

Annual Trends Report

THE RISE OF GLOBAL SOUTH: NEW CONSENSUS WANTED

foreword by Karim El Aynaoui, Paolo Magri, Samir Saran



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 **POLICY CENTER
FOR THE NEW SOUTH**
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Annual Trends Report

The Rise of Global South: New Consensus Wanted

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Foreword

2023 marked a milestone in international governance. Over a decade after South Africa joined BRIC in 2010, leading to the formation of BRICS as we know it today, the group invited six other countries to become members in August, initiating the first phase of BRICS expansion. 2023 was also the year of India's G20 presidency and the year when, for the first time in the Group's history, the G20 troika – i.e., the previous president, Indonesia; the current president, India; and the future president, Brazil – consisted of developing countries. With South Africa scheduled to succeed Brazil in 2025, emerging economies would lead the G20 for four consecutive years.

This may present a historic opportunity to put the aspirations and concerns of the Global South at the center of the G20, and to better shape the agenda of sustainable development and inclusive growth. This ambition accords well with the fact that 2023 is also the mid-point of the window for achieving the 2030 Agenda. G20 India's achievement in this regard was the idea of making the Global South attractive and progressive: a place where massive digital transformations are taking place, and where target-oriented climate action needs is occurring.

This is all the more needed as the rise of the South, and its growing impact on the 21st-century international order, has become increasingly evident. Its collective economic might, for instance, has grown significantly in just a few decades. Today, the G7 represents 43 percent of the world's economy, down from around 70 percent in the early 1990s. There have been calls to explore the possibility of a revised G7 that includes Brazil, India, the African Union, and others – as that would make the bloc more representative. Geopolitics, however, tend to create a fraught contest between emerging countries eager to flex their growing muscle, and the incumbent 'West' that highlights the achievements of the post-WWII order.

The South is also increasingly voicing concerns for its continued underrepresentation in international bodies and institutions. The International Monetary Fund (IMF) is a case in point. While the five BRICS countries, alone, are responsible for 26 percent of the global GDP, their cumulative voting shares in the IMF amount to just 14 percent. Against this background, the narrative of a united Global South continues to gain traction and resonate with many governments around the world. It was in recognition of these trends that India made multilateral reform – including the systemic reform of multilateral development banks – a key focus area of its G20 presidency.

However, the narrative of a unified Global South needs to be tested against reality. It is not always easy to identify Southern countries in a precise manner, and importantly, they do not necessarily share the same views and aspirations. It is hard to yoke together countries with diverging strategic interests and different economic realities. The political and economic landscape is heterogenous and strategic relations that countries have with existing big powers is a consequential factor. For instance, it is clear that the Global South does not hold a common position on Russia's invasion of Ukraine or on the spiraling Israeli-Hamas conflict.

The term "Global South" is in fact an overly simplistic categorization that fails to capture the diversity and complexity of the countries it encompasses. Some emerging economies, as they gain prominence on the global stage, may increasingly resist being labeled as "South". Therefore, it is vital to redefine what the Global South stands for. Additionally, how countries of the South organize themselves over the next decade will likely have a profound impact on the global balance of power

and the contours of the new world order. In the coming decades, for instance, we may witness the emergence of an East and West within both the Global North and the Global South, further challenging the traditional North-South dichotomy. G7 Italy in 2024 will hopefully contribute to bridging the gap between the North and the South

In this evolving landscape, new concepts have emerged, such as that of the 'New South'. This perspective embodies a nuanced view within the South, not defined by a stance against the North or the West, but by an aspiration to engage constructively beyond these historical divisions. It highlights, for instance, the position of countries like Morocco, which are actively redefining their roles and relationships within this global framework.

It is in this context that the Italian Institute for International Political Studies (ISPI, Italy), the Observer Research Foundation (ORF, India), and the Policy Center for the New South (PCNS, Morocco) have embarked on this joint endeavor, embodying the involvement of three think tanks based in three countries, and each situated on a different continent - Europe, Asia, and Africa. Driven by a shared commitment to fact-based analytical research with the aim to inform policymakers and the public at large, this initiative is supported by the collective weight of approximately 400 staff members. Dialogue, tolerance, and innovation, in the face of global disorder, are the core shared values of this initiative. Experts from each institute and beyond investigate what the label "Global South" means, what its least common denominator is, and what the rise of this bloc of countries implies for the delivery of global public goods – be they fighting climate change, solving key security disputes, supporting global growth, pursuing SDGs or getting ready for the AI revolution.

In this Annual Trends Report, we divide these global public goods into five topics: global governance; security; economy and development; energy and climate change; new technologies and digital transition. Across these five topics, the need to find a new consensus and devise policy responses is growing by the day. It holds true not only within the Global South itself, but also between the North and the South. This Report is intended as a work in progress, as updates and new contributions will be added over the next months, thus shedding further light on global governance and challenges. Our hope is that this joint effort will help policy makers and the wider public to have a clearer picture of the rise of the Global South, while looking for common policy paths, however complex they may be.

Beyond the scope of this Report, the trilateral partnership between ISPI, ORF, and PCNS encompasses a number of initiatives aiming to add new voices, ideas, and solutions to the global debate. These initiatives include a Young Fellows Exchange program which promotes cross-cultural and cross-institutional learning among future leaders; side events at our respective flagship Forums to delve into contemporary issues; and an annual retreat for brainstorming and network-building. These activities are central to our efforts as we strive to foster a diverse and inclusive dialogue on global issues in the spirit of collaboration across continents.

Karim El Aynaoui, Executive President, Policy Center for the New South
Paolo Magri, Executive Vice President, Italian Institute for International Political Studies
Samir Saran, President, Observer Research Foundation



Global Governance



Global South: "Constituent Crisis"

by **Alessandro Colombo**

Among the many betrayed promises that litter the "liberal decade" of the immediate post-Cold War period, that of "global governance" deserves its own special place. After all, global governance was heralded as the culmination and synthesis of the grand plan to reorganise international coexistence under the label of the "New World Order". In turn, the myth of global governance rested on a set of expectations that represented, more than anything else, the climate of euphoria that accompanied the project. To summarise them: economic and social globalisation would continue to grow, benefiting all those who were willing to open up to the world market; this great transformation of economic spaces would almost automatically lead to a similar globalisation of political spaces; presiding over this political globalisation – that is, guaranteeing the governance of globalisation – would



increasingly be the responsibility of a number of old and new international organisations working closely with the major democratic states (the United States and the European Union at the forefront) that had emerged victorious from the last great conflict of the century; harmonious and virtuous cooperation would gradually emerge between all these parties, according to the other liberal mantra of multi-level governance.

Betrayed Promises of Globalisation

Twenty years down the line, all such promises have proven to be either overly optimistic or decidedly unrealistic. Globalisation has played a part in creating or deepening economic and social imbalances in many countries, further weakening the traditional mediation role of States. The trajectory followed by the relationship between economic spaces and political spaces has veered off in an undesired direction. Economic spaces did not end up dragging along political spaces, but rather political spaces disarticulated and reshaped economic spaces. After the golden decade of the 1990s, international organisations have been on a downward trend, both in terms of efficiency and legitimacy. Above all, and this is what interests us here, multi-level governance has disintegrated into a haphazard coexistence of international organisations. Some of them are obsolete and others are not yet mature; they compete more and more with each other and within each other; and they are no longer promoted by the hegemony of the victorious countries of the Cold War, but by the rise of real or potential challengers at the global and, more often, the regional level.

The manifestations of this fragmentation of multilateralism have simply kept growing in recent years.¹ For almost a decade, at least since the launch of the Belt and Road Initiative (BRI), it seemed to be China's turn to take the lead of a new multilateral season, in the belief that it could offer "a Chinese solution to humanity's search for better social systems" by showing, as Xi Jinping proclaimed in 2017, "a new trail for other developing countries to achieve modernization".² Seeking to counter Chinese activism, the United States, for its part, sought to revitalise the G7 by launching, at the 2021 summit, a project even more comprehensive, at least in its intentions, than the Chinese one. The Build Back Better World Initiative, which was relaunched the following year with a new name of Partnership for Global Infrastructure, aims at channelling public and private capital into infrastructure investment, particularly in energy, digital, health, and climate. As an alternative to the G7, with the benefit of greater inclusiveness but the drawback of less cohesion, the G20 under Indian leadership has also accentuated its demand for a comprehensive reform of the current multilateral order—symbolised by the New Delhi Leaders' Declaration in September this year. Plus, in August of this year, the five BRICS countries (Brazil, Russia, India, China and South Africa) agreed to invite in six new members – Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates – with the evident aim of forming a counterweight and alternative to the G7.

Establishment of Regional Poles

This breakdown of multilateralism naturally reflects broader changes in the surrounding political and economic environment. At the top, of course, there are macroscopic changes in the hierarchy of power and international prestige. If the institutional and multilateral fabric stitched together in the aftermath of the Second World War and definitively liberated in the "liberal decade" of the immediate post-Cold War period presupposed the leadership of the United States and the cooperation of its closest allies (the Europeans in the lead),³ the multilateralism of the third decade of the XXI century is based on exactly the opposite condition. On the one hand, the Euro-Western coalition of the "twentieth century victors" seems to increasingly lose its capacity, and so its will, to continue to shape the international order, both on a global scale and in distinct regional areas. On the other hand, the "retreat" of the United States and its European allies has been accompanied by a parallel upswing in the activism and assertiveness of rising non-Western actors, be they traditional allies (such as Turkey and Saudi Arabia in the Middle East), competitors (such as Russia and China) or would-be neutrals (such as India, Brazil, and South Africa).

This is connected to a second disruptive factor. As with all stages in the competition for power and prestige, the current one is not conducive to international cooperation – or, more realistically, it pushes it to reorganise itself around a plurality of alternative "poles" or "pivot countries", only cooperating occasionally with each other, but strategically each already committed to gain

power at the expense of the others. This is increasingly the new form of multilateralism. Instead of the inclusive, basically universal multilateralism of the first post-Cold War decade, today a coexistence of alternative, in principle competing multilateralisms tends to prevail, built on the initiative of global or regional hegemonic powers, open only to their respective allies, and inspired by different models of governance – as in the suggestion of South-South cooperation that periodically arises at the G20.⁴

Liberal Order in Retreat

This disruption of the unitary governance of international political and economic relations is further complicated by two other processes of equally profound historical significance. The first is the regularly overlooked but always crucial dimension of legitimacy. The divorce between liberal order and globalisation, symbolised by the retreat of its original Euro-American core, is bound to open a profound "constituent crisis" in the international order. All the "structural principles" of that order are caught up in the current crisis: those that prescribe who the legitimate subjects are, what their relative status is, how space is to be distributed among them, and whether and under what conditions recourse to war can be legitimate. But before all of this and at the heart of the crisis lies the essential political question of who has the right to speak for the international community: is it the United Nations, as the current legal and ceremonial structure of international law would like to claim; is it the United States and its allies, as was the case in practice in the first two decades of the post-Cold War era;



is it some other combination of equally global players, including rising or returning countries such as China, Russia and, in the near future, India; or is it, with an even more significant gap, individual actors or coalitions of different actors in each regional area. This tension also reveals the actual historical significance of the call for "multipolarity", which unites many rising non-Western actors, individual states (such as Russia and China) and even international organisations (such as the G20 and BRICS). In practice, those who call for multipolarity are really only opposing Western-led unipolarism, primarily in the form of the liberal order adopted over the last thirty years, but also with the persistent form of the Western-centric world of the last three hundred years in the background.

The other historical process is the continuous spatial reorganisation of the international system, which started after the geopolitical catastrophe of the end of bipolarity, and has been continued in the following two decades by the great return of regional dynamics at the expense of global dynamics. More recently, it has been called into question by the impact of the new, at least potentially global competition between the United States and China. This reorganisation has a doubly distorting effect on the governance of globalisation. On the one hand, the breakdown of the international system into increasingly heterogeneous regional sub-groups provides an obvious incentive to shift forms of cooperation and the associated institutions to the regional level as well. On the other hand, the regionalisation process has the opposite effect, increasing mistrust and competition between

the rising players in their respective regions, as is already happening in Africa between countries like Kenya and the Republic of South Africa, and as China's absence at the G20 summit in India recently reminded us.

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1. L. Vinjamuri, *Why Multilateralism Still Matters. The Right Way to Win Over the Global South*, Foreign Affairs online, 2 October 2023.
 2. Quoted in J.C. Weiss, *A World Safe for Autocracy? China's Rise and the Future of Global Politics*, in Foreign Affairs online, 2019.
 3. G. J. Ikenberry, *Leviatano liberale. Le origini, le crisi e le trasformazioni dell'ordine mondiale americano*, Bompiani, Milan 2012.
 4. E. Parlar Dal, *G20 rising powers in the changing international development landscape: potentialities and challenges*, Springer, Cham 2022.



Global Governance in Today's World: Bringing "Global South" to the Centre

by **Harsh V Pant**

Global institutions reflect the power realities of the time of their creation, and as a consequence of a change in the balance of power realities, it is natural that their efficacy also becomes a matter of contestation. This is a moment of rapid evolution in the internal political order, and from the United Nations to the World Trade Organisation and the Association of Southeast Asian Nations to the Shanghai Cooperation Organisation, every single platform is facing a crisis. While the Bretton Woods institutions are struggling to respond to an era in which the post-World War II period is but a faint memory, even those platforms that are of recent vintage, like the SCO, have to come to terms with new power realities. From the United Nations to the WTO and the World Health Organization (WHO) there is a stasis that is as much a reflection of the changing global order as it is about the inability of these institutions to evolve for meeting contemporary challenges.



That today's world is fragmented needs no explication. Great power contestation is back with a bang and the global multilateral order is unable to provide an effective framework for governance. With a war raging in Europe and potential for multiple crises in the Indo-Pacific, cooperation among key global players remains a commodity in short supply. In the past, it could have been assumed that economic issues would be key to forging global cooperation. Today, that is not a real possibility. Instead, the weaponization of almost all aspects of inter-state engagement is creating challenges that most states are struggling to cope with.

This run of great power competition is shaping up against the backdrop of a fundamental rethink on economic globalization, with many regions around the world and a large majority in the wealthier world left out of its benefits, thereby fuelling anger amid growing socioeconomic inequality. The Covid pandemic, China's weaponization of economic dependencies and the Ukraine war have all further pushed large parts of the world to reimagine the contours of globalization.

Already, the brunt of the Russia-Ukraine war is being borne by the most vulnerable nations, with food, fuel and fertilizer crises hammering the weakest economies and sections. Amidst all this, there is a renewed focus on hard power and its application. This rise of a new proactive diplomatic posture has happened at a time when some of the most powerful nations in the world have moved away from their responsibilities. There are global inequities in the system that disproportionately impact the global South even

as they are not responsible for most of these problems. The pandemic, the economic distress and the Ukraine crisis are cases where the powerful have played a key role in dismantling the extant structures of governance.

It is because of this that few would have anticipated an heightened global interest in the G-20 under India's presidency when most other multilateral platforms are losing relevance. Failing and flailing multilateralism is not going to be revived anytime soon just because India believes that it should or that India managed to bring the African Union into the hallowed confines of the G20. The revival of global institutions depends on how key stakeholders, especially major powers, relate to each other as the balance of power evolves rapidly. India as a middle power can only try to push for greater dynamism by reminding the world that existing global institutions are not at all representative of the emerging world order.

At a time of unprecedented global flux, new structures of global governance will emerge and India is at the heart of most of these. As a responsible global stakeholder, New Delhi remains willing and able to work with the UN system. But the global multilateral framework should respond to India's aspirations as well. This is a transformative moment in global politics, and in Indian foreign policy aspirations.

The fact that every major player in the world today is talking about the Global South, is talking about the developing world, perhaps is a tribute to the way India led the G20 through the year. By remaining focused on the concerns of the Global South and of the developing world, India made it

clear to the world that without addressing those challenges, global governance agenda cannot be met.

India has played a vital role in amplifying the voice of the developing world, and in making it very clear that the global governance agenda has to center around their concerns. A wide failure of the multilateral institutional frameworks perhaps allows for the possibility to re-imagine the G20 as a platform where some of the most important and significant issues of the day can be deliberated upon. And most of these issues are related to the concerns of the Global South. So, its own way India is not only amplifying the voice of the Global South, but is also about trying to bring countries around the world, especially the major powers together to shape the global governance agenda in a manner that perhaps can respond to the challenges of our times and thereby making G20 very critical anchor in the global governance debate.

While the G20 has been resurrected in large part due to India's leadership, other global governance institutions will have to take this forward if only to retain their relevance in a rapidly evolving international order.



The G20 Delhi Summits and the Rising Global South

by **John Kirton**, **Brittaney Warren**

The G20's New Delhi Summit on September 9-10 was influenced by and impacted the Global South in some positive ways, but not nearly enough on sustainable development and the urgent, threat of climate change.

The rising climate change-intensified extreme weather events show that there can be no development without *sustainable* development — with climate, nature protection and intersectional social justice at the core. All countries have agreed on this since 2015 in the UN's 2030 Agenda with its 17 Sustainable Development Goals (SDGs) and the Paris Agreement on climate change.

The September New Delhi Summit emphasized sustainable development, and its second virtual summit in November also promises to. While both give greater voice to the Global South, the first did not do nearly enough to meet its

John Kirton, Professor Emeritus of Political Science and Director and founder of the G7 Research Group; Director and founder of the G20 Research Group; **Brittaney Warren**, Director of compliance and Research Lead on environment and climate change with the G20 Research Group.

needs. The second one could do more, by finally keeping G20 promises to phase out fossil fuel subsidies and mobilize at least \$100 billion per year in climate finance, and by phasing out coal, and mobilizing the money needed to get the SDGs back on track.

The Performance of the G20 New Delhi Summit

The G20's New Delhi Summit on September 9-10 responded to the developing world's demands for development, but did little to advance their need for climate action and the other the SDGs.

The G20 leaders did finally produce a full consensus communiqué. Yet they did so by weakening last year's language condemning Russia for the war in Ukraine, despite the desire of members from the Global North. They also weakened progress on a coal phase-out and again failed to advance a fossil fuel subsidy phase-out, even though they committed to triple renewable energy capacity.

They made 242 commitments. These were led by 47 on development — the central priority of the Global South and the core component of the G20's foundational mission to make globalization work for all.

Health, the subject of SDG 3 and gender of SDG 5 came second, getting 25 commitments each. Health is a critical concern of the Global South, since Ebola in 2014 through to Covid-19 now. Gender reflected India's G20 priority of women-led development, with links to decent work (SDG 8), education (SDG 4) and clean water and sanitation (SDG 6).

Climate change (SDG 13) and the environment (SDGs 14 & 15) came fourth, with 19 commitments each. Food (SDG 2) and energy security (SDG 7) came next with 14 and 13 respectively. They were linked explicitly to sustainability.

New Delhi's leaders added the African Union (AU) as a full G20 member, giving it an equal voice and potential influence. But as the least systemically significant member, its impact remains to be seen.

New Delhi had poor attendance, as the Chinese, Russian and Mexican presidents stayed home. The French president arrived late and left early, skipping the climate session.

Finally, the Indian host destroyed and hid some slum dwellers' homes to make the city look more attractive for the G20 visitors, rather than developing them to benefit their poor inhabitants.

The Impact on the Global South

The New Delhi Summit did give the Global South greater visibility, voice and influence.

It included many leaders from the Global South as guests, with three from Africa (Nigeria, Egypt and Mauritius) and one from Asia (Bangladesh).

Three of the development commitments explicitly referred to the African Union, including on its development Agenda 2063.

Indian prime minister Modi as host announced he would hold a second summit in November, and focus it on development. At home he created an action plan and high-level process to support implementation of the New Delhi



Summit's commitments, and gave it a mandate to produce a partnership with the AU and the Global South as a whole.

This emphasis on development will continue, at the G20 summits hosted by Brazil in 2024 and South Africa in 2025. At New Delhi Brazil announced its priorities: equality through social inclusion and ending hunger by 2030, the energy transition and sustainable development, and reform of global governance institutions.

Influential G20 members backed New Delhi's development advances with rapid implementing action. US President Joe Biden promised to secure another \$25 billion for the World Bank.

Prospects and Proposals for the Second Delhi Summit

The second Delhi Summit in late November promises further advances on sustainable development and the climate change crisis from which the Global South suffers most.

The continuing climate shocks could help spur greater G20 action, as Brazilian president Lula da Silva, the next G20 host, emphasized in his September speech at the UN General Assembly. Yet shocks alone are not enough to produce serious G20 action, especially as its key climate commitments remain unfulfilled.

The multilateral organizational shortcomings of the UN at its high-level meetings in September could also prompt G20 leaders to fill the gap. But a few G20 leaders still resist a G20 or UN agreement to reduce reliance on fossil fuels. The G20 may again be tempted to leave it to the UN's ministerial-level COP28 in the UAE

starting on 30 November, where many doubt its leadership by a former oil executive will produce the intended results.

Another push could come from the shift to renewables by many influential members of the Global South, led by Brazil, India, South Africa and AU members such as Nigeria, Kenya and now Morocco. But India still relies heavily on coal and China, the world's leading climate polluter by far, is opening a new coal plant on average every second day.

The best hope is that Brazil's president Lula can secure agreement on the big, bold, badly needed actions, at the virtual G20 summit in November, then when he takes the presidency on 1 December, or at a special summit Lula he should call soon after. There G20 leaders should do four essential things: end fossil fuel subsidies, mobilize at least \$100 billion per year in climate finance for the Global South, phase out coal, and raise enough climate and sustainable development finance to get the SDGs back on track.



India and China: Close Rivals in the G20 and in the Global South

by **Amitendu Palit**

China and India – the world’s most populous countries, and the second and fifth largest economies – are long estranged neighbours. Their relations have worsened after military clashes in the [high Himalayas in June 2020](#)¹ leading to the loss of several lives on both sides. Mutual relations have been further adversely affected by external factors. These include China’s continuing claim on parts of sovereign Indian territory as its own in [geographical maps released by the Chinese authorities](#)² and efforts to expand strategic influence in regional and global affairs.

Strained Sino-Indian ties have impacted deliberations at major global forums like the G20. India has the current G20 presidency with the Leaders’ Summit scheduled to be held in Delhi on 9-10 September 2023. The Chinese President Xi Jinping has decided to stay away



from the Summit. The decision, though, might not be just due to China's sour relations with India. President Xi is perhaps not keen on meeting his US and Western counterparts given China's troubled ties with the latter as well.

The G20 is facing significant difficulties in reaching outcomes due to the Russia-Ukraine conflict. These difficulties are compounded by China reportedly [obstructing the G20's efforts](#)³ to reach consensus on several other issues ostensibly for diluting the success of India's Presidency. Indeed, President Xi's presence at the BRICS (Brazil, Russia, India, China, South Africa) summit at Johannesburg, a fortnight before the G20 summit, contrasts with his decision to avoid the latter.

President Xi's presence at BRICS, where the [group expanded by adding six more members](#),⁴ was necessary for reiterating China's commitment to the cause of the emerging markets and the Global South. This is an area where China's interests clash with those of India's.

During its G20 presidency, India has strongly emphasised the interests of the Global South and positioned itself as the voice of the larger developing world. Early on in its presidency, India organised a virtual "[Voice of Global South Summit](#)" on 12-13 January 2023,⁵ which included 125 developing countries. The Summit enabled countries outside the G20 process to share their ideas and expectations from the G20. India has also been actively engaging African countries in the G20 process and has invited Egypt, Mauritius, Nigeria, the African Union (AU) and the African Union Development Agency (AUDA) to the G20 discussions. The Indian Prime Minister Narendra

Modi has reached out to all G20 members for giving the [African Union full membership of the G20](#).⁶

The Global South matters much for both India and China. Both countries – as the largest developing countries in the world – are conscious of their credentials in representing the Global South at major global forums. This is particularly so when much of the Global South is suffering heavily from some of the world's biggest problems: rising incidence of climate change induced extreme weather events; high debt burdens and lack of resources for addressing sustainable development goals (SDGs); and prominent deficits in economic and social infrastructure for providing public goods. Many developing countries have been frustrated by the inability of the developed world, particularly the G7, to support them in effectively addressing their common problems.

China and India, by virtue of the weight they command in the global economic and political orders, are arguably better placed in articulating and addressing the plight of the Global South. For both again, having the Global South community as a long-term ally enables them to take truly inclusive positions on global issues and influence decision-making in global bodies for benefitting large chunks of the marginalised global population. Partnering with members of the Global South also brings benefits for both countries by enabling them to access untapped critical mineral and energy resources and channelling exports and investments in new markets.

Sino-Indian rivalry in connecting to the Global South is already visible in infrastructure development. China's humongous Belt and Road Initiative (BRI) – its flagship economic strategy for winning allies in the Global South – is in trouble for having generated indebtedness in many recipients. India has been a staunch critic of the BRI and is trying to work with other major global infrastructure-funders, such as the EU,⁷ to provide sustainable and transparent financing choices to infrastructure-deficient countries. But with global capital flows yet to recover from the uncertainties inflicted by Covid-19 and the ongoing Ukraine conflict, these collaborative funding efforts might take long to flourish.

Prominent multilateral mechanisms like the G20 will continue to be impacted by Sino-Indian competition in the foreseeable future. Both countries currently perceive each other through a prism of cynicism, due to their strained bilateral ties and a complex global environment. The engagement with the Global South, a high priority for both, will continue to witness the friction that uneasy mutual relations will generate.

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Engaging the Global South: China's Domestic Motivation

by **Robert Schindowski**

With regards to China's involvement in the BRICS and the general strengthening of its relationship with the Global South, its ambition to counter Western dominance is frequently seen as the main driver. To achieve President Xi's dream of the rejuvenation of the great Chinese nation, China needs to take a leading role in the world and the Global South serves as a vehicle for this, so the story goes. However, while strategic factors are not to be neglected, more humble domestic concerns play an equally important role in China's pursuit of more opportunities in emerging economies, specifically the country's long-standing issues with industrial overcapacity.

Industrial overcapacity is an endemic problem in China and has contributed to the accumulation of local government debt and the excessive leverage of Chinese State-owned firms. This is the result of several factors.

First and foremost, China's savings rate has been exceptionally high from the mid-1990s onwards up until today. While cultural and demographic factors may have contributed to this, the most obvious is China's steep rise in household inequality. As rich households save more than poor households, the savings rate has been rising. In standard economic theory, firms invest what households save, and investment chases the highest return. However, in China, banks have channeled huge chunks of loanable funds into relatively inefficient State-owned enterprises (because they offer implicit government guarantees in the case of debt default). Simultaneously, local governments have borrowed money, through local government financing vehicles, in order to finance infrastructure projects with the goal to boost GDP estimates. However, since the financial crisis of 2008, such projects have produced little actual economic benefit. This often occurred beyond the bureaucratic oversight of the central government.

In addition to these structural reasons, industrial overcapacity has a cyclical component as well. During crises, when demand takes a hit, firms accumulate inventories and underutilize inputs to production. This, of course, is especially painful in a country where overcapacity is endemic to begin with. One way for an economy to reduce the financial pressure resulting from a scenario like this is to create export opportunities, and to redirect domestic activities into countries with high investment needs but low savings rates, conditions which characterize much of the Global South.

In fact, this is precisely what the Chinese government has been trying to do with previous initiatives. At the end of the 1990s the situation for many State-owned enterprises was dire. With a surge in FDIs in the 1990s, foreign products increasingly dominated the Chinese market, narrowing the residual demand for domestically produced goods. In addition, the country had been hit by a cyclical downturn following the Asian financial crisis, and, consequently, Chinese SOEs were faced with declining capacity utilization. With China's WTO accession in sight, concerns about greater import competition intensified, and the need for a reform of the State sector became apparent. It was in this heated political climate that the central leadership proposed the "China Goes Global" initiative, loosening regulations on the use of foreign exchange and simplifying approval procedures for outbound investment. The goal was to enable State-owned enterprises to regain abroad what they had lost (or were about to lose) domestically.

In the same vein, the fiscal stimulus package of 2009 contributed significantly to the build-up of industrial overcapacities, besides from infrastructure investment. Under the Belt and Road Initiative, a channel was established to allow Chinese firms to invest in and build the necessary infrastructure to facilitate trade with recipient countries. As a result, China's outward investment increased after 2014 particularly in sectors characterized by excess capacity.

China's recent international activities should be seen in a similar light. The pandemic has resulted in a downturn that has exposed again



much of China's problems associated with excess investment, in the real estate sector most prominently, but also in manufacturing. Manufacturing firms have accumulated inventories during the lockdowns, while consumer demand has remained weak even after the full reopening of the economy. Fiscal space to stimulate domestic demand is limited. The central government is still reluctant to open additional financing channels, since doing so might encourage the moral hazard that led to the ballooning debt in the first place. Further integration with the Global South offers a potential way out. For instance, China's Global Development Initiative explicitly mentions energy and clean-tech, industries in which China has built up substantial overcapacities before and during the pandemic. Moreover, it promotes deeper integration of developing countries into

global value chains, including the installation of the necessary infrastructure. This occurs at a time when Chinese firms are dealing with rising domestic labor costs and well-educated university graduates who are unwilling to take up traditional factory jobs.

In the coming years, we might see Chinese firms outsourcing more parts of their value chain to a larger number of Global South countries, to reduce costs and make their products more competitive. Indeed, China's global value chain integration with the ASEAN block and the Indo-Pacific had, in general, already increased significantly before the pandemic. Still, other regions, such as Latin America, remain underserved. Clearly, for China the Global South still offers an enormous potential which it could leverage to mitigate its domestic issues.



G20: China's Misstep in Its Appeal to the Global South

by **Niall Duggan**

In August 2023, the [15th BRICS summit](#) was hosted by South Africa in Johannesburg.¹ The major outcome of the summit was the announcement that, in January 2024, the BRICS would add six new members: Saudi Arabia, Iran, Ethiopia, the United Arab Emirates (UAE), Argentina, and Egypt. The expanded BRICS will have a higher combined share of global GDP based on purchasing power parity than the G7 countries. It has been reported that more than 40 countries had expressed interest in joining the [BRICS](#),² and for those who fear that the world is moving toward an anti-Western international order, the expansion of the BRICS is seen as a major step toward the development of a multipolar world and the end of US hegemony, which is an open objective of both [China and Russia](#).³

Both India and Brazil have expressed concerns regarding the [expansion of the BRICS](#),⁴ as



well as the group's slide toward developing a geopolitical anti-Western focus rather than a geoeconomic South-South cooperation focus. China, meanwhile, is considered to be the major benefactor of the accession of new members. China is positioning itself as the leader among developing states, and it has long pushed for the BRICS to expand membership and become more geopolitical.

While the forthcoming accession is a clear political win for China, it is unclear whether the expansion of the BRICS will benefit the wider Chinese goal of creating a multipolar world. The BRICS lack cohesion prior to any expansion. Members have often found themselves on different sides in forums such as [WTO negotiations](#).⁵ Moreover, some members have engaged in direct conflicts, such as China and India's [2022 border clash](#).⁶ The addition of new members will do little to improve the cohesion of the group. For instance, Iran and Saudi Arabia have long been in a battle over regional influence, and Egypt and Ethiopia have a long-running water security dispute over [the use of Nile waters](#).⁷ The expansion of the group also will create issues in terms of turning economic power into structural power that can reform the global order. The new members will increase the variety of legal and financial service mechanisms used by the BRICS members. This variety may complicate the creation of new bodies, such as the New Development Bank, which already relies in part on Western structures to function and has had little impact on changing the Western-dominated multilateral development bank system compared to the Chinese-created [Asian Infrastructure Investment Bank](#).⁸

The new members will increase the BRICS' influence in areas such as energy and food security. For example, the membership of Iran, Saudi Arabia, the UAE, and Russia will enhance the BRICS' influence in the global energy security arena, but there is little sign that the BRICS will have a role in the energy policy of member states. Even in the purchase of energy, many developing states are attempting to move away from their dependence on the US dollar. However, neither China nor India has a fully convertible currency, and oil producing countries who accept the yuan and rupee as payment, such as Russia, are building up large stocks of currency that they cannot easily convert. The result has been that [Russia has attempted to push India into purchasing oil in yuan with limited success](#),⁹ since India does not want to use the yuan as it needs this for its own Chinese imports.

It is unclear how these new members will benefit China in terms of increasing its overall influence in the global economy, which is necessary to create a multipolar world. To add complexity to the issue, Saudi Arabia and the UAE are part of the US security umbrella, and Egypt and Ethiopia receive large amounts of Western aid, all of which helps these countries to balance Chinese influence in the BRICS.

The [G20 summit in Delhi](#)¹⁰ was an early test of how far China has increased its influence in the developing world. Despite fears that a [China-Russia-Iran axis](#)¹¹ would use the BRICS to push for anti-Western positions, there was little sign that the BRICS members, including the new members, took a collective approach at the

G20. This is shown by the fact that some BRICS members are already exhibiting clear signs of conflict. For example, [India and China clashed on the location of a G20 tourism meeting in the disputed Kashmir territory in May 2023](#)¹² and [Xi Jinping did not attend the G20 summit](#)¹³ in Delhi calling into question its relations with India. [At the G20 India push a head with the US supported India-Middle East-Europe Economic Corridor \(IMEC\)](#)¹⁴ support by new BRICS members such as Saudi Arabia. This is seen as a direct challenge to the China's Belt and Road Initiative (BRI), a global infrastructure-building project. Moreover, other G20 members – Mexico and Indonesia – have expressed interest in joining the BRICS, as has Nigeria, which is a guest at the 2023 summit. As of yet, it is unclear whether these members applied for membership of the BRICS and were blocked by current members or whether they did not apply for membership. Either way, these three states are well-placed to lead an alternative block of non-aligned states, which will limit China's influence among the developing states within the G20.

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Moving Beyond "Geometric Thinking": Africa and the Global South

by **Marianna Albuquerque**, **Akram Zaoui**

Geometric thinking is not foreign to geopolitics and international relations – probably because this is how (good) human thinking works: “let no one ignorant of geometry enter”. In classical representations of the dynamics and forces *shaping* the global agenda, it is all about dots (“epicenter”, “polycentric”), lines (“alignment”, “axis”, “border”), planes (“multilateral”) and volumes (building from “blocks” and “(black) box”,¹ “stocks” is the key concept underlying the classical representation of power as emphasized by Hans Morgenthau).

Hence, talks about global governance recurrently center on the appropriate *architecture* (notably for development and its financing), *format* (club, grouping and fora) and *infrastructure* that can best deliver. In a particular and simplistic instance of such reasoning,

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participation to governance is merely equated to having a [seat at the table](#)²– which is indeed preferable to just being [on the menu](#).³ One's voice can thus be heard, and *les absents ont toujours tort*. The math is simple and has been applied throughout the XX century: The more countries around the table, the better.

The Above Particularly Applies to Africa

Pan-Africanism exhorts the continent, its leaders, and peoples to unite, thus opposing a *block* of determination to pervasive foreign attempts at exploiting the continent. The rhetoric of the African Union (AU) often espouses these talking points. As for Afro-optimism, it is keen to describe Africa as the next *frontier*: low development levels imply huge [margins for growth](#),⁴ which could translate into the emergence of a large middle class joining its to-be counterparts in emerging and advanced economies. Africa is thus presented as a land of huge *potential*, a *tank* of largely untapped human and natural resources. Such potential breaks down to diverse areas including agriculture (it is often recalled that 60-65% of [uncultivated arable land](#)⁵ worldwide are concentrated in Africa); clean and renewable energy ([including green hydrogen](#));⁶ cost-effectiveness ([including environmental\) needed for manufacturing](#);⁷ critical minerals required for the digital/green twin transition; [cultural and creative industries \(CCIs\)](#),⁸ etc. – all, of course, requiring a huge effort on [investment in infrastructure](#).⁹ Technology is often seen as a possible amplifier of such potential, with digital applications on services ranging from education to logistics through finance and health often hailed as promising – again, on the condition

that appropriate data analysis and collection systems are constituted. In essence, capitalist rationality (and optimism) probably invite to such (wishful) thinking.

On the contrary, Afro-pessimism points to the deficiencies and fragilities of the continent, making it a *reservoir* of [crises](#)¹⁰ and problems – to-be migrants being a major source of apparent concern for European decision-makers. [23 African countries are estimated to deal with unsustainable debt burdens](#).¹¹ Out of the 46 least developed countries, [33 are African](#).¹² While Africa's population represents 18% of the world total, [a third of forced displaced persons worldwide are in Africa](#).¹³ Despite improvements worldwide in curbing militant activities, as 121 out of the 163 included in the 2023 global terrorism index recorded no death in 2022 (the highest number since 2007), the Sahel alone accounted for 43% of total terrorism deaths in 2022. [Africa continues to have more peacekeeping missions than any other continent](#).¹⁴ Africa also hugely suffers from climate change and natural disasters, while accounting for only 4% of annual global carbon-emissions.

There is a strong "XX century flavor" to these narratives (best encapsulated in something along the lines of "Africa is a victim of others, but it can rise") and the institutional responses they have inspired. The BRICS, their expansion, and their outreach to Africa have thus been compared to the G77 – with the many pitfalls this comparison points to. In effect, the BRICS taps into the memory of the Bandung and Belgrade conferences, respectively inaugurating the coming to birth of the ["Third World" and of the](#)



Non-aligned movement.¹⁵ It aims at satisfying the longing of the “Global South” – an often criticized¹⁶ concept – for more justice, leading to a more democratic global order built on “true multilateralism”,¹⁷ as the Chinese position goes. The recent admission of the AU to the G20, as well as calls to have an African permanent seat¹⁸ at the United Nations Security Council (UNSC) feed into the same memory, expressing aspirations to concretize a “New Africa”.¹⁹ This reinvigorated standing would help Africa curb the “new scramble”²⁰ for it. The colonial and post-colonial imageries are thus revived, whereby Africa is prey to a hostile global competition. The dependency theory – which had prominent intellectual figures such as Samir Amin²¹ – has new proponents amongst African intellectuals. To escape this situation of dominance and imbalance, “homeland economics”,²² resource nationalism²³ and oligopolies²⁴ combined with authoritarianism²⁵ are increasingly viewed as viable approaches. The vogue of military-led, “revolutionary” coups claiming to spearhead resistance against imperialism and swift transformations consolidating national sovereignty can be viewed in that context.

Beyond simplistic and binary accounts, a nuanced combination of all these attempts at describing Africa, on the one hand, and boosting its international profile to find solutions to the global challenges that affect it, on the other one, can probably capture the current state of Africa and contribute to identify possible ways out – and up. Attention should be brought to significant details to enhance Africa's chances to have a say in global governance and actively contribute to it.

First, while quantity matters (e.g., number of groupings and fora with an African presence, number of African representatives to such fora, amounts earmarked for Africa's development, peace, and security, etc.), the quality of participation in institutional settings does too. Analysts like Ruggie have long emphasized that large and multilateral groups can, in practice, operate as “microlateral forums”, based on “club diplomacy”. To avoid an empty and effectless inclusion, Africa's resources and talent should be pooled to ensure good technical preparation before participation to fora such as the G20. The nomination of four special envoys²⁶ to mobilize international economic support for continental fight against Covid-19 illustrated the willingness of African talent to be at the service of the continent, and possible innovative ways to find solutions out of crises. Nevertheless, little follow-up has taken place, and little is known about the impact the special envoys had. Tapping into the expertise of think tanks is a direction that African countries increasingly resort to in order to prioritize their demands before major international events – e.g., the World Bank and International Monetary Fund Annual Meetings²⁷ – and beyond – existing initiatives such as the African Network of Think Tanks for Peace²⁸ and the AUDA-NEPAD policy bridge tank²⁹ offer recent examples in that regard. Africa's ability to capitalize on such expertise and influence global governance is also linked to the AU's improvements in its own efficiency, an imperative that had already inspired the appointment of Rwanda's president Paul Kagame in 2016 to lead AU institutional reforms.³⁰ Again, a panel of high-level experts was gathered, but little follow-up

or actual reform took place. Coordination with AU-recognized regional economic communities and regional mechanisms (RECs/RMs) is another [structural pain point](#).³¹

Second, enhanced coordination, evaluation, governance and follow-up mechanisms could also help African countries better channel and leverage the cooperation efforts that many countries are keen to develop with the continent. The list of existing frameworks of cooperation between Africa and major or middle powers is long, including the [Africa-EU partnership](#),³² the [Forum on Chinese-Africa cooperation \(FOCAC\)](#),³³ the [Africa-South America Summit \(ASA\)](#),³⁴ the [Tokyo International Conference on African Development \(TICAD\)](#),³⁵ the [Korea-Africa Economic Cooperation \(KOAFEC\) Conference](#),³⁶ the [Africa-Turkey Partnership Summit](#),³⁷ the [US-Africa Leaders Summit](#),³⁸ the [Russia-Africa summit](#),³⁹ the [India-Africa Forum Summit \(IAFS\)](#) etc. The interest of foreign powers in Africa have led to announcements on unblocking massive investment in cooperation and infrastructure. Good African governance and reinforced institutions measuring the potential impact of projects and tapping into African expertise would help coordinate these financial efforts and channel them where they are most needed and can bring the best outcome. While upstream coordination has been attempted – e.g. through the [G20 Compact with Africa](#),⁴⁰ the [EU-Africa Global Gateway Investment Package](#),⁴¹ and the [Africa Asia Growth Corridor](#)⁴² –, downstream effort, with coordination happening at the continental and regional levels, could help breathe new life into programs such as [Program for Infrastructure Development for Africa \(PIDA\)](#).⁴³

Third, the growing interest that Africa is attracting offers the continent new margins and spaces to maneuver. African countries have experienced decades of formal independence and cooperation, and lessons have been learnt in the process through iterative mistakes. Although the institutions created since independence must deal with unprecedented realities – larger, more educated populations and bigger cities being essential features of such transformations –, the desire of multiple international power centers with vast accumulated financial means and technological know-how to engage with Africa offer more bargaining power to its polities. The strategic standing of the continent and its constitutive nations could thus improve, and opportunities be seized. Locating itself at the crux of multiple networks following an economic and political "hub-and-spoke" approach can be used as potent leverage. The right allocation of efforts and resources into carefully pre-identified formats and sectors can yield considerable results if comparative advantages and promising avenues of engagement and investment are identified. Again, relatively better historically anchored and better organized states are the best positioned to reap the fruits of the current international context – and it must go beyond the low-hanging ones.

Thus, the question for Africa and the continent's states is not so much about having one or multiple seats at one or multiple tables or sensitizing greater powers to XX century post-colonial narratives. It is mostly about collectively and individually creating institutional coalitions and (eco)systems of advocacy, control, evaluation, expertise, preparedness and reporting



factoring in the interest of different parties in a "network world order"⁴⁴ where minilateralism, multi-alignment, multi-stakeholderism and polyilateralism are becoming the norm. The more active, solid and tight-knit the links within the more or less formal structures thus created, the higher the chances of avoiding high-jacking, lip service, and tokenism. Pragmatic approaches should be favored whereby ad hoc, tailored mechanisms would provide for the right governance of interdependences and associated risks, away from fantasized and ideology-driven dreams of self-sufficiency. This could be Africa's chance to cash on the multiple opportunities that the morphing international order has to offer.

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Regional Organizations in the Global South - Straddling Between Competition or Cooperation

by **Shivam Shekhawat**

The current world order can be characterised as being infested by resurgent great power contestation and intense polarization. The Covid pandemic and the consequent economic and humanitarian crisis, the Russia-Ukraine war, the crisis of globalisation and the rising cleavages between the West and the Rest have nudged the world into accepting the changed reality. As the world enters the last quarter of 2023, the inevitability of a transforming world order and the need for overhauling the current system and reforming it to better address this transformation is now invariably acknowledged. In these changing times, the countries of the Global South are viewed as the vanguard of the changing order; the ones who will set the agenda and spearhead the formation of a more representative and responsive world. But despite these high expectations, the coalescing of a collective

approach of the Global South is still mired in differences and unceasing power struggles rendering any collective global governance approach defunct.

India's G20 presidency in September was preceded by the annual leaders' summits of both the BRICS (Brazil, Russia, India, China and South Africa) grouping and the Shanghai Cooperation Organisation (SCO). All three summits had a strong intonation of the need for the countries of the Global South to take leadership and redefine the international order to better respond to today's problems. While India's presidency of the G20 was deemed successful owing to the passage of a joint leaders' declaration, it also saw the inclusion of another regional organisation—the African Union to the group, effectively turning it into G20+1. Both the BRICS summit in Johannesburg and the SCO virtual summit under India's leadership also saw expansions, with Iran added to the latter and six new members (Saudi Arabia, United Arab Emirates, Egypt, Argentina, Iran and Ethiopia) joining the former.

All three groups are viewed as a gateway to place the Global South at the centre stage of governance. The summits and the inclusion of new members reflect how they are attempting to navigate through the new reality. The *spokesperson* of the South African President,¹ welcoming the inclusion of the AU in G20 asserted how there should exist no debate about which country is leading the Global South, with emphasis on the collective efforts of all involved. But despite these positive expectations, differences persist. China's growing revisionism and its efforts to reshape the narrative around

global governance by promulgating its ideas and conceptions, like the Global Development Initiative, and the Global Civilisational Initiative, etc which are intended to expand its influence pose a threat to a collective approach towards governance. The Chinese President snubbed both the G20 summit and the UNGA session and attended the BRICS Summit in Johannesburg. Some experts delineate this absence as its exasperation with the current Western global governance model and its attempts to *chart its trajectory* about the kind of model it could set up.² For the longest time, it has used the UN to 'amplify its preferences' and remould global governance, but with the current change in the situation it is leveraging certain groups to further its narratives and ideas. The *SCO summit* in July also referred to a multipolar and representative world.³ While Iran was welcomed to the fold, India refused to support the BRI and the SCO's development strategy 2030, reflecting a lack of consensus. It called out Pakistan for terrorism and China for its lack of respect for a country's sovereign boundaries.

The multilateral spaces have now turned into arenas of influence, reflecting the *power realities* of their time.⁴ The inclusion of the AU in the G20 was seen as a major win for India and a *major fillip* to its agenda of becoming a voice for the Global South and ensuring a "just and equitable global governance system".⁵ However, it didn't dissipate concerns about the efficacy of the AU in being able to adopt a collective approach considering the internal differences that persist *vis-à-vis* the crisis in Ukraine and other economic issues. These differences are reflective of certain regional conflicts and bilateral issues and mirror



the great power contestation of the macro-level. As per China, the “controlled expansion”⁶ of the BRICS will allow it to expand its influence along with not compromising on the group’s ability to reach a consensus. But just the admission of new members won’t automatically make consensus building easier as there are differences between the new member countries. Experts fear that the presence of ‘countervailing forces’ in a single grouping with many harbouring an anti-West attitude will make it difficult for the BRICS to function effectively.⁷ The new members also have bilateral differences and with the increasing bonhomie between Russia and China, it will become imperative for India as well as Brazil and South Africa to prevent the grouping from turning into a playground for Moscow and Beijing.

Owing to China’s rise, there have been calls to the US to express support to the UN and restore confidence in the multilateral order.⁸ While regional organisations, like most international organisations are used by states to enhance their influence, the emergence of effective and representative organisations can help the world “pivot”⁹ towards a more representative form of global governance. While the possibility of the differences and polarisation that have made major multilateral organisations ineffective, percolating to the regional level remains, the challenges that the world is facing necessitates a new approach.

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Brics's Enlargement: Time To Celebrate?

by **Filippo Fasulo**

At the fifteenth BRICS (Brazil, Russia, India, China, and South Africa) summit in Johannesburg, six new members – Argentina, Saudi Arabia, Egypt, the United Arab Emirates, Ethiopia and Iran – were invited to join the organization starting 1 January 2024. The summit comes at critical historical moment, not only because it is the first real enlargement after the entry of South Africa in 2010, but also because if NATO was “brain dead” – in the words of French President Macron – before the Russian invasion of Ukraine, the BRICS group was no better off. The leaders of these countries began to meet in 2009 – with South Africa joining in 2010 – in the wake of the international financial crisis that originated in the United States, and the group intended to provide an alternative to the international liberal order dominated by the West. Despite the promises of revision of the global system, the actual results were



very modest, primarily due to the absence of a genuine common agenda on the part of the five members.

With the war in Ukraine, however, the BRICS format regained its centrality for two reasons. First of all, in the first months after the outbreak of the war, the West pressed for the isolation of Russia and China in the context of the narrative of “autocracy vs democracy”. Russia and China thus needed to demonstrate that they enjoyed broad international support. Secondly, many developing countries have seen the upheaval of the global balance due to the war as a window of opportunity to assert their political weight. Therefore, with the war, China and Russia needed to demonstrate that they were not isolated, and the other non-Western countries understood that the moment was favorable – in the midst not only of the war but also of the great-power competition between the USA and China – to change global balances in their favor.

BRICS as an Opportunity To Make the Global South Count

Given these premises, the BRICS format constituted an opportunity to satisfy these needs, as the organization ostensibly already pursued these aims. It was representative of all the continents “excluded” from Western-led global governance and even with already tested financial institutions, namely the New Development Bank. The desire to seize the opportunity to count more has thus provided the glue to bring together countries with very different economic weights or even in open competition, as in the case of China and India.

The result obtained during the Johannesburg summit undoubtedly represents a moment of success for China, which has been the main driver of enlargement since the fourteenth summit in June 2022, hosted virtually by Beijing. Since then, more than 20 countries have officially applied, while as many as 40 have expressed interest. China and Russia were more in favor of a broad enlargement, precisely to demonstrate how deep-rooted their international backing was despite the discussions on the existence of a possible “new cold war.” India and Brazil, on the other hand, were more cautious, for fear that rapid enlargement would lead either to ungovernability or simply to creating a non-homogeneous group dominated by the economic weight of China, which before enlargement was worth around 70% of the BRICS economy.

The six incoming countries – with an open door to future entries next year – represent a good compromise, and all have a history of strong ties with China, the country that pushed the most for the enlargement. Last December, Xi Jinping went to Saudi Arabia, where he participated in a summit with the Arab countries and one with the Gulf countries, with the participation of the Emirates. On that occasion, it was clear how Beijing was strengthening its presence in the Middle East. Confirming this, in March, China hosted the final part of the negotiations between Iran and Saudi Arabia to reopen diplomatic channels between the two countries. As for Ethiopia, in addition to stable and consolidated economic relations, in 2022, Beijing was surprisingly willing – in contrast with the traditional Chinese policy

of “non-interference in internal affairs” - to act as a mediator in the country’s internal conflict, a sign of a very close relationship with the local government.

Turning to Argentina, its presence as among the new members is not a surprise. It was among the first countries to express interest in benefiting from this BRICS entry window and one of the most recent (February 2022) Belt and Road Initiative members. Finally, the case of Egypt is remarkable. The country was already a member of the New Development Bank (as were the Emirates, Bangladesh, and Uruguay), and, in addition to having close relations with China, it strengthened ties with India with a visit by Modi to the country last June.

Who Is Going To Be the Leader of the Global South?

The dualism between India and China represents one of the most significant divisions within the group. If China’s explicit objective is to lead the Global South, India’s ambition is the same. Furthermore, the five original countries have different positions concerning relationships with the West, with China and Russia placing more emphasis on confrontation. These divisions will emerge in the coming months when discussing concrete proposals, especially in the economic field, will be necessary.

The G20 held in India on 9-10 September represented a first test for the unity of the Global South. Indeed, of the eleven BRICS members, seven are also in the G20. Furthermore, including the current one, three consecutive presidencies held by BRICS members (Brazil 2024 and South

Africa 2025) can push a pro-Global South agenda. Xi Jinping and Putin’s decision to cancel their participation in the Indian G20 Summit has already jeopardized this possibility in the short term. In particular, Xi’s absence is remarkable because last year’s G20 Summit in Bali marked Xi Jinping’s return to the international stage after the pandemic. The reasons for Xi’s no-show remain unclear. Despite China’s economic hardships and rumors of domestic concerns within the Party, Xi’s absence can likely be related to one or more of the following factors: a) avoiding any untimely bilateral meetings with US President Biden, b) undermining India’s global outreach, c) even contesting the G20 as the preferred forum to engage with the international community. All these possibilities run against Global South political unity because they expose the different political views of its members.

The Rising Age of Minilateralism

Still, even if Xi and Putin were not in New Delhi, one of the leading themes of the Indian G20 has been the relationship between G7 countries and emerging ones. A recurring question for Western countries was what they can offer Global South countries to dissuade them from aligning with China and Russia, especially after the successful BRICS expansion. A second theme for the G20 governance, which aims to represent the largest share of the world economy (85% of world GDP), is the rise of minilateral groupings, not only in the Global South. The G7, for instance, has shifted its focus from representing the global economy to becoming more of a coalition of the like-minded “Global West.” In response, BRICS countries are



betting on co-opting new members among emerging countries. At the same time, more diplomatic, economic, and military “networking” initiatives are on the rise across the world, such as the Shanghai Cooperation Organization (SCO), IPEF, RCEP, AUKUS, CPTPP, Quad and trilateral meetings between the US, South Korea, and Japan or even those between Russia, North Korea, and China. A similar question arises for every diplomatic initiative: how will the agendas of each country or group converge to find common ground?

The Johannesburg summit is undoubtedly a political appointment of historical value, which represents the rising political awareness of the Global South, a dynamic favored by the emergence of fault lines after the invasion of Ukraine and the worsening of the US-China relations. However, strengthening the Global South – as for example through the BRICS’ enlargement – is not a matter of taking sides. It is rather an opportunity to give political and institutional form to the necessity of the South of the World to be fairly represented in global governance, given its rising economic weight. However, such political awareness represents only the first step of a longer process. The Global South will have to demonstrate how it can combine ambition with action. However, the formation of more structured groups might affect the operability of existing multilateral institutions, undermining the pursuit of common goals. Indeed, a rising fragmentation could result in a delegitimization of the G20 format.



What Place for Climate Migration in Global Governance?

by **Mehdi Benomar**

From socio-economic crises to the scourges of war, natural disasters and the deterioration of environmental quality, the history of mankind has always been punctuated by exodus and migration. Lately, a new category of migration – so-called “climate migration” – has emerged, prompting international community to become aware of a thorny issue: the governance of climate migration. but why is governing climate migration a major challenge for the international community?

The Governance of Climate Migration in the Face of Climate Change

The governance of climate migration is a pressing global concern that affects all continents. Even regions traditionally known for their warmth and humidity are not immune, with average wet bulb temperatures ranging between 25 to 27°C. By 2050, living conditions in Africa, South Asia and



the Persian Gulf where the environment of many countries are expected to become extremely challenging due to the escalating impacts of climate change.

Climate migration refers to climate-induced migration. It implies that people are forced to migrate due to environmental degradation or people choose to move for a considerably better quality of life in response to environmental or climate pressures. It reflects how climate and the environment affect quality of life and emphasize the impact of climate change on population migration, so as to attract the attention of the public and policymakers and prevent potential risks.

However, at a time when environmental phenomena are prompting a growing number of the continent's inhabitants to take to the roads of exile, in search of new, more stable horizons, it is important to note that no legal text, either international or continental, targets the situation of climate migrants. Given the non-existence of a legal regime specific to climate migration, international and regional organizations have no *de facto* official mandate to assist these individuals, which makes it even more difficult to develop international law in this area, and even more difficult to govern climate migration.

Given the non-existence of a legal regime specific to climate migration, international and regional organizations have no *de facto* official mandate to assist these individuals, which makes it even more difficult to develop international law in this area, and even more difficult to govern climate migration. Regarding climate refugees, for example, the UNHCR has gone

so far as to point out that any initiative aimed at forging a new refugee status in response to climate issues would lead to a revision of the 1951 Geneva Convention, which could result in a lowering of standards of protection for refugees, or even evaporate the international regime of governance and protection altogether.

What International Community Can Do?

Climate change will have major ramifications for migration at every level: domestic, regional, and international. While most migration affected by climate change will be internal, the international system is unprepared and inadequate for the needs that will arise. To effectively confront the complexities of climate migration governance and in the framework of UN's IMO agency, the following measures are crucial:

National strategies for disaster risk management, adaptation plans, and policies should integrate the aspect of human mobility to reduce the occurrence of forced migration. A noteworthy example is Cuba's effective implementation of community-focused emergency readiness and response measures, demonstrated by the evacuation of 1.7 million individuals before and during Hurricane Irma. Acknowledging the role of human mobility in crisis management underscores the importance of safeguarding vulnerable populations from issues like human trafficking and other violations of human rights.

Regional free movement should be facilitated: Most migration in the context of climate change remains regional. In several regions, free movement is already *de jure* established through agreed protocols but requires implementation

support. This is a high-potential governance option, allowing climate-vulnerable populations to access to safe territory.

A new institutional arrangement for climate migration is needed: Beyond the Kampala convention in the context of AU, few options currently exist for adaptive international and regional movement in the context of climate change. The refugee system does not protect those moving due to disaster. Yet experts stress the need to define a legal status for climate migrants, which will rightly give rise to a protection mechanism for people displaced by ecological disasters. Indeed, climate justice requires the invention of new legal concepts. This is why some authors¹ insist on the need to distinguish between traditional refugees as defined in the Geneva Convention and ecological migrants, since it is this differentiation that provides legal protection. They also defend the need for collaboration between international law and national and continental law, insofar as these are not traditional migrants or refugees, but new rights-holders whose situation calls for specific treatment.

Enhancing Sub-Regional Strategies: Bolstering the capabilities of all participating nations and fostering regional collaboration is essential to enhance resilience, sustainable development, provide humanitarian aid, and safeguard the human rights of affected populations, regardless of where they are situated within the region.

Predicating climate-affected migration: Both climate modelling and migration modelling present problems. Conceptual challenges regarding causality; poor historical data; our

inability to predict border governance choices; the inherent unpredictability of shocks; and uncertainty regarding future adaptation choices all hinder our ability to make accurate forecasts of movement.

Promoting Migration as an Adaptation Approach: Facilitating migration as an adaptation method entails establishing motivations and avenues that guide individuals away from areas and industries vulnerable to climate change impacts. This encompasses shifting towards different employment prospects, offering preparation for prospective migrants, promoting assimilation (particularly in urban settings), and recognizing robust labor markets resilient to climate variations.

As a conclusion, migratory flows are now intensifying and the issue of climate migrants is the talk of the town, but the authorities in question seem to remain apathetic. Public opinion must sound the alarm for the protection of climate migrants and the strengthening of climate migration governance arrangements. And perhaps the milestones of the international order should themselves be reconsidered.

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Security



Re-aligned, Non-aligned or Multi-aligned?

by **Antonio Missiroli**

In late August, at the annual gathering of the BRICS group of countries held in Johannesburg, six aspiring candidates were invited to become members: by the end of the year Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates will join Brazil, Russia, India, China (the four founders of the "club" in 2009) and host South Africa. More applicants are still waiting in the wings, including countries as diverse as Algeria, Kazakhstan, Mexico, Nigeria, Venezuela and Vietnam. Does this mean that the G7 (and its frequent invitees South Korea, Australia and New Zealand) has now got a geostrategic "peer rival"?

Probably not, although the ambition to act as a counterweight to a hitherto Western (and especially US) dominated world is probably the main common feature of the BRICS countries. Important political differences, in fact, still exist not only among the group's founding members



but even among the new ones, apparently chosen also for their closeness to one or the other of the original four (Argentina to Brazil, Iran and in part Egypt to Russia, Ethiopia to China as well as South Africa). Still, taken together, they now represent more than half of the world population and roughly one third of world GDP, and they do sit alongside the G7+ countries in the G20 framework – which also gathered in New Delhi last September.

Some of the BRICS+ (bar Russia and, now, China) tend also to identify themselves as the “Global South”, a notion that dates back to the UN North-South Commission in the 1980s (the famous Brandt Report) and has been somewhat formalised by the United Nations Conference on Trade and Development (UNCTAD), broadly overlapping with the previous UN-based Group of 77 developing nations. Since then, however, some countries have done far better than others and have been labelled as “emerging” (markets), leading e.g. Fareed Zakaria – in the wake of the 2007 financial crisis and its global impact – to highlight “the rise of the Rest” (as opposed to the West) and the resulting shift in power relations. Besides, over the past few years a number of traditional US allies (the Gulf States, Turkey, even Israel) have started taking ever more autonomous positions and initiatives on the international scene, while China – which presents itself to developing countries as a model and a mentor – has become ever more assertive. Finally, Russia’s military aggression against Ukraine has prompted further shifts and realignments, reflecting an international landscape that is increasingly fluid and fragmented (as opposed

to that of the Cold War). The resolution approved by the UN General Assembly in early March 2022 that condemned Russia’s invasion passed with 141 Yes votes, 5 Noes, 35 abstentions and 11 absents – yet the sum of those not supporting it, once again, represented more than half of the world population and included large chunks of the Global South. Two months later, when Russia was expelled from the UN Human Rights Council, 93 countries voted in favour but 99 did not.

The G7-led sanctions against Moscow that followed have also showcased the reluctance of a number of medium-size and smaller countries to toe the line of what President Putin calls the “collective West” and, paradoxically, have even encouraged some of them (starting with China) to aim at a gradual “de-dollarisation” of their economies in order to reduce their own exposure to external pressure. All this may have also been due to the widespread perception, in the Global South, that the ongoing conflict is a predominantly European affair driven by an old-fashioned East-West confrontation for which both sides are to blame – a perception further strengthened by targeted disinformation campaigns. As a result, Western diplomats and experts have started talking about “fence-sitters”, “swing” or “middle” states – although concern over infringement of territorial sovereignty or access to grain imports is not uncommon among those nations. Some commentators even compared the recent BRICS summit to the famous Bandung Conference during the Cold War (1955). Does this mean that “non-alignment” is back – and with a vengeance?

Yet again, probably not: most of the countries that do not explicitly and unconditionally take sides now – between the West and Russia, or between the US and China – are rather 'multi-aligned' or, as Indian officials like to say, "aligned with our own interests", i.e. just trying to extract maximum benefits from the current situation and playing the different parties against one another. Moreover, as compared to the non-aligned movement (whose influence was more moral than material), a number of countries in the Global South now have strategic assets – from fossils to minerals – to bargain with. And this trend appears to be more structural than just occasional, or even cyclical.

While a substantial "de-dollarisation" of the world economy looks still unlikely in the short or medium term, some rebalancing of representation and power(s) within international organisations and bodies seems not only inevitable but even desirable. If reforming the UN Security Council is almost impossible, as decades of failed attempts have proven, the reluctance and even resistance of the West (and notably of the Europeans, who are still markedly overrepresented) to cutting down on its shares in the IMF and the World Bank has in fact favoured the emergence of parallel and alternative lending institutions – as promoted especially by China – or the virtually unconstrained initiatives taken by the Gulf States, thus weakening both Western influence in the Global South and multilateralism globally. The future discussions on how to fund the reconstruction of Ukraine could represent an opportunity to show more Western openness in this domain – and also,

for the members of the Eurozone, to more consistently act as one.

In parallel and in addition to this, the conversation with the countries of the Global South on the principles of non-aggression, respect of state borders and international law deserves to be broadened well beyond Ukraine and better tuned to their interests, highlighting the risks of a general breakdown of collective rules of state behaviour and of the increasing recourse to the use of force to settle disputes. In Johannesburg, UN Secretary-General Antonio Guterres rightly declared that "for multilateral institutions to remain truly universal, they must reform to reflect today's power and economic realities" – yet it is also true that a total collapse of a rules-based international order would damage, first and foremost, its weakest components.



Security Dilemmas in the Global South

by **Kartik Bommakanti**

States belonging to the “Global South” also classified as developing countries are affected by a range traditional and non-traditional security challenges. The traditional security challenges facing the global south include terrorism, threats of attack and invasion from stronger powers, internal state weakness and fissiparous populations. Non-traditional security challenges cover environmental disasters in part caused by climate change. The latter can also cause food insecurity for millions in the Global South. Consequently, developing states that make up the global south increasingly confront challenges on both fronts. This creates dilemmas for developing countries about the degree of attention they need to extend to what are essentially competing, yet pressing priorities. Balancing state and international responses to traditional security threats with non-traditional security threats is demanding. Some states in

the Global South face both subset of threats acutely and simultaneously. For instance, parts of the Sahel region in Africa and states also located in the Horn of Africa such as Somalia, Sudan and Ethiopia are ravaged by terrorism and civil strife. Internal state weaknesses are also driving insecurity in some states in the continent. The recent coup in Niger is a vivid example of how underdeveloped and stunted civilian and governing institutions are in the Sahel region and other parts of Africa and even parts of central and Latin America and the Middle East. State weakness means that several countries whether in Central America, Middle East, the Sahel, Horn of Africa and parts of Sub-Saharan Africa are impacted by or at least highly vulnerable to civil war, ethnic strife and terrorism.

At the same time, several these states in Africa are afflicted with drought, floods, famine and hunger. More generally across Africa, it is estimated that [46 million people are facing hunger](#)¹ among the continent's vast population. Feeding this segment of the Global South is greatly compounded by the ongoing war between Russia and Ukraine depriving millions of people across the global south to meet their basic subsistence needs. Russia and [Ukraine, especially the latter is a major food producing state](#) that feeds many people across the world.² Consequently, these conditions do not augur well for the stability and security for a large number of states in Africa, Central America and the Middle East, but they also stress the Global North in the form of large-scale human migration and refugees fleeing conflict zones triggering tension between local populations

and migrant communities. Scarcity of resources to cater large refugee and poor migrants

In other parts of Global South, climate change presents considerable hazards for inhabitant populations. Developing countries in the Oceania area of the Pacific face the threat of rising sea levels. Indeed, the Oceania island states located in the Pacific are particularly vulnerable and in many ways likely to face immediate catastrophic effects. Climate data shows that sea levels are rising faster [in the Pacific than in other parts of the world](#).³ For years island countries in the Pacific such as Tuvalu have been raising alarm calls at [every international forum](#) about their island countries disappearing from the face of the planet due to surging sea levels.⁴ With survival at stake for small island countries belonging to the global south, not just in the Pacific, but equally in the [Indian Ocean Region \(IOR\)](#) such as Sri Lanka and the Maldives, large countries and the world's major carbon emitters have yet to address the pressing and urgent threat posed by climate change. This is an existential threat that Islands states in Micronesia, Polynesia, Australasia and New Zealand are compelled to tackle.

Despite this ominous occurrence, there is still some hope for the Pacific island states as well as for island countries beyond the Pacific. Climate despair can lead to climate optimism for small islands states whether in the Pacific or in the IOR. There is some new data released to show that islands in the Pacific and the IOR can adapt to increasing sea level. [This adaptation is the result of coral reefs island](#) in both these areas of the world changing and shifting form



rather than enduring shrinkage and becoming submerged by sea water.⁵ Despite climate inaction generating higher sea levels, island land forms are expected undergo natural adaptation even at current rates of sea level rise. This is promising data and must be used to carry out long-term planning and develop remedies or solutions that are strategically apt for the threats and challenges facing small island countries. Although dealing with the menace of climate challenge requires a collective effort, nevertheless, the onus of tackling global warming and its adverse effect on climate change lies ultimately with the industrialised countries of the world as well as major or large developing countries such as India, Indonesia, and Brazil. Balancing traditional and non-traditional and prioritizing will not be available for countries the world to consistently. However, in some cases non-traditional security challenges can be addressed effectively.

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The Global South's Three Insecurities

by **Mihir S. Sharma**

The Global South is faced with three major insecurities. It faces climate insecurity, wherein – although climate change is a global problem – the developing world is on the frontlines of both the adaptation to and the mitigation of climate change. It faces energy insecurity, as the supply of affordable and accessible energy is essential to its human development requirements. And it faces growth insecurity, as the seed capital for economic growth is increasingly scarce and the traditional engines of development – preferential trade access and labour-market arbitrage – are losing their effectiveness.

This troika of insecurities determines how the countries of the global south are manoeuvring to find new relationships and partnerships as well as attempting to impose a development-friendly reordering of multilateral priorities.



The central problem is managing to achieve these three priorities through a single development and geopolitical strategy is difficult for most countries. Energy security can be achieved by abandoning the climate imperative, of course; the unrestricted use of coal, in particular, could achieve both economic security and boost growth. It is, therefore, extraordinary that many developing countries have chosen to aid the global battle against emissions by voluntarily choosing to reduce their rollout of coal-based power. A coal-based growth path would require few geopolitical entanglements and countries with ample domestic coal, such as Brazil and India, would be less dependent on emergent crises in distant regions that provide them with oil and gas or critical minerals.

Climate security can certainly be achieved alongside boosting growth, but at the cost of energy security. The sharp reduction in the price of solar panels provides an example of this dilemma. Transitioning the energy system by a rollout of grid-scale solar power using imported panels is not beyond the capabilities of many countries in the global south. But that will introduce new forms of energy insecurity. First, the question of base-load power has not been adequately solved at this point in time. In the absence of large-scale storage or other theoretical solutions, emerging countries will continue to suffer from intermittency in their energy supply during the transition. Moving away from coal to “cleaner” fossil fuels such as natural gas usually mean substituting local or otherwise reliable energy with geopolitically complex suppliers, whether in West Asia or

Russia. And then there is China. A large-scale energy transition will require critical minerals, of which China currently dominates processing capacity – and the cost advantage China has built up, through subsidies, in solar panel manufacturing and even battery production cannot be denied. Many countries searching for energy security, therefore, will be deeply unhappy at the prospect of green growth that leaves them open to coercion by Beijing. Such dependence will not solve their energy insecurity problem.

The Global South therefore seeks to both profit from the global green transition – whether as a producer of critical minerals, as are many countries in Latin America and Southeast Asia, or as a manufacturer of electric vehicles and panels, as India aspires to be – and to ensure that the post-transition world provides them with greater economic security than the one it replaces.

Unless the nature of the transition addresses these three needs of the emerging world, they will not be willing participants in the process. And they will seek to reshape the multilateral order to meet their requirements.

Existing attempts to push the green transition forward have not created sufficient space for the Global South. In fact, their overall effect is to render the transformation and decarbonisation of developing economies more expensive. The US's vast Inflation Reduction Act sets aside practically nothing for financing carbon mitigation outside its own borders. Its very scale, meanwhile, ensures that US-based projects will soak up financing that would otherwise have

been sent to far more impactful (in mitigation terms) projects in the emerging world. The European Union, meanwhile, has chosen instead to raise walls of carbon tariffs – which could lead EU-based companies and producers to have less, not more incentive to invest in decarbonisation technologies in the Global South. And its own unwillingness to endure energy insecurity for even a single winter as a consequence of its choice to become dependent on Russian gas sets an example for the developing world we must hope the latter ignores.

This is the context in which countries like Indonesia are rejecting Western-led structures as instruments of their domestic energy and economic transitions. They are seeking instead to form and lead their own coalitions which will put into place technology sharing, critical mineral supplies, and other requirements for an accelerated, growth-positive transition. Unless the three insecurities of the Global South are directly addressed within the next decade, the existing multilateral order will have frayed beyond repair.



BRICS' Expansion and Its Global Security Implications

by **Sara Hasnaa Mokaddem**

The BRICS summit convened on 24 August in Johannesburg, uniting leaders from over sixty of the world's largest developing nations. The discussions encompassed multilateralism, global governance reform, sustainable development, and the expansion of this emerging economic bloc. Starting on 1 January 2024, BRICS will welcome Iran, Argentina, Egypt, Ethiopia, Saudi Arabia, and the United Arab Emirates into its fold, dramatically increasing its representation to almost half of the world's population.

Despite this significant step, Western media's portrayal of BRICS has often been dismissive, with few anticipating the inclusion of new members and analyses suggesting a stagnation in the bloc's economic growth and anti-western sentiment. However, as we delve deeper, the question emerges: does this expanded BRICS harbor ambitions in the realm of global security management?

The Challenge of Global Governance Reform

The BRICS enlargement is being lauded by proponents as a bold move to wrest control from multilateral institutions that have long been dominated by Northern global states. It is perceived as a pivotal stride towards establishing a multipolar world that challenges the economic and political dominance of the United States, while also providing Southern global states with a more equitable platform to voice their concerns. This narrative resonates powerfully in the Global South.

However, the reshaping of global power dynamics necessitates a reconfiguration of existing global governance structures. In their final statement, the leaders of BRICS emphasized their commitment to "strengthening and improving global governance by promoting a more flexible, efficient, representative, democratic, and accountable international and multilateral system". The expansion of BRICS thus symbolizes the rallying of Southern global countries for international reform, often in opposition to Western powers. These frustrations further underscore the significance of BRICS, which is seen as a counterbalance to major Western nations, including those within the G7.

BRICS as an Economic Driver for Global Growth

One major source of dissatisfaction among developing countries lies in the global financial architecture, and particularly in the context of climate action and green transition. The

economic significance of BRICS cannot be overstated. Development financing is a lifeline for many developing countries grappling with financial difficulties. BRICS is poised to become one of the arenas where these countries collectively act. As an economic powerhouse, BRICS can serve as a platform for coordinated action. One approach is leveraging the collective economic might of the group to advocate for global reforms in governance, financial systems, legal structures, and alternative approaches to specific issues such as climate financing.

While the Western-led system offers various economic, technological, and military resources to developing states, it often comes with the drawback of numerous prerequisites and delays in the mobilization of much-needed funds. In contrast, systems that provide resources expeditiously and with fewer conditions are perceived as more attractive by developmental elites in non-G7 countries. For instance, Chinese loans to African nations surged in the 2010s, complementing World Bank investments in health and education projects. Today, African countries are increasingly turning to BRICS. With the recent inclusion of Egypt and Ethiopia, three out of the eleven BRICS members are African.

The preeminent role of the US dollar in cross-border transactions means that US monetary policy holds far-reaching global consequences, especially for those nations that borrow in dollars. Though the BRICS Summit's communiqué did not mention a new BRICS currency, the objective remains clear: to encourage greater trade and investment in local currencies, facilitated by their central banks, and eventually diversify reserves into other currencies.



Challenges to Becoming a Security Bloc

While BRICS holds immense potential as an economic powerhouse and advocate for global reform, it faces formidable hurdles in transforming into a security alliance. In fact, several differences will invariably continue to uphold BRICS as a forum primarily focused on coordination rather than a clear consolidation of a new security bloc on the global stage.

For instance, and with the recent announcements on the future members, it was clear that the prime motivations of new BRICS members are a blend of economics and politics. These countries are seeking privileged access to China's infrastructure support and the New Development Bank and are mostly looking for platform to leverage between the United States and China.

Notably, the presence of military and territorial disputes extends beyond just India and China within the BRICS constellation. Furthermore, the recent resolution of almost half a century of Cold War between Iran and Saudi Arabia, culminating in a truce, underscores the complex dynamics that will be at play within the BRICS+. Egypt and Ethiopia at deadlock over the Grand Ethiopian Renaissance Dam are also newcomers. Additionally, many BRICS+ members are also close security allies of the United States. All of these elements reinforce the forum's primary emphasis on coordination rather than the affirmation of a new global security alliance.

Conclusion

As the BRICS continue their expansion, the future holds the promise of intricate challenges and closely watched geopolitical developments. With over twenty countries expressing their desire to join the rapidly growing – forum, bloc or union –, during the recent BRICS Summit, the possibility of future admissions looms large, potentially even further complicating consensus-building among the motive-varying member states. Simultaneously, it is crucial to recognize that international relations may become more intricate. The BRICS summit coincided with the historic conclusion of a trilateral agreement between the United States, South Korea, and Japan, strengthening a military alliance aimed at containing China's ascendance around the Indo-Pacific. In this dynamic landscape, the path ahead for the BRICS and the global security landscape will be closely monitored and characterized by its evolving complexities.



The Global South and Maritime Security

by **Abhijit Singh**

The global maritime threat matrix is rapidly evolving. With Ukraine's growing use of [asymmetrical tactics](#)¹ against Russia in the Black Sea and China's deployment of [maritime militias](#)² in the South China Sea, traditional security challenges in the maritime domain have acquired a new dimension. It is instructive, however, that the bulk of the demand for maritime security in recent years has come from states facing unconventional security threats. Human security issues in the marine realm have been a subject of much analysis and debate lately, including at this year's G20 meetings in India. During the [G20 summit](#) in New Delhi in September,³ country leaders discussed ways to create a "sustainable and resilient ocean-based economy". It arose in the context of [sustainable development goals](#) and the Global South,⁴ or the underdeveloped economies of Asia, Africa, the Americas, and the Southern Pacific that



largely have a development agenda and whose pleas for [global action](#)⁵ against climate change and transnational crime routinely go unheeded.

There is a widespread perception in the developing world that the zero-sum competition among powerful nations in the Indo-Pacific has degraded the emphasis on nontraditional maritime challenges. The contemporary security agenda in the sensitive littorals, some say, is an interconnected set of [concerns](#) involving national,⁶ environmental, economic, and human security. There is an institutional cross-jurisdictionality about these challenges that implicates the management of resources. Rising sea levels, marine pollution, climate change, and natural disasters regularly place less-developed littoral nations in a position of vulnerability, creating complications for regional security agencies that must devise novel and economical ways to combat nontraditional security threats.

Worryingly, Southern states are unevenly endowed with law-enforcement capabilities and have varying security priorities. Although a number of coastal countries are willing to [leverage](#) partner capabilities to combat threats such as piracy,⁷ armed robbery, and maritime terrorism, many continue to be reluctant to allow partners access to their exclusive economic zones (EEZs). The attempt is to reduce reliance on foreign agencies and share only as much information as may be deemed essential to [advance](#) common minimum-security goals.⁸ While maritime domain awareness has improved significantly in some regions, such as the eastern Indian Ocean and Western Pacific, information sharing remains far from ideal.

To be sure, maritime security is more than a matter of policing the commons. Sea power, growingly, is about creating prosperity for the people and meeting the needs of national development. [India's Maritime Vision 2030](#) sets out a useful template.⁹ A ten-year blueprint for the maritime sector, the MV-2030 envisages the development of ports, shipping, and inland waterways. Since it was announced in February 2021, India's ports and maritime logistics sector have shown significant growth. Bangladesh's inaugural [official document](#) on the Indo-Pacific,¹⁰ too, details guiding principles and objectives that demonstrate a developmental approach to maritime security.

This does detract from the [complexity](#) of the mission at sea,¹¹ in particular, the fight against human trafficking and illegal fishing. In recent years, there has been a sharp uptick in illegal migration from Myanmar into Southeast Asia. Fisheries exploitation in the South China Sea and Bay of Bengal, too, has been rampant. It has been aided by [faulty policies](#)¹² that encourage destructive fishing methods like bottom trawling and seine net fishing. Environmentalists highlight three specific anomalies: lenient regulations that allow for the misuse of resources; lax implementation of the law by security agencies that turn a blind eye to violations when these are seen as necessitated by livelihood concerns; and most significantly, the deleterious [impact of subsidies](#)¹³ that states offer to incentivize smaller fishermen to shift to motorized trawling that leads to unsustainable fishing. Many of these contingencies pose a conundrum for governments and security agencies.

Among the proposals that recognise the multifaceted nature of the threats in the Global South is India's Indo-Pacific Oceans Initiative (IPOI).¹⁴ It has seven pillars, including maritime ecology, marine resources, capacity building, and disaster risk reduction. The IPOI acknowledges that with growing globalisation and economic interdependence, Indo-Pacific states face an imperative to seek collective solutions to common problems in the littorals.

Even so, implementing a collaborative strategy is difficult, not least since it requires maritime agencies to develop habits of cooperation, improve interoperability, share more information, and agree on a regional rules-based order. It also makes it incumbent for littoral states to overhaul regulatory frameworks to align domestic regulation with international law. Unsurprisingly, consensus continues to elude the Global South. Some are keen to forge ahead with a sense of purpose, but others are content pursuing piecemeal solutions to the problems at sea.

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The Rise of Global South: New Consensus Wanted



Economy & Development



A BRICS+: Challenge to the Dollar?

by **Alessia Amighini**

The recent BRICS annual leaders' summit in Johannesburg scaled up the news with rumours surrounding the creation of a new currency for the member countries. Those rumours were not entirely surprising. In the months before the summit, Russia had already discussed prospects of a new currency, as a way to emphasize its flourishing alliance with other significant emerging markets. Economic sanctions against Russia accelerated discussions about feasible ways to minimize their negative impact by reducing the reliance on the use of the US dollar in international payments. Although the prospects of a common currency were quickly dismissed as an unlikely decision, many recent developments regarding settlement currencies in international trade point to a de facto common trend towards a slow but steady de-dollarization of trade transactions, at least



within the BRICS. Central banks in emerging markets purchased record amounts of gold in 2022, and the trend is continuing this year. China and Turkey are leading this movement, while reducing their dollar reserves.

It is worth noting that well over half of the growing China-Russia trade is settled in renminbi. Russian President Vladimir Putin recently expressed support for using the Chinese yuan intrade settlements between Russia, Asia, Africa, and Latin America. This would help Russia rebuild a network of trading partners outside of the Western countries that resort to economic and financial sanctions. It should come as no surprise that the renminbi would become Russia's *de facto* reserve currency since the Ukraine invasion. Russia's current necessity for a currency to replace the dollar – the most widely used currency in cross-border payments – has created a convergence of interest with China, who has for a long time explored unconventional ways to increase the international use of the renminbi and already has currency deals with several countries including Brazil, Russia, Pakistan, and many others. An increasing number of countries settle bilateral trade transactions – most notably commodity trade – with the Chinese renminbi, putting the US dollar's role as the world's reserve currency to the test.

Some countries are distinctly serving China's global currency ambitions. One example is Brazil, the largest economy in Latin America. China has been Brazil's largest trading partner since 2009 and reached a record \$150.5

billion in bilateral trade last year. So, it was not surprising for these two countries to start using their respective currencies to settle bilateral trade transactions. The deal will enable China and Brazil to conduct their massive trade and financial transactions directly, exchanging yuan for reais and vice versa (instead of going through the dollar). These transactions will be executed through the Industrial and Commercial Bank of China and Bank of Communications BBM. When two countries are significant trade and investment partners, using their own currencies makes a lot of sense, as it reduces transaction costs and therefore boosts exchanges. According to the Brazilian Trade and Investment Promotion Agency (ApexBrasil), "The expectation is that this will reduce costs... promote even greater bilateral trade and facilitate investment". Brazil, like many other countries in Latin America, has been eager to welcome foreign investment, at the same time that China has expanded their projects in the region.

Surely both push and pull factors contribute to increase the attractiveness of the renminbi as a trade and investment settlement currency within the BRICS. But there is more than this. Firstly, an initial interest to opt for the yuan as a settlement currency is emerging outside of the BRICS as well, going largely unnoticed in the West, but not in China. The completion of [the historic first yuan-settled LNG trade](#) between the Chinese national oil company and France's Total Energies through the Shanghai Petroleum and Natural Gas Exchange in March 2023 is a significant milestone, as it gradually paves the way for a global LNG yuan-denominated market based in

Shanghai. The UAE has also accepted renminbi in exchange for exported LNG to China, and Saudi Arabia will probably be accepting renminbi for its sales of oil to China – the so-called “petroyuan” – after President Xi Jinping travelled to the country in early December to strengthen economic ties with the Middle East and encourage the region to use the renminbi to settle its oil and gas trades.

Secondly, there are well-known calls to the BRICS bloc to expand and challenge the dominance of the US dollar, most notably from former Goldman Sachs chief economist Jim O’Neill. O’Neill argues that the dollar’s dominance destabilises other nations’ monetary policies, which is why the group should counter it. O’Neill is precisely the one who coined the group’s name back in 2009 and he is now calling on BRICS to create a multi-currency global system by including more emerging nations.

As a matter of fact, the BRICS has announced that it will include six more countries – Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates – out of over a dozen that have expressed interest in becoming members of the group. The criteria for admitting members remain unclear, to the point that even O’Neill suggested that new members should be more than just countries with large populations and sizable economies. While an expanded international use of the yuan may encourage the admission of new members, it is also noteworthy that, although the yuan is benefiting from its growing international standing, gold has emerged as a clear winner. Russia’s invasion of Ukraine and the

subsequent Western sanctions accelerated the de-dollarization trend significantly, with central banks purchasing a record 1,136 tonnes of gold last year as they diversified their holdings away from the US dollar. At the same time, China’s central bank has become one of the leaders in the gold market, acquiring more than 100 tonnes of gold in the last four months. The piling up of gold reserves may be consistent with a new phase in the path towards the internationalization of the renminbi. To increase the status of the renminbi, and the reputation of China as issuer, gold can provide stability for a currency. So, a new gold-backed system could be on the horizon for the Chinese currency.



The Global South as a New Geo-Economic Faultline

by **Franco Bruni**

The emphasis on the “Global South” (GS) during the G20 2023 and the reset of an enlarged BRICS group have geopolitical as well as geo-financial aspects. The main geopolitical point is the relationship between these developments and the fault line between Western liberal democracies and the autocratic world, as well as between their two unofficial leaders, the US and China. As for geo-finance, the crucial aspect is how the GS and the BRICS interact with the international financial architecture and with international payments and currencies. Obviously, geopolitical and geo-financial aspects are interconnected: they shape the role of these countries in the evolution of global governance.

West/anti-West

Both the BRICS and the GS include China. This complicates their positioning with respect

to the West/anti-West divide. However, it is certainly not advisable to think of them as uncompromisingly deployed against Western democracies. India challenges China as the leader of both groups, tending to leave to Beijing all direct confrontations with US and Europe. Moreover, the rise of the new groups of countries is nourished precisely by their willingness to move away from a past where they were victims of imperialisms. These countries are diverse and they can align their policies on a limited set of issues. What really characterizes them, to be sure, is the desire to be main actors in global governance, to side with different countries on different diplomatic dossiers, to interact from stronger positions with both the West and its enemies. Can we then say that the surge of the BRICS and the vaguer concept of GS is a positive step towards a truly multilateral world?

This would be an optimistic conclusion; however, much depends on how we will be able to deal with the new diplomacy of these countries, on how we will be serious in looking for multilateral solutions and in refusing a dangerous, inefficient and less prosperous bipolar confrontation. The main responsibility for these efforts seems to lie with the liberal democratic world, as the anti-West countries are probably further away from an inclusive multilateral strategy. The US should find a sound way to de-emphasize the "containment" of China but, given its special position in global security, Europe could look as the most credible broker in reforming global governance. Centralizing European foreign policies is as urgent as evidently difficult.

Meanwhile, several serious geo-financial problems involve the BRICS and GS and would require an inclusive and truly multilateral governance of world finance. Let me point to a couple of them: the reform of the IMF, to better cope with global indebtedness, and the role of the dollar in international payments and finance.

Reforming the IMF

The IMF should be reformed in its statute, to increase the voting power of some of the BRICS, mostly at the expense of the EU that is oddly represented by several uncoordinated voters. The independence of the management from politicians should also be increased. A deep reform would increase the effectiveness of the Fund in quickly confronting problems like the increase in global debt and potential financial crises in developing and poor countries. However, such a reform needs a degree of consensus that is unreachable in the current geopolitical situation. Much more could be done pragmatically, with specific decisions and new strategies.

The amount of Special Drawing Rights (SDRs), for instance, has been recently increased, but the possibility to use them by redistributing their usability from rich countries to countries in need finds obstacles. These could be removed by reregulating them. Debt relief policies should also be improved, as shown by the inadequate results of the initiatives generated by the G20 since 2020. Innovative and more transparent ways of conditioning IMF financial help could be agreed upon multilaterally, so as to deal with the unsustainable external indebtedness of



very poor countries, but also of emerging ones that should be more involved in deciding the very policies of crisis management of the IMF. The World Bank should increase cooperation with other developing banks. All these institutions should enhance the autonomy of their management from national politicians and geopolitical confrontations, to give rise to a de facto more multilateral financial governance of the world.

International Currency

As for the role of the dollar, often stressed by the BRICS, the reform of the SDRs could also be a step towards a more shared, solid monetary anchor of global finance. Central banks' currency and liquidity swaps could be reinforced and globally coordinated to cope with potential financial crises. US monetary policy should be asked (also by the IMF) to better consider its impact on emerging economies, thus avoiding that sudden expansions and restrictions destabilize the weaker part of a dollar-dependent world. Fiscal discipline in the US and Europe could free fiscal space, and therefore liberate some share of convertible currencies to help the rest of the world.

However, a logical point has to be squarely established in the international community. For a currency to have any relevant international role, or simply be a close substitute for a recognized international currency, not so much as a means of payment but particularly as a reserve and investment currency denominating international financial securities and contracts, a strict condition is required: its issuing country

must be a credible debtor, open to cross-border capital movements. This also implies that the countries' economic policies must find approval in global markets and follow the monitoring of multilateral institutions. The BRICS and the GS can ask for a larger role in governing the world, even in deciding global remedies to their own illnesses and debts; but it is impossible for them to influence global monetary affairs without complying with basic common financial discipline.



Of the South, for the South, and by the South: *Through the Looking Glass* of the Development Discourse

by **Nilanjan Ghosh**

Let us act Lewis Carroll's Alice in *Through the Looking-Glass* for the time being. While wondering about the world beyond the reflection of a mirror, Alice touched the mirror to find to her surprise that she had entered an entirely different realm through it. That's a metaphor for the central idea of this essay. The development discourse has so far been looked at through the lens of the Global North, which has defined the development goals and aspirations of the South. The imperative is to cross over to the other side of the mirror and chart the new development discourse for the Global South through its own lens.

Yesterday's vision of "economic development" defined through economic growth stands in stark contrast to today's development theories. Smith's *Wealth of Nations*,¹ Ricardo's musings on *taxation*,² and Schumpeter's groundbreaking



Theory of Economic Development testify to this.³ The German Historical School, along with its global counterparts, provided further impetus to this thinking of equating growth with development. The cynosure of this entire deliberation was Europe, with its post-war rebirth and Eastern industrial pursuits, as showcased by pioneers like Rosenstein-Rodan in 1943 and Mandelbaum in 1947. Only post-war did our economic magnifying glass shift to the vibrant landscapes of Asia, Africa, and Latin America.

Decolonization was a critical driver of this process. As new nations emerged, distinct from European models, the quest began. It wasn't just about growth; it was about crafting institutions to ignite, uphold, and amplify that growth. Post-World War II, the academic world took on a challenge: eradicating the poverty shackling two-thirds of humanity. The birth of the United Nations and its powerhouse affiliates like the World Bank, International Monetary Fund, International Labor Organization, and regional commissions was more than just a political move. It drove an explosion of studies, birthing a fresh, practical approach to developmental thinking.

Development was being looked at through the lens of growth and capital investment and was equated with industrialization. This perspective cast Latin American, Asian, and African nations as "underdeveloped". The prevailing thought was that, given time, these countries would navigate the various developmental stages, with the growth forces moving from primary to secondary to tertiary sectors. Their progression hinged on capital formation, the trajectory of industrialisation, and GDP growth dynamics.

This "growth fetishism" in development thinking however received the first jolt through the works of [Theodore Schultz](#),⁴ who highlighted the importance of human capital in an economy. Works of various occidental development thinkers like W.A. Lewis, Dudley Seers, and Gunnar Myrdal buttressed this contention. According to [Singer](#), "... development is growth plus change", and "... change is not only economic but also social and cultural".⁵

The emerging debate on the desirability of growth came with the notion of "costs of growth" and with structural issues like dualism, demography, inequality, urbanization, agricultural transformation, education, health, unemployment, etc. being viewed in their own merits. A more holistic approach to the development delineation came with the adoption of the Human Development Index as a somewhat rough measure of development in the 1990s. The index is now being used by the UNDP as a standard metric for classifying development of economies in its annual [Human Development Report](#).⁶

Since the 1970s only, a revolutionary shift has been taking place unravelling the intricate dance between nature, economy, and society. This scientific epiphany showed us that ecosystems and the economy are intertwined in a delicate balance. It was the groundbreaking "[The Limits to Growth](#)"⁷ by the Club of Rome in 1972 that sounded the alarm of a looming apocalypse. Fast forward to 1992, and the Earth Summit championed a new mantra: "[sustainable development](#)" – a vision best delineated in the Brundtland Commission Report, "[Our Common](#)

Future.⁸ The new millennium witnessed the eight Millennium Development Goals bringing the concern of health, education, poverty, gender, inequality, and environmental sustainability into a common framework. This was replaced by the 17 Sustainable Development Goals (SDGs) from 2015 to be achieved by 2030, and this acknowledged the critical intersectionality between the goals and climate action. UN Sustainable Development Goals (SDGs) stand today as the defining pillar of global developmental governance.

A Development Vision from the South, for the South

From the arguments made so far, it can be made that the North's vision of development has guided the South. India's G20 presidency, however, highlights the *rise of the South* – a departure from the status quo of being delineated through the North's lens. This is not merely because the G20 presidencies from 2022 to 2025 are being marked by the double troikas of the south (namely, Indonesia-India-Brazil, and India-Brazil-South Africa), but also because the G20 India presidency's success in bringing up the development aspirations and concerns of the South in the platform of the world's foremost development grouping. India's G20 presidency brought the African landmass as a permanent member of the grouping thereby lending further teeth and greater voice to the global South in attempts to mainstream its aspirations – this definitely will pave the way for a new development discourse to be framed and designed by the global south.

The South has already made a few statements on their ways of looking at the world. The G20 verticals under the Indian Presidency and the New Delhi Leaders' Declaration bear ample testimony to that. The very vision statement of "One Earth, One Planet, One Future" of the Indian Presidency is an example. The other examples lie with mainstreaming the vision of LiFE (or Lifestyle for Environment), which has huge implications for aligning our consumption and production patterns with nature so as to combat the furies of global warming and climate change. On a different note, Africa has devised its *Agenda 2063* – their blueprint and master plan for their transformation into a global powerhouse of the future.⁹

The time is ripe to *look through the glass*. Occidental frameworks like *degrowth* (retraction from the present ways of life) cannot work for the South – the Sri Lankan crisis bears testimony to that!¹⁰ South needs its own development vision – it needs to chart its own pathways based on its strengths of natural capital and human capital, and by looking at its own aspirations. There is a need to touch the mirror like Alice did, and find a new realm of the development discourse that is of the South, for the South, and by the South! The rise of the South has already been marking the process of the rise of this new discourse.



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Digital Transformation Designed for Women: A Global South Model of Smart Economics

by **Sunaina Kumar**

The idea of gender equality as “smart economics” has been prevalent for some decades. According to this theory, when women have access to education and economic opportunities, they invest back into children and families, which in turn leads to improved development outcomes and inclusive growth. Though this approach has been critiqued, and justifiably, for turning women into a development resource and making a business case out of gender equality, it remains the most pragmatic and sellable argument for countries to invest in gender equality.

When more women work, economies grow. Recent research by the Eurasia Group indicates that if policymakers prioritised investments in women’s economic power, the global economy could grow by an additional 7%, or \$10 trillion, by 2030. Besides, there is enough evidence to



show that women's economic power is vital to realising women's rights and gender equality. So investing in women is the smart thing to do and the right thing to do.

When India took on the G20 presidency, it had become evident that women, more than men, are impacted by the spiralling and interconnected global crises of climate change, stagnant growth, high inflation, and health, food and energy insecurity, to name but a few. Responding to this, as well as its own considerable gender gap, India put gender equality at the heart of the G20 agenda by promoting the idea of "women-led development", which emphasises women's leadership in development. It took the opportunity to showcase its experiences in adopting gender-responsive policies linked with digital transformation, thus providing a replicable model for inclusive growth, particularly for countries from the Global South.

The most impactful of these has been the building of a safe and inclusive Digital Public Infrastructure (DPI) with a strong gender lens. DPI is a set of shared digital systems, built on principles of digital identity, exchange of data, and digital payments. In essence, it links the digital identity of citizens with mobile phones and bank accounts. DPI has leapfrogged India's digital economy, which is projected to grow to \$1 trillion by 2030.

It has fast-tracked financial inclusion in the country by four decades, according to the World Bank. India has achieved financial inclusion targets in just six years which would otherwise have taken at least 47 years. The financial inclusion drive has reached a large

part of the financially excluded population, especially women, who were outside of the formal financial system. The percentage of Indian women using bank accounts had surged from 26% to 78% over the span of ten years until 2021.

It has helped India build a more efficient way of delivering social protection to citizens. The adoption of digital cash transfers for welfare programmes by the government has helped reduce leakages and eliminate corruption. The impact of cash transfers on women is well documented, from improving their savings and building resilience to even affecting gender norms, by increasing their decision-making within households and the likelihood of women staying longer in the labour force.

There has been a growing realisation that women's economic participation can be enhanced through digital technology. And this has been reflected in the design of policies for digital transformation with an emphasis throughout on women-centric approaches. After laying the groundwork of digital infrastructure, financial inclusion has been linked with women's entrepreneurship and sustainable livelihoods. This was done by providing credit through a programme (MUDRA Yojana) that seeks to address the credit gap faced by women entrepreneurs through collateral-free loans. Globally, women-led businesses face an estimated credit gap of \$1.7 trillion. By encouraging female entrepreneurship, the programme has the potential to shift conventional mindsets about women. Nearly 70% of loans under the programme have been

disbursed to women entrepreneurs, which has led to increased monthly household incomes and savings. More crucially, the financial inclusion of informal women-led businesses has led to formalisation and made women's contribution to the economy more tangible and measurable.

This model has given impetus to India's ambition to be a tech leader of the Global South, as a country keen to share its homegrown digital development solutions with the world. After a year of vigorous and energetic "digital diplomacy" through G20, where India optimised the reach of the forum to promote inclusive digital transformation, there were a few big announcements. It proposed to establish and host a global repository of DPI. This repository will consist of a stack of applications of digital

public goods which can be adapted and customised for the use of other countries. India is already working with Antigua, Barbuda, Trinidad and Tobago, Sierra Leone, Suriname, Armenia, Papua New Guinea and Mauritius, to help them develop DPI solutions.

DPI-based solutions that harness technology for social and gender empowerment provide templates for regional and national adoption by countries in the Global South, and arguably in the Global North. For all that, it is important to remember that the widespread adoption of digital technologies has led to unintended exclusions and a widening of the digital divide. To fully unlock the potential of women and accelerate sustainable growth, countries must remove barriers to women's digital access.



Development Prospects for Africa in the Context of the Global South

by **Elizabeth Sidiropoulos**

At the most recent BRICS summit in Johannesburg in August 2023, one point that was made regularly by policy makers and commentators alike was that the BRICS now contributed more to global GDP than the G7 nations (31.5% of global GDP versus 30%), with their share expected to grow to over 50% by 2030 – before factoring in the expanded membership. Clearly the Global South is no longer a spectator at the main dining hall.

The rise of the Global South, of which the pre-eminent economy is China's which is now the second largest in the world, has also created new opportunities for Africa. The continent is still the poorest with 24 of the world's 28 low-income countries; yet, the ability to diversify trading and investment partners, roll-out infrastructure projects, and explore different development paradigms from the traditional western precepts has brought some benefits

to the continent, although the much-needed structural transformation has been slow.

Since the start of the XXI century Africa's [average economic growth rate](#) has been second only to that of developing Asia,¹ realising positive growth for nearly a quarter a of a century until the Covid-19 pandemic halted that in 2020. Growth has since rebounded but these positive economic growth rates have not translated into structural transformation. The [2022 Africa report](#) by the United Nations Conference on Trade and Development (UNCTAD)² notes that 83% of African countries (45 of 54 countries) are commodity dependent, accounting for 45% of the commodity-dependent countries worldwide.

With the world's youngest population (over 60% are below the age of 25), Africa can be the next frontier of investment and growth, taking advantage of the demographic dividend. By 2050 one in three people aged 15-24 years will be African and one in four will be in the 25-34 age group. However, prerequisites for such a dividend are education and skills and the ability to take advantage of the opportunities presented by the digital revolution. Failing that, the demographic dividend can become a liability leading to social unrest, as young people become disillusioned with their political and economic systems.

The 2023 UN SDG summit was sobering in its assessment of progress towards achieving the SDGs by 2030 across the world, and Africa faces some of the greatest challenges in that regard. Indeed, a [report](#) by the African Union Commission (AUC),³ the United Nations

Economic Commission for Africa (ECA), the African Development Bank (AfDB) and the United Nations Development Programme (UNDP) on Africa's progress in implementing Agenda 2030 found that without deliberate policies to accelerate SDG implementation, at least 492m people would still be in extreme poverty in 2030. Equally concerning was that 288m children of school-going age were not in school, especially in conflict-affected parts of the continent.

Africa's development trajectory faces a number of headwinds. The most significant of these is the instability that is defining large parts of the continent – from the Great Lakes and the Horn to the Sahel and Libya. The resurgence of coups and ordinary citizens' disaffection with "elected" political elites, coupled with the growing involvement of a variety of external actors (from the traditional former colonial powers to ostensibly private military companies such as the Wagner group, or emerging players such as Turkey and the Gulf states) have exacerbated already existing developmental and governance challenges. The institutions created by Africans to address these challenges – the AU, its Peace and Security Council, the African Peer Review Mechanism to name a few – have seen their authority or their efficacy recede in parts of the continent.

The Covid pandemics and the Ukraine war have also compounded Africa's debt problems. In 2022, Africa's public debt amounted to [\\$1.8 trillion](#).⁴ This was small compared to the overall outstanding debt of other developing countries, but Africa's debt grew by [183% from 2010 to 2022](#),⁵ a rate four times higher than its growth



rate of GDP in dollar terms. In 2022, 24 African countries still had debt-to-GDP ratios above 60%, and they have found it more difficult to reduce their debt levels compared to other parts of the world. This has also placed further pressure on constrained public finances, further exacerbating the ability of states to provide public goods to their citizens. High levels of [corruption](#) have also not helped.⁶

Constrained public finances are also impacted by the low levels of domestic revenue. In the assessment of the [first ten years of Agenda 2063](#),⁷ it was found that the continent had only managed 31% total tax revenue as a proportion of GDP, compared to the target set for 2021 of 63%.

Agenda 2063, adopted in 2013, is the continent's long-term development vision to transform Africa into the global powerhouse of the future. Its intent is for Africans to take control of their development trajectory by addressing economic, social, governance, peace and security issues, as well as Africa's voice in the world and is an affirmation of African agency in that regard.

In the context of a discussion on Africa's development trajectory, the most important initiative is the agreement signed in 2018 that established the African Continental Free Trade Area (AfCFTA). It injected renewed energy into Africa regarding its development prospects. AfCFTA is premised on developmental regionalism, building regional value chains across the continent which deepen integration and industrialisation and remove barriers to trade enabling intra-African trade. It is regarded

as a game changer for Africa's development prospects as its successful implementation would be a catalyst for the structural economic transformation of African economies.

The AfCFTA's focus is not just on trade in goods, but includes services too, both of which protocols have already been concluded. The harmonisation of investment, intellectual property rights, competition policy, and e-commerce are also on the table for negotiation. To help facilitate intra-regional trade, the African Export-Import Bank in collaboration with the AfCFTA Secretariat and the AU has also launched the Pan African Payment Settlement System, which was developed by the It is a cross-border financial market infrastructure that enables payment transactions across Africa. It allows for payments and settlements in local currencies. An adjustment fund is also being set up to support African states to adjust to the new liberalised trade environment. These all point to a strong desire by Africa to become economically independent and to industrialise rather than to rely on external development assistance to finance its development.

However, the objective to industrialise must also be seen in the context of the green transition. Many African countries have shown great political commitment to embrace green growth and the opportunities it presents. For one, the continent has [60% of the best solar resources](#) globally.⁸ At the first Africa Climate Summit in September 2023, president Ruto of Kenya launched the Accelerated Partnership for Renewables in Africa, and committed Kenya to achieve 100% renewable power by 2030

and to fuel the green industries of the future by 2040. Such initiatives and commitments are not only contributing to fighting climate change but also helping to achieve "green structural transformation".⁹

Africa's development journey has a long way to go still. The institutional capacity of many states to effectively deliver on the economic, social and environmental challenges that face them, often in the face of political instability, is limited. These deficits are compounded by an international system whose rules often do not support the specific circumstances facing developing economies; however, over the last few years African countries, both collectively and individually, have sought to take ownership of their development trajectory. The results may take longer than the UN SDG timeframe, and they will require significant political will and often hard decisions around trade-offs, but these are possible.... And indeed imperative if Africa's youth bulge is to be optimised.

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Regional Development Banks in the Rise of the Global South

by **Tetsushi Sonobe**

The Rise of the Global South is a Nuanced Reality

The consecutive G20 presidencies of Indonesia (2022), India (2023), and Brazil (2024) and South-Africa (2025) undoubtedly contribute to propelling Global South priorities into the global spotlight. Both Indonesia and India proved themselves to be able to conclude tough negotiations successfully by issuing G20 leaders' declarations respectively, while keeping distance from Western perspectives and engaging in other playing fields such as the APEC, ASEAN, and BRICS summits. Moreover, India has managed to include the Africa Union as a new, full member of the G20.

There are several contributing factors to the rise of the Global South. First, it reflects the substantial change in the global distribution of income and wealth and that of human resources due to

some developing countries' high growth for a few decades. Second, the geopolitical chasm between the US and China is showing signs of growing into a new cold war, giving 'swing states' in the Global South a stronger bargaining power. Third, political leaders and people in the Global North have renewed awareness that global challenges cannot be addressed without the cooperation of the Global South. Moreover, many of them feel indebted to those in the Global South who have been disproportionately affected by climate change and left behind in vaccination despite the promise of the Covid-19 Vaccines Global Access (Covax).

It is not a good idea, however, to look at international relations through the lens of dichotomy of the Global South and North, because the Global South is way more complex than it might look. For instance, China and India disagree upon the extension of the BRICS among other issues. Brazil is engaged in trading negotiations with China as well as US and the European Union, while some of the countries that joined the Belt and Road Initiative are now questioning their ensuing economic dependency *vis-à-vis* China.

Why MDBs?

Faced with such a nuanced reality, the India G20 Presidency managed to get the member states to align for tackling global challenges and supporting sustainable development. The G20 New Delhi Leaders' Declaration emphasizes the need to "Pursue reforms for better, bigger and more effective Multilateral Development Banks (MDBs) to address global challenges to maximise

developmental impact". The leaders expect the MDBs will contribute to "strengthening global health and implementing One Health approach", "delivering on climate and sustainable finance", and "financing cities of tomorrow", among other problem-solving efforts, by leveraging their lending power and technical assistance expertise. Such a high expectation for MDBs, however, raises a question as to whether it is realistic.

MDBs are multilateral organizations established by multiple states to foster socioeconomic development or regional economic integration in a particular region. They provide loans, technical assistances, and grant aids for developing countries' infrastructure investment and other development projects by using contributions from member states (or shareholders) and raising funding from capital market. MDBs are classified into those operating on the global scale, such as the World Bank Group, (2) regional development banks, such as Inter-American Development Bank (IDB), African Development Bank (AfDB) and Asian Development Bank (ADB), and (3) sub-regional development banks, such as Caribbean Development Bank. At regional development banks, non-regional shareholders are lenders (or donors), and typical regional shareholders are borrowers (or beneficiaries), even though some regional members can be lenders.

MDBs enjoy preferred creditor status, which allows them to receive repayment priority over any other creditors, and conduct conservative financial management, keeping a high capital adequacy ratio. Thus MDBs are regarded



as highly creditworthy, which enables them to provide loans for beneficiaries at more favorable terms than if the latter raise funding directly from market. Donor countries benefit also from MDBs because they can contribute to a borrowing country's development without being exposed to high risk that they would face if they lent directly. In addition, MDBs' technical assistance helps borrowing countries develop policy frameworks and cultivate human resources necessary for successfully planning and implementing development projects and governance reforms.

With their financial and technical powers, it seems natural that MDBs are expected to play a key role in addressing global challenges while supporting especially the Global South. Still there remains a question.

Role of Regional Development Banks *vis-à-vis* the World Bank

The question is why not only global but also regional development banks are counted on. One might wonder if resources should be distributed across different types of MDBs or concentrated to a global-scale bank because global action is needed.

The fact that different types of MDBs have coexisted seems to suggest that they have had complementarity in facilitating economic development. Now the center of gravity of major problems is shifting from development challenges in individual countries to global challenges, but complementarity seems to continue to matter. For example, while the effort toward achieving net-zero carbon

emission means quick increases in the supply of renewable energy in Europe, it means expediting the retirement of young coal fired power plants in some Asian countries and reducing the speed of decline in carbon offset by Amazon in Brazil. Although the global banks can in principle take different approaches in different regions flexibly, it is better to let the regional and global banks compete and cooperate with each other in creating, implementing, and assessing different approaches.

While the global development banks are formidable groups of experts, the regional banks also attract highly talented human resources. Some regional banks have been pushing forward with capital adequacy framework review, mobilization of private capital, and operational model renewals in manners well-aligned with the MDB reform recommendations proposed by the G20 Independent Expert Group and endorsed by the India G20 Leaders' Declaration. The Declaration also underscores the need for enhancing representation and voice of developing countries in decision making in international institutions. As they implement required reforms further, they will be better, bigger and more effective MDBs for the economic, social, and environmental prosperity of both developing and developed countries.



Energy & Climate Change



The Role of MENA in the Green Transition

by **Abla Abdel-Latif**

Given that the energy sector is the largest emitter of greenhouse gases into the atmosphere and MENA holds more than half of the world's oil reserves, and two fifth of its natural gas reserves, the MENA region is a crucial component for the success of the green transition. As one of the hottest and driest parts of the planet, the trajectory of climate deterioration impact is more rapid in the MENA region than it is in others. Quick handling of the problem would shorten the duration of the green transition for the whole world given the pivotal role of MENA countries in the global energy market, so why don't these countries just stop using fossil fuels and start using renewables to fix their emission and climate change problems?

The answer is simply that it is not that easy, the situation is complex and encompasses a lot of risks and uncertainties relating to a number of factors that not only affect the duration of

the transition but also the sustainability of the solutions. In what follows is an attempt to describe this complex situation and analyze its implications on the green transition, but first we start with a brief surf over the present efforts by countries in the MENA region.

According to the latest Arab Energy Index report, 2023, the MENA region's achievements in all three targets of SDG 7 are quite impressive. The energy intensity of growth has increased since 1990 in most Arab countries and is above the European average. Most countries in the MENA region, Egypt on top of the list, undertook unprecedented progress in reducing energy subsidies. With the exception of Djibouti, Libya, Mauritania, Sudan, Syria, and Yemen which suffer from low electricity access, the remaining countries in the region have almost 100% access to electricity. There are numerous impressive examples of countries in the region increasing the share of renewable energy in the energy mix.

More specifically since COP26 in 2021 in Glasgow, the five (GCC) countries have pledged to reach carbon neutrality by around the middle of the century. They set ever growing renewable targets in power generation capacity and joined several international climate related initiatives. Not to mention that two MENA hydrocarbon producers, Egypt and the UAE hosted COP27 in 2022 and about to host COP28 in 2023, respectively.

MENA producers are also increasingly starting to move to new low carbon solutions, particularly hydrogen. On top of the list is Saudi Arabia with a huge green hydrogen project in

NEOM. In North Africa Egypt has a pipeline of a large number of green hydrogen projects in the Suez Canal Economic Zone. Egypt along with other countries in the region have also signed in the last couple of years a number of regional agreements to create energy trade linkages with Europe.

The above is just a glimpse of very serious efforts in the whole MENA region contributing to the green transition. The speed of the transition and reaching sustainable solutions, however, are conditional upon many factors. In what follows we delineate a few of them.

For starters, the MENA region includes high income, middle income and vulnerable countries. This in itself sets a different agenda of economic priorities for each type. Climate concerns and green transition are luxuries for countries that have very high poverty levels and/or political stability issues. At another level MENA oil and gas producing countries are far from being homogeneous. While Gulf producers are characterized by lower production costs, stable governments, strong financial capabilities and lower populations, North African producers have, over the last decade experienced different degrees of political instability, declining hydrocarbon production, rising populations and lower financial capabilities not to mention accumulated external debt problems.

Demography is a key factor influencing the future economic path of the MENA countries and the general environment within which they pursue diversification strategies. Conditions are tougher for countries with a large and predominantly young population than it is for



the ones with smaller populations. The latter will find it easier to adjust.

Another two key factors are domestic stability and financial capabilities. Countries experiencing governance issues and instability, like Libya and Iraq are expected to lag behind. At different degrees all countries in the MENA region need local reform at one level or another and this tends to delay the green transition and its ambitious targets, because these reform are more pressing.

A key factor that applies the most to the Gulf countries is how to guarantee enough export revenues to preserve the rentier state model on which these countries relied on for decades. Renewables may replace hydrocarbon resources in the domestic energy mix, but not in the government budget as the return from investments in renewables still do not generate the same high returns that hydrocarbon industry provides.

Another key factor of relevance to the whole MENA region is water scarcity. In addition to having a negative effect on all sectors, desalination is highly energy intensive, and despite improvements in technology it is still cheaper to use fossil oil than renewable energy. Finally, there is a question mark on whether hydrogen production will progress as fast as perceived. Without guaranteed offtakers in Europe and more advanced technology, investment in hydrogen is still risky and very expensive.

If we add to all the above the Russia Ukraine war, which triggered huge investments in

renewables in the MENA region now seen as a substitute source of energy for Europe, one can't help but ask: Should the war end, what will the new position of the Western world be? Will the return on these investments be as high as perceived now? Finally with the war going on now as we speak in the MENA region, what is going to happen in the region and where would the priority of the green transition lie? The future is full of risks and uncertainties.



Energizing the Mediterranean: Can Energy Cooperation Be the Catalyst for Enhanced Regional Integration?

by **Rim Berahab**

Amidst the economic crises that have impacted Mediterranean countries since 2020, the acceleration of regional integration is crucial. From an economic perspective, regional integration boasts the opportunity to overcome geographic barriers, substandard infrastructure, and ineffective policies and facilitates the smooth movement of goods, services, and energy. Although several approaches can be undertaken to accomplish this objective, the energy sector holds immense significance, considering the abundant energy resources found along the southern Mediterranean coast. Thus, the establishment of an interconnected and integrated energy system is critical, as it fulfills two objectives- catering to the rising energy demands in the region and promoting the utilization of renewable and low-carbon energy sources. Nevertheless, efforts towards regional energy integration in



the Mediterranean have encountered several obstacles and limitations, despite its clear economic benefits. This commentary seeks to examine a critical question: How can we enhance energy integration in the Mediterranean? Can cooperation on energy be the driving force behind such integration?

The Euro-Mediterranean energy collaboration began in the 1970s with large-scale energy infrastructure projects. A notable instance is the gas pipeline connecting Algeria to Italy via Tunisia. Since then over **7,000 kilometers of gas pipelines** have been installed throughout the region,¹ and major oil and liquefied natural gas facilities have been constructed around the Mediterranean. Furthermore, various electricity connections have been established to link the Mediterranean region to Europe, primarily through Morocco and Spain. During this time, the European Union attempted to achieve a wider regional perspective by unifying energy policies and regulations within the Mediterranean area with the aim of establishing a Euro-Mediterranean energy market. Unfortunately, this approach has encountered obstacles and proven ineffective in practice. Moreover, despite substantial changes in the Southern Mediterranean region, the EU has been hesitant to adapt its energy and neighborhood policies to the evolving situation. As a result, energy integration in the Mediterranean region has remained limited and faced significant constraints, due to a range of **factors**:²

- **Predominance of Bilateral Cooperation:** Energy collaboration in the Mediterranean has predominantly occurred, and still do,

through bilateral partnerships, rather than embracing multilateral or regional efforts due the challenges presented by regional heterogeneity. This focus is impeding the development of regional institutions and cross-border infrastructure.

- **Unsuccessful Past Initiatives:** Previous attempts at fostering regional energy initiatives have been unsuccessful. Regional energy projects such as Trans-Mediterranean Renewable Energy Cooperation (TREC) and Mediterranean Solar Plan (MSP) have faltered due to unrealistic expectations, expensive electricity generation costs at that time, and the inability to adapt to the region's dynamics. These initiatives prioritized exports to Europe and neglected the escalating energy requirements of Southern Mediterranean nations. The implementation was hindered by institutional weaknesses and limited understanding of the complex energy interdependencies in the region. As a result, these EU's energy cooperation initiatives, despite being a part of its neighborhood policy, have faced skepticism from Southern Mediterranean countries.
- **Low Intra-Regional Trade:** The Southern Mediterranean region has one of the lowest levels of intra-regional trade worldwide, with a primary focus on trade activities directed towards the European Union and dominated by energy.

Notwithstanding the daunting obstacles, enhancing integration among Southern Mediterranean nations, and throughout the broader region, could yield a significant

transformation in the energy sector. At present, fossil fuels remain the dominant energy source for production and trade in the region, with Algeria, Libya, and Egypt being key producers. However, Morocco and Egypt are also witnessing a remarkable surge in renewable energy development. Indeed, the share of renewable energy in installed capacity has reached **34% in Morocco**³ and **11% in Egypt** in 2022.⁴

A prime illustration can be drawn from the realm of natural gas and its prospective role in enhancing regional integration in the Mediterranean. The Eastern region of the Mediterranean has significant gas reserves, predominantly situated in deepwater areas with high production costs, posing a significant challenge for market competitiveness. Regional collaboration is, thus, imperative to exploit the potential of these gas resources. Achieving competitive gas prices entails large-scale trading and necessitates ample resource availability along with efficient connectivity to sizable markets. The **East Mediterranean Gas Forum (EMGF)**⁵ is a recent initiative that strives to enhance cooperation among gas-producing and consuming nations in the Eastern Mediterranean region. The forum aims to decrease expenses and mitigate risks, while drawing in investment and increasing market competitiveness in the regional gas industry. The proposed gas hub on Egypt's northern coast leverages Egypt's robust domestic gas demand and its current infrastructure to provide neighboring countries with supply. To guarantee the triumph of this cooperative project, it is vital to address various crucial factors such as the liberalization of

the gas market, the harmonization of pricing mechanisms, the elimination of trade barriers, and the establishment of a fiscal framework.

On the front of renewable energy, numerous initiatives are presently underway in the Southern Mediterranean region, encompassing solar, wind, and hydrogen projects, particularly notable in Egypt and Morocco. Over the past decade, **North Africa has achieved a 40% increase in renewable energy production**, augmenting its renewable capacity by 4.5 GW across wind, solar PV, and solar thermal technologies.⁶ However, these efforts seem to be largely propelled by individual nations, with minimal visible and effective regional South-South collaboration. Additionally, the rise of competition in this field, particularly in regards to the development of clean hydrogen, poses a significant challenge. The EU's enthusiastic attention to this emerging market, coupled with its potential as an exporting hub, may serve to intensify competition. A coordinated regional strategy for developing renewable energy and promoting collaboration is essential for optimizing mutual gains while reducing inefficiencies associated with competition.

In conclusion, reforming and recalibrating cooperation mechanisms is essential to nurture energy integration within the Mediterranean region. This process begins with identifying shared objectives between the two shores of the Mediterranean and recognizing the pivotal role played by countries along the Southern coast in shaping the energy future of this region. Although progress may not be quick or easy, it is essential for improving energy market



connections, promoting regional growth, and ensuring stability.

Realizing the numerous benefits of increasing energy integration in the Mediterranean⁷ requires cultivating a collective willingness to collaborate on regional trade agreements, adopting market-driven energy pricing throughout the region, and developing shared infrastructure, including pipelines and power grids, to facilitate the transport and distribution of energy resources among countries in the region. Harmonizing regulations and policies can aid in fostering a more unified regional energy market, which currently struggles with a disarray of regulations and policies. Eliminating fossil fuel subsidies, which is both sensitive and necessary, can increase the competitiveness of renewable energy. Notably, countries such as Morocco and Egypt have already made significant progress in this area. Advancing energy integration also necessitates sharing technology and expertise among regional nations. Furthermore, ensuring a fair distribution of benefits can mitigate potential disparities that may arise among countries along the Southern shore of the Mediterranean due to energy integration efforts.

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Charting Africa's Path to Climate Resilience: Overcoming Challenges and Rethinking Environmental Taxation

by **Mounia Boucetta**

The African continent is grappling with several major difficulties and challenges in its fight against climate change, which threaten environmental stability, security, development, and the lives of millions of its inhabitants.

Despite accounting for less than 4% of global emissions, Africa disproportionately bears the devastating consequences of climate change. It experiences increasingly frequent extreme weather events, droughts, and floods, leading to the forced displacement of its population, estimated at over 7.3 million in 2022, according to The Internal Displacement Monitoring Center.

Other challenges facing the continent, such as political instability, population vulnerability, poor infrastructure and low levels of economic and social development in many African countries, are compounding this situation.



Access to energy and its consumption exhibit significant disparities across the continent. Africa accounts for only 3 to 4% of global energy consumption, and the lion's share of this energy is consumed by North and South Africa, comprising nearly three-quarters of the total. Moreover, the electrification rate remains below 60%, with substantial variations in coverage levels.

Carbon emissions are primarily driven by activities such as land clearing for agricultural expansion, deforestation, wildfires, and forest degradation resulting from livestock farming and other human practices. The industrial sector's impact remains relatively low, while the proportion of energy consumption in these emissions is steadily increasing.

African countries face difficulties in mobilizing the necessary funding for climate change mitigation and adaptation projects. The main constraints often stem from the fact that donor funding solutions may not always align with Africa's specific needs, considering debt capacity, profitability, risk costs, and return on investment cycles.

Environmental or green taxation can be viewed as a productive economic tool to promote environmentally friendly consumption and production choices. Revenues from these taxes are often reinvested in projects and environmental policies aimed at mitigating the effects of climate change.

In this regard, African countries have implemented environmental taxes, particularly on fuel, carbon emissions, plastics, mining, and oil exploration.

According to the Organization for Economic Co-operation and Development (OECD), a comprehensive analysis of the environmentally related taxes (*) across 30 African countries revealed that, on average, the collected revenues amounted to 1.1% of GDP in 2019. This figure is notably lower than the unweighted OECD average of 2.2% of GDP. The range of these taxes varied from nearly 0.1% of GDP in the Republic of Congo and Nigeria to as high as 4.7% in the Seychelles. Moreover, the majority of environmental tax revenues came from taxes on energy products, accounting for an average of 0.7% of GDP.

The effectiveness of these taxes depends on their design, implementation, and allocation of the resources generated, which can be allocated to climate change mitigation or adaptation projects.

Considering the current levels of collected revenues, it is evident that environmental taxation falls short of providing adequate financing for the ecological transition of African countries. According to the World Bank, the funding requirements for this transition can vary significantly, ranging from 2% to 9% of GDP. However, there are several additional factors exacerbating the challenge.

Firstly, the substantial presence of the informal sector in many African economies poses a considerable obstacle. This sector often operates outside formal taxation systems, making it difficult to capture potential tax revenue from environmentally harmful activities.

Secondly, issues related to transparency and traceability in tax collection processes further complicate matters. The lack of robust systems for tracking and verifying tax payments can result in revenue leakage and inefficiencies.

Lastly, the presence of subsidies for fossil fuels creates a counterproductive dynamic. These subsidies can undermine the effectiveness of environmental taxes by incentivizing the continued use of polluting energy sources.

Furthermore, the imposition of such taxes, particularly in medium and low-income African countries, carries the risk of exacerbating the vulnerability of populations unless accompanied by appropriate programs.

This is the case for African households that rely on coal as a primary energy source, with no other affordable or readily available options. In such situations, environmental taxes inevitably diminish their ability to acquire energy. Solutions such as promoting the adoption of solar home systems can mitigate their challenges and encourage more environmentally friendly practices.

Africa requires sustainable resources to ensure green economic growth, combat the effects of climate change, and promote ecological transition. Environmental taxation should be part of a comprehensive approach to avoid creating additional constraints on development or impacting the living standards of African populations.

Taxes should not be considered in isolation, but rather should consider the potential impacts while integrating the specificities of

the continent, the needs of its population and operational efficiency. Governments are invited to implement comprehensive environmental programs that include incentives, grants, awareness campaigns and innovative solutions.

To achieve a successful global ecological transition, it is imperative that international cooperation directs increased attention and resources towards initiatives that effectively address existing barriers to financing adaptation projects in Africa.

These barriers may include insufficient access to capital, limited solvency and high borrowing costs. The development of appropriate financial instruments and mechanisms can help fill these gaps and make financing more accessible.

Encouraging and supporting African-led innovative solutions is essential. This includes empowering local communities, entrepreneurs and researchers to design and implement sustainable and context-specific initiatives. By encouraging local innovations, Africa can effectively address its environmental challenges while promoting economic growth and enhancing its resilience.

Finally, international concessional financing mechanisms must be mobilized on favorable terms. These mechanisms should be designed to provide African countries with access to financial resources on competitive terms, ensuring that repayment obligations do not unduly weigh on their fiscal capacity. Such funding can facilitate the implementation of adaptation and mitigation projects without putting additional pressure on already limited budgets.

The Rise of Global South: New Consensus Wanted



(*) An environmentally related tax is defined by OECD as a tax whose base is a physical unit (or a proxy of a physical unit) of something that has a proven, specific harmful impact on the environment regardless of whether the tax is intended to change behaviours or is levied for another purpose.



Africa Requires Blended Finance and Private Sector Involvement to Support Its Energy Transition

by **Sabrina Emran**

Attracting investment in Africa remains one of the most challenging aspects of the continent's energy transition. Despite hosting one fifth of the global population, only 3% of global energy investment flows into the region.

Certain areas face greater investment gaps than others. For example, closing the energy access gap in sub-Saharan African countries will require an estimated annual investment of \$20 billion up to 2030, according to the International Energy Agency. This comprises approximately \$10 billion for mini-grids, an additional \$5.6 billion required for grid investments, and \$4.9 billion for off-grid solutions.

Hence, it is crucial to understand that financing the energy transition in Africa depends on comprehending the heterogeneity of the continent and the disparities in the difficulties faced by each country, which are not all



uniform. For certain middle-income countries that depend on fossil fuels and have significant informal sectors, the available funding would be better utilized in transitioning energy-dependent industries from complete reliance on fossil fuels to more sustainable methods of energy generation. Alternatively, for a number of low-income African nations that do not depend on fossil fuels, the transition represents a chance to skip the conventional fossil fuel-driven economic development and move towards constructing sustainable energy systems.

In this context, financial support must consider not only preserving people's means of survival but also lifting communities out of poverty and enabling them to adapt to climate change.

As Africa necessitates prompt action and funding to enhance its energy transition, the private capital's involvement in financing Africa's energy transition plays a vital role. Nevertheless, its contribution faces hindrances due to risk factors associated with lending to developing nations.

Where is the Lack of Financing Coming from?

Spending on climate mitigation currently only amounts to around \$600 billion, while Africa needs \$3 trillion by 2030. The IMF suggests that the world needs between \$3 and \$6 trillion annually until 2050. Private investors have significant financial resources, with assets around \$210 trillion, and banks potentially holding another \$200 trillion. However, the main challenge relies in directing these assets in investments made in climate-related projects.

The key obstacle is perceived risk, especially in low- and middle-income countries, which can deter private investors due to concerns about country risk and currency risk. However, there is interest among investors if these risks can be mitigated. Blended finance is seen as a solution, utilizing public sector funding to reduce risk to a level acceptable to private investors.

Flawed Rating System

Furthermore, investors' assessment of country risk remains subject to many challenges. These include the perception of the investment destination and the willingness to contribute to the growth of green energy in the country, in line with the objective of investing in financially reliable projects. In this regard, the ratings issued by private rating agencies are a major contributor to the predictions of investors on the appropriateness of their investment according to their risk aversion and investment profile. The challenge for developing countries is therefore to attract these investors and, by the same token, to improve their sovereign ratings. These are seen as a signal of stability and the likelihood that a country is a good place to do business. However, while rating agencies initially appeared as private companies that allowed investors to rely on their opinions to assess the creditworthiness of borrowers (Deb, et al., 2011), today they can be responsible for creating information asymmetry and regulating investment. For example, some African countries have experienced credit rating downgrades. This led to an increase in bond interest rates for Mauritius, Nigeria, Botswana, and South Africa. Eventually, these downgrades could negatively

impact economic growth and both domestic and Foreign Direct Investments.

Country Related Project Risks

Project risk, currency risk and existence risk can be added to the other categories of risk that constrain private investment in emerging markets. While renewable energy projects require a long-term horizon to generate financial returns, the supply of investment-ready projects in African countries remains limited. Investors' fear of unfamiliar markets or early-stage concepts is also a factor. The overall improvement in the business climate needs to be complemented by networks and value chains. These are still limited in emerging markets. In contrast, infrastructure projects, including green, require high upfront costs and returns over long periods, which is a major barrier to private investors.

Private investors can often provide capital inflows from developed to developing countries. However, there can be mismatches in terms of deal structuring and complexity. This often requires a deep understanding of deal structuring for project assembly. At the same time, technical barriers such as limited baseload and suitable infrastructure must be considered, resulting in a double disadvantage as transmission and distribution infrastructure is limited in the areas that need it most. An example of a mismatch is Senegal, where current installed capacity from diesel and coal is about 700 MW, while a sustainable energy project with a potential to add 158 MW of renewable capacity (wind) has been abandoned due to technical difficulties.

This, unfortunately, outweighs potential for large projects in countries where they are needed most.

Blended Finance for Energy Transition

Amid these challenges, the imperative to scale up climate finance and foster a nature-positive world becomes evident. Blended finance emerges as a pivotal source, leveraging public or philanthropic funds to catalyze private investment. It also plays a crucial role in addressing the \$700 billion per year biodiversity financing gap. To harness the potential of blended finance, it is imperative to break free from the shackles of traditional models. Rather than blending finance project by project, a paradigm shift is required to scale up efforts. This transformation involves collaborative efforts between governments, Multilateral Development Banks (MDBs), and the private sector. Moreover, the Climate Finance Partnership, announced at COP26 by asset manager BlackRock, illustrates the power of collaborative efforts. With a focus on renewables, transmission, and energy storage infrastructure in Latin America, Asia, and Africa, the fund raised \$673 million. Of this, \$130 million in catalytic funding reduced private sector risk. Private investors committed five times as much, totaling \$523 million, highlighting the appeal of blended finance.

In conclusion, addressing Africa's energy transition and investment challenges requires a multifaceted approach. Private capital and blended finance can significantly contribute to closing the funding gap, but mitigating risk perceptions and improving the investment climate are essential.



Climbing the Energy Ladder from the South to the North

by **Lydia Powell**

Sustainable development goal 7 (SDG 7) of the United Nations 2030 Agenda for Sustainable Development calls for universal access to affordable, reliable and modern energy for all. 2023 is the mid-point of the implementation of SDG goals but current trends suggest SDG 7 is not likely to be achieved by 2030 without strong policy and monetary support from the Global North to millions of households in the Global South that lack access to clean cooking fuels. In 2022, around 2.4 billion people, mostly in the Global South used solid fuels such as wood, crop waste, charcoal, coal and dung (“unprocessed biomass”) and kerosene in open fires and inefficient stoves to cook food.

Most of those who use unprocessed biomass live in improvised homes with no ventilation. Women in these households are the main fuel collectors and food providers as they have no

basic education which reduces their opportunity cost (alternative use of their time) to zero. The time loss from collecting fuels and preparing meals using inefficient stoves, excludes these women from other social and productive activities like education or income-generation. The energy expended by the women in fuel collection is part of the primary energy basket of the Global South but is never acknowledged.

Use of solid fuels for cooking emit more total particulate matter (PM), benzo-a-pyrene, carbon monoxide and polycyclic organic pollutants than fossil fuels. In clinical terms, women spending three hours a day in cooking with biomass are exposed to 700 micrograms of PM per cubic metre, compared to the safety level of less than 75 micrograms. The benzo-a-pyrene alone inhaled by women was equivalent to smoking 400 cigarettes a day. Animals subjected to cow dung smoke inhalation developed chronic bronchitis, bronchiolitis, and emphysema.

Governments in the Global South subsidised the adoption of cleaner alternatives such as efficient stoves and biogas stoves that reduced biomass use to some extent. However, liquified petroleum gas (LPG, mainly propane and butane) packed and distributed in convenient canisters was far more successful in displacing biomass use. Rapid growth of programs that subsidise access to LPG in India, Indonesia, Kenya and Peru, among other countries has substantially expanded adoption. Globally the number of rural households using LPG as cooking fuel is growing much faster than those using electricity.

The full life-cycle default carbon intensity of LPG is about 76 CO₂e/MJ (carbon-di-oxide equivalent per million joule) compared to about 75-78 CO₂e/MJ for natural gas. Going by the definition of the IPCC (Intergovernmental Panel on Climate Change), LPG is not a greenhouse gas (GHG), meaning it is assigned a global warming potential (GWP) of zero. This is in contrast to natural gas (mainly methane) that has a GWP 28 times that of CO₂.

According to the world health organisation (WHO) clean fuels and technologies are those that attain either the annual average air quality guideline level (AQG) of 5 micrograms per cubic meter (µg/m³) or 35 µg/m³ for PM_{2.5} (particulate matter of diameter 2.5 micrometres or smaller) and 7 mg/m³ (milli grams per cubic meter) for CO (carbon monoxide). Under this criteria, solar/electric cookers, biogas, natural gas, LPG and alcohol fuels including ethanol are clean fuels at the point of use.

LPG can be stored for long periods of time without experiencing degradation in quality which makes it suitable for multiple uses in rural, urban and industrial settings. In the context of rural energy, shelf life is critical as service for replacement and maintenance are often scarce. As elaborate infrastructure of pipelines is not necessary to support transport and distribution of LPG, it is often the only fuel to reach islands or high-altitude communities and, in times of emergency or national disaster, crucial to survival.

Transitioning from biomass to LPG and electricity for household energy is a net win for the climate, even after considering the entire



energy life-cycle. An analysis in 77 countries where at least 1 million people use polluting solid fuels for cooking reduced GHGs by 17 percent if all transitioned to LPG. The clean cooking scenarios yielded an average 5 mK (millikelvin, small but measurable) reduction in global temperature by 2040 and a 6 million ton (99%) decrease in annual emissions of PM_{2.5} by 2040.

Till the mid-2010s, the energy ladder theory dominated understanding of household energy choices. According to the theory households were expected to shift from unprocessed biomass to LPG or electricity in response to higher incomes. Studies in the late 2010s from most developing countries like Mexico, Brazil, Nicaragua, South Africa, Vietnam, Guatemala, Ghana, Nepal, and India show that rural households do not “switch” fuels, but follow a multiple fuel or “fuel stacking” strategy by which new cooking technologies and fuels are added, but even the most traditional systems are rarely abandoned. This has been found to apply even to households in the highest expenditure brackets in rural areas. There is also evidence of “switching back” to traditional fuels such as biomass due to increase in the price of modern fuels such as LPG or when household incomes fall. This was illustrated in 2022 when an estimated 100 million people have had to switch from LPG for cooking to biomass because LPG prices rose to twice their levels in 2019. Most of those who switched back were in Developing Asia where LPG use is high, and where programs which provided LPG canisters to the poor have begun to cut subsidies. The financial burden of

providing subsidised LPG is increasing, pushing a number of Governments to remove or reduce financial support, including Kenya and India.

In the medium term, subsidization of LPG use in poor rural households of the Global South is unavoidable. Multilateral economic and environmental platforms can initiate the prospect of using carbon credit assistance to fast-track the adoption and use of LPG. The 2030 Agenda for Sustainable Development is premised on the “leave no one behind” philosophy. Subsidising the use of LPG will leave no one behind, not the scores of disadvantaged women and girls, not the environment and not the Global South.



Moving Europe and Africa Towards More Common Ground on Climate and Energy*

by **Afaf Zarkik**

The United Nations Climate Change Conference COP27 in Sharm El Sheikh was widely deemed as having failed in terms of reducing global emissions, representing a setback in the fight against global warming. However, amid this struggle, it also highlighted the potential for progress when developed and developing economies find common ground.

It was in this context that expectations of a new impetus for global climate justice were raised by the eleventh-hour agreement on a loss and damage (L&D) fund for vulnerable countries hit hard by climate disasters. The notion of an Africa-Europe partnership in the fight against climate change, guided by the AU and EU, emerges as a highly strategic endeavor.

First, within the United Nations Framework Convention on Climate Change (UNFCCC), the European Union and the African Group of Negotiators (AGN) wield substantial influence.



Together they account for over 40% of the total parties to the Convention. Furthermore, moving Africa and Europe towards more common ground can make a valuable contribution to the global climate agenda, both by facilitating dialogue and engagement, and by supporting emerging consensus in other fora. They can promote more coordinated efforts in different multilateral fora and help to facilitate a more coherent dialogue on respective positions as they take shape in a range of multilateral, regional and bilateral mediums and involve a complex patchwork of instruments and institutions.

Challenges of Multilateral Collaboration

Africa and Europe have long shared a commitment to climate coordination, most recently expressed at the 6th EU-AU Summit in February 2022, alongside the announcement of a €150 billion investment package for Africa under the EU Global Gateway. At COP27, the EU also pledged €1 billion in investment to support Africa's adaptation and resilience to climate change. While common ground exists, there are also differences. Achieving fair and equitable climate action through multilateral means continues to be challenging. Although there are shared viewpoints among Africa and Europe, discrepancies still exist in three key areas.

First, there are disparities in historical responsibilities. Second, priorities vary regarding economic development and emissions reduction. Contentious issues arise from how African countries perceive EU external climate measures, such as the Carbon Border Adjustment Mechanism (CBAM), and the role

of industry subsidies and fossil fuels. Third, Europe and Africa belong to different coalitions in climate negotiations. This is demonstrated by the recent proactive leadership demonstrated by Small Island Developing States (SIDS) and V20, alongside the continuing significance of LDCs and G77 from an African perspective, and G7 from the EU side.

Common Ground Between Africa and Europe

Demonstrating the importance of an African-European alliance in the fight against climate change and the transition to clean energy, delegates from both parties played a key role in the momentous L&D fund decision taken in Sharm el-Sheikh.

Africa and Europe often belong to separate coalitions, but COP27 was an opportunity for them to strengthen their cooperation. This included the launch by the "Vulnerable 20 Group of Finance Ministers (V20) of 58 climate vulnerable economies" and the "Group of Seven" (G7) of the Global Shield against Climate Risks, and the EU's critical support for the creation of an L&D fund.

COP27 was also the stage of an emerging consensus on the need to reform the global financial architecture. Many European countries, such as France and Germany, endorsed PM Mia Mottley of Barbados' Bridgetown initiative. This proposal advocates reviewing the international sovereign debt architecture, increasing emergency liquidity, expanding multilateral lending, and establishing an ambitious \$500 billion global mitigation trust fund. In June 2023,

French President Emmanuel Macron convened a summit in Paris proposing a new global financial agreement, the Macron-Mottley summit, aimed at promoting decisive action prior to the G7 meeting in Japan later that year. But these are just a few steps in the right direction.

There are more and bigger steps to take:

1. Keeping momentum for climate justice:

The commitment to a L&D fund for vulnerable countries hit hard by climate disasters must be met and progress must be shown at COP28. An AU-EU alliance can promote the following: First, representation of countries of the global south and strengthening their voice in global institutions. Second, capitalizing on the momentum generated by the announcement of the fund to promote wider reform of international financial institutions. Third, promoting deeper and wider technical assistance to ensure the fund's success. And last, ensuring the fund anticipates and manages risks pre-emptively.

2. Raising financial ambitions: Momentum is building to reform the way global financial institutions support the world in moving towards net zero and help developing countries reach their sustainable development goals (SDGs). This includes tackling the debt burden of developing countries, particularly in Africa, reforming the World Bank and other Multilateral Development Banks (MDBs) and increasing investment in achieving the SDGs by 2030. The June 2023 Paris Summit for a new global financial pact presented a roadmap of reforms and reiterated these commitments.

More needs to be done in COP28 to maintain the momentum for this agenda.

3. Striving for a Just energy transition:

A “just energy transition” is critical. This includes acknowledging that Africa’s energy transformation must go hand in hand with reduced poverty, hunger and inequality while fostering growth and development to achieve the ambitions of the SDGs. Striving for a just transition will ensure that those who suffer the most from climate change but contribute the least to emissions get financial support from countries that have contributed the most to creating the problem.

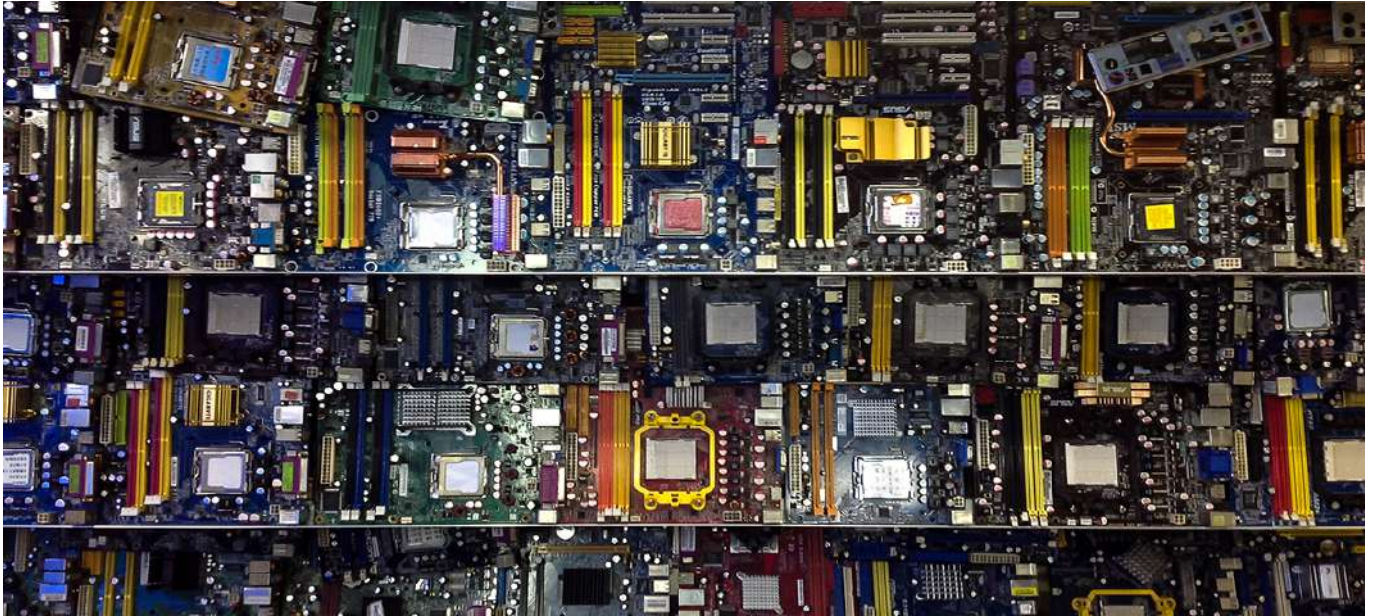
4. Securing Resilience: More needs to be done and more needs to be spent on climate change resilience and adaptation. African and European partners can help drive the agenda on three levels: on a technical level, focusing on innovations, on the financial one, maximizing the effectiveness of EU external adaptation finance, and on a diplomatic one, increasing pressure on other large emitters to ramp up adaptation finance for global climate action.

At the heart of this undertaking is a shared vision and story that underscores the increasing interdependence between Europe and Africa with respect to climate risks, the need for heightened global commitments, and the tangible benefits of creative and bold decarbonization programs.

** Based on "Africa-Europe relations: A balanced narrative and reality check", POLICY BRIEF No. 166, "Moving Europe and Africa towards more common ground on climate and energy", By A. Medinilla, A. Zarkik, and L. Jaïdi with contributions by J.A. Adjaye, N.A. M'hammdi, K. Karaki, K. Dekeyser, and H. Knaepen, September 2023.*



New Technology & Digital Transition



Can the South Be a Player in Technological Competition?

by Larabi Jaïdi

Technology is emerging as the game changer in global economic competition. It's a stake in the power play. It is a lever of influence and positioning in the dual geoeconomic and geopolitical battle. In the 21st century, the battlefield on which the great powers clash is digital. The great challenge for the South is to acquire the capacity to appropriate the major innovations that will shape the future of the world economy system. New technologies (3D, biotechnology, nanotechnology, etc.) greatly stimulate the economic development of countries and consequently their position in the global economy.

If the South wants to be more than a consumer of technology and less dependent on the great powers, it must make its way and be in a position of actor in technological competition. Otherwise, it risks becoming a playground for technological competition between great



powers. Technological battles are being waged in a growing number of areas in which the South is called upon to define strategies and policies that will enable it to achieve strategic autonomy.

Thus, the choice of the South with regard to suppliers for the deployment of 5G is at the center of the first geopolitical controversy around the development of a technology since the end of the Cold War. In Africa, some states are aligning themselves with the countries of the North, others are complying with Chinese strategies and initiatives; others still refuse to make a definitive choice on 5G. The process of setting technology standards is a subtle way to create dependencies. There is currently a race to establish the standards that digital infrastructures will have to meet. As globalization leads to fragmentation and China and the United States become disassociated, the battle over technical standards has become critical. Submarine cables are essential for the operation of the entire digital sector. 97% of internet traffic passes through these cables. In recent years, Chinese and American companies such as Huawei, Amazon, Microsoft, Google and Facebook have increased their presence in the African or Asian submarine cable market.

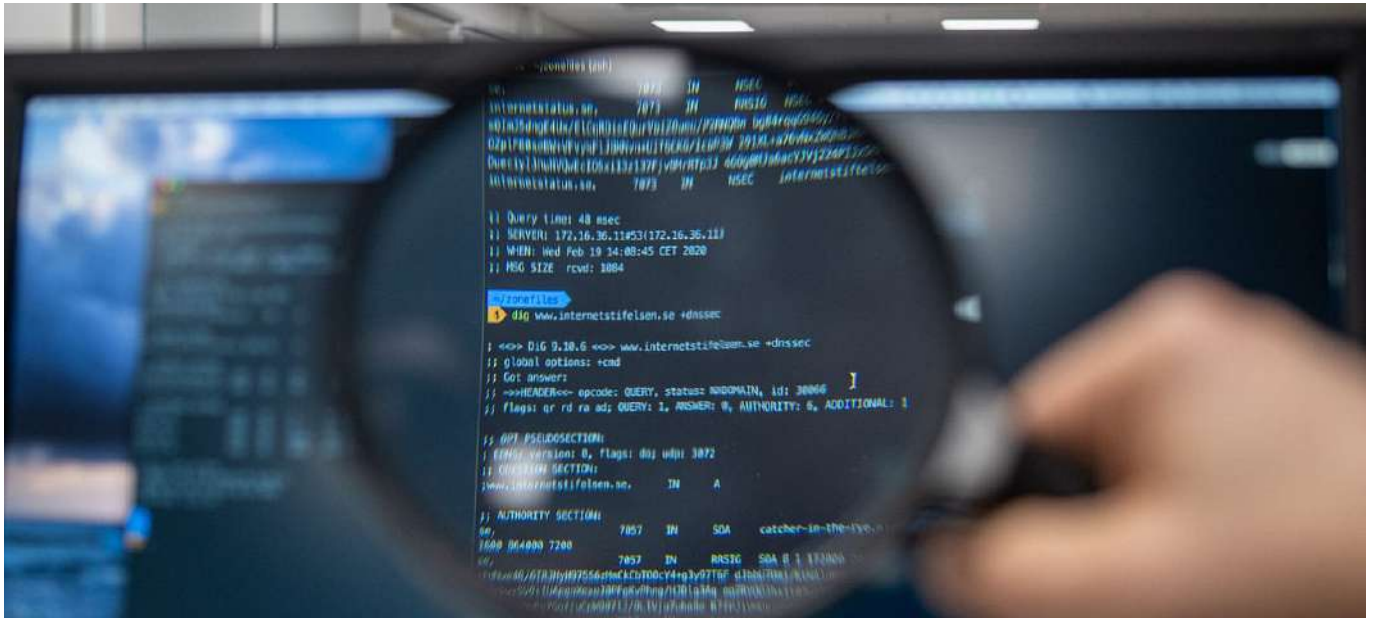
In addition, new technologies, artificial intelligence in particular, enable military uses that could change the balance of power in the world by giving new actors crucial military capabilities. Military artificial intelligence is emerging as a new field for great power rivalry. Authoritarian states in the Global South have successfully mastered digital technologies but... to increase their power and control over their

citizens, and to undermine democracies. These states have transformed social media and digital technologies into effective instruments of surveillance and social control. The business model of social media companies, based on advertising to captivate audiences and obtain user data, has led to an economy that increases political polarization and erodes trust in institutions.

Effective policies need to be defined to strengthen the South's engagement in the geopolitics of technology. First of all, the states of the South, which are still unaware of the role that technology plays in global competition, must change their mindset and recognize that ignoring the geopolitical power issues linked to new technologies is not a winning strategy. The challenge for the South is to work with partners and multilateral organizations – such as the Organisation for Economic Co-operation and Development (OECD), the World Intellectual Property Organization and others – to develop effective, open and value-based technological standards. Through multilateral institutions such as the World Bank and the International Monetary Fund (IMF), the WTO or through the G20, the countries of the South should contribute to the establishment of an international data protection regime.

Similarly, regional groups such as Mercosur, the African Union, ASEAN should establish a framework for their member states to cooperate closely on technological issues. Thus, these groupings would be strengthened by establishing rules and regulations, such as those on artificial intelligence. They can use the allure of access

to their digital marketplace to strengthen their alliances. The financial institutions of these regional groups should encourage companies to invest in the adoption of critical technologies, while at the same time seeking to reduce their technological dependence.



The Rise of the Cyber Power: Challenges and Opportunities for the Global South

by **Luigi Martino**

In an age dominated by the relentless march of digital transformation, the Global South has emerged as a dynamic and influential force in the cyber arena. This article dives into the multifaceted role played by the Global South in the digital domain, shedding light on both the opportunities that it brings forth and the formidable challenges it faces. Furthermore, we delve into the ongoing confrontation over technological power, particularly exemplified by the tussle between China and India.

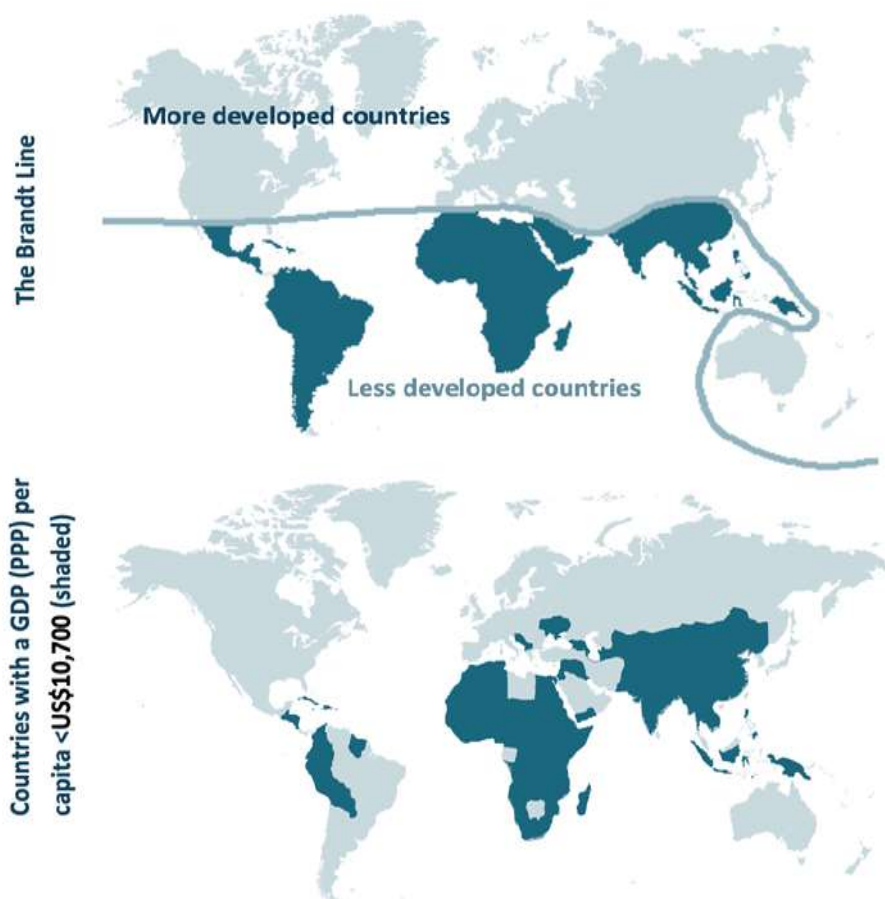
Understanding the Global South

The Global South, as a concept, encompasses a diverse and extensive group of nations predominantly situated in Africa, Latin America, Asia, and Oceania. These countries, often characterized by their economic diversity, cultural richness, and varying income levels, collectively represent a significant portion of

the world's population. However, the concept can create some misunderstanding on the abstraction and the reality level. Indeed, as explained by the following figure there is a gap between the theoretical concept and the actual

situation of the role covered by the countries that are crossed by the Brandt line.

Furthermore, the digital economy has opened up unprecedented opportunities for the Global South. Participation in the digital economy



Source: [Royal Geographical Society](#)



has the potential to drive economic growth, create jobs, and nurture innovation hubs. This economic growth, in turn, can contribute to the development of human capital, improving access to education, healthcare, and information, ultimately enhancing human development indices.

The Global South's increasing influence in cyberspace has not gone unnoticed on the global stage. It has led to the region's heightened geopolitical significance, shaping international discussions on internet governance, data security, and digital diplomacy. This evolution has underscored the importance of considering the Global South's perspectives and interests in global cyber governance frameworks.

The main role is involving the context of digital technologies, where the Global South has been a witness to a remarkable surge in connectivity as well as a technology driver arena. This surge is driven by various factors, including deliberate initiatives aimed at bridging the digital divide. Many nations within the Global South have strategically embraced digital technologies to offer essential services, ignite economic growth, and empower their populations, or to increase their power in the cyberspace. These efforts reflect the growing commitment to digital sovereignty, which emphasizes control over their "digital destiny".

However, the ascent of the Global South in the digital realm is not free from challenges. The increased connectivity that fuels economic growth and innovation also exposes these nations to a myriad of cyber security risks. These risks encompass cyber attacks targeting critical

infrastructure, data breaches, and espionage. Furthermore, disparities in digital infrastructure and skill levels within the Global South can exacerbate existing inequalities, potentially resulting in social unrest and instability.

The Digital Arena Between China's Digital Ascendancy and India's Digital Trajectory

The dynamics of digital sovereignty and technological power confrontation are particularly evident in the cases of China and India. Both countries, each possessing substantial populations and rapidly growing digital economies, exert significant influence over the global digital landscape and, as properly described by [Carl J. Dahlman](#) are entitled to be recognized as "emerging technology power" of international system.

China, with its thriving tech giants such as Alibaba, Tencent, ZTE and Huawei, stands as a digital powerhouse. The nation's "Digital Silk Road" initiative, an integral part of the expansive Belt and Road Initiative (BRI), is reshaping global connectivity and digital infrastructure. China's state-guided approach to technology development has yielded significant advancements in areas such as 5G, artificial intelligence, and quantum computing.

Graham Allison, in his book "Destined for War: Can America and China Escape Thucydides's Trap?" argues that China's technological ascent has sparked fears of a Thucydides Trap scenario, where an established power (the United States) feels threatened by a rising power (China). This struggle for technological supremacy extends beyond cyberspace into geopolitical rivalries

and imply a potential regional security dilemma.

Yet, China's digital ascent is marred by concerns regarding data privacy, surveillance, and its role in global internet governance. The government's tight control over online content, coupled with the use of technology for social monitoring, has attracted international scrutiny and criticism, with particular emphasis on the contraposition between the rule of the law (including human rights concern) and the Chinese concept of cyberspace as continuation of national territory.

India, on the other hand, has embarked on its digital journey through initiatives such as "Digital India". The country boasts a thriving ICT industry, a burgeoning ecosystem, and a vast pool of semi-experts' technology professionals. These efforts have established India as a hub for digital innovation and outsourcing.

Conclusion

The ascent of the Global South in the digital arena represents both promise and challenges. The cases of China and India illustrate the complexities of navigating the digital landscape, where sovereignty, power, and cooperation intersect. As these nations assert their digital sovereignty, they must engage in responsible diplomacy to manage conflicts, promote stability, and ensure the global digital ecosystem thrives. The path forward demands a delicate balance between seizing digital opportunities and addressing the vulnerabilities intrinsic to the digital age. In this journey, insights from experts provide valuable perspectives that can inform and guide policies and strategies in the pursuit of digital sovereignty and peace in cyberspace.

In conclusion, the Global South's rise in cyberspace presents both challenges and opportunities of global significance. To fully realize its potential and mitigate associated risks, international collaboration is essential. Strengthening cooperation through knowledge sharing, capacity building, and technology transfer can empower the Global South to play a pivotal role in shaping the future of the digital world. Additionally, investments in education, policy alignment, and technical support are crucial steps toward a more secure and inclusive digital future, contributing to international peace and stability in the process.

As we delve deeper into the multifaceted role of the Global South in the digital realm, it becomes evident that this region's journey through cyberspace carries profound implications for the global landscape. The transformative impact of digital technologies on economies, societies, and international relations is undeniable. Yet, this transformation is not uniform across the globe, and the Global South's ascent in the digital domain stands as a testament to the complexities and opportunities.

For instance, one of the most notable achievements in this regard is the leapfrogging of traditional development stages. Many countries within the Global South have bypassed legacy infrastructure and adopted digital technologies directly, often providing essential services such as mobile banking, telemedicine, and e-governance to previously underserved populations. This leapfrogging has not only accelerated development but has also created opportunities for entrepreneurship and innovation.



In geopolitics terms, the Global South's growing influence in cyberspace has led to increased recognition and engagement on international platforms. Nations within this region are no longer passive spectators but active participants in shaping the global discourse on issues such as internet governance, data ownership and digital sovereignty. Their voices and perspectives are gaining prominence in international forums, reflecting the shift in the global balance of power.

Yet, as the Global South surges forward in the digital era, it encounters a spectrum of risks and challenges. The expansion of digital connectivity has exposed nations in this region to a multitude of cybersecurity threats. Cyberattacks targeting critical infrastructure, data breaches, and the potential for state-sponsored cyber warfare

have become pressing concerns. The need to fortify cyber defenses, establish robust incident response mechanisms, and develop comprehensive cybersecurity strategies is paramount.

Furthermore, the digital divide within the Global South is a stark reality. Disparities in digital infrastructure, skills, and access persist, leaving marginalized populations at a disadvantage. This digital divide, if left unaddressed, has the potential to exacerbate existing inequalities, leading to social unrest and instability in some regions.

In conclusion, the Global South's ascent in cyberspace is not merely a regional phenomenon; it is a transformative global power.



The Global South in the Global Digital Governance: A Natural Fit

by **Rohinton P. Medhora**

In global governance, multipolarity has been the order of the day for some time. Within this chapeau, the rise of digital issues as the proverbial challenge and opportunity for new rules and processes, and the central role of the Global South for this to happen successfully, merit further consideration.

Digital governance is a vast field that cuts across national and international boundaries and across policy sectors. The [Leaders' Declaration](#) from this year's (2023) G20 summit in New Delhi contained carefully crafted but constructively aspirational language for all the major themes of the summit:¹ revived inclusive growth, achieving the SDGs, Green Development, reform of multilateral institutions, gender equality, international taxation – and technological transformation and digital public infrastructure. But what is most striking about this menu is that digital issues do not just belong in that one



section devoted explicitly to them. All the other themes are touched by one or the other aspect of digital governance. Ultimately, whether we get digital “right” and if so how (for there is no single path) will in large part determine success in the other endeavors. The Global South is central in many ways – as a major consumer of digital technologies, as an important producer of them and of the data that is the fuel of machine learning and AI from its massive population, as a bridge between competing visions of governance particularly between the US and China, and as a force in its own right in current geopolitics and geo-economics.

To start, consider the broad standard trichotomy that is used to characterize the economic and political geography of digital issues. The US and China have spawned the large digital platforms and hardware producers that, because of the inherent economies of scale (“winner take all”) in this business, dominate not just at home but as instruments to project power around the world. Mostly frozen out of the business side of this game, the EU has positioned itself as a temperance movement more watchful of consumer interests and the public good than the political economy in the other two countries permits. From the groundbreaking [GDPR](#)² to rules to promote [ethical AI](#)³ to the type of [charger one can use](#) on an iPhone,⁴ the EU is seen as the benchmark for sound regulation of Big Tech.

This leaves the Global South in a familiar position – mostly on the outside looking in, catching up with a state-of-the-art established elsewhere, and with little agency to alter progress in a fast-paced field where even in the best of cases regulation

and policy always lags technological advance. China may see itself as representing Global South interests and values as does India, but this is contested, which is inherent in multipolarity. The fact is, China’s State-centric regulation model is at least as off putting as the US’s firm-centric model – and no one wants to be the champion of the public good just because, as in the EU, there is no indigenous business card to play.

The way forward lies in demonstrating the economic and political hand the Global South possesses and using it to craft a new consensus. The “[Indian stack](#)” is correctly garnering attention for its combination of digital ID,⁵ financial inclusion, e-payments, and health ID to bring the digital sector at the service of sound citizenship and shared prosperity. So is [Korea’s approach](#) to open data,⁶ privacy and cross-border data governance. The OECD-brokered [international tax agreement](#)⁷ is a step in the right direction in leveling the playing field between all but especially small countries and the dominant multinational digital firms. None of these approaches is without [flaws](#) but this is precisely the point.⁸ There is a [variety of models](#) available to govern tech for the public good.⁹ Meaningful progress will only be achieved by considering the richness of ways and means on offer around the world.

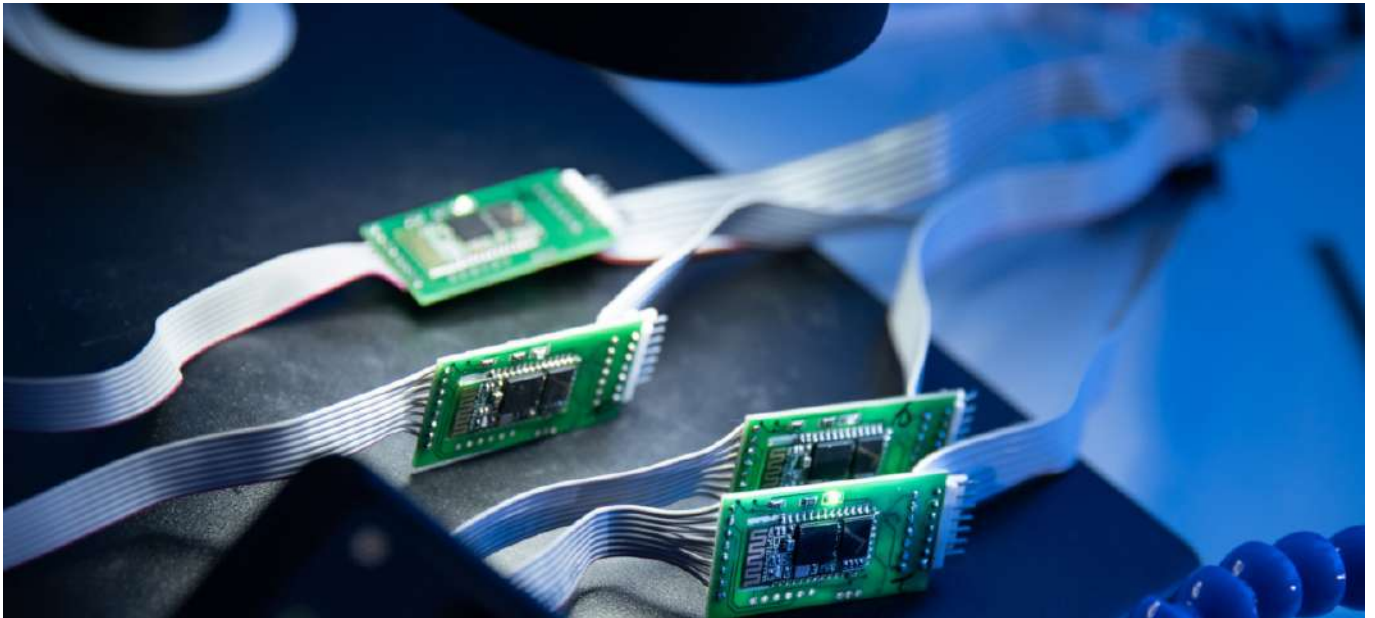
Two final thoughts on what is entailed for this to occur. First, global governance must be backed by national policies. For example, it is difficult to conceive of platform content regulation or data privacy in the absence of a national policy framework and social consensus around questions of media literacy, libel, security and privacy. Just as we have seen in

other areas like financial sector regulation and infrastructure development, any global effort to achieve governance must be backed by capacity building nationally to educate publics, politicians and officials about these leading-edge issues and techniques to deal with them.

Second, the digital governance project must be seen in partnership not adversarial terms. The [outlines](#)¹⁰ of the partnership have been clear for some time and include a normative dimension around societal attitudes to new technologies as well as operational features such as new institutional approaches to play the role that (for example) specialized UN agencies and the Bretton Woods troika play in gaps in global governance identified in previous eras. At CIGI we have proposed the creation of a [Digital Stability Board](#) (DSB).¹¹ Like its antecedent analog [Financial Stability Board](#),¹² which runs credibly in large part because of its G20 (therefore North-South) remit, the DSB would also possess another necessary attribute of modern governance, a multistakeholder membership that includes some combination of industry, science ethicists, consumers and civil society.

The net result is a global public good, for the gains from cooperation breed positive externalities and surely outweigh the putative gains from a misplaced belief in winner-take-all competition. It is difficult to envision a win-win scenario without the Global South acting as producer, consumer, and broker in this sphere. Put another way, participation of the Global South is a necessary but not sufficient condition for success in developing sound digital governance.

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The Global South's Tech Ascent

by **Sameer Patil**

Often perceived as the “periphery” in the global political economy, the resurgence of the Global South has triggered reconfiguration of the contemporary international order. Amplifying this trend, technology has presented new opportunities and allowed countries of the Global South to shatter the usual stereotypes associated with them. From being mere recipients of economic and technical assistance from the Global North, the emerging economies of the Global South are now becoming hubs of tech activity and major players in the digital economy sphere. This digital transition of the Global South augurs well for the global tech cooperation, which has tended to get mired by the major power tensions.

Digital Transition of the Majority World

Still in its early stages, digital technology has allowed countries of the Global South – also described as the “Majority World”¹ – to circumvent traditional stages of economic development and reap the benefits of globalisation and the digital economy. They are harnessing technology for national development by pioneering tech solutions like Digital Public Infrastructure (DPI) to address traditional governance challenges and become agents of socio-economic change. Although the Covid-19 pandemic initially impeded digitalisation, overall, it accelerated the adoption of digital technologies, which have yielded long-term benefits. As per the [Organization for Economic Cooperation and Development](#),² across 13 African countries, more than one in five firms either started using or expanded their use of digital technology in response to the pandemic.

The role of [India Stack](#)³ in creating a network of open-source-based digital public goods is well-known. It played a critical role in fast-tracking India’s Covid-19 vaccination drive. Several African countries too have deployed similar solutions to expand their citizens’ access to a host of government services. For instance, Togo in Western Africa pioneered the [NOVISSI platform](#) that uses machine learning,⁴ geospatial analytics, and mobile phone metadata for delivering social assistance benefits. The platform performed exceptionally well during the pandemic: between November 2020 and March 2021, it [prioritised](#) 57,000 new beneficiaries for contactless,⁵ social protection payments through the use of predictive algorithms. Likewise, in [Ivory Coast](#),⁶ and [Mali](#),⁷ there have been initiatives to seed the

bank accounts with the citizens’ mobile numbers, enabling delivery of social subsidies and credit to reach beneficiaries, even with overall lower identity document coverage. This leapfrogging – skipping traditional branch-based banking systems to mobile-based payment – has allowed them to overcome the challenge of financial inclusion.

It has also enabled opportunities for innovation. Start-ups and e-commerce platforms from Africa and Latin America have become a major source of innovation in the digital technology sector. [Flutterwave](#) from Nigeria,⁸ for instance, has become a fintech “unicorn,” whereas [Mercadolibre](#) from Argentina, a \$82 billion company, has [emerged](#) as Latin America’s biggest e-commerce platform.⁹ Similarly, India has emerged as the world’s [third-largest ecosystem](#) for start-ups.¹⁰

These dynamics have also translated in cyberspace, where faced with an expanding threat landscape, Global South has preferred to not get caught into the geopolitical crossfires, despite getting impacted. The prevalent schism in cyberspace, the inability of the multilateral institutions to forge consensus, and sceptical of the [dominance of the Global North](#) in shaping rules,¹¹ countries of the Global South have [engaged](#)¹² in building cyber resilience and expanding their technical capacities through greater exchanges and deliberations on principles for responsible state behaviour. This will surely generate greater benefits, develop a practical path towards building cyber norms and contribute to cyberspace stability.



Challenges

Certainly, in realising the benefits of digital transition, Global South faces several challenges. The digital divide, for instance, continues to be a significant obstacle. According to the International Telecom Union, Internet usage levels in low-income countries (22%) remain far below that of high-income countries (91%). A variety of factors contribute to this, ranging from lack of access to a digital device, and prohibitive costs of Internet access to lower tech literacy and skills. In particular, **inadequate tech literacy and skills** exclude large segments of the Global South's population from securing the benefits of the digital revolution.¹³

In choosing the path of their digital transition, Global South sometimes also faces a binary choice – of picking up sides in the US-China tech rivalry. The US is catching up to China's aggressive Digital Silk Road push in many emerging economies. This is causing the **"great tech decoupling"** but impairing the choices available for the Global South,¹⁴ which prefers to steer clear of such geopolitical convulsions, lest their economic development and digital transitions get adversely impacted.

Global South also confronts the challenge from "big tech" – western social media platforms and technology companies, which have repeatedly **resisted regulation** from the governments in emerging digital economies, citing the safe harbour provisions.¹⁵ Some countries in Asia, Africa and Latin America also **lack the state capacity** to influence big tech's behaviour.¹⁶ Consequently, big tech has shown complicity in the dissemination of mis and disinformation,

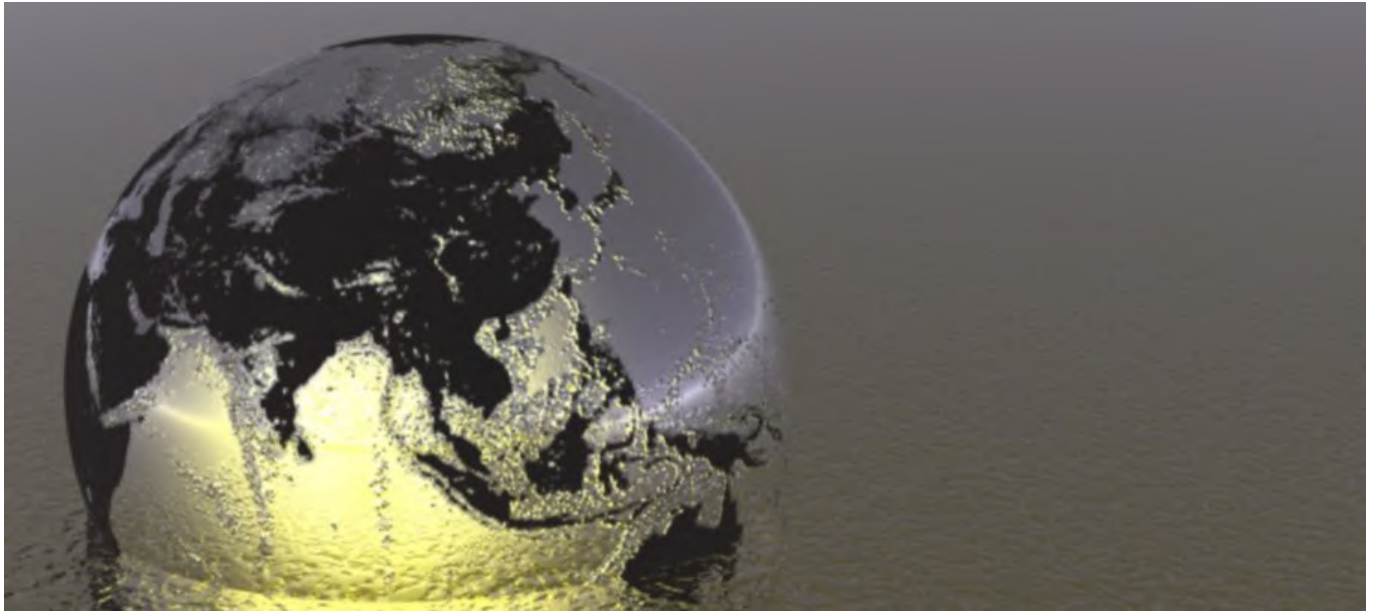
which has exacerbated existing socio-political fault lines in several developing countries.

Responding to this digital disorder, several countries of the Global South have attempted to balance between protecting national security and promoting economic gains. This has manifested in policy measures like demands for accountability from big tech to push for data localisation. These unique measures may appear to be protectionist to the Global North, but these are in essence exercises in digital sovereignty, which is prized by the Global South.

Conclusion

The proliferation of digital technology has unveiled several exciting opportunities for the developing world. It has offered new pathways for economic prosperity and social interaction. Global South has demonstrated its agency by taking head-on the challenge of tackling technological dynamics, barring some that are still grasping the complexities. The developing world needs to inculcate greater resilience by shaping an anticipatory model of tech governance, harmonising their respective national standards, interlinking national innovation ecosystems, and nurturing an inclusive approach to tech policymaking. After all, in the contested contemporary geopolitical space, tech policymaking is no longer just about technology, but also comprises political and business interests.

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New Technologies and Digital Transition: Implications of Outer Space and Quantum Technologies

by **Rajeswari Pillai Rajagopalan**

Digital transition is important but what is often forgotten is that digital transition requires access to outer space. It comes via space-based communications. There is a growing recognition as to how space can provide for digital transition in societies and is increasingly becoming a vital input in the social and economic growth stories of many in the developing world. While many in the developing world still do not have satellite launching capabilities, their ability to rely on space-based communications from other major powers as well as private players is real. In fact, mega constellations are coming up globally and are giving tough competition to terrestrial telecom service providers, and this phenomenon will gain greater traction in the next few years. Of the 7,700-odd satellites that are active today, close to half are for the purposes of communication. Such access to outer space is necessary because of the

increasing use of telecommunications that are routed through communication satellites. This becomes particularly relevant in the context of the rapidly growing civilian and other uses of mobile communications. Growth in the use of smartphones and connectivity modes like video call, making digital payments, seeking navigation, requirements in the areas such as tele-medicine, all require space-based assets.

But this access to outer space is increasingly under challenge for a variety of reasons including overcrowding, space debris, and other problems. What is even more concerning is that growing international political competition is preventing the creation of new rules and norms that can meet these challenges. The existing normative framework for outer space is based on treaties developed during the Cold War when these challenges were far lesser. Efforts to develop new norms and rules for management of outer space has not been successful so far. For example, there have been multiple UN Group of Governmental Experts (GGEs), an Open Ended Working Group for developing these norms, but none of these have been successful. Any disruption of space-based telecommunications will represent a major problem for all countries, but particularly the global south, many of which have just begun their space programmes with the recognition of how space can enhance digital connectivity and digital transition within their respective countries. The digital transition requires continued access to outer space, without which such digital transition will be in jeopardy.

There is another area where there should be some concern about digital transition is with regard to quantum technology. Quantum tech is extremely expensive to develop which makes it difficult for many countries of the global south. Though some countries are investing heavily in quantum such as China and India, these are generally the exceptions. Countries of the global south either need to large countries with larger economies such as India, China or Brazil or else relatively rich such as Singapore. All of these countries either have major initiatives to develop quantum technology and have invested significant amounts of money or else are making such plans. While major global south powers like China have invested about \$15 billion, others like India have invested far less. But this illustrates the scale of financial commitments that are necessary for developing quantum technologies.

It goes without saying that most countries of the global south will be unable to match these kinds of investments. For countries like China and India, which have already made these enormous investments, there is already some return on investment. China is the first country in the global south to develop a quantum computer for commercial use. India plans to focus its efforts on computing, materials, communications, and sensing technologies. India's private sector is also being encouraged to take an active effort in quantum technologies. Brazil has invested far less but has established a competence center in quantum technologies. Others like South Africa are investing quantum research centres in universities in the country. But the fact that these



are the most serious efforts in the global south in developing quantum technologies illustrates the difficulties facing the global south because of inadequate human and material resources. Some of these can probably be managed with international cooperation, though it is unclear if such cooperation will be fruitful in the coming years. The QUAD (Japan-Australia-India-United States) grouping for example has established the QUAD Centre of Excellence in Quantum Information Sciences to help the Quad countries in bringing together their talent, material and markets to generate quantum technologies. Major multinational corporations like IBM and Microsoft are also investing in some third world countries, though these are only in the more advanced third world countries. Overall, the prospects for the global south to be active participants in the development of quantum technologies appear to be quite still limited with the exception of a few of the larger and richer members of this group.

Thus, digital transition is both necessary and under threat. Unfortunately, the global south by itself cannot do much to resolve these problems because they either require investment beyond the capacity of most global south countries or else require agreement between the great powers in areas such as new rules and norms for outer space.