

The Emerging and the Traditional: Successful South-South Cooperation Initiatives in Sri Lanka

by Kithmina Hewage and Harini Weerasekera

The end of the nearly three-decade-long internal conflict and the graduation to middle-income status of Sri Lanka significantly shifted the development finance ecosystem in the country. The onus on traditional sources of external development finance, through the likes of bilateral and multilateral overseas development assistance (ODA) from developed nations, has decreased gradually. During the past decade, the country has seen a rise in South-South Cooperation (SSC), coming from India and China in particular. Together, each of these variables has created a unique ecosystem, where traditional and emerging donors are both equally well established.

This article borrows from an in-depth study comparing the institutional frameworks used in North-South Cooperation (NSC) and SSC projects in Sri Lanka. It discusses three themes that influence the success and failure of SSC projects: 1) measures adopted to stimulate local buy-in, 2) the importance of central and decentralised government, and finally, 3) the role of international agencies.

Participatory approach and creating ownership

A popular method adopted by SSC projects emulating NCS project structures is that of beneficiary participation. The objective of such a participatory approach is to target and tailor project outcomes better to the needs of beneficiaries. It can be done in various ways:

By garnering local/community knowledge that is specific to local contexts

By getting assistance to mobilise support for projects

By directly involving the beneficiaries in the implementation

The latter approach also has the benefit of developing beneficiary skills and capacity. Let's take as an example the Indian Housing Project in Plantations in Sri Lanka. It is an exemplar SSC initiative that adopts the home-owner model. Beneficiaries participate in housebuilding and construction of the homes granted to them.

Recently, SSC projects in Sri Lanka tend to be more targeted. They also last for a shorter period in comparison to their NSC initiatives, which attempt much broader interventions in scope and time. These characteristics of successful SSC projects facilitate the participatory approach much more, as the interventions identify and assess the participation of stakeholders better.

Engaging with Government

Determining the level of government at which donors partner with projects is crucial for institutional arrangements both in NCS and SSC ventures. In Sri Lanka, ministerial portfolios change very often. It can be a hindrance when a donor works with a specific ministry. It is difficult to sustain the momentum of a project if the government changes hands and its mandate changes constantly. Hence, for lengthier plans that cut across electoral cycles (over 4-5 years), partnering with the central government is inefficient. Instead, partnering with local governments is more prudent. It makes project activities immune to electoral cycles. Furthermore, local government authorities are better positioned to carry out tasks in their constituencies (providing permits, licenses, etc.). As such, layers of bureaucracy are eliminated in completing tasks.

The Role of International Agencies

In addition, employing implementing agencies (IAs) to carry out specialised tasks is increasingly common practice amongst SSC initiatives. It allows project tasks to be delegated based on specialisations of agencies and for projects, meeting deadlines efficiently. There is a tendency of hiring Northern agencies (e.g., UN agencies) as IAs in SSC projects, alongside government partners. These agencies have well-established relationships with local officials and grassroots organisations, due to their previous work in Sri Lanka. Therefore, the project implementation process appears to proceed more fluently. It is better to use these already existing relationships, rather than depending on the southern donor to create entirely new networks.

The integration of international agencies within SSC initiatives also addresses a common criticism regarding accountability and transparency in SSC projects. In coordinating with international agencies, emerging donors can work within the existing institutional frameworks for accountability and transparency of these agencies. It helps donors to leverage that legitimacy for effective interventions. It implies that SSC projects benefit from the approaches/institutional arrangements adopted in NCS projects and are in a position to emulate these better.

SSC as a source of development finance

The presence of SSC as a source of development finance has become increasingly prominent in Sri Lanka. It happens at a time when the country is on the cusp of entering upper-middle-income status. SSC projects are often criticised for lacking transparency and accountability, and for not adopting efficient guidelines and protocols. But selected case studies comparing NCS and SSC projects in Sri Lanka suggest that SSC initiatives have successfully emulated useful features of institutional structures in NCS projects. Based on these findings and as discussed in this article, we recommend:

- 1) Getting local/beneficiary buy-in
- 2) Establishing partnerships at the correct level of government and
- 3) Leveraging existing networks for project implementing agencies

These are three key ingredients that should be adopted by prospective SSC donors to ensure successful implementation of projects.