

## South-South Cooperation in a Changing World

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### Abstract

This article aims at giving a picture of the current reality of development cooperation that has been less studied, because it focuses on the on the so-called South-South cooperation, a model of partnership not new but which has certainly received a strong impetus in recent years. This is the experience of partnership that involves global actors from the South such as China, India, Brazil and Saudi Arabia, in the name of principles of mutual collaboration and self-sufficiency among developing countries. The roots of this form of cooperation go back to the Asian-African conference in Bandung in 1955, aimed at building a post-colonial world. The author presents examples of South-South cooperation in its many forms and then dwells in particular on the description of elements that characterize the recent action of the BRICS (Brazil, Russia, India, China and South Africa) countries. Finally, the author highlights the problems in the field that, beyond the declared intent to represent a better model of cooperation, show all the pitfalls and risks that affect the effectiveness of South-South cooperation.

**keywords:** South-South Cooperation, BRICS, aid, trade, transparency.

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### 1. Context and objectives

The constantly changing landscape of aid has expanded beyond the narrow parameters of traditional North-South relations especially in the context of the Covid-19 pandemic and the ensuing global economic crisis. Western governments and likewise western-led institutions are no longer the exclusive actors in today's development cooperation landscape. Developed nations are under immense pressure as gross domestic product (GDP) among donor countries is estimated to have contracted by up to 5% in 2020. Furthermore, global GDP is estimated to decline at least 3% with more than 50% of the global workforce at risk of losing employment and billions especially in the global South, pushed back into poverty and hunger<sup>1</sup>. This situation is compounded by the climate emergency and persisting violence in many conflict-affected and fragile contexts.

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<sup>1</sup> UNCTAD (2020). The Covid-19 Shock to Developing Countries: Towards a "whatever it takes" programme for the two-thirds of the world's population being left behind. United Nations. Geneva.

The rise of Southern providers such as China, India and Brazil challenge these traditional donor relations and puts to the forefront new opportunities for reciprocal self-reliance among developing countries at a time of multiple global crises, but at the same time raises difficulties in shaping this emerging form of cooperation to address increasingly complex global issues.

While cooperation between countries in the global South is not new, its rapid growth to global prominence is. South-South Cooperation (SSC) takes root and has existed in its initial forms since the 1955 Bandung Asian-African conference, when newly emancipated countries in the global South affirmed their commitment to collectively assist one another defining an entirely new era of post-colonial development. The Bandung conference brought together 29 former colonies in Asia and African regions “on the basis of mutual interest and respect for national sovereignty” – a concept which pioneered SSC and eventually gave way for the establishment of the Non-Aligned Movement (NAM) in 1961 and the G77 in 1964 consequently.

In contrast to traditional modes of development cooperation, SSC takes many forms and is seen to be continuously evolving – from economic integration, the formation of negotiating blocs within multilateral institutions, military alliances, medical aid and cultural exchanges. It has included various forms of humanitarian assistance and knowledge-based technical cooperation as well as concessional financing for development projects focused on agriculture and infrastructure development.

In this context, SSC encompasses a much broader and deeper concept than foreign aid. However, for the purposes of this study, this article will focus mainly on SSC in the form of official development assistance (ODA) from Southern governments to other Southern countries. Further, this study will look into the issues and trends of how SSC donors are providing development assistance.

Nevertheless, it must be acknowledged and emphasized that focusing only on ODA excludes numerous cooperative arrangements that developing countries may consider as genuinely beneficial to development and consistent with their national development strategies and priorities, including SSC by other stakeholders such as civil society organizations, academia and the media. Another issue is that there is no official definition of ODA being used currently by Southern governments who do report on their foreign assistance program. An analytical study produced by the UN ECOSOC in 2009 proposes a definition of ODA as consisting of “grants and concessional loans (including export credits) provided by one Southern country to another to finance projects, programmes, technical cooperation, debt relief and humanitarian assistance and its contributions to multilateral institutions and regional development banks.” But this definition is still subject to debate and is not used consistently by official reports or existing studies on SSC.

## 2. BRICS

### **Box 1. Examples of South-South Cooperation in its many forms**

***G77 Negotiating Bloc.*** The Group of 77 was formed at the confines of the United Nations Conference for Trade and Development (UNCTAD) meant as a coalition of developing country states within the UN system. The G77 currently has 133 member countries and aims to provide a platform for Southern countries to articulate collective economic interest in their joint negotiating capacity on major international economic issues discussed at the UN, including the promotion of South-South development cooperation.

***Cuban medical exchange to South Africa.*** South Africa suffers a shortage of doctors and since 1996 has been a recipient of Cuban medical internationalism. Between 1996 and 2002, more than 450 Cuban doctors and medical lecturers were deployed in South Africa and a bout of a hundred South African students a year are trained in Cuba before finishing studies in South Africa. During the Covid-19 pandemic, the South African government deployed Cuban medical personnel across the country to help fight the pandemic.

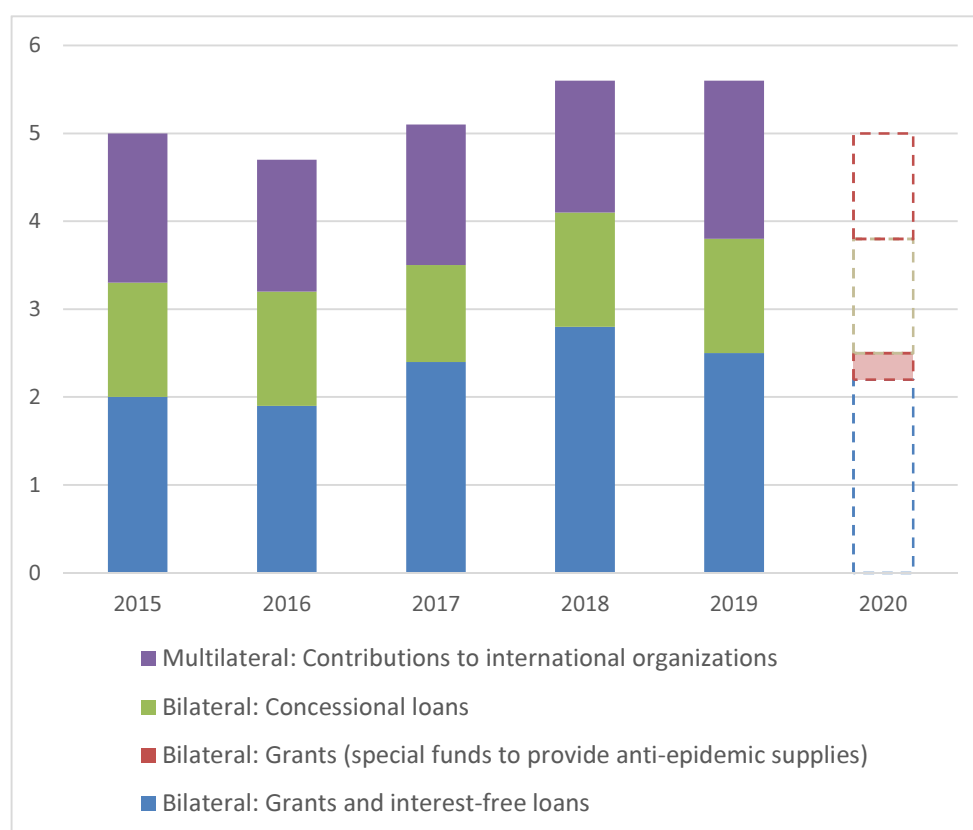
***Bolivarian Alternative for the Americas (ALBA).*** Launched in 2004, the Bolivarian Alternative for the Americas (ALBA) is an economic integration initiative for Latin American and Caribbean countries. It was first proposed by Venezuela in 2001 as an alternative to the US-backed Free Trade Area of the Americas (FTAA) which espoused neoliberal reforms in the Latin American region. ALBA counterposed this by creating a regional cooperation platform that is based on a vision of social welfare, equity and mutual economic aid rather than trade liberalization. Initially, ALBA had two member states – Venezuela and Cuba. However, a number of Latin American and Caribbean nations have since joined by signing the People's Trade Agreement that aims to implement ALBA's principles. ALBA currently has 10 members: Antigua and Barbuda, Bolivia, Cuba, Dominica, Grenada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Venezuela.

***Indian Technical and Economic Cooperation.*** The ITEC, founded in 1964 aims to upgrade skills and build the capacity of developing countries. ITEC, along with its sister programme the Special Commonwealth African Assistance Programme (SCAAP), provides assistance to 161 countries in Asia, Africa, East Europe, Latin America, the Caribbean as well as Pacific and Small Island countries. Some of the economic and technical services provided by ITEC include capacity building, concessional financing, and disaster relief among others.

***Brazil's Cotton Programme.*** The Brazilian Cotton Programme was established in 2009 to promote and strengthen and the cotton sector in Africa and Latin America through applied technology and training in the areas of genetic improvement, pest control, agronomic management, no-tillage, rural extension, production of improved cotton seeds to enhance cotton production, as well as trading cotton by-products and cotton's combined crops and decent work in the cotton global value chain.

In the past decade, SSC has played an increasingly important role as developing countries emerge as top players in the global economy. The so-called BRICS economies – Brazil, Russia, India, China and South Africa – representing over 40% of the world’s population account for 25% of the world’s GDP. Goldman Sachs predicts that these four emerging economies could collectively surpass the combined GDP of the G7 nations by 2027, nearly a decade sooner than the forecast in a landmark study a few years back<sup>2</sup>, with China foreseen as the world’s largest economy before 2030. While developed countries belonging to the Organization of Economic Cooperation and Development Development Assistance Committee (OECD-DAC) continues to be the largest source of international development assistance – at US\$161.5 billion in 2020, the share of non-DAC contributors is steadily rising, especially from middle-income developing countries like China and India.

**Figure 1 : Chinese Foreign Aid on a grant equivalent basis, 2015-2020 (iin US\$ Billions)**



<sup>2</sup> Foroohar, R., Mar, 2020, 'BRICS Overtake G7 by 2027,' <https://www.newsweek.com/brics-overtake-g7-2027-76001>

According to estimates from the Japan International Cooperation Agency (JICA), China's foreign aid increased from US\$5.1 billion in 2015 to \$5.9 billion in 2019, representing 0.044 percent of China's GNI<sup>3</sup>. 2020 estimates put Chinese foreign aid, including its Covid-19 response, at \$5.4 billion<sup>4</sup>.

Chinese international development cooperation in the context of SSC goes way back to 1949 when the newly established People's Republic of China under the Chinese Communist Party provided aid to countries in support of socialist and anti-imperialist causes. For instance, China donated aid to Egypt in 1956 during attempts of Western countries such as the U.K. to regain control over the Suez Canal<sup>5</sup>. From 1970 and 1975, China helped finance the TAZARA railway in East Africa and in 1974<sup>6</sup>. But throughout the years, Chinese foreign aid has become less interested in socialist causes and more in promoting the country's geopolitical and security interests. In 2018, the China International Development Cooperation Agency (CIDCA) was established bringing together the dimensions of commerce and foreign affairs to its international cooperation programmes<sup>7</sup>.

Meanwhile, the Indian Government has been giving more aid than it is receiving. India allocated \$1.32 billion for foreign aid in its 2019-2020 budget, representing 0.3% of total government spending for the fiscal year. Development assistance from India has increased from \$500 million in 2010 peaking at \$1.5 billion in 2015. Most of India's aid is going to countries in Asia and Africa such as Myanmar (\$56 million), Bangladesh (\$24.5 million), Bhutan (\$392.7 million), Sri Lanka (\$35 million), Mauritius (\$161 million) and The Maldives (\$81 million)<sup>8</sup>.

India's track record in providing development assistance dates back to the 1950s when India began providing aid to Nepal. It subsequently established the Indian Technical and Economic Cooperation (ITEC) program in 1964 which has provided over \$2 billion worth of technical assistance to other developing countries<sup>9</sup>.

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<sup>3</sup> Kitano, N. & Yumiko, M. 14 December 2020, 'Estimating China's Foreign Aid: 2019-2020 Preliminary Figures', accessed at: [https://www.jica.go.jp/jica-ri/publication/other/l75nbg000019o0pq-att/Estimating\\_Chinas\\_Foreign\\_Aid\\_2019-2020.pdf](https://www.jica.go.jp/jica-ri/publication/other/l75nbg000019o0pq-att/Estimating_Chinas_Foreign_Aid_2019-2020.pdf)

<sup>4</sup> *Ibid.*

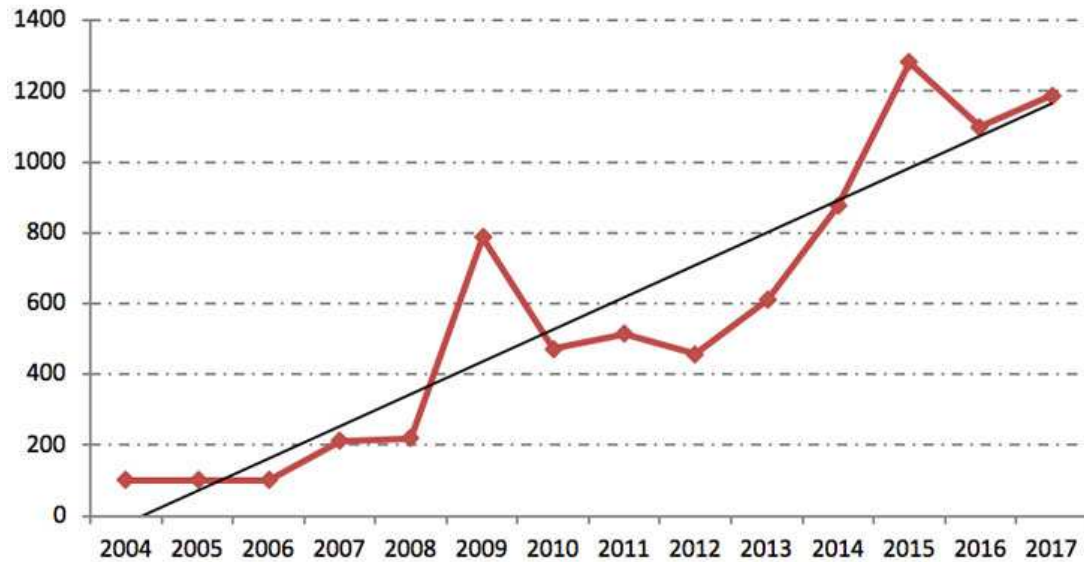
<sup>5</sup> Li, X. (n.d.). China's Foreign Aid and Aid to Africa: Overview. Accessed at <http://aaun.edu.au/wp-content/uploads/2019/08/AAUN-China-Aid-to-Africa.pdf>

<sup>6</sup> Sued, H. K. (2012). "TAZARA: How the great Uhuru Railway was built," Embassy of the People's Republic of China in the United Republic of Tanzania. Accessed at <http://tz.china-embassy.org/eng/media/t921927.htm>

<sup>7</sup> Zhang, D., & Ji, H. (2020 April). "The new Chinese aid agency after its first two years." Accessed at <https://reliefweb.int/report/china/new-chinese-aid-agency-after-its-first-two-years>

<sup>8</sup> Schulz, M. 2021 April 8, 'India's Foreign Aid Explained' accessed at <https://borgenproject.org/indias-foreign-aid-explained/>

<sup>9</sup> *Ibid.*

**Figure 2. Russian Official Development Assistance, mil. USD (2004-2017)**

Source: World Bank

On the other hand, Russia's development assistance has been steadily increasing from \$100 million in 2004 to \$1.2 billion in 2017. Russian development cooperation focuses on its priority areas such as health, food security, agriculture, human development, education and institutional capacity building. In June 2007, Russia adopted its national aid strategy which established key objectives for its development assistance program based on the same principles adopted by OECD-DAC members such as ownership and alignment, predictability and transparency, accountability and monitoring, and the achievement of global development goals. This aid strategy was replaced in April 2014 defining new priority areas for Russia's international development assistance as follows<sup>10</sup>:

- Improving governance systems and conditions for trade and investment in recipient countries,
- Building industrial and innovation capacities in recipient countries,
- Boosting economic activity in recipient countries,
- Establishing and strengthening national systems for combatting organized crime and terrorism,

<sup>10</sup> World Bank (n.d.). Russia and the World Bank: International Development Assistance. Accessed at: <https://www.worldbank.org/en/country/russia/brief/international-development>

- Supporting efforts on post-conflict peacebuilding,
- And the implementation of social and economic projects.

Brazil's aid provision to developing countries has also shown significant changes in recent years. While Brazil has been active in development assistance in the framework of SSC for decades, the past few years has seen the number of country partners and technical projects increasing significantly, making its presence felt in the international aid landscape. According to estimates, Brazil's international cooperation reached a total of US\$2.1 billion in the 2018 advancing cooperation activities with 83 partner countries. Brazilian contributions to multilateral organizations have reached US\$274.5 million in 2018, US\$195.3 million in 2017, and US\$840.5 million in 2016<sup>11</sup>.

Brazilian South-South co-operation is an instrument of national foreign policy and, therefore, the Ministry of Foreign Affairs has responsibility for its co-ordination. The Brazilian Cooperation Agency of the Ministry of Foreign Affairs runs the technical and humanitarian modalities of Brazilian co-operation. Brazilian South-South co-operation mobilized 84 Brazilian implementing partners between 2017 and 2018, including public sector institutions and collaboration with subnational entities, the private sector and civil society. The Brazilian aid agency's mandate includes humanitarian co-operation, which has allowed the Brazilian government to improve the humanitarian dimension of its South-South co-operation under the belief that prevention, strengthening resilience and supporting reconstruction after disasters and calamities play a fundamental role in people's progress, in particular those who are the most vulnerable<sup>12</sup>.

Concerns about the volatile financial markets, food and energy insecurity, and alternatives to seeking emergency financing from the International Monetary Fund (IMF) are pushing developing countries to seek support among themselves, especially amid economic declines in developed countries where they traditionally looked for assistance. These contributions between developing countries are generating a new dynamism in international development cooperation. India, Brazil and South Africa formed the IBSA trilateral in 2003 to serve as a platform for the three countries to engage in discussions for cooperation in the field of agriculture, trade, culture and defense among others. There are other numerous multilateral SSC initiatives that are in the offing such as ALBA and the Bank of the South. The proliferation of South-South regional cooperation arrangements is also driven by the search for alternatives to the North-dominated neoliberal international financial institutions and free trade pacts.

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<sup>11</sup> OECD (2021). Development Co-Operation Profiles: Other official providers not reporting to the OECD – Brazil. Accessed at <https://www.oecd-ilibrary.org/sites/18b00a44-en/index.html?itemId=/content/component/18b00a44-en>

<sup>12</sup> *Ibid.*

But the real significance of SSC lies not so much on the magnitude of ODA or financial resources flowing between developing countries but rather in the character of the relationship expressed by these exchanges, especially when compared with traditional North-South development cooperation.

Civil society have repeatedly criticized the way ODA is often used as a neo-colonial instrument by developed countries – imposing policy conditionalities on developing countries and tying aid to commercial, political and military interests of donors. And while there is much optimism on the potential of SSC to be shaped along the lines of mutual benefit and solidarity from which it was originally conceptualized, much is to be desired on how it operates today.

### **3. *Issues in SSC***

Most developing countries including emerging providers still regard the principle of equality and mutual benefit as expressed in the 1955 Bandung Conference as a key tenet in their SSC frameworks – at least on paper. China's official foreign aid policy still refers to the eight principles first laid by former Premier Zhou Enlai in the 1960s and India likewise draws inspiration from the NAM principles of cooperation and partnership for mutual benefit based on collective self-reliance among developing countries. But what is on paper is far from the current realities these SSC providers have shown in recent years.

#### **i. Geopolitical Interests**

Chinese military aggression has been on the rise in recent years with its assertion of the nine-dash line concept to establish claims in Exclusive Economic Zones (EEZ) within the territories of other countries in the south such as Vietnam, the Philippines and Malaysia. It has gone as far as to establish its own administrative governments in contested waters and provoked serious military consequences from neighbouring countries both North and South. Further, Chinese aid in the form of loans for infrastructure projects in Asia and Africa has been seen by the international community as a means for China to ensure its geopolitical and security interests in these regions. These actions are fundamentally in conflict with the Bandung principles and more closely align



with the heavily criticized behavior of western donor countries of tying aid to their own foreign policy and security interests.

India's role in contributing to the global arms race is also an increasing cause for concern with India becoming one of the top five largest military spenders in the world and fueling further conflicts in South Asia especially with Pakistan. Since their independence from British, Pakistan and India have been engaged in countless armed conflicts, border skirmishes, and cross-border ceasefire violations. In addition, India has begun to extend its development assistance beyond its immediate neighbours from Central Asia to Pacific Island States and Southeast Asia and Africa – as a means to boost trade, access to energy resources, project soft power and build military alliances.

Saudi Arabia, another major SSC provider has a foreign aid policy centered on regional cooperation with aid going mostly to its predominantly Muslim neighbours in the region compared to only 15% of aid going to Sub-Saharan Africa. Countries who vote in tandem with the Saudi Arabian government's foreign interests get 68% more aid compared to other countries. Further evidence suggests the use of ODA as a means to further national strategic interests, such as when Saudi Arabia withheld aid to countries that supported the Iraqi invasion of Kuwait in 1990 and boosted aid to countries that supported the US-led invasion of Iraq. As a result, Turkey, Egypt and Morocco became leading recipients of Saudi aid even though these are middle-income countries.

## **ii. Commercial Interests**

Looking back at Saudi Arabia, one of the main objectives of its development cooperation policy is to promote Saudi exports and support the expansion of Saudi income sources beyond crude oil exports. In the case of China, the primary motive behind its development assistance seems to be its need to extend its energy and raw material sources, which it desperately needs to sustain its manufacturing-for-export industrialization strategy.

For example, China provides low-interest loans with generous grace period and long repayment terms which debtor countries can repay with natural resource exports. Chinese commercial interests are also apparent in many of its projects. In 2008 for example, China invested US\$100 million to rebuild the TAZARA line in Tanzania that was falling apart due to underdevelopment and poor maintenance. Rebuilding the lines also has strategic value for China as it links two of China's Special Economic Zones in Chambishi (Zambia's copper belt wherein China also has significant investments) with SEZs in Dar es Salaam,

where China has also invested in modernizing the port. Simply put, the support provided by China to rebuild the TAZARA line bodes well for the free movement of goods from strategic economic zones where China also stands to benefit.

Indian aid for infrastructure projects in neighbouring countries Bhutan, Nepal and Afghanistan are as much about promoting regional security and goodwill as it is about securing hydroelectricity and energy for India's energy needs. Now, like China, India has its sights set on Africa where Indian products in light engineering, consumer goods, and intermediate products are expected to do well because of their low costs and adaptability to local conditions. India's diplomatic offensives are particularly felt in West Africa's Gulf of Guinea, where 70% of African oil is extracted. Additionally, India has provided millions of dollars in concessional loans and credit facilities to eight resource-rich countries in Africa, namely Burkina Faso, Chad, Equatorial Guinea, Ghana, Guinea-Bissau, Ivory Coast, Mali and Senegal.

### **iii. Conditionality and Tied Aid**

One of the principal criticisms repeatedly raised against traditional aid regards the use of policy conditionalities. Northern bilateral and multilateral donors frequently attach macroeconomic and governance conditionalities to their development assistance and loans, even though they have signed on to the Paris Declaration which recognizes the principle of (partner) country ownership of aid. The continued use of policy conditionalities in development assistance violates the sovereign right of people to determine their own country priorities and strategies for development.

Southern donors are falling in line to this same trend as more reports of Chinese loans with heavy fiscal conditionalities are being exposed. More importantly, China and to a lesser extent India have been heavily criticized for ignoring the appalling human rights records of some of their partners. For instance, Human Rights Watch has raised issues with recent Chinese investments in Angola, reporting that Angolan troops stationed in the oil-rich Cabinda area torture civilians to control their movements. CSOs have also voiced concern over poor working conditions of workers and non-compliance with environmental safety regulations. Regular mine accidents in Zambia have come under scornful assessments while environment activists in Mozambique have also opposed Chinese timber buyers who get tropical hardwoods from Mozambique's semiarid forests. In the same vein, a proposed dam in Mozambique, Mphanda Nkuwa has

been criticised for weak social and environmental assessment with fears that it has potential negative impacts for the Zambezi delta.

Providing aid with complete disregard for human rights, social and environmental considerations is seen as condoning or even support for continued mis-governance, for the sake of gaining access to their country's resource base and markets.

#### **iv. Transparency**

Transparency is another problematic aspect of Southern development assistance. There is a serious lack of accessible and comprehensive information on Southern development assistance. This is not surprising since even the major Southern donors do not have central coordinating agencies to manage and monitor development assistance at the national level. China has a Department of Aid to Foreign Countries within the Ministry of Commerce but its loans (and debt relief) are handled by the China Exim Bank. Most others have different focal points for different aspects of development assistance embedded in different agencies (such as Foreign Affairs, Finance or Economic Planning Ministries) or multiple divisions within the same ministries, sometimes with diverse mandates and various sources of funds. Since Southern donors explicitly reject the role of the DAC in setting ODA standards, the problem is as basic as not having a common definition of foreign aid or international development cooperation by the emerging donor governments.

These trends present a clear departure from the principles agreed upon in the 1955 Bandung Conference. These behaviors are consistent with the practices of traditional donors from the North. Empirical records confirm that actual North-South ODA flows are determined as much by political and strategic considerations of donor countries as by economic need and the policy performance of recipient governments.

If allocations of military aid and export credits are examined alongside ODA, the weight would surely shift even more decisively towards Northern donor self-interest, rather than recipient needs, as the prime motivation for traditional foreign aid. Put simply, aid is used as a tool for diplomacy, investment and export promotion by the major donor countries, including now newly emerging donors from the South.

#### **4. Conclusion**

While still far from replacing traditional aid flows, collaboration with and among countries from the Global South rooted in the principles of mutual benefit and solidarity has the potential to promote a new narrative of development cooperation. The emergence of SSC today provides us the opportunity to question the conventional top-down, conditionality-driven aid approach to development. And while far from being free from the flaws of the dominant international cooperation regime, it is not too late for development actors to re-shape how SSC can respond better to contemporary development challenges by creating mechanisms to increase democratic ownership, compliance with human rights, labor and environmental protection laws, and promote a more efficient use of national development capacities. Beyond the simplistic notion of solidarity among developing countries, South-South cooperation can be an effective instrument for developing countries to pursue alternative pathways to national progress that respects their right to development.

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