



**Statement by Mr. Kemal Derviş,
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On the occasion of the
15th Session of the High-level Committee on South-South Cooperation**

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Mr. President,
Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

I am very pleased to welcome all of you to the 15th session of the High-level Committee on South-South Cooperation. Let me begin by congratulating Qatar and Your Excellency Ambassador Nassir Abdulaziz Al-Nasser for being elected to preside over this very important Committee. My congratulations also go to all the newly elected members of the Bureau of the High-level Committee for 2007-2009. We look forward to working closely with you this week and throughout your tenure of the Bureau over the next two years.

I. The rise of the South in the global economy

This high-level meeting comes at an auspicious time. Over the past thirty years, we have seen tremendous changes in the South that have fundamentally altered the world economy. Average real growth rates of Southern economies reached 6.4% in 2005 and are estimated at 7% for 2006 – in both years over twice the growth rates of high-income countries. In fact when we look at the contribution of the South to world growth, it has increased at market prices from about 15% to almost 40%, and at purchasing power parity exchange rates from about a third in 1960 to almost two-thirds today. So the South is really becoming the true driver of the world economy. This is a fundamental change that has occurred over the last few decades.

South-South trade and investment flows have also continued to expand. South-South exports now constitute about one-quarter of developing-country exports. This trade grew rapidly over the past decade, reaching \$562 billion in 2004 compared to \$222 billion in 1995. During the period from 2000 to 2004, South-South exports grew at an annual rate of 17.6% – topping the growth of South-North and North-South exports during the same period which were 12.6% and 9.7%, respectively. South-South foreign direct investments (FDI) have also increased – from \$14 billion in 1995 to \$47 billion in 2003, raising the share of South-South flows in total FDI to developing countries from 16% in 1995 to 36% in 2003.



All these changes represent profound shifts in the way business is conducted worldwide and in the way in the world economy grows. Many cities, countries and regions in the South are emerging as new leaders in technology, research and development. They are also starting to catch-up with wealthier countries in terms of human development, and millions of their citizens are being lifted out of poverty every year.

The nature of growth in the South is, however, still highly uneven. Within many of the best performing Southern economies, income inequality remains high, and in some cases it is exploding. The poorest Southern countries are, on average, growing much less rapidly than better-off developing countries. Investment flows remain highly concentrated, where only 10% of the FDI flowing to the South goes to low-income countries. And there is also concentration in terms of sectors, primarily in services such as utilities and telecommunications, and extractive industries. South-South cooperation does, however, have a tremendous role to play in making the knowledge and experience gained in the South by many become more accessible to all.

In addition to the economic and technical benefits South-South cooperation can bring, challenges which transcend borders such as security threats, terrorism, and health pandemics, highlight the reality that in today's interdependent world, no one country can address these challenges alone. Cooperating with others to tackle common challenges is increasingly vital to all.

It is therefore a good time to re-evaluate the South's role in its own cooperation and development, including examining what are the most beneficial ways in which the United Nations development system can support those efforts. The tremendous changes that I referred to in terms of the whole structure of the world economy means that South-South cooperation has to become a much bigger, more important and better resourced part of United Nations activities.

II. The role of the United Nations in South-South cooperation

For almost 30 years, the Special Unit for South-South Cooperation, housed in UNDP, has worked to share technical competencies, to strengthen Southern negotiating capacities and to advocate and facilitate catalytic South-South and triangular initiatives. I would like to really congratulate the Special Unit for South-South Cooperation and its Director for all its work. UNDP takes this commitment to South-South Cooperation very seriously. Currently, we are concluding an evaluation process of South-South Cooperation looking back over the past twelve years since the adoption of the New Directions Strategy for TCDC. During this evaluation, UNDP has solicited the views of many of you on the subject here at headquarters and in the capitals. We have also been actively examining the whole of the UN's development architecture and the specific role for UNDP. All of these have fed into UNDP's proposed Strategic Plan that we are presenting to the Executive Board in a few weeks.



As the UN's lead development agency, UNDP has a unique role to play in supporting South-South cooperation. We really would like to mobilize even more our worldwide network and our capacities to support bilateral and multilateral cooperation within the South. Working in more than 160 countries worldwide, with 135 Resident Coordinators on the ground, UNDP is ideally placed to help facilitate South-South Cooperation in a number of very concrete ways. The global reach UNDP has provides a good opportunity to capture, analyze and codify development successes, as well as the failures that we have learnt from the past.

As proposed in the Strategic Plan, UNDP intends to contribute to South-South Cooperation in four distinct ways.

First, by sharing development experience. A number of middle-income developing countries have already achieved some of the internationally agreed goals and the MDGs, and much more progress is well within reach. Analysing their experience and identifying what works and what does not is important. Through our network of country offices as well as its technical capacity, UNDP will leverage its global reach to support broad knowledge and experience-sharing to help accelerate countries in their efforts to achieve their national development goals and the Millennium Development Goals.

Second, UNDP will contribute to South-South Cooperation **by continuing to promote private sector development.** Many middle-income countries have developed transferable, cutting-edge experience in foreign direct investment, in the use of science and technology, in the development of information networks and centres of excellence, as well as in formulating trade agreements and participation in global trade negotiations. At the conference where we were together last year in Mumbai, the theme was the emerging multinational corporations of the South which are leading in many sections of the global economy. UNDP will strengthen South-South cooperation between middle-income countries and the LDCs to help private sector development – both domestic and international – which is vital for poverty reduction, employment and human development.

Third, UNDP will continue to **support national capacities for South-South cooperation and coordination.** We will continue our support and collaboration with initiatives established by the South, such as the African Union's NEPAD and the India-Brazil-South Africa initiative (IBSA). We look forward to working with you to strengthen these South-South compacts and initiatives even further.

Finally, we will work to **consolidate United Nations South-South support platforms by scaling-up global support and enhancing United Nations coherence and coordination.** Here it is not just the United Nations Development Programme, but the broader UN development system that has to expand its activities.



I hope that these deliberations will lead us to a strengthened South-South cooperation framework and a stronger Special Unit for South-South Cooperation. I think we should be open to new ideas of how to structure this. There is an issue of governance. I am sure that as Southern countries become more important donors and want to channel their resources to South-South Cooperation they will want to be satisfied with the governance arrangements that are in place. Past practice is now no longer sufficient; we have to strengthen this framework and go beyond what we have done in the past. But we have to do this in a clear way so that responsibilities and accountabilities remain clear and that governance in its various forms is that best possible.

I wish you every success in your deliberations over the next few days, and again reaffirm UNDP's strong commitment to supporting South-South Cooperation through a renewed, reformed and more effective United Nations in the years ahead.

Thank you very much.