Rising Donors and the New Narrative of ‘South-South’ Cooperation: what prospects for changing the landscape of development assistance programmes?

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Rising Donors and the New Narrative of ‘South–South’ Cooperation: what prospects for changing the landscape of development assistance programmes?

FAHIMUL QUADIR

ABSTRACT This article aims to provide a critical analysis of how the ‘emerging donors’ are redefining the structure of development cooperation in the new millennium. It offers an overview of the growing role of Brazil, China, India and South Africa in shaping the conditionally driven framework of official development cooperation. By reviewing the aid coordination mechanisms of the Southern donors, the article also seeks to provide a context for comprehending the challenges for Southern countries to systematically manage, monitor and deliver aid. It argues that the Southern donors’ interest in changing the dominant conditionality driven narrative of aid has opened up the possibility for constructing a new aid paradigm that focuses more on the strategic needs of the partner countries than on advancing the ideological interests of the donor countries. However, without assuming a much greater role in providing overseas aid and without building a unified platform based on a shared development vision, Southern donors will not be able to meaningfully alter the current DAC-dominated aid architecture.

The recent rise of Brazil, China, India and South Africa as key actors in the global political economy has boosted prospects for changing the conventional practice of development cooperation, which has been dominated by multilateral institutions and bilateral aid agencies since the ‘invention’ of development in the 1950s.1 Significant improvements in the socio-political status of a number of recipient countries in the last few decades, and the parallel decline of some of the established powers of the West,2 appear to have created an opportunity for some nation-states in the ‘global South’3 to influence the institutional structures and processes that have traditionally governed development cooperation initiatives.4 The successful transition by some Southern economies from aid recipient to economic powerhouse is opening up a space for them to assume

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greater responsibility for promoting development based on the complex and often misunderstood realities of the struggles for sustainable human development in the global South. Although many non-Development Assistance Committee (DAC) countries do not report their flow of aid to the Organisation of Economic Cooperation and Development (OECD), a recent OECD study confirms that non-traditional lending countries, including Turkey, Saudi Arabia, Kuwait, Israel, the Czech Republic, Thailand and the United Arab Emirates, have stepped up their efforts to play a more prominent role in development cooperation in the past several years. For instance, the net Official Development Assistance (ODA) disbursement from Saudi Arabia increased from just $271 million in 1998 to $4.979 billion in 2008 before falling to $3.123 billion in 2009. Official aid reports recently published by the OECD also registered a noticeable increase in Turkey’s net ODA disbursement from only $68.79 million in 1998 to $967.42 million in 2010.

Of all the non-DAC donors, India and China have drawn increased attention from scholars and policy makers by dramatically expanding their role in development cooperation in the past decade. China’s development assistance programmes, which include all forms of aid-relevant and aid-like activities supported by both grants and loans, have witnessed spectacular growth since 2002; its development aid increased from just $1 billion in 2002 to $10 billion in 2004. In 2007 the country’s ODA amounted, according to a report published by the Congressional Research Service, to some $25 billion. India’s net ODA disbursement, which includes both loans and grants, increased from Rs1 billion in 1991–92 to Rs43 billion in 2009–10.

Given the rapidly changing role of non-DAC countries in development cooperation programmes, this qualitative study, which draws from secondary data and published materials, aims to provide a critical analysis of the Southern donors’ attempts to redefine the structure of development cooperation in the new millennium. While there have been some interesting debates about emerging donors in recent years, not much research has yet been done on how they are affecting the traditional landscape of development assistance programmes. The findings of this study fill the current gap in the literature by raising some intriguing questions about the new aid architecture: 1) Are the conventional structures of aid becoming less significant or obsolete in the midst of rising new players in development cooperation? 2) Are we about to witness a decline in the DAC’s domination and strengths? In other words, have non-DAC donors changed both the nature and structure of development cooperation? 3) Are non-traditional donors capable of collectively constructing a new aid regime that is fundamentally different from that of the current DAC-dominated conditionality-based regime? By examining the emerging trends, this article suggests that some of the activities of the Southern donors clearly identify the weaknesses of the present architectural arrangements for development cooperation. However, without a significant increase in non-DAC donors’ contribution to development aid and a broadening of the agenda of common interests in development cooperation, the study concludes that it will be unlikely for non-DAC donors to meaningfully alter the present aid architecture.
Current trends: the narratives of solidarity, non-tied aid, and South–South cooperation

While most studies tend to refer to Brazil, China, India and South Africa as emerging donors,12 a quick look at the history of their involvement with development assistance would suggest that they are not new players in international development. Nor can they be viewed as traditional donors, since most of these countries feel uncomfortable using the conventional hierarchical donor–recipient metaphor that reinforces the logic of unequal power relations. A number of Southern countries, including China, India and some oil rich nations in the Middle East have had a long history of cooperation with other developing countries. For instance, China has been the development partner of many African and Asian countries since the late 1950s. Its commitment to African development was clearly manifested through its involvement with the massive Tanzam railway construction project, which cost China $405 million. The project was known to be the largest overseas development endeavour in Chinese history,13 thereby demonstrating its political interest in collaborating with postcolonial states in Africa through a non-Western model of development.14

India has also played, albeit on a much smaller scale, an important role in assisting its neighbouring countries—mainly Bhutan, Nepal and Bangladesh—with their development concerns for the past five decades. Middle Eastern countries came into the development cooperation picture as effective players in the mid-1970s, when official aid from DAC countries witnessed a major decline. After the first oil crisis of 1973 a number of oil-exporting nations in the Middle East began to support official development assistance programmes in a significant way. The Arab countries became a major source of development financing in the late 1970s; their aid accounted for some 30% of the total flow of development aid in the world.15 Although their contribution to global aid has dropped from a massive $6.5 billion a year in the early 1980s to about $3.1 billion in 2008 as a result of declining oil prices, Arab countries have continued to channel a significant amount of their Gross National Income (GNI) through development assistance programmes.16 For instance, the ODA contribution of the United Arab Emirates rose from just $530.53 million in 2004 to $2561.77 million in 2007, before falling to $570.96 million in 2010.17 Some Gulf countries have also done very well in meeting the GNI target of development aid as set by the UN. Different estimates suggest that, while DAC countries have consistently failed to come close to the UN target of 0.7% of GNI, a number of Arab countries, including Kuwait, Saudi Arabia, and the UAE have either matched or surpassed the GNI percentages of their DAC counterparts during the period 1973 to 2008.18 It is important to mention that these countries channel their aid primarily through bilateral official development assistance programmes.

In other words, the characterisation of the non-DAC countries as ‘emerging/rising donors’ can be problematic, as it masks their historical relationship as development partners with regard to overseas aid. Many of these countries, however, have begun to redefine their role in development cooperation by intensifying their efforts to support various development activities undertaken by countries in the global South in recent years. As a result, the world has in the past decade
witnessed an unprecedented growth of what can be called ‘South–South aid.’ In addition to boosting the volume of aid, non-DAC countries, including Brazil, China, India, South Africa, and the Gulf countries, have also demonstrated their willingness to make a departure from conditionally driven aid to promote ‘horizontal cooperation’ based on the principles of equality, partnership and mutual interest. Despite their interest in altering the conventional practice of aid, non-DAC countries rely on different political and philosophical perspectives to deliver and manage overseas aid. Their distinctive foreign policy orientations and national priorities make it challenging for analysts to put all Southern donors into one single, uniform category as either emerging donors or rising donors. Evidence from the past clearly suggests that Southern donors are not always united by a common vision of development. They often pursue an active development agenda based on their distinct conceptualisation of development, which pays little attention to such values as social justice, environmental sustainability, democracy and human rights. Southern donors also place emphasis on different sets of issues and themes that do not necessarily revolve around a core ideological premise.

For instance, Brazil uses the narrative of South–South cooperation to promote development in much of the global South. Refusing to use the dominant language of official development, which tends to rationalise the hierarchical relationship between the North and South, Brazil presents an alternative vision of development that is designed to foster horizontal relationships between itself and its Southern partners. The country’s engagement in international cooperation has gradually evolved from its symbolic presence in the area of technical cooperation in the late 1960s and early 1970s to its involvement in promoting broad-based development through institutionalised efforts under President Lula da Silva’s tenure. Driven by its foreign policy objectives, Brazil uses its development initiative programmes to promote South–South cooperation. Outlining the need for advancing an agenda that does not ‘reproduce the practices of North–South cooperation’, the country seeks to portray itself as an important player in international development with a genuine interest in transferring technical knowledge and skills to other Southern countries, especially those in Africa and Latin America. As a cornerstone of its overseas development policy, Brazil views South–South cooperation as a political tool that creates an opportunity for partner countries to work together to achieve mutually agreed development goals. Government officials claim that such a notion of cooperation is aimed at promoting autonomous development based on the actual needs and priorities of its Southern partners.

Much of Brazil’s development cooperation initiatives revolve around its flagship programme, termed ‘technical cooperation’, which emerged in the late 1960s and eventually became a core theme of the country’s overseas aid activities. The primary goal of its technical cooperation initiative is to contribute to the development of the partner countries. A government document claims that:

Brazil’s South–South cooperation focuses on transfer of skills, capacity building, empowering local workers and projects adapted to the reality of the country in question. The solidarity which characterizes the relationship
between Brazil and other developing countries is the cornerstone of our cooperation activities.20

The ascension to power by Lula de Silva in 2002 and subsequent political developments gave a boost to Brazil’s leadership role in development cooperation. Apart from further strengthening its ties with its Latin American neighbours, Brazil began to make concerted efforts to expand its developmental relationship with African countries. Under Lula de Silva’s leadership Brazil increased its presence in Africa and Latin America by undertaking various lending initiatives, which led to a massive growth in its overseas development programmes. In 2009 the country was involved in 489 projects in 56 countries, at a cost of some $90 million. The programme has grown significantly from only 23 projects in 21 countries in 2003.21 Much of this growth occurred between 2006 and 2009, demonstrating President Lula de Silva’s desire to turn Brazil into a key player in development cooperation. Between 2007 and 2008 Brazil’s ODA doubled; it tripled between 2009 and 2010, reaching roughly $50 million a year.22

Similarly to those of Brazil, China’s development cooperation programmes have experienced continued growth in recent years. Fuelled by its rapid economic progress and its political aspiration to become a superpower, China is assuming a greater role in providing aid in the forms of grants and loans to the global South. Apart from its traditional involvement in mega-infrastructure projects primarily in Africa, the country is also rapidly expanding its development relationship with Asian, Latin American and African countries in a wide range of areas, including infrastructure, telecommunications, health care, training and education. What has drawn much attention from scholars and policy makers is China’s increasing interest in offering concessional loans and preferential credit to countries in the global South. Since China does not release official statistics of its development cooperation programme,23 it is challenging to obtain precise data on the volume of Chinese loans. However, some estimates suggest that the country offers more than $10 billion in loans a year to its development partners.24 This has helped China to emerge as an alternative to existing multilateral lending systems dominated by the International Financial Institutions (IFIs). China also redirects a considerable amount of its resources toward supporting its aid programmes, almost half of which goes to promoting development in Africa.25

Unlike the standard practices of DAC aid, Chinese development aid is not tied to policy reforms, structural economic changes or good governance; rather, it is influenced by its policy of non-intervention in the domestic affairs of the partner counties.26 The five principles of peaceful coexistence adopted during the Bandung Conference of 1955 still seem to guide much of its development assistance programmes in the new millennium. The principles are: mutual respect for territorial integrity and sovereignty; mutual non-aggression; mutual non-interference in each other’s internal affairs; equality and mutual benefit; and peaceful coexistence.27 The ‘Eight Principles for China’s Aid to Third World Countries’ announced in 1964 also serve as the basis for the country’s current overseas aid programmes. Some of the principles highlight mutual benefit and self-reliance,
offering interest-free or low-interest loans without attaching conditions. However, after 1971, when China replaced Taiwan in the United Nations, it began to use the Taiwan issue more effectively as a major precondition for its support for overseas development. It became evident that China was interested in maintaining its aid relationship only with those countries that uncritically accepted Beijing’s ‘One China’ policy. Its current policies are based on what is popularly known as the ‘Beijing Consensus’, which appears to be guided by the principles of equitable growth, positive social change, self-determination and heavy state control. Instead of imposing its political vision, China seems to be making an effort to give a voice to the voiceless by allowing partner countries to seek foreign assistance based on their national development priorities. Given that aid is bilaterally negotiated, partner countries get the opportunity to develop what Davies calls the ‘feeling of ownership of the aid process’.

Like those of Brazil and China, India’s aid programme grew out of its political commitment to the principles of non-interference in the domestic affairs of other countries and out of respect for sovereignty and territorial integrity, part of which was drawn from the consensus reached at the Bandung Conference of 1955 attended by 29 newly independent states. The country began its aid operation in Nepal, India’s neighbour, by offering unconditional support for the economic modernisation and social development of postcolonial states. As in Brazil, India’s policy makers are not keen on using the terms ‘aid’ or ‘assistance’. Instead, they used the terms ‘cooperation’ and ‘partnership’, as these appear to offer the possibility of building a horizontal relationship between the so-called donors and recipients. Despite its involvement with overseas aid, India didn’t have a clearly defined role to play in development cooperation until the end of the 1990s, primarily because of its reliance on external aid from the DAC and other countries. It operated a relatively small aid budget that focused on its overseas development initiatives through its Technical and Economic Cooperation Program (ITEC), primarily to promote India’s leadership in the global community. The rise of India as a global economic powerhouse in recent years, however, has set the stage for the country to use ITEC as a comprehensive aid programme seeking to redefine its role in development cooperation. The government of India claims that ITEC allows countries from the South to:

Share in the Indian Developmental experience acquired over five decades of India’s existence as a free Nation. ITEC is about cooperation and partnership for mutual benefit. It is response oriented and it addresses the needs of developing countries...It...possesses skills of manpower and technology more appropriate to the geographical and ecological conditions...of several developing countries.

The ITEC now covers about 158 countries and is managed by the Economic Division of the Ministry of External Affairs (MEA). With its annual budget of some Rs500 million, which is roughly $10 million in current prices, the ITEC programme has disbursed more than $2 billion since its inception in 1964. As an umbrella programme ITEC offers training facilities to both civilians and
military officials, supports project management activities, provides disaster relief and supports other development initiatives.

Recent economic success in India has brought the country into the development assistance picture as a major, non-DAC player. Its aid disbursement, including grants and loans, has grown exponentially from Rs9.955 billion in 1998–99 to Rs43 billion in 2009–10. Apart from committing more resources, India has also made a deliberate decision to expand its relationship with countries outside South Asia. In recent years the country has slowly moved beyond its bordering countries to use its aid programmes to strengthen India’s strategic partnerships with countries in Africa, particularly those in sub-Saharan Africa. India’s aid to Africa has grown at a staggering rate of 22% annually since 1998–99. What is perhaps even more important is India’s recent emergence as a financier, in other words, a credit provider. The country offers lines of credit (LOCS) via the Exim Bank of India to foreign governments, regional multilateral banks and other financial institutions. Unlike the other grant and loan programmes, LOCS are primarily used for enhancing India’s political and economic interests abroad. The loans are geared toward promoting India’s trade, mainly exports, as well as building its strategic political ties with other Southern countries. Medium- and small-sized Indian companies can access the LOCS to export goods and services from India. Since 2003, according to one estimate, the Exim Bank’s LOCS have grown by about 37.7% annually. The Bank sanctioned roughly $3.5 billion as loans and guarantees in 2008–09. It is estimated that some 69% of the total LOCS went to countries in Africa, including those in sub-Saharan Africa. While Africa has been the primary recipient of the loans, countries in South Asia and Latin America have also received some funding support from the bank.

South Africa is also increasing its involvement in development cooperation programmes as a provider of development aid. Driven by its foreign policy objectives of promoting peace, security and human development, especially in the Southern African region, the country is stepping up its efforts to play a more decisive role in peace keeping, peace building and other developmental activities in Africa. Unlike the other Southern donors, South Africa’s focus is squarely on countries in the continent that suffer from the myriad crises of poverty, underdevelopment, and ‘bad’ governance. Africa’s renaissance and the New Partnership for Africa’s Development (NEPAD) also provided the basis for the country’s increased involvement in promoting peace, development and good governance in Africa in recent years. Pretoria’s willingness to become more involved in development cooperation initiatives is also reflected in President Jacob Zuma’s decision to institutionalise its development effort through the introduction of its official aid agency called the South African Development Partnership Agency (SADPA).

Similarly to the practices of other Southern donors, South African policy makers do not seek to draw from the conventional conditionality-driven, top-down narrative of development assistance. Considering itself a development partner, not a traditional donor, the country aims to foster cooperative and collaborative relationships with neighbouring countries in the region. South Africa also claims that its development assistance programmes are not tied to political conditionalities. While the absence of a systematic coordination
mechanism makes it difficult to provide a clear, accurate picture of the volume of its aid programming, credible estimates report that South Africa has spent between $363 million and $475 million in 2006 on various overseas development initiatives, which accounts for 0.18% of its GDP. Some of its financial support is channelled through its popular African Renaissance and International Cooperation Fund (ARF), which focuses on post-conflict reconstruction, good governance, democracy and the economic development of partner countries. In 2008–09 some $59 million was allocated through the ARF programme. Apart from ARF, the country is also significantly involved with peace keeping and other external activities. For instance, it contributes some 15% to the budget of the African Union, funds various independent peacekeeping and -building efforts, and supports different multilateral agencies, including the World Bank and African Development Bank.

### Coordinating aid programs: the challenges of establishing centralised, institutionalised mechanisms

As the Southern donors increase their presence in overseas aid, they encounter the complex challenge of coordinating, managing, monitoring and evaluating development assistance programmes in a systematic manner. Instead of developing institutionalised, comprehensive and more dependable structures of aid management, they have traditionally preferred to rely on various ad hoc mechanisms designed to address the immediate needs and concerns of the Southern donors. Not much effort was directed toward creating regular aid coordination frameworks capable of designing, monitoring and managing governments’ overseas development policies and programmes in an orderly fashion. Part of their reluctance to build effective aid coordination mechanisms resulted from the absence of broader national aid strategies based on concrete policies and preferences. Almost all the Southern governments lacked the clear organisational structure necessary for the different government agencies to methodically review their aid policies, respond to new challenges of development, or reorganise their national priorities on a regular basis. The absence of an institutional setting for aid coordination also made it difficult for the Southern donors to share their own experiences in the delivery of overseas aid, identify the problems of development aid, or look for appropriate solutions to various challenges faced in the effort to manage aid efficiently. Until recently none of them had a well functioning national coordinating agency to collect accurate data on their contribution to overseas development, to disseminate statistical information, or to carry out regular research into aid effectiveness and the changing priorities of global aid.

Establishing a harmonised and effective approach to aid management is becoming an increasing necessity for Southern donors such as Brazil, India, China and South Africa as they move towards playing a more critical role in global development. Although the process is new and somewhat slow, almost all of the donors except China are recognising the need for a fundamental shift in their aid delivery and management practices. Brazil, for instance, coordinates much of its international cooperation activities through the Brazilian
Cooperation Agency (ABC), which was originally created in 1987 and was reorganised in 1996. As an official organ of the Ministry of External Relations, the agency is involved in managing aid on behalf of the entire Brazilian government. It is entrusted with the responsibility of negotiating, administering and monitoring the country’s flagship technical cooperation programme, serving as a liaison with other Brazilian government agencies that have overseas development programmes, and coordinating the financial resources allocated to various development projects. Despite the creation of the agency, Brazil still does not offer publicly accountable cumulative figures of its total aid commitment and disbursement. Part of this is a result of the decentralised aid mechanism in the country that allows different government ministries to manage their own aid programme without an individual agency integrating them into overall national policies and priorities. In addition, the ABC does not have an institutional mechanism to gather information on specific aid programmes or to crosscheck the empirical validity of the data collected from different sources. Nor does it have the capacity to publish the aggregated figures for public consumption on a regular basis. Unlike the recent practices of OECD countries, especially those in the European Union, Brazil does not have a standard, single format through which different agencies report and share information about their aid programmes. ABC is yet to develop a functioning monitoring system to ensure the effective delivery of aid, improve transparency and bridge the accountability gap that has historically permeated the development landscape.

China also does not have a separate coordinating body to manage, report on and evaluate its aid programmes. Unlike DAC countries, it does not distinguish between its overseas development programmes and its other economic activities abroad, including export promotion- and investment-related expenditures. The Ministry of Commerce (MCOM) manages much of its development assistance programmes. Although MCOM takes the lead role in China’s development cooperation, other ministries are also involved in providing support and implementing the country’s overseas aid programmes. Beijing does not usually offer any official statistical figures as to the actual volume of its foreign assistance, nor does it have any information-sharing mechanisms through which it can disseminate crucial information about how aid is delivered, managed and reported. The distribution of power and responsibilities among multiple government agencies involved in delivering China’s aid programmes is also a state secret. It is reported that, despite some official promises made in recent years, the country does not yet have an overarching mechanism in place to coordinate all overseas assistance programmes or monitor and evaluate China’s wide range of development cooperation activities.

After announcing its India Development Initiative in 2003, India slowly began to provide an institutional setting for both organising and reporting its overseas development assistance programmes. Given the massive increase in its support for development aid at the beginning of the new millennium, the government of India announced the creation of the India International Development Cooperation Agency (IIDCA) during its budget speech of 2007. The goal of the agency was to centrally coordinate all projects, lines of credit, technical cooperation programmes, deputation of experts and training of foreign nationals.
in India. IIDCA was expected to manage aid professionally, efficiently and in a timely manner. However, in late 2010, after long delays and endless debates involving different ministries, the Indian government finally scrapped the idea of creating a lead agency to manage its overseas aid programme. Critics say that the unwillingness to share power, as well as ongoing turf wars between different government agencies, led to the burial of the proposed coordination mechanism.\(^{57}\) This was a clear reflection of the inability of the Indian political and bureaucratic elites to develop a consensus on the need for formal coordination and how best to improve coordination and monitoring mechanisms.

In the absence of a centralised coordination body, the MEA remains the lead agency for both policy and implementation of India’s development assistance programmes. It has a central and coordinating role in managing the country’s overseas assistance. A number of other ministries, including the Ministry of Finance, Ministry of Commerce and Ministry of Water Resources are also involved in making decisions and administering India’s growing development cooperation programmes. Most of these ministries tend to work in consultation with the MEA.\(^{58}\) The lack of a centralised coordination mechanism, however, makes the task of publishing and monitoring aid data in a coherent manner rather difficult. In addition, there is no single, standard evaluation and monitoring format in place to systematically track trends, identify both the strengths and weaknesses of its aid operation, and channel back the learning from the past into current policy-making processes.\(^{59}\)

In 2009 South Africa announced measures to establish an aid agency, the abovementioned SADPA, to centrally coordinate its development assistance initiatives, as well as raise the profile of the country as a development aid provider. The proposal to form a lead agency was approved by the Cabinet and was expected to be fully operational by 2012. Patterned after the US Agency of International Development (USAID), SADPA will manage the country’s overseas aid delivery programmes, including its well known African Renaissance Fund programme, which is currently managed by the Department of International Relations and Cooperation.\(^{60}\) This proposed agency is likely to put an end to South Africa’s current ad hoc aid management practices by both systematically coordinating aid activities and enhancing the country’s capacity to monitor, evaluate and report on its aid programmes.

It now seems that the Southern donors are beginning, albeit slowly, to develop defined support systems to manage and deliver overseas aid in a more coherent and accessible manner. By departing from the practice of the past, in which they used semi-structured coordination mechanisms, the Southern donors are now paying a great deal of attention to the growing need for creating government agencies that have the capacity to provide policy advice and organisational support so that relevant government organisations can manage aid programmes systematically. While the process of establishing a centralised aid coordination unit is painfully slow for some countries, it is anticipated that increased emphasis on aid management will allow the Southern donors to develop a more nuanced understanding of their broader role in development cooperation. Centralised lead agencies can also play a vital role in integrating overseas aid into their national budget frameworks based on national and
international practices and priorities. It is expected that the efforts to coordinate aid more systematically through institutionalised guidelines will allow the Southern donors to introduce comprehensive aid policies that aim to address some of the major weaknesses of the DAC-dominated current global aid architecture.

**Analysing the rhetoric of South–South cooperation and non-tied aid**

The normative principles that underpin the emerging development narrative adopted and promoted by most of the Southern donors seem to advance a vision of what can be called ‘alternative development’; it is this that gives voice to partners’ concerns.61 They appear to be keen on dialogues and thorough discussions both to explore alternative scenarios and to support countries in the global South as they strengthen and retain their control over the development processes. The emphasis on horizontal cooperation may make it possible for Southern countries to devise more suitable strategies for broad-based industrialisation, promoting food security, reforming trade policies and creating institutions to construct a new global aid regime. Although it is evident from the discussion above that the Southern aid providers do not necessarily all rely on the exact same aid policies and programmes, the general focus appears to be on non-tied aid, autonomous development, South–South cooperation, partnership and development based on the priorities of the countries at the receiving end. This relatively new narrative certainly opens up the horizon for broader, more meaningful partnership between Southern states and the Southern donors. It also creates an opportunity for Southern countries to work together to build a common platform for more effectively meeting the challenges of economic development in the new millennium.

Part of the reason why the likelihood of creating a new aid agenda looks plausible is the emerging role of China and India as financers. In the previous decade both these countries aggressively expanded their financial support base by offering loans to Southern countries, especially those in Africa. Much of their financing options appear to be less conditional and less concerned with broader structural economic and political issues that often dominate the official North–South aid agenda. It is expected that the renewed growth of loans offered by China, India and the Gulf states may allow Southern countries to enjoy some level of autonomy vis-à-vis traditional multilateral aid agencies, thus creating a space for Southern countries to establish a domestically driven development agenda that is influenced by their own developmental concerns and challenges and not by the priorities and philosophical orientations of external aid agencies.

Creating a shared vision of development as well as constructing a new global aid regime would present challenges for the Southern donors, as they do not occupy a dominant position in overseas aid. While it is virtually impossible to precisely report the Southern donors’ share in total foreign aid because of the absence of well functioning reporting mechanisms, coupled with the reluctance of some non-DAC countries to remove the veil of secrecy from their aid operations, some estimates suggest that the Southern donors account for roughly 10% of the net flow of global aid.62 Without significantly increasing their share in
overseas aid, it is unlikely that the Southern donors will play a decisive role in shaping and reshaping the directions of the existing official aid programmes. If the DAC countries keep their pledges to increase their aid volume in the near future, it will be even more of a challenge for non-DAC donors to actively influence the aid agenda, let alone construct a new global aid regime based on the normative principles of horizontal cooperation, solidarity and partnership. What makes the task of creating a new aid regime even more complex for the Southern donors is their status in official development cooperation, as they are still seen as recipients of official aid. Almost all the Southern donors are confronting a daunting job of effectively addressing the internal challenges of their own development. High levels of poverty, growing inequality in income and wealth distribution, rural–urban divides, and the limited ability of the poor to participate in and benefit from the rapid growth of their economies raise serious questions about their desire to become successful aid providers. In particular, the dual role they seek to play, ie functioning sometimes as donors and at others as recipients, may also negatively affect their ability to become key players in global development.63

In addition, non-DAC donors have not yet shown any clear promise of building alternative aid structures to promote their vision of development through mutual cooperation and collaboration. For instance, the India, Brazil and South Africa (IBSA) trust fund, which emerged out of dialogue between these countries in 2004, is the only concrete example of the advancement of a shared agenda for development. Inspired by the spirit of solidarity, IBSA seeks to address the challenges of poverty and hunger collectively. One of its major goals is to give meaning to the concept of South–South cooperation by identifying and sharing examples of best practices in poverty reduction efforts that can be replicated elsewhere.64 Although this trilateral initiative has recently expanded its operation to the creation of global jobs through the International Labour Organization (ILO), the scope of its funding operation remains fairly small compared to other programmes sponsored by DAC countries. China’s absence from the initiative also significantly limits IBSA’s ability to emerge as a vehicle for strengthening the influence of the global South in international affairs, especially global development.65 Neither is there much evidence that Southern donors have joined forces to create an organisational platform to advance a new aid agenda beyond the dominant thinking of the OECD. The UN’s Development Cooperation Forum (DCF), which was formally launched in 2007 as a new organisation under the control of the Economic and Social Council (ECOSOC), seems to provide a new window of opportunity for Southern countries to reflect their distinctive voices in development cooperation. However, the DCF’s loosely defined organisational structure and its primary role as a mutual accountability mechanism designed to foster a culture of results have already cast doubts on its ability to emerge as a political platform for Southern countries to actively and effectively influence the global development agenda.66 Much needs to be done to turn DCF into a policymaking forum that has both the ability and political desire to challenge the current DAC-dominated development assistance programmes.

Contrary to what the Southern donors claim, their aid is not qualitatively different from that of the aid flows from OECD countries. Like DAC countries,
most Southern donors use their overseas development assistance programmes to promote their own trade, investment and commercial interests. The rhetoric of non-tied aid, for instance, does not have much of an empirical grounding in the development operations of virtually any the Southern donors. Almost without exception China’s development assistance programmes insist on using Chinese materials, labour, and engineering and other technical skills in construction and infrastructure building projects.\(^{67}\) Yashwant Sinha, India’s former foreign minister, made no secret of the fact that India’s development initiatives are ‘tied to the extent that procurement could be made through Indian suppliers’.\(^{68}\) South Africa also requires recipient countries to use its resources, including its technology, skilled labour and equipment.\(^{69}\) Critics also argue that the Southern donors’ desire to either develop or further strengthen their relationships with other Southern countries is driven primarily by their national political and economic interests.

A clear example of this is China’s renewed interest in Africa, which resulted from its twin objectives of building its image as a major political force in the 21st century and its growing need for raw materials.\(^{70}\) As part of its international campaign against Western imperialism and Soviet dominance, China viewed Africa as an important place in which to expand its political influence in the 1960s and 1970s. It lent military support to a number of Africa’s revolutionary movements that sought to drive the colonisers out of the continent. The country offered training programmes to revolutionary leaders, supplied arms and showed its political support for their movements against colonialism and internal domination.\(^{71}\) Recent Chinese interests in Africa, however, have stemmed not so much from China’s historical desire to build political alliances with like-minded regimes but rather from the dual challenges of meeting domestic economic needs and strengthening its role as a major player in global politics. China’s rapid economic expansion in the past two decades has made it necessary for the country to secure raw materials, including oil, copper and timber for its manufacturing sector. Its rebuilding and infrastructure development effort in Africa, therefore, has very little to do with the desire to make a difference in the lives of the African people. By promoting peace, security and economic development, China ensures its continued access to Africa’s vital natural resources, while strengthening its legitimacy as a trustworthy player in international affairs.\(^{72}\)

Brazil, India and South Africa’s development cooperation programmes also appear to be driven by their national economic and political interests. For instance, Brazil’s development programmes are guided by its foreign policy objectives, which aim to consolidate its international image as a Southern nation willing to play a greater role in global peace, security and justice. Such an image is necessary for garnering international support for its bid to gain a permanent seat on the UN Security Council.\(^{73}\) It is believed that the country’s flagship technical cooperation programme is used to expand its business and commercial interests in different parts of the world through the opening up of new markets for Brazilian commodities.\(^{74}\) Similarly foreign policy goals seem to dictate the very nature of India’s development cooperation initiatives. Like China, India has recently scaled up its development aid programmes to promote
its dual objectives of gaining global recognition as an emerging player in international decision making as well as facilitating trade and investment. Apart from solidifying its support for a permanent seat on the UN Security Council, the country uses its development cooperation programmes to export Indian goods and services. Its expanding financing operations are primarily designed to help India’s private companies gain strong footings in different parts of the world, including South Asia and Africa. Commercial goals are so integrated into its development cooperation programs that researchers cannot separate the aid component from its loan programmes. South Africa’s development cooperation programmes are likewise motivated by its foreign policy objectives, which are geared toward the maintenance of its role as a regional hegemon. Apart from taking advantage of the growing investment opportunities in much of the continent, it uses development aid to promote its strategic vision for Africa’s renewal via its key foreign policy goal of ‘building a better Africa for a better world’.

**Conclusion**

The emergence of Brazil, China, India and South Africa as significant sources of development aid in recent years has generated some optimism for the construction of a new global aid regime that aims to provide greater democratic space for autonomous development. Not only have these countries increased their visibility in the flow of overseas aid, the Southern donors have also succeeded in promoting a new narrative of development cooperation that questions the conventional top-down, conditionality-driven aid approaches. The Southern donors seem to be interested in altering the DAC-dominated structures of development assistance where donor countries and agencies often enjoy a great deal of autonomy vis-à-vis the recipient nations in policy making. By highlighting the importance of horizontal cooperation and emphasising the need to provide non-tied aid, the Southern donors have opened up the possibility for Southern recipient countries—whom they view as partners as opposed to recipients—to actively and effectively influence the development process. The idea of South-South cooperation also has the potential to provide a context for understanding development differently as donors take interest, at least theoretically, in the unique historical, political, and cultural experiences of the so-called recipient country before making aid commitments - something that traditional North-South cooperation often overlooks. The willingness to focus more on the practical needs of a partner country, based on the dynamic of social change, is likely to make development interventions more effective than those conditionally driven aid programmes where strategic and structural concerns receive a disproportionate amount of attention from official aid agencies who draw their experiences from standard American and European practices of market capitalism. Part of what raises the prospect for the introduction of a new architectural arrangement for development cooperation is the emergence of China and India as key financers. The rapid growth of their development financing operations in recent years has created an opportunity for Southern countries to enjoy different financing options to choose from.
The findings of this article, however, cast doubt as to the future of a new global aid regime that is fundamentally different from the existing DAC-dominated aid structures. Despite the increased presence of the Southern donors in development cooperation, the relatively small volume of their aid has not yet posed a significant challenge to the current practices of OECD countries and official aid agencies. What makes their quest for finding a defined voice in global development aid even more challenging is their dual, somewhat contradictory, role as a recipient and a donor. Most of the Southern donors, especially Brazil, India and South Africa, struggle to effectively address domestic concerns of poverty, underdevelopment, environmental degradation, deprivation, inequalities and socio-political injustices. Their desire to take on a greater role in development cooperation has also been negatively affected by the absence of institutionalised aid coordinating mechanisms that systematically report on, monitor and evaluate aid.

This study also finds that the Southern donors have neither managed to develop a political platform nor to rely on a recently established global forum such as the DCF to give voice to their unique concerns or to develop and promote a shared vision of development. The IBSA initiative and the efforts of some global South nations to turn the UN sponsored DCF into an effective platform for concerted action, signals a change from the way Southern countries played a role in development cooperation in the past. However, the Southern donors have yet to build a unified platform to meaningfully promote an alternative vision of development based on the principles of equality, partnership, justice and solidarity. This is partly because their interest in issues, policies, and practices differs from those of conventional donors. Contrary to what some authors and policy makers claim, this article finds that the Southern donors’ overseas development agendas are based largely on national self-interest and national priorities. Non-tied aid thus becomes a sort of rhetoric, not a serious political commitment to managing and/or delivering development in a concrete manner that ensures the role of Southern countries in determining their own priorities and preferences.

Notes

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9. Lun et al, China’s Foreign Aid Activities in Africa, Latin America and Southeast Asia, p 2.
11. Emma Mawdsley’s just published monograph, From Recipients to Donors: Emerging Powers and the Changing Development Landscape, London: Zed Books, 2012, is one of the very few scholarly works that sheds light on the transition of the global aid system from a broad perspective. My article, which was written and submitted for publication long before the release of Mawdsley’s monograph, focuses not so much on the shifting power in global politics but rather on the ability of non-DAC donors to present an alternative global aid regime that reflects the normative principles of bottom-up aid.
12. The article’s main goal is to provide an analysis of the changing aid architecture through the exploration of a few emerging economies, namely Brazil, China, India and South Africa. Despite some mention of the countries in the Middle East, the study does not offer a thorough understanding of the Gulf states, primarily because of the lack of adequate materials and official aid statistics.
17. OECD, OECD Stat Extract.
23. Lun et al, China’s Foreign Aid Activities in Africa, Latin America and Southeast Asia, p 2.
30. J Cooper Ramo, former editor of Time Magazine, used the term ‘the Beijing consensus’ to refer to China’s post-1978 economic reform policy, which allowed market forces to take the lead in economic growth under the control of the state. The Chinese government, however, never subscribed to the notion of the Beijing consensus. See Cooper Ramo, The Beijing Consensus, London: Foreign Policy Centre, 2004.
34 ‘India is thinking about setting up its own aid agency: why should others give aid to India?’, *The Economist*, 13 August 2011.
35 Harner & Cotterrell, *Diversity in Donorship*.
41 Chanana, ‘India as an emerging donor’.
42 Ibid.
46 Ibid.
47 Vickers & Ruitters, ‘From heroism to pragmatism’.
48 Ibid.
49 The author does not subscribe to the official ‘aid effectiveness’ narrative to define harmonisation. Instead, harmonisation is understood as an internal process of linking different government organisations together around core themes and principles of the host country’s overseas aid programme.
51 Inoue & Costa Vaz, ‘Brazil as “southern donor”’.
53 Most Southern donors, including Brazil and India, do not always separate their aid activities from their trade and investment operations as well.
54 Chin, ‘Beyond the poor helping the poor’.
55 Lancaster, *The Chinese Aid System*.
56 ‘India development initiative to aid developing nations’, *Times of India*, 12 April 2003.
59 V Katti, T Chahoud & A Kaushik, *India's Development Cooperation: Opportunities and Challenges for International Development Cooperation*, Bonn: German Development Institute, 2009. Contrary to the current rhetoric of standardising aid reporting and monitoring practices which emerged from the Paris Declaration of 2005, the Accra Agenda for Action of 2008, and the Busan Agreement of 2011, I do not suggest in any way that the Southern donors need to conform to universal standards rooted in the realities of the West.
China’s absence is partly attributed to the role played by some of the current members of the group, such as Brazil and India; neither of these countries seems to be keen on expanding its membership for different political reasons.

T Fues, ‘The rising donors and the UN Development Cooperation Forum’, paper presented at ‘BRICS as Emerging Donors: Authors’ Workshop’, York University, 20–21 November 2009. There also is no indication that major Southern countries are even willing to work collectively to shape the DCF’s identity as a common platform for promoting a new aid regime. Most critics view DCF as another UN body that spends much of its time on debating the environmental dimensions to development.


Braude & Sidiropoulos, Emerging Donors in International Development Assistance, p 3.

Price, Diversity in Donorship, p 3.

Chathurbedi, ‘India’s double standard on international aid as donor and receiver’.


Braude & Sidiropoulos, Emerging Donors in International Development Assistance, p 12; and Vickers & Ruiters, ‘From heroism to pragmatism’, p 3.


Manning, ‘Will “emerging donors” change the face of international cooperation?’.

Notes on contributor