



Trilateral Development Cooperation: An Emerging Trend

Overseas aid from the rich to the poor countries for their development is a well-established mechanism. Ridden with controversies, the system continues to function. There are various types of controversies, of which the failure to achieve the target of 0.7 percent of the gross national product (GNP) as the total cake of development aid by the rich is perhaps the most prominent.

However, the Millennium Development Goals (MDGs) and the Monterrey Consensus among other international covenants have reinforced the need for enhanced and targeted delivery of overseas aid to developing countries. Most of the aid goes through the bilateral route with a large amount being channelled through inter-governmental organisations (IGOs).

Another new route is through 'trilateral development cooperation' where aid is channelled through institutions in third countries for being applied to development projects in poor countries. There are two major advantages in this approach. Firstly, it is cheaper. Secondly, learnings from one developing country to another are more relevant than from a rich country to a poor one. However, trilateral development cooperation has not received the attention that it deserves. On the basis of some experience and analysis, this paper makes such an effort, with the hope that rich countries realise its value and make it a part of their aid strategy.

Background

Under the MDGs, the international community has set itself the target of reducing global poverty by half by the year 2015. However, there is widespread scepticism, as recent studies have shown, that at the current growth pace this will not be achieved in most poor countries.¹ Nevertheless, we still have a decade to go and with concerted efforts, we can reach the target of reducing global poverty, even though some countries might lag behind. The question is, what are the efforts required to achieve the targets? Reducing poverty is not just about running a few poverty eradication programmes, but about achieving sustained growth while ensuring distributive justice and progress on related fronts.

The key challenge in this process is to ensure adequate investible funds for supporting the growth process. Huge investment would be required to enhance human, business and knowledge capital as well as physical infrastructure. Unfortunately, in most of the poor countries, current level of income of a large section of population is so low that their entire income is used for consumption rather than saving. The scope for enhancing investment through private domestic savings is, therefore, extremely limited. This situation has been described by economists as 'low level equilibrium trap'.²

To get out of this trap, there is need for a big push in investment and capital to initiate self-sustaining economic growth as advocated by Paul Rosenstein-Rodan and Ragnar Nurkse. Similarly, Rostow has emphasised the imperative of advancing through a sequence of stages that lead to 'take-off' into self-sustained growth.³ Together with the gap between the required investment and domestic savings, developing countries also face a gap of foreign exchange. Hence, it has been argued that foreign assistance is required to finance both these gaps.⁴ It is, therefore, clear that the poor countries need for capital

support from richer countries be in the form of overseas development assistance (ODA), foreign direct investment (FDI) or borrowing.

Moreover, the countries also need to develop their social capital and public institutions. Unfortunately, many of these countries are plagued by violent ethnic and religious conflicts. Weak enforcement of public and commercial law, corruption and institutional inertia also impede their development process. These countries need both money and technical assistance (TA) to promote appropriate policy environment and enhance social capital for attracting FDI and borrowing from foreign sources. Multi-dimensional development cooperation is, therefore, a necessary ingredient for reducing poverty.

Approaches to Development Cooperation

The importance of development cooperation was recognised as far back as the late 1940s, in the aftermath of the Second World War when the famous Marshall Plan was launched to assist European countries in the reconstruction of their war-devastated economies. Its successful implementation inspired a belief that foreign aid programmes can be effective, which gave a major boost to the very idea of development cooperation. Even after more than five decades of its launch, several of its key features are still considered to be a replicable model for development assistance programmes. Central among these was the clear link between the provision of support, on the one hand, and monetary discipline and trade liberalisation, on the other.

Starting from the late 1940s to early 1960s, development assistance was almost exclusively bilateral in nature. In addition to assisting the European reconstruction, the US took the lead in promoting development cooperation in many developing countries as well. The US accounted for more than 50 percent of total ODA during the 1950s.

The period from early 1960s to mid 1970s saw a significant growth in multilateral development assistance. There were four major multilateral institutions responsible for providing development assistance during this period: International Development Association (IDA) attached to the World Bank (WB); the Fund for Special Operations of the Inter-American Development Bank (IDB); the cooperation fund of the European Economic Community (EEC); and the United Nations Development Programme (UNDP), organised in 1965 through the merger of several UN financial facilities. In the mid 1960s, the share of these multilateral institutions in total ODA was only about 10 percent. This grew to nearly 25 percent in the mid-1970s even without counting the funds provided by the EEC.

Meanwhile, the idea of South-South cooperation got momentum, which has its genesis in the Bandung Conference in 1955, when the leaders of 29 developing countries came together to recognise the promotion of collective self-reliance as a political imperative. This was followed by the establishment of a Working Group on Technical Cooperation among Developing Countries (TCDC) by the UN General Assembly in 1972. In 1978, many more such leaders gathered at Buenos Aires to formulate a Plan of Action (BAPA), conceptual framework and programmatic goals, which were endorsed by the UN General Assembly a few months later.⁵

In 1999, the High-level Committee on the Review of TCDC,⁶ in its eleventh session resolved that South-South cooperation should be viewed as being complementary and not a substitute for North-South cooperation. This effectively meant that the committee was of the view that a North-South-South cooperation was needed. Thus, came the recognition for the importance of trilateral development cooperation.⁷

Trilateral development cooperation received a major boost in 1993 at the Tokyo International Conference on African Development (TICAD), and has since become known as TICAD process, in which Japanese resources are used to promote exchanges between Asian and African countries.

In May 2004, at an international conference on poverty reduction at Shanghai, China adopted the Shanghai Consensus, which turned around the theme of the Washington Consensus. It resolved that stronger cooperation between all development partners including South-South cooperation can facilitate scaling

up (of poverty reduction efforts) through exchange of ideas, the transfer of resources and the strengthening of capacity. In this effort, it also reinforced the issue of partnership between all stakeholders to leverage and scale up a country's development efforts.

The Special TCDC Unit of UNDP is engaged in promoting South-South cooperation programmes. Practically, it is promoting more of trilateral development cooperation. Trilateral development cooperation takes a broad-based approach that promotes TCDC partnership with various actors, which include traditional donors, multilateral agencies, private sector, academic institutions and civil society organisations (CSOs).

At another level, the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) and the UNDP jointly organised the 'Forum on Partnership for More Effective Development Cooperation' at Paris, on February 1-2, 2005, to promote greater dialogue and mutual understanding among the world's principal providers of development cooperation. The Forum brought together for the first time the members of the OECD DAC with a wide range of non-OECD governments and institutions involved in development cooperation and South-South initiatives.

The participants at the Forum acknowledged the important contribution of South-South cooperation, particularly through the sharing of experience and know-how, to further the development of developing countries. In this respect, the Forum participants:

- agreed that South-South and triangular cooperation can improve the aid efficiency and effectiveness in emphasising ownership and inclusive partnerships;
- expressed their interest in advancing triangular cooperation. In this context, reference was made to the perceived need and valuable input from the side of the DAC to strengthen the delivery capacity of some non-OECD participants;
- identified the need for a more systematic approach to sharing experience, knowledge and lessons learnt in the area of South-South and triangular cooperation; and
- recognised the capacity and preparedness of UNDP to facilitate promoting collaboration between OECD and non-OECD participants, which would also be open to development partners not represented at the Forum.

Box 1: Trilateral Development Cooperation in South and Central America

In the field of development cooperation between Chile and Sweden, the possibility of triangular cooperation, especially in South and Central America became a fruitful way of using Swedish as well as Chilean competence in development projects. Triangular development cooperation provided an interesting opportunity for collaboration between Chile and Sweden.

There are several positive experiences of triangular cooperation between the two countries, for example: 1) The *Secretaría de la Mujer* in Guatemala has received support from SERNAM, its equivalent institution in Chile, on how to develop an information system for monitoring of gender equity in public policies and institutions, with an initial financial support from Sweden; 2) The private University of Santa Cruz, Bolivia, received technical assistance from two Chilean and Swedish universities to educate high level technicians in the technology of wood

and wood processing; 3) Cuban economists have received training at the Catholic University in Chile; 4) International courses on solid waste management have been co-organised between Chile and Sweden in Peru. These examples show that cooperation can take place in several different areas, e.g. private sector development and the forestry sector, education and training, gender equity, etc, where a country/countries have expertise and comparative advantages.

The Swedish International Development Cooperation Agency (SIDA) is interested to build on these and other positive experiences of the past. Value can be added through a triangular cooperation, when there is an explicit demand from the recipient country, and when the recipient country and the thematic areas fall within the framework of the SIDA regional strategies for South and Central America.

Source: Ministry of Foreign Affairs, Sweden (www.sweden.gov.se/sb/d/4030/a/25729)

Another international forum, that is promoting trilateral development cooperation is the Commonwealth, an association of 53 nations. The Commonwealth development assistance is provided mainly through the Commonwealth Fund for Technical Cooperation (CFTC), which was established in 1971 to be a flexible and effective international mechanism for the delivery of North-South and South-South cooperation.

The CFTC supports capacity building and institutional strengthening in international trade, investment, finance and debt management, public sector development, environmentally sustainable development, education, health and gender equality and equity. The Commonwealth Youth Programme, funded separately, supports its work with young people. It cooperates with a variety of partners including other international organisations, Commonwealth professional bodies, CSOs and the private sector to deliver the programmes.⁸

Types of Trilateral Development Cooperation

Trilateral development cooperation takes a broad-based approach that promotes partnership with various actors, which include traditional donors, multilateral agencies, private sector, academic institutions and CSOs. Hence, trilateral development cooperation does not necessarily mean involvement of three partners only. Nevertheless, it is a kind of partnership where three or three groups of actors are involved: donors, technical assistance providers and the recipients. The kind of trilateral development cooperation discussed here should also not be confused with many other cooperation initiatives that involve three parties.⁹

Development cooperation has traditionally been bilateral in nature even though the donors very often use services of private agencies or non-governmental organisations (NGOs) in their

home countries. This has led to the emergence of several large NGOs mainly based in developed countries – CARE, Oxfam and Actionaid, to name a few.¹⁰ Some of them could attract support from other donor governments. Thus, a form of trilateral development cooperation involves developed country donors, foreign developed technical assistance providers and developing country recipients.

This form of cooperation was extended when some developed country donors started involving agencies and experts from other developing countries. This was done through both involvement of other developing country governments (Box 2) or that of private or non-governmental organisations (Box 4). Third World Network, CUTS, African Economic Research Consortium (AERC) are some developing country based NGOs engaged in such activities.

Trilateral development cooperation in which a donor organisation facilitates the development of a partnership between two countries is increasingly being recognised as an effective mechanism to stimulate pro-poor change. A Department for International Development (DFID) initiative that facilitated a high level Russian delegation to learn from the Brazilian response to HIV-AIDS is a good example of such an approach (Box 2).

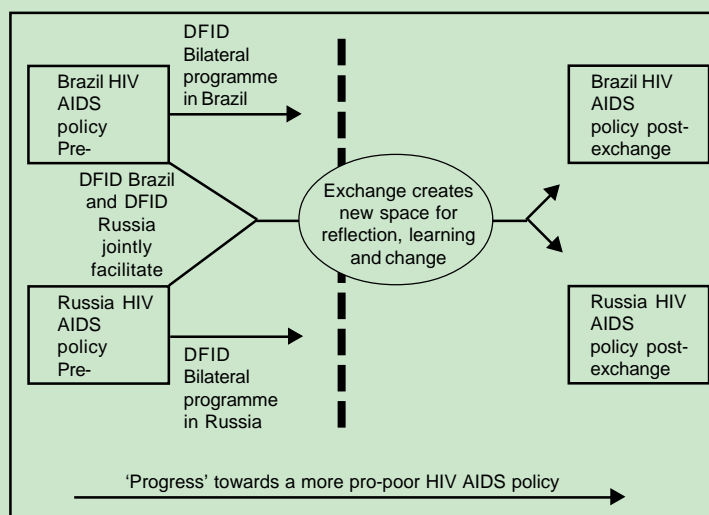
Another form of trilateral development cooperation takes place when developed country donors engage IGOs for technical assistance. This should not be mistaken with the arrangement where developed country donors channel their funds through IGOs. An example, in this regard, could be the United Nations Conference on Trade and Development (UNCTAD) project on capacity building on trade policy issues in India supported by DFID. Apart from UN agencies, even the OECD, is engaged by some donors to provide technical assistance. Such an arrangement was made when the Competition Commission and

Box 2: DFID's Initiative on Trilateral Development Cooperation in the Fight Against AIDS

Senior members from the Russian Ministries of Health, Education, Defence and Economy together with leading representatives from civil society, HIV-AIDS self-support groups, the media, Russian Orthodox Church, Duma (parliament), medical doctors and state-funded drug research and ARV producers came to meet their Brazilian counterparts during a whirlwind study tour of Brazil's world-renowned response to HIV-AIDS.

In a compact schedule organised by their hosts, the Brazilian national AIDS programme, the Russian delegation visited Brasilia, Rio and Sao Paulo where they had the opportunity to interact formally and informally with representatives of a wide variety of organisations and visit the work sites of the majority (see inset box).

For many Russian delegates this was a first opportunity to interact with such a wide range of Brazilians working on HIV-AIDS. Exposure to the Brazilian system stimulated debate among the delegation, particularly around the strong political commitment to a multi-disciplinary government approach, low cost universally provided treatment in Brazil, the clear



government support for harm reduction, the strong relationship between civil society and government and the role of the church. During a final evaluation meeting several areas for further collaboration were identified.

Sources: *The Russian Delegation in Brazil, June 2003: The full report.* DFID Brazil. Forthcoming; and *Working in Partnership: trilateral development cooperation in health. In the series 'Partnerships case studies from DFID Brazil'.* DFID Brazil. Forthcoming, cited in www.livelihoods.org/lessons/docs/br_partHIV.doc

Competition Tribunal of South Africa concluded arrangements with US Agency for International Development (USAID), and the Antitrust Division of the US Department of Justice (DoJ) and Federal Trade Commission (FTC) as well as the OECD.¹¹

Capacity building requirement is by no means an issue in developing countries only. In this era of globalisation, what happens in developed countries is also important for growth and poverty reduction in developing countries as well. On trade and many other related issues, developed countries adopt policies and stands that may be harmful to developing countries though they are not necessarily intended to do so. This often happens because their policies are guided from a developed world perspective. Thus, there are requirements for sensitisation and capacity building in developed countries to give the developing country perspective to the stakeholders there. CUTS' activities under the Linkages Project in developed world is such an initiative that was taken through trilateral development cooperation (Box 4). Third World Network has also been doing significant work of this nature. Of course such issues have been taken up by developed world organisations as well, notably Oxfam and Actionaid.

The problem can be more complex in the provisioning of technical assistance and consulting services as concerns have often been raised that the type of technical assistance or services offered may not be appropriate to the recipient country's needs. Moreover, donor countries coming to a country with their own type of technical expertise can create problems for the recipient country as there can be confusion and duplicity. Trilateral development cooperation can be a way out of such problems.

Another issue related to tied aid is that when the donors tie up with local (donor's home country) technical assistance providers, there is a possibility that monitoring by the donors may get relaxed as they are likely to develop alliances. A third country provider of technical assistance is far less likely to develop such a relationship with a donor and hence monitoring is likely to be more rigorous. Hence, trilateralisation may bring more accountability in the implementation of development programmes. With the involvement of third country technical assistance provider, it is likely that more information will be made public and thereby increase overall transparency in aid administration creating a positive impact on global governance. With a transparent aid administration system, the impact of politics on aid would be far less.

Box 3: Learning from Bangladesh

Although Bangladesh is still a LDC, it has implemented capacity building projects in areas where it has specific expertise, such as micro-credit, population control and rural development. The Bangladesh Academy for Rural Development, the Rural Development Academy and the Bangladesh Public Administration Training Centre have considerable expertise in micro-credit, rural banking and income-generation activities, and can cater for the training needs of other developing countries.

Grameen Bank has also organised training programmes on micro-credit for participants from several developing countries in Asia and Africa. Bangladesh Rural Advancement Committee (BRAC) is another NGO whose achievements are well known. BRAC has been involved in training development

professionals/activists from several developing countries. BRAC is also involved in implementing development projects in other countries, most notably in Afghanistan through the trilateral development cooperation mode. Bangladesh also has a strong track record in formulating population control policies, programmes and services that have helped to improve general conditions of maternal and child health, lower birth rates and slow population growth.

Much of these development-related capacity building activities could be made possible because of trilateral development cooperation. However, there is enough scope for better utilisation of Bangladeshi expertise and experiences through trilateral development cooperation.

Source: UN-ESCAP, Economic and Social Survey of Asia and the Pacific, 2002.

Benefits of Trilateral Development Cooperation

Bilateral assistance programmes have very often been criticised for their tied nature by which aid is tied to the donor country's provision of goods and services. The reasoning was that this would allow donor countries to build greater support for development assistance. Nevertheless, the nature and extent of tied aid has caused concerns in several quarters.¹² However, following strong recommendations from the DAC, donor countries have made some progress in untangling their development assistance in recent years. Tied purchases of goods and services usually led to recipient countries paying higher prices. On an average, a developing country expert costs one-third of developed country experts at prevalent international rates.¹³ Trilateral development cooperation, can thus, be a cost-effective way of promoting development cooperation.

It is well recognised now that importing technologies, policies or legal practices from developed countries may not be appropriate for most developing countries. It may be better for them to draw these from countries that are developing but are more advanced than they are. Though the importance of 'intermediate technology' is well documented, the issue of 'intermediate policy' has hardly been recognised in the development literature. In fact ignoring this has cost many developing countries, especially in sub-Saharan Africa, dearly as they implemented the Washington Consensus agenda. Trilateral development cooperation can be an effective way of bringing 'intermediate technology' and 'intermediate policy' to developing countries while taking the help of developed countries in meeting the financial resource needs.

Many developing countries are relatively more advanced with significant experience particularly in the area

Box 4: Trilateral Development Cooperation: CUTS' Experience

CUTS International, an India-based NGO, is engaged in capacity building on trade, competition, consumer protection and investment issues in several developing countries under the trilateral development cooperation framework. Here are a few examples.

CUTS made a quantum leap in this regard when it launched its 7Up Project that involved research, advocacy and capacity building on competition regimes in seven developing countries under assistance from the DFID, UK. Both UNCTAD and the World Bank supported the project. The countries covered under the project were: India, Kenya, Pakistan, South Africa, Sri Lanka, Tanzania and Zambia.

Similarly, again with DFID's support, CUTS launched a project entitled, 'Investment for Development (IFD),' in seven countries, in September 2001. The objective of the project was to catalyse a congenial environment for promoting investment and also to make it development-friendly. UNCTAD was its strategic partner in implementing the project. The countries covered under the project were: Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia.

At present, CUTS is engaged in capacity building on competition policy issues in select countries of

South and Southeast Asia with support from the State Secretariat for Economic Affairs (SECO), Switzerland and DFID, UK. A similar project in select countries of Eastern and Southern Africa has also been launched in a trilateral development cooperation mode with assistance from the Norwegian Agency for Development Cooperation (NORAD) and DFID.

CUTS is further engaged in capacity building on trade policy issues under its programme: Fostering Equity and Accountability in the Trading System (FEATS) in sub-Saharan African countries with support from HIVOS, The Netherlands and Ford Foundation, USA. Earlier, CUTS had implemented a similar project in South Asian countries in a trilateral development cooperation mode, with the support of Friedrich Ebert Stiftung (FES) and International Development Research Centre (IDRC).

CUTS is implementing a unique project on trade and its linkages with environmental and social issues under which it is engaged in 'capacity building of developed country stakeholders' on Southern concerns on these issues. The project got initial support from DFID and is currently supported by the Swedish International Development Cooperation Agency (SIDA) and Ford Foundation.

Source: www.cuts-international.org

of socio-economic development. Many successful development models and tools have been developed. Such innovative development models and tools are available not only in more advanced developing countries but also in some least developed countries (LDCs). Bangladesh is a glaring example, which has significant expertise and experience in areas such as micro-credit, population control and rural development. However, it is beyond the capability of Bangladesh to transfer these with its own resources. Such expertise and experience can be usefully utilised in other developing countries through trilateral development cooperation (Box 3).

Although technology is by and large considered to be value-neutral, the same cannot be said about the policies and legal framework. Importing policy or legal framework ignoring the social and cultural values can be counter-productive for a recipient country. Technical assistance providers based in countries of similar value systems would be in a better position to deal with such issues.

Risk Factors

Pure bilateral cooperation with tied aid makes it easier for the donor countries to muster enough political support in their commitment to overseas aid. Trilateralisation of development cooperation may dilute this political support base and thus the interest of the domestic constituency in overseas aid. They might also question the accountability in the aid administration when the stakeholders from the donor country are not involved. This would lead to reduced commitment in donor countries for development cooperation. However, this can be countered by a type of trilateral development cooperation. CSOs from developing countries with high credibility can be involved in developed countries in apprising the stakeholders there about the utility of the aid that they are providing to the developing countries.

It may also not be always easy for one developing country to accept technical assistance for capacity building from another developing country. There are political

Box 5: Pros and Cons of Trilateral Development Cooperation

Pros	Cons
<ul style="list-style-type: none"> • Cost effective. • Optimum utilisation of knowledge, skills and techniques available in developing countries. • More appropriate technology and policy available to recipients. • Reducing tied-aid conditionalities. • Can check bringing in of incoherent or conflicting policies brought in by different donors. 	<ul style="list-style-type: none"> • Less political commitment in northern donor countries. • Lower level of confidence in the knowledge, skills and techniques available in other developing countries. • Policy makers and bureaucrats in recipient countries may not be too supportive. • Negative attributes like poor work culture and lack of professionalism may be a cause of concern.

problems even among several developing countries that might thwart the process. Moreover, there may be unwillingness in sections of policy makers and other important stakeholders to accept 'intermediate technology' or 'intermediate policy' who may be in favour of leap-frogging. The lure of trips to rich countries among sections of bureaucracy and the political establishment may also sabotage the process of trilateral development cooperation. They very often do not find the idea of visiting another developing country for training or experience sharing exciting enough. Even the fringe benefits of visiting a rich country are much higher for them.

Concluding Observations

Despite concerns on the possibility of non-achievement of targets under the MDGs, most rich countries have failed to live up to their commitment of allocating 0.7 percent of the GNP to ODA. In fact, the total ODA to developing countries has come down significantly over the last one decade both in absolute as well as relative (in proportion to combined gross domestic product of donor countries) terms. It is unlikely that the situation would change drastically in the near future. Under such circumstances, promotion of trilateral development cooperation can be of great help by increasing the efficiency and effectiveness of aid drastically.

The problem of a set of incoherent policies becomes onerous for many recipients as a number of donors come to a country and experiment with their own perspectives and views on various policies. By de-linking aid from technical assistance process through trilateral development cooperation, such problems can be substantially reduced.

However, the important stakeholders, namely the donors, the recipients and the civil society need to appreciate the related issues dispassionately. The donor governments need to show genuine commitment to development and poverty reduction rather than furthering their own political interests. Through trilateralisation of aid it may be easier to do this as this may delink their assistance programmes from their national politics.

The recipient governments also need to appreciate the importance of trilateral development cooperation. Granted that very often they may not be in a position to get an aid programme of their liking. However, the least that they can do is to ensure transparency in the development programmes.

CSOs need to be alert on the development cooperation programmes and their impacts. Through appropriate advocacy efforts they can further promote trilateral development cooperation programmes and their associated benefits, namely, more efficient, effective and accountable development programmes, better policy framework in recipient countries and a better global governance system.

Endnotes

- 1 For example, see UNDP (2003), Human Development Report.
- 2 Richard Nelson, A Theory of the Low-Level Equilibrium Trap in Underdeveloped Economies," *American Economic Review*, 46 (5), 1956, pp894-908.
- 3 W.W. Rostow, "Stages of Economic Growth" *Cambridge University Press, London, 1960*
- 4 Hollis B. Chenery and Alan M. Strout, "Foreign Assistance and Economic Development", *The American Economic Review*, Volume LVI, Number 4, Part I, September 1966.
- 5 Francois Ekoko and Denis Benn, South-South Cooperation and Capacity Development, *Development Policy Journal*, Vol 2, 2002.
- 6 By its resolution 58/220 of 23 December 2003, the General Assembly decided to change the name of the High-level Committee on the Review of Technical Cooperation among Developing Countries to High-level Committee on South-South Cooperation
- 7 UN Press Release, DEV/2214, 4 June 1999 (<http://www.un.org/News/Press/docs/1999/19990604.DEV2214.html>)
- 8 www.thecommonwealth.org/Templates/Internal.asp?NodeID=142271-27k
- 9 For example, recently India, Brazil and South Africa have launched a cooperation initiative known as IBSA. However, it is essentially a form of South-South cooperation rather than the type of trilateral development cooperation discussed in the paper.
- 10 Actionaid has now repositioned itself as a developing country based NGO as it has shifted its headquarters from London to Johannesburg.
- 11 CUTS, The Role of International Cooperation in Building an Effective Competition Regime, Briefing Paper, 6/2003.
- 12 *The Reality of Aid 2000*, Earthscan Publications, 2000.
- 13 Francois Ekoko and Denis Benn, South-South Cooperation and Capacity Development, *Development Policy Journal*, Vol 2, 2002.

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