# TERRAVIVA

South-South Executive Brief

Vol. 1 No. 6 June 2008


## New Financing Mechanism

# South-South Fund For Development

UNITED NATIONS (IPS)

The South-South Fund for Development and Humanitarian Assistance, approved at the 2005 Second South Summit in Qatar, will be formally launched at a signing ceremony during the annual high-level ministerial meeting of the Group of 77 in September.

The inauguration of the Fund, a key financing mechanism for developing nations, will come amidst a spreading economic crisis characterised by rising energy and food prices and volatile capital markets -- all of which threaten to undermine the social and economic gains of the last two decades.

When the Fund was approved at the Doha summit, the government of Qatar made an initial pledge of 20 million dollars, with an additional 2 million dollars each from India and China. The Fund, which will be hosted by Qatar, is aimed at assisting the countries of the South in economic, social, health and educational development. It will also address the problems of hunger and poverty, as well as the impact of natural disasters on developing countries.


The Emir of Qatar, Sheikh Hamad bin Khalifa Al-Thani, addresses a High-Level meeting of the Security Council at UN Headquarters in New York.

UN Photo/Evan Schneider

*continued on page 7*

# Regional Trade Agreements Soar In Asia-Pacific Region

UNITED NATIONS (IPS)

With the world's fastest growing economies located in the Asia-Pacific region, South-South cooperation has assumed a new dynamism, says a new U.N. study on "Regional Cooperation in the Economic, Social and Related Fields."

The 23-page report, released to coincide with the month-long meeting of the Economic and Social Council (ECOSOC), through Jul. 25, singles out the Asia-Pacific Trade Agreement (APTA) "as the only one of its kind" that groups the leading economies of China, India, and the Republic of Korea, with that of Sri Lanka and two least developed countries, Bangladesh and the Lao People's Democratic Republic.

The members of the APTA, whose secretariat is the Bangkok-based Economic and Social Commission for Asia and the Pacific (ESCAP), have committed themselves to expanding their membership so that it may evolve into a truly Pan-Asia-Pacific trade agreement and a principal modality for South-South cooperation and regional integration.

According to the ESCAP Asia-Pacific Trade and Investment Agreements Database, there were over 130 regional and bilateral trade agreements involving ESCAP members at the end of 2007: a phenomenal increase compared with 49 in 2000 and 18 in 1990.

The study also highlights the progress made in South-South Cooperation both in Africa and the Middle East. In countries that are members of the Economic Commission for Africa (ECA), Egypt has implemented over 45 development projects and provided humanitarian assistance to at least 30 African nations. The new flow of investments and development assistance to Africa has also come from countries such as China and India.

*continued on page 7*

www.ipsnews.net

# The Emergence of the South

By Supachai Panitchpakdi

A fundamental transformation has taken place in the structure of the world economy. The dominant feature of this transformation is the emergence of the South. Indeed, the global expansion of the past five years has been more broad-based than ever before. This has allowed many developing countries to become major players in trade and investment.

Just consider the following statistics: between 1990 and 2006, the real exports of developing countries nearly tripled, while those of developed countries grew by only 75 percent. Similarly, the share of developing countries in world exports rose from 24 percent to 37 percent. During the same period, our data show that the developing countries' share of all inward foreign direct investment (FDI) doubled, from 18 percent to 36 percent; and perhaps more surprising, their share of outward investment tripled, from 5 percent to 15 percent. The geographical distribution of skills is also shifting. In 1990, for example, developed countries accounted for 40 percent of all technical tertiary enrolments globally; 10 years later, that share had dropped to 28 percent.

As a consequence of this broad-based growth, we have also seen a phenomenal increase in South-South trade and investment flows. South-South trade in 2006 reached more than 2.0 trillion dollars, comprising 20 percent of world merchandise exports, up from just over 10 percent in 1995. FDI flows among developing countries are also rising: they totalled 60 billion dollars in 2004-2005, or 8 percent of total world investment inflows and 20 percent of total inflows to developing countries.

The unprecedented expansion in South-South economic linkages has been demand-driven. In other words, South-South cooperation has been guided primarily by viable economic factors and not by political considerations, as had been the case in the past. In many cases, demand for South-South business ties increased despite relatively higher tariff barriers imposed by partner countries. With this underlying demand for business expansion, South-South regional trade agreements (RTAs) may be an important instrument for boosting trade flows among members, particularly when such agreements address the so-called "beyond-tariff issues", such as non-tariff barriers, trade in services, trade facilitation, competition policy and investment.

Of course, it goes without saying that such RTAs need to be designed and implemented in a way that they help rather than hinder the multilateral trading system embodied in the WTO. Ultimately, the aim must be the full integration of all developing countries into a multilateral trading system that takes their development aspirations fully into account.

In this context, the ongoing WTO Doha Round of negotiations should correct existing "imbalances" in the rights and obligations of the multilateral trading regime, particularly if it is to live up to its name as a "development round". It must therefore address such key obstacles as tariff peaks on textiles, footwear and many agricultural products; trade-distorting subsidies in the agricultural sector; and intensive restrictions on the movement of natural persons in the services sector.

However, the scope for South-South cooperation goes far beyond the trade and investment arenas. There are many policy areas where regional integration and cooperation can yield significant benefits. Perhaps the most crucial need that South-South cooperation can help address is the creation of productive capacities in developing countries. Indeed, the existence of sufficient productive capacity is an absolutely crucial requirement for being able to take advantage of the trade opportunities offered by globalisation and trade liberalisation. For what good are tariff concessions and duty- and quota-free market access if developing countries lack the infrastructure required to bring their goods to market? In both agricultural and non-agricultural sectors, cooperation at the regional level can help spread the costs of introducing new productive techniques and technologies; investing in innovation and research; enhancing entrepreneurial, management and marketing skills; and promoting public-private partnerships.

Developing countries can also cooperate on creating synergies between modern, large-scale enterprises, such as transnational corporations, and local small or medium-sized enterprises (SMEs), to make the latter fit effectively into global value chains and act as catalysts for innovation. Other promising areas for regional cooperation include trade and transit facilitation, transport infrastructure development, and investment projects in electricity, other energy sources and water supply. These initiatives are often too costly for developing countries to undertake on their own, but they may be economically viable if several countries pool their resources, including by involving developed countries' partners in "triangular cooperation" schemes.

Another example is the development of new and innovative financial mechanisms to help mobilise domestic and regional resources. Obviously, there is a need to improve access to capital for SMEs in developing countries. To do so requires the creation and mainstreaming of mechanisms and products, such as micro-insurance and microfinance, that can overcome problems of asymmetrical information.

Climate change is another serious challenge. To tackle this problem, each and every country has to adopt proactive environmental policies. But for a developing country to do so alone is virtually impossible. Hence there is an urgent need for meaningful and predictable assistance from the international community on capacity-building, technology transfer and adaptation measures. At the same time, developing countries stand to gain a lot from closer cooperation on this emerging issue. Regional cooperation can help developing countries design solutions that cater for region-specific needs and circumstances, while also complementing relevant global mechanisms.

Supachai Panitchpakdi is Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) and ex Director-General of the World TradeOrganisation.

# Gulf Eyes 'Oil-For-Food' Deal With Neighbours

By Meena Janardhan

DUBAI (IPS)

With Gulf countries importing 60 percent of their food on average, Saudi Arabia and the United Arab Emirates (UAE) are taking the lead in investing in Asia and Africa to secure supplies of cereals, meat and vegetables.

The move reverses a recent Gulf trend of acquiring plush assets in the West in favour of acquiring agriculture lands in developing countries, which are themselves facing a crisis amid high oil price-induced inflation and even food shortage.

Calling for transforming the buyer-seller relationship in the energy sector between India and the Gulf countries into a more substantial and enduring relationship, Indian External Affairs Minister Pranab Mukherjee told the Emirates Centre for Strategic Studies and Research, "I see India's requirement for energy security and that of the Gulf countries for food security as opportunities that can be leveraged to mutual advantage."

Similarly, during Prime Minister Yousaf Gillani's visit to Saudi Arabia in early June, Pakistan sought 6 billion dollars in financial and oil aid in return for "hundreds of thousands of acres of agricultural land, which could be tilled by the Saudis."

Such arrangements are likely to become increasingly common since inflation and food shortage are likely to worsen worldwide in future, said Shoaib Ismail, a halophyte agronomist who studies utilising plants for food, fuel, feed, and fibre.

Worried about inflation fuelling social unrest, major food exporters to the Gulf countries are resorting to export curbs. For example, India -- the world's second-largest rice exporter in 2007 -- banned all non-basmati rice shipments in March. Simultaneous moves elsewhere triggered a wave of panic buying, causing benchmark Thai prices to triple.

"The Gulf region is not conducive for sustainable agriculture and has been dependant on imported food, which it has been able to buy at the prevailing international price without difficulty. However, when oil and other natural resources diminish in future, the region cannot maintain the same level of dependence on external food supplies," Ismail told IPS.

Just one percent of land in the UAE is arable, while in Saudi Arabia it is marginally better at three percent. In comparison, 24 and 40 percent of land in Britain and Poland respectively is arable.

As a result, Saudi Arabia plans to stop purchases of wheat from local farmers by 2016, abandoning a three-decade programme aimed at self-sufficiency that has depleted the country's scarce water supplies. Reeling under shortages of rice, Saudi Arabia has approached India, which annually exports 500,000 to 600,000 tonnes of rice to the kingdom.

"Given that global political scenarios vary constantly, the Gulf countries could come under pressure in future food negotiations," added Ismail of the International Centre for Biosaline Agriculture in Dubai. Explaining the willingness to invest over the long term, Ismail said the Gulf countries are cooperating with developing countries that have similar cultural, religious and political backgrounds, and with whom they have had longstanding ties. "They could get basic commodities at relatively low prices, thereby reducing their dependency on Western countries; and food-exporting counterparts get investments that could offset hardships related to increasing cost of land, water and fertilisers."

The Gulf countries unsuccessfully attempted to convert Sudan into their breadbasket in the 1970s after the U.S. threatened to cut food supplies following the oil boycott.

This time, however, media reports indicate that the UAE government and private entities like Abraaj Capital have already acquired about 800,000 acres of farmland in Pakistan. As incentive, Islamabad is offering legal and tax concessions to foreign investors in specialised agriculture and livestock 'free zones', and may also introduce legislation to exempt such investors from government-imposed export bans.

The Gulf countries are increasingly receptive to such arrangements because they view this as an opportunity to import food at 20 to 25 percent less cost, thereby addressing domestic inflationary pressure, which was officially about 12 percent in the UAE last year, and perhaps double unofficially.

Since self-sufficiency is not an option, apart from dialogue with exporter countries and investments in agricultural projects abroad, "buffer stocks of basic food items should be contemplated to reduce exposure to market volatility," the Dubai-based Gulf Research Centre's Food Inflation Report recommended in May.

With oil prices likely to remain well over 100 U.S. dollars a barrel, the Gulf countries are estimated to reap a cumulative windfall of about nine trillion U.S. dollars by 2020, allowing them to intervene in the market through various measures ranging from price caps to subsidies.

But one of the chief reasons grain prices have increased is due to a rise in production costs -- particularly from higher energy expenditure -- estimated at about 40 percent. Thus, "what makes the UAE's export earnings increase is also what causes its imported food to increase apace," explained Dalton Garis, of The Petroleum Institute in Abu Dhabi, in the UAE's 'Gulf News'.

Commenting on the viability factor of the new initiative, Ismail explained, "India, Pakistan and Sudan have closer ties with the Gulf compared to Thailand. While political stability would be a factor in Sudan and Thailand, India and Pakistan are likely to be attractive destinations because of their relations with the Gulf countries, which pre-dates oil."

Encouraging the new public-private partnerships, Ismail said he preferred a proactive private sector role because "it can bring about significant results" quickly. The government, he added, should "serve as facilitator and oversee policies and regulations."

Anticipating a second wave of trouble as the region's population booms in the years ahead, Ismail stressed that "with all limitations to make agriculture sustainable in this region, efforts should also be made to produce vegetables [in greenhouses], fruits and other crops. There should be clear prioritisation for primary agricultural products [grains and pulses] and secondary products [fruits and fodder]. It is possible to make the latter sustainable with relatively marginal land and water resources."

# "We Must Produce More and Consume Less"

By Bert Wilkinson

GEORGETOWN, Guyana (IPS)
For the first time in living memory, Caribbean governments invested time and large sums of money to organise an emergency food summit at their trade bloc's headquarters in Guyana aimed specifically at dealing with the global food crisis and the region's spiralling import bill.

The good news is there is an abundance of rich but uncultivated land in the area ranging from Belize in Central America to Suriname on the South American mainland.

The two-day regional agricultural investment forum was hailed as a resounding success, if only because authorities were able to bring together, in one room, commercial bankers, two heads of government, cabinet ministers, farmers and representatives from multilateral institutions like the World Bank to focus on a single topic -- the need to produce more food in the Caribbean.

"We also want to point out that this is the first time that people felt motivated enough to bring out their proposed projects in the open for all to see, asking for them to be financed because they want their projects to grow. It is a very good start," said Jamaican businessman James Moss-Solomon, who headed the planning task force for the conference.

Commercial banks have indicated an interest in immediately funding four of 22 projects offered for financing at the meeting and have asked for additional work to be done on others.

The projects seeking financial backing range from 96,000 dollars to strengthen eco-tourism possibilities in Barbados, to 8.0 million dollars for white Mennonite groups in Belize to expand cashew nut production, to 7.5 million dollars for the government of the twin-island federation of St. Kitts and Nevis to transform derelict sugar plantations on the islands.

The Mennonite groups in Belize, which have helped the Central American Caribbean nation to be largely food self-sufficient in the last 20 years, want to put 10,000 acres of land under cashew nut production. In nearby Jamaica, the ministry of agriculture is looking for 4.5 million dollars to raise sheep and increase production to 2.3 million pounds of mutton and lamb by 2013 -- or half the value of 2006 imports.

Moss-Solomon says that there has been no other time in recent Caribbean memory when such a concerted effort has been made to grow more food, because as Prime Minister Patrick Manning of Trinidad and Tobago recently warned, "The days of cheap food are over." He says the region is also aware that its annual food bill of about 3.5 billion dollars will no doubt skyrocket further by the end of this year given continuing spikes in prices and devastating floods in U.S. farming states that have wiped out crops.

Jacqueline Rawlins, who represented the Agriculture Bank of Trinidad and Tobago, says the forum has asked the bank to consider amending its charter to lend to farmers from outside of its home base, as many countries do not have the available land to significantly increase production.

Oil and gas-rich Trinidad and Tobago, the trade bloc's largest economy, plans to swiftly invest in farmland in neighbouring Guyana, which has a population of about 730,000 occupying a land mass of 215,000 square kilometres. Food produced in Guyana would end up on tables in Trinidad and Tobago.

"We must now embark upon greater fuel efficiency, as well as the pursuit of alternative sources of energy," Manning said. "We must ourselves produce more and consume less, and, above all else, we must move towards the highest level of food production and the stimulation of the agro-industry. We are heading for a global crisis."

# Brazilian South-South Investment Drive

By Marcela Valente*

BUENOS AIRES (IPS)
Heavily invested in the oil and cement industries, as well as mining and steel, textiles, cosmetics, banks, food and beverages, Brazilian capital is edging Europe out of pole position in foreign direct investment (FDI) within Argentina.

Its expansion is part of a general upward trend in foreign investment originating from developing countries. Within the global context, experts see the surge of private investment from Brazil into Argentina, its largest neighbour, as one of the most dynamic regional examples of the phenomenon.

"Brazil is the source of between 35 and 40 percent of FDI in Argentina," said Fernando Porta, one of the authors of a study titled "La internacionalización de las empresas brasileñas en Argentina" (Internationalisation of Brazilian Companies in Argentina), published by the Buenos Aires office of the Economic Commission for Latin America and the Caribbean (ECLAC).

Argentina has been receiving an average of four billion dollars a year in FDI since 2003, nearly 40 percent of which comes from Brazil. Of that Brazilian capital, 55 percent went into mergers and acquisitions, 25 percent into expansion of existing investment and the remaining 20 percent into installing new capacity.

Deloitte, a consulting firm, estimates that Brazilian companies invested approximately eight billion dollars in Argentina between 2002 and 2007.

Official figures from Brasilia indicate that 2.9 percent of Brazilian capital invested abroad between 2001 and 2009 went to Argentina, but Porta said that if tax havens are excluded, the proportion that flows into Argentina rises to 10 percent, making it "a significant market," he explained to IPS.

Luis Alfonso Lima told IPS that Argentina has become the main destination for Brazilian investment in Latin America "as part of a global trend of intra-regional investment between similar countries, such as those of South America or emerging countries in Asia."

Lima, head of the Brazilian Society for the Study of Transnational Corporations and Economic Globalisation (SOBEET), said that cultural factors are decisive. "It's easier for Brazilian companies to establish themselves in Latin America than in Asia, where communications would be difficult."

Porta concurred that the internationalisation of companies in developing countries "tends to begin in neighbouring countries which share similar patterns of consumption and production processes." Favourable investment conditions in the recipient countries also contribute.

After the recession in Argentina in the late 1990s, many heavily indebted companies were put up for sale.

Petrobras, Brazil's state-run oil giant, bought the private Argentine firm Pecom from the Pérez Companc family in 2002, which became the second largest oil company in Argentina after Repsol-YPF, formerly the state-owned Yacimientos Petrolíferos Fiscales (YPF).

The Camargo Correa group bought the Argentine cement firm Loma Negra in 2005, which then doubled its production capacity.

Beer and soft drinks company AmBev took over the Quilmes brewery, sponsor of the Argentine national football team, and is currently the market leader for beverages in the Southern Cone region of South America.

Brazilian slaughterhouse and meat packers Friboi also bought Swift Armour, a large beef processing company. Belgo Mineira of Brazil purchased the private Argentine steel mill Acindar, "a fundamental step towards strategic control of the region's steel sector," according to the ECLAC study.

Other companies simply established themselves, like cosmetic vendors Natura, the Itaú Bank and the Santana textile firm, which will manufacture denim for jeans in the north-eastern Argentine province of Chaco.

Apart from the big transactions, a number of smaller operations are not recorded in the statistics but contribute to the trend, Porta said.

According to the study, Argentine companies adopted a "defensive" strategy in the financial crisis of the late 1990s, while Brazilian firms opted for "an aggressive internationalisation policy on a regional scale," in order to spread domestic market risks and acquire experience of investment abroad in countries they knew well.

Brazil and Argentina are the largest members of the MERCOSUR (Southern Common Market) trade bloc, to which Paraguay and Uruguay also belong and which Venezuela is in the process of joining. "Capital movement is facilitated in the context of the trade bloc, but less so than might be supposed" in the case of Argentina and Brazil, said Porta.

"The Brazilian government has a proactive policy of assisting its companies to branch out internationally by providing credit, because this boosts its foreign trade prospects," he said, adding that the country thereby gains control of oil and gas reserves as well as sources of other commodities.

The ECLAC study indicates that among the main motives for internationalising Brazilian companies is their need to produce on a larger scale, the opportunity to enter a relatively protected market like Argentina's, and access to plenty of good quality raw materials.

Argentina's early 2002 currency devaluation, after more than 10 years of a fixed exchange rate at one peso to the dollar, is another advantage that has attracted and accelerated investment.

According to Lima, Argentina "is a good market, with a relatively highly paid population and empty market sectors to be exploited, which are already exploited in Brazil."

One example is the Itaú Bank, which is expanding more rapidly in Argentina than in Brazil, he said.

So just as in the 1990s, capital flowed into Argentina from the United States, Spain, Italy, France and other European countries, attracted by the sell-off of state companies, since 2004 it has been the Brazilians who have come seeking business opportunities.

Concerns arising from the conflict between the Argentine government and farmers, who have blocked roads and been on strike intermittently for three months, might slow the flow of capital, although experts think this will only be transitory.

"Brazilians are willing to operate more boldly than Europeans in less stable markets, and that gives them an advantage," Porta said.

Lima, for his part, said that the uncertainty created by the farm conflict could slow down investment growth to below its potential. "FDI growth depends on a country's stability and predictability," he said. "Long term planning horizons of, say, 20 years, aren't possible yet in Argentina."

However, "it's a question of time: Brazilian investment abroad will increase, and the share coming to Argentina will, sooner or later, also expand," he predicted.

* With additional reporting from Mario Osava in Brazil.

# South Africa & Senegal Sign Cooperation Agreement

By Stephanie Nieuwoudt

CAPE TOWN (IPS)

Presidents Thabo Mbeki of South Africa and Abdoulaye Wade of Senegal have concluded an important treaty.

Analysts say the deal goes beyond the need to improve trade relations between two African nations; it represents the recognition by regional powers in the southern and western parts of the continent that closer ties would be to their mutual benefit in a range of areas.

In a South-South agreement, the Senegalese foreign minister, Chieck Tidane Gadio and his South African counterpart, Nkosazana Dlamini Zuma launched the South Africa-Senegal Joint Commission for Binational Co-operation at the end of April.

The South African government stated in a media release: "In addition to having cordial and fraternal relations South Africa and Senegal co-operate on a wide range of issues, both bilaterally and in multilateral areas."

The focus of co-operation is on the following areas, amongst others: agriculture, arts and culture, defence, environment, tourism, minerals and energy, transport, trade and industry, the empowerment of women, youth issues and communications.

Last year South Africa exported goods valuing R405 million to Senegal, while imports totalled just more than R3 million. In the larger scheme of things these figures are negligible.

Ronnie Mamoepa, the spokesperson of the South Africa department of foreign affairs, told IPS: "South Africa is committed to consolidating bilateral relations with all African countries. We are striving to strengthen ties with all countries on the continent."

In her speech during the binational commission's inaugural session Dlamini Zuma said that South Africa and Senegal shared many "values, ideals and principles."

Analysts told IPS this agreement is not so much focused on economic gains, as it is an effort to strengthen political ties.

"My sense is that the agreement is driven by foreign policy," said Peter Draper, the head of the Development Through Trade Programme at the South African Institute of International Affairs.

Willie Breytenbach, professor of political studies at the University of Stellenbosch in the Western Cape, said that both countries were powerful in their own regions. South Africa is the leader in the South African Development Community (SADC) while Senegal is an important player in Francophone West Africa.

Both are founding members of the New Partnership for Africa's Development (NEPAD), an initiative of the African Union (AU) aimed at promoting the overall advancement of the continent. Mbeki is often credited as the father of NEPAD, but Wade stood shoulder to shoulder with him when the plan was launched at the turn of the last century.

However, Wade has become increasingly disenchanted with this initiative. He is on record to have said that NEPAD "has not built one kilometre of road in Africa", criticism that is said to have angered Mbeki.

However, at the inaugural session of the binational commission, Dlamini Zuma said that some of the greatest challenges facing the continent were poverty, disease, underdevelopment and climate change. She emphasised the importance of information and communications technology and commended Wade for the initiative he showed in promoting the Digital Solidarity Fund (DSF). DSF aims to reduce the digital divide between different countries, and in so doing open up more opportunities for Africans. Some of the core objectives are to promote peace, sustainable development, democracy and transparency.

In turn Gadio said that his country fully supports the commitment undertaken during the AU Heads of State Summit in Ethiopia in 2007 to fully support South Africa in hosting the Soccer World Cup in 2010.

Referring to cultural issues, Gadio said that important world heritage sites in the two countries -- South Africa's Robben Island and Senegal's Goree Island -- have to be protected.

Robben Island, a former prison island where slaves were detained during colonial times, would later gain notoriety as the place where Nelson Mandela and other freedom fighters were imprisoned by South Africa's apartheid regime.

Goree Island, which is part of the Senegalese capital Dakar, is also infamous for its connection to the slave trade. It was formerly a holding and transfer point for the slave traders.

Gadio highlighted similarities in the two countries' histories to make the point that mutual cooperation would be of great benefit to Africa. "I truly believe that Senegal and South Africa can be a dream team for this continent," he said.

# Latin American/Caribbean Sub-Regional Groups:

**Andean Group (AG)**, Established 1969, Currently 5 members
Bolivia, Colombia, Ecuador, Peru, Venezuela

**Caribbean Community (CARICOM)**, Established 1973, Currently 15 members
Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago

**Central American Common Market (CACM)**, Currently 5 members
Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua

**Latin American Economic System (SELA)**, Currently 27 members
Argentina, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, Venezuela

**Latin American Integration Association (LAIA)**, Currently 12 members
Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela

**Organization of Eastern Caribbean States (OECS)**, Currently 9 members
Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines

**Southern Common Market (MERCOSUR)**, Currently 4 members & 2 associated members
Argentina, Brazil, Paraguay, Uruguay
Associated members: Bolivia, Chile

# Sharing Experiences Essential to Combating AIDS

By Nergui Manalsuren

UNITED NATIONS (IPS)
It has been eight years since Peter Piot, the head of UNAIDS, expressed high hopes for South-South cooperation in the fight against HIV/AIDS. "U.N. partnerships between developing countries -- or what is known as South-South cooperation -- is essential in limiting the spread of HIV/AIDS," Piot said at an international health conference held in Tokyo, Japan, at the beginning of the millennium. Calling South-South cooperation "a priceless commodity" in the struggle against the HIV virus, Piot said that such partnerships could be used to great benefit in planning, mobilisation, and capacity building.

The International Partnership Against AIDS in Africa is a collaborative network established in September 1999 between U.N. agencies, the World Bank, African governments, donor countries, pan-African and other international organisations. "The International Partnership is the largest example of intensified South-South cooperation in the response to the AIDS epidemic," Piot explained. "It is a knowledge strategy, which recognises that partners sharing knowledge become more powerful and effective."

Asked by IPS whether sharing knowledge and experiences played a role in increased use of Information and Communication Technology (ICT) use to tackle HIV/AIDS, Miriam Schneider, a World Bank official with expertise in working with ICT programmes in the field -- most recently in Rwanda -- said: "Absolutely!"

"There were series of regional meetings on AIDS, and one of the things that are done in these meetings is to share information and experience. So, for example, last summer in Kigali, in month of June, there was an annual meeting of the implementers," Schneider told IPS. "You have information about prevention programmes, about treatment, about medication, monitoring, and evaluation, and about partnerships," she continued.

Schneider noted that the World Bank has annual meetings in Africa as well. "There was just one in Madagascar, where we shared experiences across the programmes, we were supported by 30 different countries across the continent, they all come together every year, and each year there's a new theme," Schneider told IPS. "For example, this year's theme was on gender, another year it was on community-driven activities."

Albert Yeboah, the project manager of ICT training courses in Ghana -- which teach young people not only to become computer literate but also about the realities of HIV/AIDS -- agrees that innovative approaches should be shared among countries.

According to recent statistics, Sub-Saharan Africa is home to 10 percent of the world's population, but 60 percent of those living with HIV/AIDS -- accounting for some 25 million people.

In Ghana alone, some 350,000 people are infected with the disease and more than 30,000 people have died from it, according to the Foresight Generation Club that implemented an innovative approach to tackle the disease.

The Foresight Generation Club -- where Yeboah is the project manager -- uses new and increasingly available ICTs to tackle HIV/AIDS through awareness and capacity building. Working together in groups and using specially developed interactive software packages some 3,000 Ghanaian youths -- many of them young women -- have received training. Follow-up questionnaires collected by a partner NGO confirm that the interactive teaching methods have brought about positive behavioural changes among those who have attended the ICT training courses.

***continued from page 1 New Financing...***

The Emir of Qatar, Sheikh Hamad bin Khalifa Al-Thani, says the international community cannot ignore the role of development in maintaining peace and security. "As long as poverty threatens increasing numbers of people in different parts of the world, collective security cannot be achieved. Therefore, combating poverty must remain on top of the priorities of developing countries, which need serious global support to allow them to fulfill the necessary social, health and educational programmes."

"I hope," he said, "that the able countries in the North and the South would contribute to the Fund."

The decision to formally launch the Fund in September was taken at the high-level ministerial meeting of the Intergovernmental Follow-Up and Coordinating Committee (IFCC) of the Group of 77 in Yamoussoukro, Cote d'Ivoire, in mid-June.

Addressing the meeting, the prime minister of Antigua and Barbuda, Baldwin Spencer, who also chairs the Group of 77, said regional and international initiatives aimed at promoting cooperation in strategic areas should be encouraged, as should the strengthening of existing multilateral funding mechanisms for South-South cooperation.

"In this context we must agree, at this historical session, to operationalise the South-South Fund for Development and Humanitarian Assistance, established by the Second South Summit in Doha, in order to respond to the new challenges faced by developing countries today, including natural disasters which have affected recently some developing countries, hunger and poverty as well as the global food crisis," said Spencer, who also serves as his country's foreign minister.

"I do believe strongly that the time has come after three years to act urgently in order to make the Fund a reality," he added.

In his welcoming address, the president of Cote d'Ivoire, Laurent Gbagbo, who hosted the IFCC session, called for the creation of an investment bank for the South and a Food Stabilisation Fund to fight world poverty.

The Group of 77, he added, should move forward with the South-South Fund for Development and Humanitarian Assistance, as an initial effort to help developing nations.

***continued from page 1 Regional Trade...***

Meanwhile the Arab multilateral and development banks and funds have contributed over 80 billion dollars in development assistance over the last three decades to developing nations within and outside the Arab world.

The study also points out that the potential for South-South cooperation, as a vehicle for development disparity reduction within and among regions, goes beyond trade.

The Economic Commission for Latin America and the Caribbean (ELAC), for example, is providing support to regional integration and macroeconomic policy coordination among the Andean Community, Central America and MERCOSUR, through the Macroeconomic Policy Dialogue Network.

This regional network, composed of central bankers and high-level authorities of the ministries of finance of the countries of the region, fosters macroeconomic dialogue and the exchange of good practices among policy makers.

# South-South Cooperation to Fight Child Malnutrition

By Daniela Estrada

SANTIAGO (IPS)
Cooperation between Latin American countries, which is cheap, efficient and horizontal, could fast-track the fight against child malnutrition, Nils Kastberg, the regional director of the United Nations Children's Fund (UNICEF), said at a conference held in the Chilean capital.

Kastberg called on Latin American and Caribbean countries to commemorate the 200th anniversary of their independence from Spain in 2010 with a specific goal in mind: ensuring that no child is undernourished. In his view, the challenge could be achieved, with political will and a pan-American spirit, by harnessing South-South cooperation.

"Instead of talking about heroes, tombs and great national leaders," the region could take up the challenge of ensuring that as of Jan. 1, 2010, no pregnant woman will suffer from anaemia, which can affect the birth weight of her baby, and no child will be left without the support he or she needs to eradicate malnutrition once and for all, he said.

Bicentennial celebrations of independence from the Spanish empire began in 2004 in Haiti, but most countries will be marking two centuries of independence between 2008 and 2010. That is why the UNICEF representative is proposing 2010 as the target.

Kastberg was one of the speakers at the regional ministerial conference, "Towards the Eradication of Child Malnutrition in Latin America and the Caribbean," held in Santiago. Organised by the Chilean government and the World Food Programme (WFP), this was the first ministerial level meeting on child malnutrition ever held in the region. Two sub-regional technical meetings had taken place previously.

Malnutrition, causing low weight for age, and particularly chronic malnutrition, which produces stunting (low height for age), have irreversible physical and cognitive consequences in children under three. Seven percent of children under five in Latin America and the Caribbean suffer from malnutrition, and 16 percent -- over nine million children -- from chronic malnutrition. Guatemala has the highest prevalence of chronic malnutrition in the region. In addition to depriving children of their full development potential, under-nutrition generates higher health and education costs and reduces countries' productivity, because of lower educational attainments by malnourished children, and fewer people of working age due to higher mortality.

Halving the proportion of extremely poor and hungry people by 2015, with 1990 figures as the baseline, is the first Millennium Development Goal (MDG) agreed by the United Nations General Assembly in 2000. One of the indicators to measure achievement of this goal is the prevalence of underweight children under five years of age.

But as chronic malnutrition is the real problem, because it has irreversible effects on the intellectual capacity of children as they grow, "politically it has been agreed that this must be the main indicator to measure hunger in the region," Kastberg said. This "interpretation" by Latin America and the Caribbean may be "exported" to other regions of the world, he said. He said indigenous communities and migrants are two of the most vulnerable populations that could benefit from South-South cooperation on child malnutrition.

There have already been experiences of cross-border cooperation, where immigrants are covered by the health system, even when their status is irregular, and of training courses for customs personnel, Kastberg said.

Countries could learn from each other's experiences of, for example, conditional cash transfer programmes such as Mexico's Plan Oportunidad (Opportunity Plan) and Brazil's Bolsa Familia (Family Grant) programme. These initiatives, which have increased in number in recent years, aim directly at poverty, which is the underlying cause of child under-nutrition, he said.

"South-South cooperation is a goldmine the region has not yet learned to exploit. A continent-wide strategy needs to be developed," said Cristina Lazo, executive director of the Chilean Agency for International Cooperation (AGCI).

"There will always be experiences and best practices to share, independently of each country's level of development," she said. Chile has offered to coordinate a concrete working agenda over the next few years.

"To work out a South-South strategy we need receiving countries to specify their needs, and donor countries to say what they can offer," she said. Kastberg proposed developing an inventory of experiences and best practices derived from programmes undertaken to date, and presenting them at a U.N. conference on South-South cooperation that would be held next year under the auspices of the United Nations.

Germán Valdivia, the regional coordinator of the WFP's Knowledge Management Initiative, gave out the address of an Internet portal created by the agency, which in his view could be a useful tool for South-South cooperation aimed at ending hunger and malnutrition.

The website, Nutrinet (http://www.nutrinet.org), posts news and descriptions of successful practices and innovative programmes. The portal covers five thematic areas: mother and child nutrition, school feeding programmes, vitamins and minerals, HIV/AIDS and food emergencies.

Among the countries describing their work on the site, one of whose goals is to facilitate discussion among experts, are Bolivia, Colombia, Cuba, Guatemala, Panama and Peru.

TERRAVIVA

IPS

**IPS TerraViva**
TerraViva is an independent product of IPS-Inter Press Service news agency. The South-South Executive Brief is published in cooperation with the Special Unit for South-South Cooperation.
The opinions expressed in TerraViva do not necessarily reflect the editorial views of IPS or the official position of any of its sponsors.

**Publisher**
Mario Lubetkin

**Editor in Chief**
Thalif Deen

**Managing Editor**
Mithre J. Sandrasagra

**UN Correspondents**
Haider Rizvi
Nergui Manalsuren
Omid Memarian
Mirela Xanthaki
Katie Vandever
Rajiv Fernando

www.ipsnews.net http://ssc.undp.org