



LDC Ministerial Conference 2013

From the Istanbul Programme of Action to the world we want in 2015 and beyond:
Implementing the UNIDO operational strategy

30 November – 1 December 2013
At Westin Lima Hotel, Convention Center, Lima, Peru
Conference Rooms: Limatambo 4 & 5

Issues Paper

South-South Industrial Cooperation: The Role of Southern Enterprises in Least Developed Countries



1. Introduction

South-South Industrial Cooperation (SSIC) has many vectors, such as investment, trade, financial flows, labour migration and remittances, technology transfer and development cooperation (aid). Furthermore, SSIC has an intra-continental dimension (e.g. within Latin America, Asia or Africa) and an inter-continental dimension (e.g. between Latin America and Africa). SSIC is much more holistic than the concept of Official Development Assistance (ODA), and the development vector serves as more of a by-product than a driving force.

The actors in SSIC are the public and the private sector. Both undertake investment and trade with other Southern countries. The government often does so through their state-owned enterprises. In addition, the development cooperation vector mainly falls within the domain of the public sector. However, a large part of actual SSIC is attributed to private businesses. They engage on a day-to-day basis in SSIC by investing, trading, and financing, transferring technologies and moving labour from one Southern country to another.

2. Two Dimensions of the Private Sector in SSIC

There are two dimensions of the role of the private sector in SSIC.

- First, SSIC aims to develop the private sector in LDCs themselves. This is commonly referred to a 'private sector development' (PSD). This issue is largely a concern for the public sector and development partners and achieved through technical cooperation.
- The second dimension is concerned with the private sector as a key actor contributing to industrial development in LDCs. Here the emphasis is on partnering and leveraging the private sector's resources (financial, technical, knowledge) for industrial development.

This event focuses on both dimensions as they cannot be separated from each other. It is as much about having a strong and competitive domestic private sector with dynamic enterprises as it is to seek collaboration with businesses to address national and international development concerns.

3. The Private Sector in Development Frameworks

The Istanbul Programme of Action (IPoA) – as the guiding document for the ministerial LDC conference – refers to both dimensions. It acknowledges the critical role of PSD for development. LDCs should “continue promoting an enabling environment for private sector development including for small and medium-sized enterprises through a transparent and rule based regulatory framework” (IPoA 2011). But the document also recognizes and calls upon the private sector to contribute to the achievement of development goals. The role of the private sector in the IPoA cuts across many thematic issues and development challenges. Among others, the private sector plays a complementary and catalytic role through foreign direct investment (FDI) “in building and strengthening productive capacity as they lead to tangible and intangible benefits, including export growth, technology and skills transfer, employment generation and poverty eradication.” (ibid.) However, the IPoA does not distinguish between Northern and Southern private sector actors and does not address the differentiated roles, benefits, and aims that may exist between the two.

Bilateral exchange forums between African countries and emerging economies have been institutionalised with an ever increasing attention paid to the private sector. For instance, China is increasingly making efforts to integrate the private sector into its Africa relations through the 'Forum on China and African Cooperation'¹ although it is still a relatively small role in the FOCAC process. The Turkey–Africa partnership has a prominent role for the private sector. For example, there is a Turkey–Africa Business Forum which provides a platform for firms in Africa and Turkey to discuss and explore

¹ <http://www.focac.org/eng/>, 30.09.2013

business opportunities. The Republic of Korea–Africa Industry Cooperation Forum started in 2008 and is held annually. The latter has provided a platform for more active participation of the private sector in the Republic of Korea’s relations with Africa. Lastly, the ASA Partnership recognizes the role of the private sector in reaping the benefits of cooperation. Consequently, it calls for the establishment of an Africa–South America Business Association and an Africa–South America Bank.²

These bilateral exchange forums are one manifestation of the increasing role of the private sector in SSIC. What other modes of cooperation are likely and what experiences have been made by the private sector in SSIC are two of a large set of questions which this panel should discuss.

4. Expected list of speakers:

Yiping Zhou, Director of the United Nations Office for South-South Cooperation

Hadja Rahamatoulaye Bah, Minister of Commerce, Industry and Small and Medium Enterprises, Guinea

Sanjay Singh, Vice President, Public Affairs, Tata Services, India

John Zhang, Chief Investment Officer, Wanxiang Resources Co., Ltd., People’s Republic of China

Hasina Newaaz, Founder and CEO of Orchid Printers, Bangladesh

5. Main Questions:

Public Sector Panellists	Private Sector Panellists
<ul style="list-style-type: none"> • What are your experiences with South-South Cooperation? 	<ul style="list-style-type: none"> • From your company’s point of view, what does South-South cooperation mean to you?
<ul style="list-style-type: none"> • What is the role of the private sector in South-South cooperation? 	<ul style="list-style-type: none"> • What is the role of the private sector in South-South cooperation?
<ul style="list-style-type: none"> • What national approaches does it need to enhance the role of the private sector in SSC? <ul style="list-style-type: none"> ○ Establishing Southern partnerships between the governments and the private sector for development; 	<ul style="list-style-type: none"> • What are your company’s reasons for engaging in South-South cooperation? <ul style="list-style-type: none"> ○ Which regions / sectors? ○ Forms / type of cooperation (training / investment / trade / finance etc)?
<ul style="list-style-type: none"> • What are your experiences with Southern multinationals or larger enterprises from the South investing in your country? 	<ul style="list-style-type: none"> • What do you think are the major barriers for intensified South-South cooperation?
<ul style="list-style-type: none"> • What is the development impact of those Southern investors? Which sectors? Any observations? 	<ul style="list-style-type: none"> • Are you supported by / making use of any national policy framework when engaging in South-South cooperation?
<ul style="list-style-type: none"> • What are your views on emerging ‘Southern Value Chains’ and opportunities for enterprises in your country? 	

² All bilateral initiatives found in UNCTAD (2010): *South-South Cooperation: Africa and the New Forms of Development Partnership* (New York and Geneva: United Nations)