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**NATIONAL
ECOSYSTEMS FOR
SOUTH-SOUTH AND
TRIANGULAR
COOPERATION (SSTrC)
STRATEGY DEVELOPMENT
FRAMEWORK**



This strategy development framework document was developed by the Islamic Development Bank (IsDB) based on its concept on National Ecosystems for South-South and Triangular Cooperation. The document was authored by Riad Ragueb, Ahmed Faruk Diken, Abdelhakim Yessouf, Abdul Majid Khan, Aminuddin Matt Ariff, Faquaruddin Mehmood, Moncef Soudani, and Sameh Hussein of the Reverse Linkage team of the Islamic Development Bank.



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ACRONYMS

BAPA	Buenos Aires Plan of Action
CSF	Critical Success Factors
IsDB	Islamic Development Bank
KPIs	Key Performance Indicators
MDBs	Multilateral Development Banks
SDGs	Sustainable Development Goals
SSC	South-South Cooperation
TrC	Triangular cooperation
UN	United Nations



● IsDB Member Countries



INTRODUCTION

The Islamic Development Bank (IsDB) is the only major multilateral development bank (MDB) with an entire membership and shareholder base of developing countries. IsDB is essentially a 'South-South' bank that is driven by the desire to address the challenges faced by humanity through collective effort.

The IsDB's strong belief in the principles of South-South Cooperation (SSC) is manifested in its support for economic and technical cooperation and trade, which constitute the scope of SSC. IsDB consistently collaborates with SSC partners in the public, private and third (civil society and non-governmental organizations) sectors. In fact, it has a long-standing history of promoting SSC as an effective means of exchanging knowledge and expertise.

Based on this experience, IsDB—in collaboration with member countries and partners—prepared a publication entitled **Developing National Ecosystems for South-South and Triangular Cooperation (SSTrC) to Achieve Agenda 2030 for Sustainable Development** which was launched on the sidelines of the UN General Assembly in September 2019. The publication advocates the establishment of a complete national ecosystem for SSTrC, rather than relying on a single institution.

As a follow-up to such advocacy, this document suggests a framework to develop a national SSTrC strategy that is one of the pillars of the above-mentioned ecosystem.

The document begins by presenting the rationale, the planning considerations and an overview of the different parts of the suggested framework. It then describes each part of the framework in detail and concludes with presenting the deliverables of the strategy development process.

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1: EXECUTIVE SUMMARY

THE RATIONALE

The principles of SSC were established in 1978 through the Buenos Aires Plan of Action (BAPA), which focused on technical cooperation among developing countries. These principles include respect for national sovereignty, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.

The framework of operational guidelines on UN support to South-South & Triangular Cooperation defines SSC to be *“a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and interregional collective actions, including partnerships involving Governments, regional organizations, civil society, academia and the private sector, for their individual and/or mutual benefit within and across regions. South-South Cooperation is not a substitute for, but rather a complement to, North-South Cooperation”*¹.

The definitions for South-South and Triangular Cooperation are based on the Nairobi Outcome Document, negotiated in the UN High-Level Conference on South-South Cooperation and adopted by the UN General Assembly in December 2009.

The UN's working definition for triangular cooperation (TrC) is *“Southern-driven partnerships between two or more developing countries supported by a developed country(ies) or multilateral organization(s), to implement development cooperation programmes and projects”*.

Considering this comprehensive definition, the importance of SSTRC for helping Southern countries in achieving their developmental goals is growing. In fact, promoting SSTRC formed part of the UN Sustainable Development Goals (SDGs).

However, Southern countries are far from reaching the full potential of SSTRC. One of the difficulties faced by Southern countries is knowing how to develop their national SSTRC strategies, without which most of the SSTRC interventions would be random and in different directions.

By default, strategic planning is a difficult process, as it is all about predicting the future and designing a course of action to deal with it. Both are complicated issues, because the future is uncertain and there is no guarantee that successful plans of others would work in different situations.

“Strategic planning is a difficult process as it is all about predicting the future and designing a course of action to deal with it.”

Additionally, the current literature on strategic planning is characterized by the following: the planning is based on competition with others, and the scale of planning is limited to a single corporate body. Therefore, with respect to the national strategic planning of SSTRC, this literature is of limited help.

IsDB recognized the need to come up with a framework to develop a national SSTRC strategy on the following premises: (i) the planning should be based on collaboration and complementarity; and (ii) the scale of planning should be at the country level. Such a framework would be of benefit to the governments of South countries, as well as many international organizations concerned with development cooperation in general.

THE SSTRC STRATEGY DEVELOPMENT FRAMEWORK

The SSTRC Strategy Development Framework aims to provide guidance for:

designing a long-term joint course of action for the SSTRC stakeholders that will take the contribution of SSTRC to national development within the country concerned to a higher level and create greater benefit for these stakeholders.

The SSTRC Strategy Development Framework divides the planning process into the following three stages: (i) analysis and diagnosis, (ii) strategic choices, and (iii) making the strategy work. Each stage is divided into four activities, as illustrated in Figure-1.

The decisions made in each stage/activity should be aligned with the information gathered in the preceding stage/activity. On the other hand, the debate taking place during a certain activity should validate the preceding decisions and may result in revising them. The dual feedback direction (i.e. top-down and bottom-up) ensures the reliability and cohesiveness of the resulting strategy.

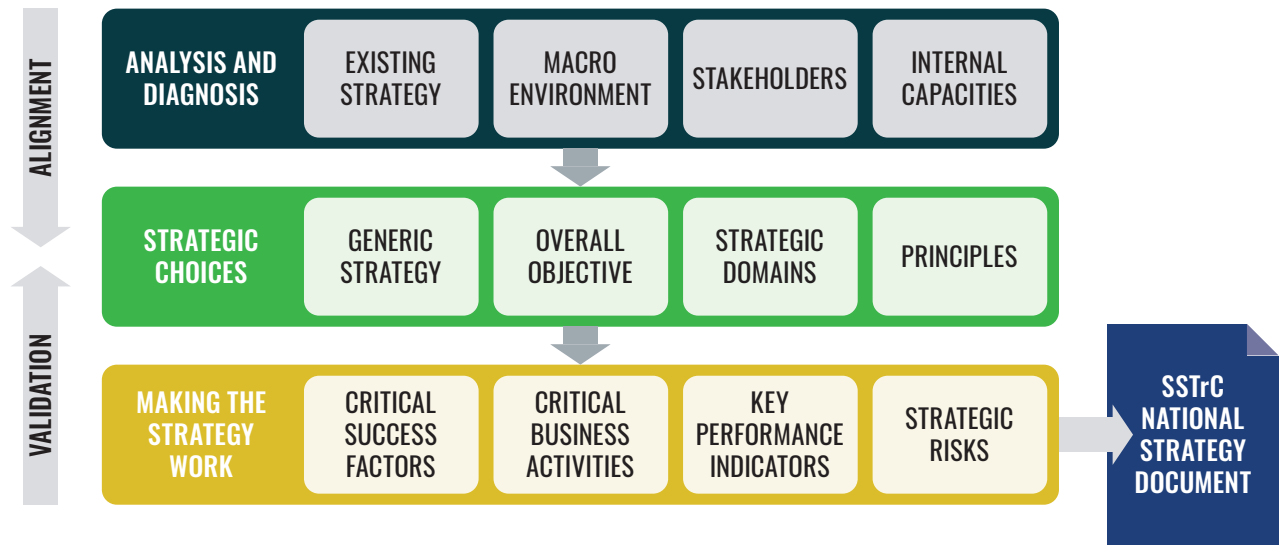
The three stages of the framework produce one major deliverable, that is the SSTRC Strategy Document.

Sections 2, 3 and 4 of this document elaborate further on each stage and activity.

¹ The UNDP's booklet on "Frequently Asked Questions for South-South Cooperation" http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/development_cooperationandfinance/frequently-asked-questions--south-south-cooperation.html



FIGURE 1 THE SSTRc STRATEGY DEVELOPMENT FRAMEWORK



PLANNING CONSIDERATIONS

In developing the SSTRc strategy, the following aspects should be considered:

- The notion of causality: the strategy should be developed in multiple levels (as explained in the previous section), with each level testing the validity of the level preceding it and establishing measures to ensure its success. The levels collectively present a chain of causes and effects.
- The notion of criticality: while working on each level of the strategy, the planning team should identify/decide on the important (critical) issues and avoid becoming involved in too much detail or trivia.
- Evaluation and synthesis: background information should be sought from various sources and evaluated to ensure its accuracy. Similarly, while deciding on the strategic choices, the views of all stakeholders should be carefully contemplated, then wisely synthesized.

USING THE FRAMEWORK

This framework is meant to be used by firms and individuals who may assist a country from the Global South in developing its national SSTRc strategy. It might be also used by a country if it decides to undertake the planning exercise by itself, meaning as an internal exercise.

The framework is applicable for both developing a new SSTRc strategy and reviewing/revising an existing one.

The framework explains what should be done to produce a national SSTRc strategy, in terms of workflow and final deliverables. However, based on its judgement and experience, the planning team may decide on how each activity should be undertaken. Specifically, the planning team needs to decide on the following:

- The boundaries of SSTRc, which could be limited to technical cooperation or expanded to include economic cooperation, cross-border investments and trade.
- The specific information-gathering technique to be used in each activity; whether desk research, questionnaires, one-to-one interviews or workshops.
- The way of debating the strategic options with the stakeholders concerned.
- The duration of each activity.
- Whether to combine several activities or not.
- Developing specific templates/tools to facilitate the undertaking of selected activities.
- Adding a certain activity or deliverable that is thought to be essential in specific circumstances.

It is also worth noting that this framework will be subject to continuous refinement after each time it is applied in an actual strategic planning exercise.



2: ANALYSIS AND DIAGNOSIS

OVERVIEW

The 'Analysis and Diagnosis' stage begins with assessing the current national SSTRC strategy (if any).

The planning team undertakes, within the country concerned, the systematic identification of existing enablers that may assist in the growth of SSTRC, as well as the barriers to such growth.

The analysis should cover both identification of current enablers and barriers and understanding their most probable status in the future. To tackle this in an organized manner, it is recommended to divide the analysis into three parts: the macro environment, stakeholders and internal capacities.

EXISTING SSTRC STRATEGY

This activity assesses the effectiveness of the current SSTRC strategy (if it exists) through raising the following basic questions:

TIMELINESS

Was the strategy prepared during the last five years? When was it last revised?

RELIABILITY

To what extent was the strategy based on complete and accurate contextual analysis? To what extent did the planning involve wide consultation with stakeholders? Was the strategy reviewed and endorsed by an external party?

COMPREHENSIVENESS

Does the strategy determine SSTRC domains in only one direction or two directions (i.e. inward and outward)? Does the strategy specify with which countries to cooperate? Does the strategy specify selected sectors on which to focus?

IMPLEMENTABILITY

Does the strategy suggest Critical Success Factors? Does the strategy determine the critical business activities? Does the strategy suggest key performance indicators (KPIs)?

“The analysis should cover both identification of current enablers and barriers and understanding their most probable status in the future.”

RELEVANCE

Is the outward part of the strategy in line with the country's current areas of excellence? Does the inward part of the strategy best serve the country's current interests? Is the aspirational level reflected in the strategy far above or far below the country's implementation capacity?

ENFORCEMENT

Is the strategy backed by laws or regulations that enforce its implementation? With respect to strategy implementation, what is the level of accountability of the entity concerned? What is the level of personal commitment of the people concerned towards the strategy implementation?

MONITORING

Is there a systematic process to collect performance indicators? Does the performance review result in corrective actions? Is the performance review undertaken by an internal or an external team?

PROGRESS

What are the actual results achieved so far? Does the speed of implementation match the original targets? Does the cost of implementation match the original estimates?

The assessment of the current SSTRC strategy should result in the identification of positive aspects that can be reconsidered in the new strategy, as well as negative aspects that should be avoided/rectified.



MACRO ENVIRONMENT

This activity looks at the important macro-level factors that can affect SSTRc, which could be classified into six groups: political, economic, social, technological, legal and environmental. This activity is typically called a PESTLE analysis. Examples of the questions to be raised during this activity are:

- What is the political situation of the country and the region, and how can it affect SSTRc?
- What are the prevalent economic factors now and in the forecastable future?
- What are the main economic and social development targets?
- How might history, culture and new social trends affect SSTRc?
- What technologies are likely to be developed and can affect SSTRc within the country and globally?
- Is there any current legislation that regulates SSTRc, or may such legislation be introduced?
- What are the environmental concerns for the society?

For each influencing factor, the planning team should determine whether the direction of impact on SSTRc is positive or negative (i.e. an enabler or a barrier), as well as the level of impact (i.e. high, medium or low).

“For each influencing factor, the planning team should determine whether the direction of impact on SSTRc is positive or negative, as well as the level of impact.”

STAKEHOLDER ANALYSIS

This activity examines the experience, current demands, future demands and offerings of the SSTRc stakeholders. In this case, the stakeholders include: (i) national entities that can provide technological, financial or human resources for SSTRc interventions; (ii) national entities that need external assistance to address domestic challenges; and (iii) internal organizations.

The stakeholder analysis may cover: (i) the ministries in charge of foreign affairs, international cooperation, finance, energy, agriculture, education, health, ICT, etc; (ii) parliament; (iii) major private sector firms; (iv) scientific institutions; and (v) MDBs.

It is worth noting that identifying the areas of excellence of national institutions (and hence the whole country) is part of the stakeholder analysis. In this regard, an economic sector can be considered as an ‘area of excellence’ if it meets the following general criteria:

- The country has all input factors.
- The country reaches self-sufficiency and there is sizeable demand abroad.
- The support services of that sector also exist.
- The government has been providing support and incentives for the sector.
- The in-country competition will help in maintaining the output quality of that sector.

INTERNAL CAPACITIES

This activity looks at all the capacities of the institution that will lead the implementation of the SSTRc strategy by trying to answer the following basic questions:

- Is there an institution explicitly mandated to handle SSTRc at the national level?
- Does this institution have sufficient financial resources?
- Does this institution have a sufficient number of skilled and experienced personnel?
- Is the institution capable of engaging with others and establishing partnerships?
- Does the institution have enough information to initiate relevant and continuous SSTRc interventions?



3: THE STRATEGIC CHOICES

OVERVIEW

During the stage of 'Strategic Choices', the planning team helps the country concerned make a series of strategic decisions that determine the size, direction and scope of the SSTRC interventions in forthcoming years, while taking into consideration the results of the previous stage, 'Analysis and Diagnosis'.

The decisions are related to the generic strategy, overall strategic objectives and strategic domains.

GENERIC STRATEGY

The generic strategy refers to whether the country opts to expand the volume of its SSTRC activities, maintain them at the same level or scale them down.

There is a misconception that every strategy should be about growth. However, two other options—stability and downsizing—are also quite valid. In all cases, it is advisable to make informed decisions about the SSTRC generic strategy and mention them explicitly in the SSTRC strategy document.

The general justifications of these three options are as follows:

EXPANSION

The enablers exceed the SSTRC barriers at the levels of macro environment, national stakeholders as well as the internal environment; and the country can provide/mobilize the necessary resources to expand its SSTRC.

STABILITY

The SSTRC enablers and barriers are of equal number/strength, or the country is doing well in SSTRC considering its aspirational level and resources. The country, therefore, needs only to improve the selectivity and focus of its SSTRC activities.

DOWNSIZING

There are poor economic and political prospects and the country cannot maintain the same level of SSTRC. The country, therefore, needs to downsize SSTRC and focus on interventions with the most impact.

If the country concerned selects an expansion strategy, it then needs to decide on the means of growth, which could be one or more of the following:

- Increasing the number and size of SSTRC activities in the same sectors with the same countries.
- Working in more sectors with the same countries.
- Working with more countries within the same sectors.
- Expanding by both sector and country.

OVERALL STRATEGIC OBJECTIVE

This activity answers the question: Why is the country engaged in SSTRC?'

The answer to this question gives the overall strategic objective which should be derived from the results of the "Analysis and Diagnosis", particularly the country's developmental priorities. For example, the overall strategic objective could be:

- Contribute to the government's efforts towards poverty reduction.
- Expedite the country's economic growth.
- Achieve self-reliance in a certain sector/subsector.
- Expand the country's presence/influence in a certain region.
- Expand the market of certain products and services.

In general, SSTRC is expected to yield soft values for the entities concerned and generate soft power for the involved country at large. A common mistake is to confuse SSTRC strategy with organizational business strategy, which aims to obtain immediate financial benefits for shareholders.

It is worth noting that the SSTRC strategy is expected to cover two directions of assistance flow (i.e. from and to the country concerned). It is, therefore, acceptable to include more than one objective, while avoiding the production of a hybrid strategy that mixes unrelated objectives.



STRATEGIC DOMAINS

Basically, the strategic domains are the territories of operation of SSTRC.

Deciding on the strategic domains entails answering the following four questions:

- What expertise and solutions are needed to address the country's first-order challenges?
- Which countries can provide them?
- How do the country's competencies best serve its international relations agenda?
- Where can the country create a strong presence and image in line with its foreign affairs agenda?

It is also important to decide explicitly on what will not be part of the SSTRC strategy—a question that is usually ignored in strategy development and creates confusion later on.

Figure-2 below summarizes the strategic decisions to be made by the country concerned and the related strategic choices.

“It is also important to decide explicitly on what will not be part of the SSTRC strategy—a question that is usually ignored in strategy development and creates confusion later on.”

PRINCIPLES

These are the general principles (or higher values) that should be observed by the entities and personnel engaged in SSTRC activities. At this point, it is recommended to restate the globally agreed upon SSTRC principles in the National SSTRC Strategy Document. With that, the country concerned expresses/renews its commitment to SSTRC principles. Additionally, the personnel implementing SSTRC activities shall always be reminded about those principles.

FIGURE 2 SUMMARY OF THE SSTRC STRATEGIC DECISIONS AND RELATED CHOICES

STRATEGIC DECISIONS	STRATEGIC CHOICES				
GENERIC STRATEGY	EXPANSION	STABILITY	DOWNSIZING		
OVERALL STRATEGIC OBJECTIVE	POVERTY REDUCTION	ECONOMIC GROWTH	SELF-RELIANCE	EXPANDED PRESENCE	EXPANDED MARKET
STRATEGIC DOMAINS	INWARD ASSISTANCE COUNTRIES SECTORS		OUTWARD ASSISTANCE COUNTRIES SECTORS		



4: MAKING THE STRATEGY WORK

OVERVIEW

The 'Making the Strategy Work' stage is about predetermining a few things that are necessary to achieve the country's strategic choices with respect to SSTRc. These choices are cascaded into critical success factors and critical business activities that create a clear line of sight from top-level strategic choices to the day-to-day activities of the personnel concerned.

Additionally, this stage also looks at the strategy performance indicators and strategic risks.

CRITICAL SUCCESS FACTORS

The critical success factors (CSFs) are the limited number of elements that are required for the strategy to work. In general, the CSFs could be related to:

LEGISLATION

Enabling rules, regulations and procedures that are immediately required to begin implementing the SSTRc strategy.

PERSONNEL

The number of additional personnel that should be hired.

KNOWLEDGE

Specific technical or managerial knowledge that should exist.

FINANCIAL RESOURCES

Additional budgets that should be provided to launch critical SSTRc activities.

CRITICAL BUSINESS ACTIVITIES

The critical business activities are the activities that must be well executed to achieve the CSFs. Following the classification described above, the critical business activities may include:

LEGISLATION

- Drafting SSTRc legislation.
- Obtaining approval for new legislation.

PERSONNEL

- Transferring a certain number of staff from other entities/departments.
- Selecting and recruiting new staff.

KNOWLEDGE

- Selecting training institutions.
- Organizing training events.

FINANCIAL RESOURCES

- Securing additional budgets from within the country.
- Raising financial resources through partnership with international organizations.

KEY PERFORMANCE INDICATORS

The planning team should propose key performance indicators (KPIs) that are sufficient to monitor the time, cost, results and stakeholder satisfaction of all elements of the SSTRc strategy, namely:

- Achieving the overall strategic objective.
- Undertaking SSTRc activities in the selected strategic domains.
- Realizing the CSFs.
- Undertaking the critical business activities.

It is advisable here to consider both qualitative and quantitative indicators, the distribution of which should be well balanced among the typical performance dimensions: stakeholder satisfaction, efficiency, quality and innovation.

This activity should be concluded by setting annual KPI targets.



STRATEGIC RISKS

A strategic risk is any undesirable occurrence that may happen inside or outside the country concerned, affect its ability to improve its role in SSTRc and, hence, decrease the contribution of SSTRc to its national development.

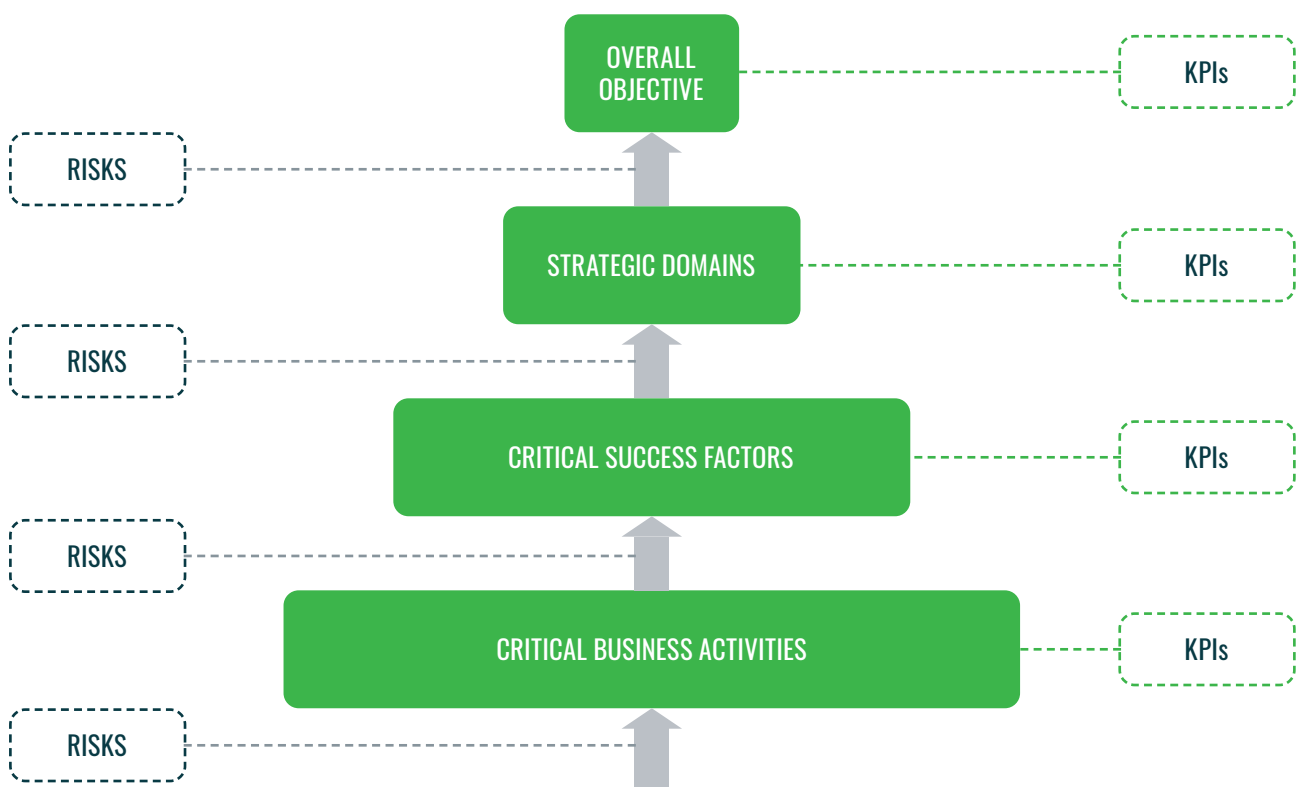
As mentioned before, the different elements of the SSTRc strategy collectively establish a casual chain. Accordingly, the planning team may systemically identify the strategic risks by thinking about the things that may lead to:

- Critical business activities not being completed.
- CSFs not being realized, even if the critical business activities are completed.
- The country being unable to undertake SSTRc activities in its selected strategic domains, despite providing the critical success factors.
- The country not achieving its overall objectives, despite its undertaking of SSTRc activities.

Figure-3 below shows how both risks and KPIs are related to the elements of the SSTRc strategy. Once the strategic risks are identified, the planning team may suggest a mitigation plan for the ones with high probability and high impact.

“A strategic risk is any undesirable occurrence that may happen inside or outside the country concerned, affect its ability to improve its role in SSTRc and, hence, decrease the contribution of SSTRc to its national development.”

FIGURE 3 HOW RISKS AND KPIs ARE RELATED TO THE ELEMENTS OF SSTRc STRATEGY



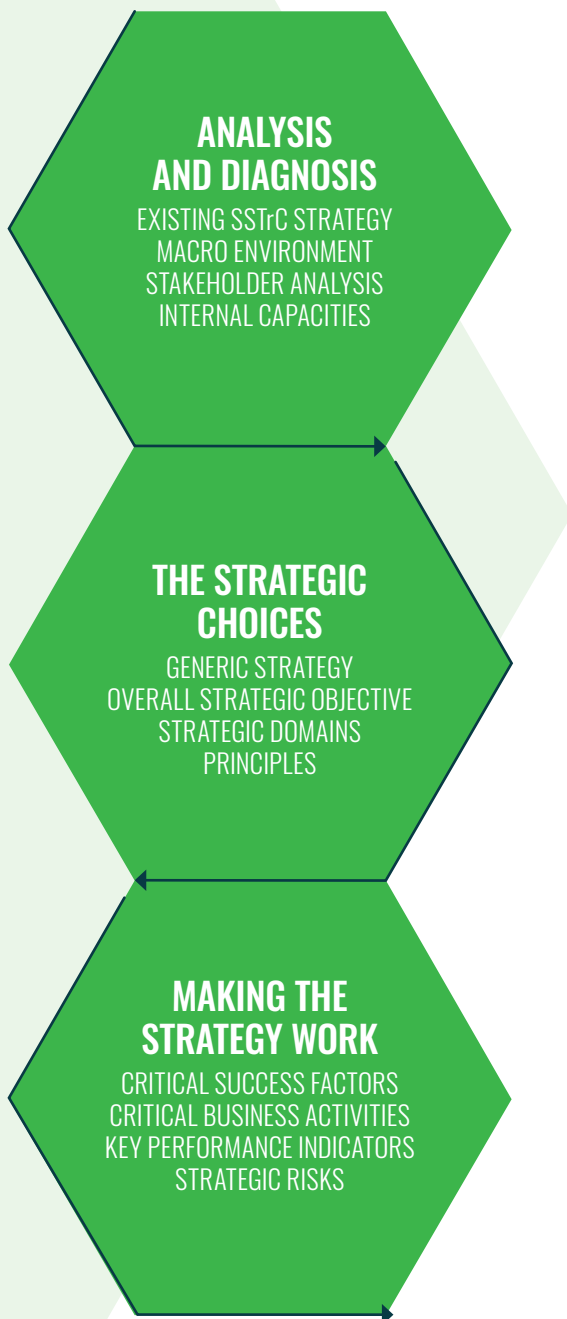


5: SSTRc NATIONAL STRATEGY DOCUMENT

During the strategy development process, the planning team may consider delivering and reviewing an interim report covering the findings of the 'Analysis and Diagnosis' stage.

Upon completing the three stages of the Strategy Development Framework, the team should be able to produce the SSTRc National Strategy Document.

Like the Framework, the document should include the following sections:



In addition to the above, the document should include a section entitled 'Implementation Launching Requirements' which is meant to:

- Assign the overall responsibility of the SSTRc strategy implementation to a certain entity.
- Distribute the responsibility of undertaking the critical business activities (which will kick-start the implementation of the whole plan) to certain departments/entities.
- Set a detailed timeline for undertaking the critical business activities.
- Calculate the budget needed for undertaking the critical business activities and, in general, achieving the targets of the first year.

It is advisable to request a budget only for the first-year targets and critical business activities. This will make the implementation agency accountable and at the same time will ease budget allocation.



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