assistance', relying on a charity philosophy and, 'international development investment', aiming at enhancing the partner's potential in one's own self-interest... the notion of win-win co-operation is primarily associated to emerging donors from the South such as China, India and Brazil" [6].

The contrast between the principles of NSA and SSC also originates from the difference in aid philosophies. Western donors naturally attached economic and political strings to interfere in the internal affairs of other countries, directing the recipient countries to development in a way they think is reasonable and effective. Western donors even set a scheduled development path for the beneficiary country, the latter being deprived of autonomy to some extent. Seen from the extreme situation, once they began to rely on development aid, recipient countries, whose development path is regulated by donors, are under the control of western countries. Then independent development is just an utopian dream. Additional conditions in foreign aid create political and economic costs for developing countries and, as a consequence, some underdeveloped countries in urgent need of aid are unable to obtain external goods and capital supply, which means the current international development aids subordinate to western countries' need of spreading values such as freedom, democracy, human rights and openness to some degree, rather than target at the poverty problem of recipient countries on the whole. Various conditions and institutional reform requirements attached, aid was deviated far from the development, with methods and conditions of aid themselves becoming the goals of assistance, rather than development. For example, many non-go-

vernmental organizations and academic institutions criticized that the Performance-Based Allocation system of the World Bank only concentrates on “the best process indicators”, while development outcomes were ignored. This has caused dissatisfaction among developing recipient countries. International criticism on the current aid system also mainly lie in the issue of attached conditions. However, the core principle of SSC is no inference into other countries’ internal affairs and emphasizes the self-reliance in recipient countries. Under the equality and mutual benefits implication in SSC, aid projects of emerging donors are to promote the bilateral trade and investment, to realize win-win objective of stimulating economic growth. The aid and investment from emerging donors will create favorable foreign direct investment (FDI) environment in poor countries, which contributes to attracting foreign investment capitals. The technologies and management experiences accompanied with capital not only will break the vicious spiral of poverty, injecting great vitality into the economic growth, but also are conducive to the expanding foreign markets, driving the domestic economy into the global value chain system, increasing added value of their products, so as to realize the development and poverty reduction [7]. The seminar “development assistance, emerging economies and the global policy”, held in Beijing in November 2012, pointed out that aid provided under the framework of SSC is conducive to the economic cooperation between developing countries and expansion of new markets. In addition to trade and investment, emerging donors also provide assistance to poor countries in infrastructure, technical cooperation, education, health etc., which will improve the development capacity building in beneficiary countries, and lead them towards the road of self-reliance and independent development.

Dialogue between Northern and Southern Donors and Platforms for Cooperation

With the diversified aid paradigm coming with emerging donors and more attention on the development effectiveness concept, a debate on whether the cooperation between traditional donors and emerging donors is possible has started. Further, is it possible to build a new assistance architecture including emerging donors and western countries to replace or be compatible with the current assistance system, which is based on the regulation like DAC aid management, Paris Declaration and DAC peer review mechanism? [8]

From the perspective of traditional donors, there are two options of cooperation. One is to incorporate emerging donors into the traditional aid system and make them follow DAC aid regulations. The other is acknowledging the difference of emerging donors and cooperating with them. For the former, the possibility is quite slim. OECD clearly stipulates that its members should be developed countries advocating liberal democracy institutions. Apparently, the lacking involvement of developing countries like China and India is inappropriate. More importantly, the aid of emerging countries has always been outside of the rules and regulations of DAC, with distinctive differences from the DAC modes. Therefore, emerging countries are not able and not willing to become a part of the traditional aid architecture. As to the second option, western donors and pivotal countries have been engaged in triangular cooperation in some projects for a long time. Moreover, developed countries have started to learn from emerging donors in their way

of interacting with other developing countries and actively promoted the building of a global development cooperation platform. All this has laid foundations for the two parties' cooperation in the aid field.

The foundation of cooperation between traditional donors and emerging donors first lies in the similarity and convergence of their principles shown in recent years. Second, the transformation of assistance perception, the implementation of inclusive aid policies and the construction of a platform for international development cooperation are also important factors.

The criticism from international community and growing importance of emerging market countries in international development assistance field got the developed donors to rethink their concepts and principles of foreign aid. From the 2005 Paris Declaration to the 2008 Accra Agenda for Action(AAA) and the 2011 Busan conference, we can sense a slow but clearly directed transition of international assistance concepts when analyzing the contents and wording of the declarations in detail. For example, the new emphasis that developed donors are placing on "aid and beyond" shows a convergence towards the idea that cooperation should have an impact on broader development processes, which is inherently consistent with SSC emphasizing on combining assistance with trade and investment. On the other hand, in the Nairobi outcome document of 2009 United Nations High-level Conference on South-South Cooperation, for the first time, partners of SSC explicitly included principles that have long been supported by NSC partners, such as: inclusiveness, alignment, transparency, mutual accountability, quality and results [9]. Looking closely at the principles of NSC and SSC we find that, surprisingly, despite well-known differences, there is substantive common ground between them which has so far received little attention. These commonalities are the very foundation of cooperation between developed countries and developing countries in development assistance field.

The ownership principle implies that, be it for SSC or NSC, it is intended to respond to the needs articulated by developing countries to support their development processes. The first of nine objectives set for TCDC in the 1978 Buenos Aires Plan of Action is "to foster the self-reliance of developing countries through the enhancement of their creative capacity to find solutions to other development problems in keeping with their own aspirations, values and special needs". Also, the first of five principles set in Paris Declaration is Ownership, namely partner countries should exercise effective leadership over their development policies and strategies, and co-ordinate development actions. Furthermore, the 2008 AAA explicitly stated that developing countries determine and implement their development policies to achieve their own economic, social and environmental goals.

Under the principle of ownership, SSC and NSA advocate construction of demand-oriented development capacity during the economic cooperation. As articulated in the Nairobi outcome document, "(There is) the need to enhance local capacity in developing countries ...in contribution to national development priorities, at the request of developing countries". The 2008 AAA also affirms that donors' support for capacity development will be demand-driven and designed to support country ownership. All the ideas are showed in the facts that recipients and donors screen and analyze ODA projects together, negotiate and co-implement assistance strategies, and co-assess the assistance outcome.

Emerging Donors: Possibilities and Space of Cooperation Engagement

Despite the great difference between SSC and NSA, they share common ultimate goals: to increase the well-being of people in developing countries and reduce poverty in the world, to realize Millennium Development Goals (MDGs) as soon as possible. The MDGs are eight international development goals that were officially established in the Millennium Summit of the United Nations in 2000, with the ambition of eradicating extreme poverty, hunger, diseases, illiteracy, environmental deterioration and discrimination toward women etc. In the high-level meetings on financing for the development of the United Nations and the United Nations' Millennium Development Goals, DAC and non DAC countries have responded positively to the UN proposals, and announced a broad range of initiatives to support developing countries, involving agriculture, sanitation, infrastructure, zero tariff treatment, human resources development, trade and financial cooperation etc. As analyzed above, the principles of SSC and NSA have much in common now and the transition of developed countries' assistance concept is also under way, which turns out to be an opportunity bridging the gap between emerging donors and traditional donors. Further, emerging countries are able to participate in and influence international development architecture. However, the dialogue and cooperation between the two poles involves at least three problems: cooperation ability, cooperation methods and cooperation willingness.

The nature of SSC is determined by the developing countries' political and economic status in the world. And their position as developing countries means that their ability to participate in international development cooperation dialogue is insufficient. Although emerging market countries have undergone a rapid growth in their economic development and have improved their economic status in recent years, fundamentally speaking, they are still developing countries, which determines that their aid to other developing countries falls in SSC scope. Developing countries only can assume international obligations consistent with their own ability and development level. The Busan Declaration also made it clear that methods and obligations of South-South cooperation are different from those of the North-South cooperation.

Although emerging countries have gained more and more power economically and played an increasingly important role in international affairs, generally speaking, they are still in a relatively backward state, with a huge gap compared with developed countries. According to World Bank statistics, the average per capita GNI of OECD countries was \$41224 in 2011, much higher than that of emerging countries (Brazil, \$10720; China, \$4940; India, \$1420). Meanwhile, measured by the World Bank's poverty headcount ratio at \$2 a day (PPP) (% of population), Indian poverty ratio in 2010 was as high as 68.8%, that of Brazil and China being 10.8% and 27.2% respectively in 2009. In addition, emerging countries are far lagging behind developed countries in various development indicators like industrialization level, labor productivity, science and technology development, life quality, culture and education, health and sanity etc., with a large number of social and economic issues to solve. As a result, for a long time, developed countries will have to bear the main responsibilities in the international development aid field as they have and emerging donors shall continue to help other de-

veloping countries, yet within their capacity. In economic cooperation, developing countries are supposed to promote economic and social development in partner countries and deal with domestic development issues at the same time.

Conclusion

In conclusion, South-South Cooperation and North-South Aid have great differences in many aspects. As to aid philosophy, western countries have been holding that developing countries cannot realize development without western assistance and they are obliged to help poor countries. Therefore, developing countries should follow the development path proved to be successful by western countries. In contrast, SSC stressed that the economic cooperation and foreign assistance would just a catalyst in the partner countries' social and economic progress. What matters is the building of developing countries' self development capacity and collective self-reliance. Correspondingly, the divisions in aid philosophies resulted in the sharp contrast in aid principles and modes: western countries tend to attach various political and economic strings to the provided aid and pursue goals like democracy and good governance, by which they directed the developing countries towards their scheduled development path. The whole process can be summarized as Process-Oriented Aid Model; SSC aid puts emphasis on non interference in other countries' internal affairs and win-win outcomes, which can be summarized as Growth-Oriented Aid Paradigm. The rise of emerging donors brought the brand-new SSC philosophy and principles to the international assistance field, imposing challenges to the current aid architecture at the same time.

The new international assistance architecture should be a cooperation framework including western donors, emerging donors, beneficiary countries and private societies, in which southern and northern donors are inclusive, complementary and learn from each other, beneficiary countries having autonomy and discourse power. In addition, the definition of aid should be expanded from the narrow concept defined by OECD-DAC to a broader one combining trade, investment with aid. Notably, the establishment of this system depends on the ability of participants, methods of cooperation and the willingness to cooperate. In such an assistance framework, differences between the Southern and Northern donors still exist, so do the interests conflicts between the donors and recipient countries. There are many difficulties and challenges on the road of establishing such a "harmony with acknowledged differences" new international development assistance architecture.

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СОТРУДНИЧЕСТВО ЮГ—ЮГ, ПОМОЩЬ ПО ЛИНИИ СЕВЕР—ЮГ И ПЕРСПЕКТИВЫ АРХИТЕКТУРЫ МЕЖДУНАРОДНОЙ ПОМОЩИ

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Сотрудничество по линии Юг—Юг и помощь по линии Север—Юг возникли в различных исторических условиях, и между ними прослеживаются довольно большие различия в философии, принципах и парадигмах. На фоне меняющейся глобальной обстановки для развитых стран стало очевидно, что, с одной стороны, первоначальная архитектура помощи в целях развития должна быть реформирована, а с другой стороны, что в этой архитектуре заметно возрастает роль развивающихся стран. Западные доноры начали пересматривать свои принципы и методы оказания помощи и постепенно приняли концепцию эффективности развития и попытки создать глобальный форум развития, а также установить глобальное партнерство, включающее новых доноров, стран-получателей, гражданское общество и частный сектор. Тем не менее, будучи развивающимися странами, новые доноры сталкиваются с нерешенными вопросами бедности и несовершенными институтами администрирования программ помощи. Это говорит о том, что новые доноры не в состоянии занять доминирующую позицию в нынешней архитектуре помощи. Таким образом, в будущем диалог и сотрудничество между традиционными и новыми донорами должны опираться на принцип, когда обязанности, принятые каждой из сторон, являются коллективными, но не идентичными. При этом развивающиеся страны несут основную ответственность за содействие снижению бедности и экономическое развитие в них. Они должны быть взаимно терпимы к различиям в философии и делиться полезным опытом. Кроме того, новые доноры должны способствовать развитию потенциала в странах-получателях через взаимовыгодное сотрудничество и в то же время решать свои внутренние проблемы развития.

Ключевые слова: сотрудничество Юг—Юг, Помощь по линии Север—Юг, международная архитектура помощи в целях развития, трехстороннее сотрудничество.