

Delhi Conference on South-South and Triangular Cooperation

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Parallel Session on **Sectoral** connect in SSC Banking, Finance, Investment and the legal regimes

Mr. Adriano José Timossi

Senior Programme Officer at the Global Governance for Development Programme, South Centre

Presentation Outline



- **South Centre's history and its role in supporting South-South Cooperation**
- Key Policy Areas of work in support of SSC
- Setting the context - Global Economic overview and SSC
- Reinforcing the South Agendas on Banking, Finance, Investment and the legal regimes – The South Centre approach
- The SSC Agenda on the way to BAPA+40

South Centre's history and its role in supporting SSC



- The South Centre is the intergovernmental organisation mandated to provide **policy advice, undertake research and analysis**, support **coordinated actions by developing countries in negotiating processes**, and **promote South-South co-operation**.



- Established by an Intergovernmental Agreement which came into force on 31 July 1995, the Centre has 54 Member States and is based in Geneva, Switzerland.



- The South Centre undertakes **research and analysis oriented on various international policy areas that are relevant to the protection and promotion of the development interests of developing countries**.

- Its origins goes back to the work of the South Commission (1987-1990). The South Commission, in its report **"The Challenge to the South**, launched in 1990 recognized the need to strengthen South-South cooperation in international affairs.

- The Commission recommended the establishment of a South organization charged with undertaking this **challenge and provide technical support for Developing countries**.



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Key Policy Areas of work in support of SSC



- Trade and Development (UNCTAD/WTO/FTAs)
- Climate Change (UNFCCC, including the GCF)
- Economy and Finance (Monitoring/Policy Advice)



- Health and IP for Development (WHO/WIPO/WTO)
- Agenda 2030 for Sustainable Development
- Investments (Annual Forum/HRC work)



- Tax Cooperation (Forum with tax experts)
- Agriculture and Food Security (WTO)
- South-South Cooperation (G77 and China/NAM)



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3. Setting the context - Global Economic overview and SSC

- The world economy is in a bad shape. Economic growth is at the lowest level since the crisis and almost half of what it was during the pre-crisis peak. (RP50)
- Misguided policies in the US and Europe in response to the crisis, namely fiscal orthodoxy, creditor bailouts, debtors' austerity and ultra-easy monetary policy have played an important part in this state of affairs.
- They have not only failed to secure a rapid recovery, but also aggravated the global demand gap by widening inequality, and have increased financial fragility by producing a massive build-up of debt and speculative bubbles in asset markets in several countries, including in the South.
- The South is also struggling (consider deleting: not in good shape). There is a **feeling that the crisis has moved to emerging and developing economies in a third wave after having swept from the US to Europe.** (Yılmaz Akyüz/Manuel Montes/SC 2017)

3. Setting the context - Global Economic overview and SSC



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- The prospect of **rising protectionism in the US** will pose challenges for developing countries whose economies have grown on the back of exports and international investments.
- Developing countries face the bleak prospect of **capital outflows, reduced export earnings, currency depreciation and increased debt servicing burden** in the context of rising protectionism in the US.
- Despite all the talk about **industrialization, the growth story in the South is still a commodity story**. Even more so now than 10-20 years ago because of **deindustrialization in LA and SE Asia**.
- **Developing countries may increasingly need to revise their development strategies and rely more on domestic and regional demand and investments, including through expanding South-South cooperation.**



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4. Reinforcing the South Agenda on Banking, Finance, Investment and the legal regimes – South Centre approach

South centre work on Global Economic & Development Policies

▪ South Centre Briefing on Global Economic Trends and Geneva Multilateral Processes (February 2017)

A reflection on the challenges of the current global political and economic environment. Also, a discussion on the prospects for Geneva multilateral processes, including in the WTO, UNCTAD, WIPO and WHO.

Ambassador Kumar (India) presented a broad outline of the emerging global economic scenario and how it may affect developing countries.

He stressed the importance of South-South Cooperation as well as the Sustainable Development Goals and their relation to the right to health, the right to development, innovation and intellectual property.

Developing countries will now have to live with a “new normal” that relies on boosting domestic demand and national industrialization and to rely on each other through expanding and strengthening South-South Cooperation.



4. Reinforcing the South Agendas on Banking, Finance, Investment and the legal regimes – South Centre approach



Industrialization, inequality and sustainability: What kind of industry policy do we need?

- The 2030 Agenda includes as Sustainable Development Goal 9 (SDG 9) the commitment to **“build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”**

- The rediscovery of industrialization as an **ingredient of achieving sustainable development reintroduces the debate over industrial policy.**

- Developing countries must seize this opening to restart experimenting with policies to introduce new economic activities and diversify their economies.**

- International rules and disciplines impose severe constraints on industrial policy;** developing countries should take concerted action to relax these constraints by making these rules more conducive to national industrial policy.

- Dr. Manuel Montes, **POLICY BRIEF 44, AUGUST 2017**

4. Reinforcing the South Agendas on Banking, Finance, Investment and the legal regimes – South Centre approach

SC work on Investment issues

There is **no more controversy over whether the international regime for protecting foreign investors needs fundamental reform**. Indeed, the system is broken, expensive, and in many instances serves as a hindrance to development. (Dr. Montes).

- **The Annual Forum of Developing Country Investment Negotiators** (IISD/South Centre project).

The forum is a unique space dedicated to **discussing current trends and perspectives in regard to international investment agreements**, with a focus on developing countries' experiences and objectives. It is dedicated to **sharing of experiences and lessons learned from different national and regional contexts**.

- **Policy advice for governments**



4. Reinforcing the South Agendas on Banking, Finance, Investment and the legal regimes – South Centre approach



- **Human Rights Council**

At its 26th session, on 26 June 2014, the Human Rights Council adopted [resolution 26/9](#) by which it decided “to establish an open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, whose mandate shall be to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises.”



- **UNCTAD XIV side event “Approaches by Developing Countries to Reforming Investment Rules; South-South Dialogue and Cooperation” (July 2016)**

The event aimed at providing a space for reviewing the approaches adopted by selected developing countries in reforming the investment protection regime, including the treaties and investor-state dispute settlement system, and reflecting on the importance of South-South dialogue in regard to the future of the investment treaty regime.



4. Reinforcing the South Agenda on Banking, Finance, Investment and the legal regimes – South Centre approach

SC WORK ON CLIMATE CHANGE / CLIMATE FINANCE



■ Green Climate Fund (Observer organisation)

Support Developing countries’ board members on demand with technical and other analysis . Prior to that support the Transitional Committee members—TC designed the governing Instruments, rules of procedures etc.

■ GCF Readiness and Preparatory Support Programme

Available as Readiness delivery partner -- offering support on different components of readiness including support for National Designated Authority (NDAs) or focal points adaptation planning etc., gender and Environment and social safeguards, multi-stakeholder process, involvement of MSMEs etc.



■ Research, Analysis and Actions on Climate Finance and Development Issues

Monitor and evaluate flow of climate finance, including real time responding to reports such as the 2015 OECD report, Climate finance in 2013-14 and the USD 100 billion goal and the Roadmap to US\$100 Billion (October 2016) and relevant G-20 documents.



■ Support for Developing Countries

Track climate finance needs/ support (on demand) for countries to efficiently and effectively utilise climate finance

4. Reinforcing the South Agendas on Banking, Finance, Investment and the legal regimes – South Centre approach

SC work on Tax Cooperation issues



Strengthening cooperative tax work among developing countries is a most important aspect of South-South cooperation

- Inaugural **Annual Forum Developing Country Tax Policies and Cooperation for Agenda 2030** launched in Indonesia in 2016 (South Centre/Government of Indonesia).



The Forum serves as a **platform for senior developing country government officials to discuss trends and perspectives in the current geopolitical landscape of tax policy and international cooperation on tax and finance administration.**



It further offers a space for debate and exchange of views among senior developing country officials on the challenges and opportunities arising within regions and individual countries that are pursuing inclusive growth and sustainable development goals.

By analysing the most recent trends, the Forum also aims at assisting developing countries in finding solutions, building on lessons learned by peers, and strengthening practical South-South cooperation activities in tax policy and tax cooperation.



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5. The SSC Agenda on the way to BAPA+40

- A greater level of South-South learning, sharing, and information exchange is needed among developing countries in order to **ensure that South-South cooperation reflects and innovates on the experiences of the South.**
- **South ownership** with respect to South-South development cooperation must be at the foundation of such cooperation.
- Given the **diversity** among developing countries, it is **necessary that South-South development cooperation will be undertaken through a diversity of models and alternative approaches, making it important for policy space to be present to allow South-South cooperation for development to be innovative and transformative.**
- **However, monetization of all development cooperation modalities pose a challenge to South-South cooperation** practitioners. If measured only in monetary terms, most of South-South cooperation would become statistically irrelevant, with negative implications to the foreign policy of developing countries. South Centre Policy Brief 41, July 2017 (Marcio Correa)

5. The SSC Agenda on the way to BAPA+40

- 2008 "Yamoussoukro Consensus on South-South Cooperation"
(G77 and China)

Defined principles for South-South cooperation based on solidarity, ownership, equality, mutual benefit, collective self-reliance, national sovereignty, independence, and complementarity with but clear differentiation from North-South cooperation, as hallmarks of South-South cooperation to enable the South to pursue its development agenda and to play a more active role in international policy and decision making processes.

5. The SSC Agenda on the way to BAPA+40

- **64/222. Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation**
- (Para 7) Since the Buenos Aires meeting, the increasing economic dynamism of some developing countries in recent years has imparted greater energy to South-South cooperation, including through regional integration initiatives across the developing world, seen in, among other things, the creation of regional common markets, customs unions, cooperation in political fields, institutional and regulatory frameworks, and inter-State transport and communications networks.
- (Para 11) South-South cooperation and its agenda have to be set by countries of the South and should continue to be guided by the principles of respect for **national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.**
- (Para 12) **We recognize that South-South cooperation takes different and evolving forms, including the sharing of knowledge and experience, training, technology transfer, financial and monetary cooperation and in-kind contributions.**
- (Para 14). **We stress that South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation.**

5. The SSC Agenda on the way to BAPA+40

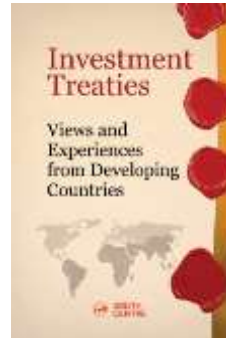
- **A/RES/71/244. South-South cooperation (Resolution adopted by the General Assembly on 21 December 2016)**
- **Noting that 2018 will mark the commemoration of the fortieth anniversary of the adoption of the Buenos Aires Plan of Action,**
- Recognizing that South-South cooperation is increasingly critical to bolstering the productive capacities of developing countries and has positive impacts on trade and financial flows, technological capabilities and economic growth, and reiterating the importance of global partnerships,
- (Para 30). Recognizes the need to strengthen and further invigorate South-South cooperation, in this regard decides to convene, within extra-budgetary resources and making use of the existing coordination mechanisms of the United Nations system, a **high-level United Nations conference on South-South cooperation** on the occasion of the fortieth anniversary of the adoption of the Buenos Aires Plan of Action, to be held no later than the first half of 2019,

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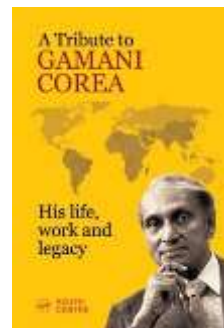
- **A/RES/71/L. South-South cooperation (16 August 2017)**
- **Decides that the High-level United Nations Conference on South-South Cooperation:**
 - (a) Will be held in Buenos Aires from 20 to 22 March 2019
 - (b) Will be at the highest possible level including Heads of State/Government
- **Requests SG to present a comprehensive report, consistent with the overarching theme of the conference no later than August 2018 – Reviewing progress made by the international community, in particular, the UN in supporting and promoting such cooperation and identifying opportunities and challenges as well suggestions to overcome them,**
- **Requests SG to prepare a background note, including proposals for the overarching theme of the conference taking into account the important role of South-South and Triangular Cooperation and the implementation of the 2030 Agenda,**
- **Requests Member States and their partners , including NGOs to consider preparing reports on SSC and TC for the purpose of the Conference.**

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Many thanks!



Mr. Adriano José Timossi

Senior Programme Officer at the Global Governance for Development Programme, South Centre

Website: www.southcentre.int

Email: timossi@southcentre.int