

South-South Cooperation with Reference to Southern Donors: A Geopolitical Study of India and China

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DECLARATION

I declare that this dissertation entitled “South-South Cooperation with Reference to Southern Donors: A Geopolitical Study of India and China” submitted by me for the award of the degree of Master of Philosophy of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this university or any other university.

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CERTIFICATE

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List of International Abbreviations Used

ADB	:	Asian Development Bank
AfDB	:	African Development Bank
APEC	:	Asia-Pacific Economic Cooperation
AAA	:	Accra Agenda for Action
ASA	:	Association of Southeast Asia
ASA	:	Association of Southeast Asia Summit
ASEAN	:	Association of Southeast Asian Nations
ASPA	:	South America and Arabian Countries Summit
ASPAC	:	Asia Pacific Council
AU	:	African Union
BAPA	:	Buenos Aires Plan of Action
BIMSTEC	:	Bay of Bengal Initiative for Multi-Sectorial Technical and Economic Cooperation
BRICS	:	Brazil, Russia, India, China and South Africa
TCDC	:	Technical Cooperation Among Developing Countries
DAC	:	Development Assistance Committee
ECDC	:	Economic Cooperation among Developing Countries
ECOSOC	:	Economic and Social Council
EU	:	European Union
FAO	:	Food and Agriculture Organisation
FOCAC	:	Forum on China-Africa Cooperation
GATT	:	General Agreement on Tariffs and Trade
IBSA	:	India Brazil South Africa
IDB	:	Inter-American Development Bank
IDB	:	Islamic Development Bank

Contd...

IMF	:	International Monetary Fund
LDCs	:	Least Developed Countries

MDGs	:	Millennium Development Goals
NAM	:	Non-Aligned Movement
CSSTC	:	Centre for South-South Technical Cooperation
NIEO	:	New International Economic Order
OBOR	:	One Belt One Road
ODA	:	Official Development Assistance
OPEC	:	Organisation of the Petroleum Exporting Countries
PPD	:	Partners in Population and Development
RGS	:	Royal Geographical Society
SAARC	:	South Asian Association for Regional Cooperation
SSC	:	South-South Cooperation
UN	:	United Nations
UNCTAD	:	United Nations Conference on Trade and Development
UNDP	:	United Nations Development Programme
UNESCO	:	United Nations Educational, Scientific and Cultural Organisation
UNHRC	:	United Nations High Commission for Refugees
UNICEF	:	United Nations Children’s Fund
UNIDO	:	United Nations Industrial Development Organisation
UNO	:	United Nations Organisation
UNOSSC	:	United Nations Organisation for South-South Cooperation
WB	:	World Bank
WTO	:	World Trade Organisation

Chapter-I

Introduction

1.1 Background

My dissertation titled “South-South Cooperation with Reference to Southern Donors: A Geopolitical Study of India and China” primarily probes to understand the mechanism of cooperation among the countries of Global South in order to identify the inherent geopolitics going therein. The focus is on the two Asian giant economies, China and India, that are also two major donors in Global South. This research looks at the contemporary problems and prospects of South-South Cooperation. Also, the role of China and India as major southern donors are analyzed comparatively. According to Fantu Cheru, “A wide range of analysis have been done on the contribution and cooperation of China and India and its impact and consequences on Africa but the comparative study of these two countries is still sparse”. It indicates towards a gap in the existing literature. This research probes to fill the gap. Also, on one hand Chinese investments have been widely studied and critically analyzed but on the other hand India’s presence and activity in the Global South is comparatively less researched. This research aims to enhance the critical inquiry of India’s trade and cooperation in order to juxtapose with China. Along with the comparative study I probe to answer what are the positive and negative impacts of China’s and India’s activities in the other developing and under-developed countries. “The concept of South-South Cooperation has become a popular theme in international development discourse and has played a key role in solidifying unity among developing countries; However, it has metamorphosed from being interested in geo-politics and opposition to imperialism, global racism, colonialism and the cold war, to emphasis on geo-economics and political economy; In fact, the recent focus of South-South Cooperation has been on achieving sustainable development and growth for the whole South; In this regard, some development scholars see South-South Cooperation as a crucial catalyst for a New International Economic Order (NIEO); Moreover, the emergence of new economic behemoths such as China, India, Brazil, South Africa among others, are beginning to reconfigure and reshape the contours of South-South Cooperation vis a vis their increasing economic and political clout; However, these countries are discernibly

driven by an ambition for global economic dominance and/or political leadership; This development raises an important question: what are the prospects of an increased South-South Cooperation for the entire South? Will these countries dust-up South-South Cooperation from its many years of inertia for the benefit of all the Southern countries, or are they using the South-South movement for their own advantage?” (Ugwuja, Ubaku & et. al. 2014) I seek the answer of similar questions. In my research I attempt to find that how and by what means the South-South cooperation displays its capability of countering the northern hegemony.

While following the discourse to understand the mechanism of South-South cooperation with special focus on the southern donors, China and India in particular, I have also tried to carve out why China and India are such significant southern donors, what makes them stand out, and what is their part in the overall development of the Global South. Role of other major donors like Brazil and South Africa is will find very little space in this work just to keep the probe limited to India and China. The development cooperation has changed the face of global landscape drastically in recent past in which these two economic powers have a lot of play, therefore the further probe is to understand the different approaches of China and India in this cooperation mechanism because their approach determines the intent and the intent determines the future of the success of this kind of cooperation. I aim to look at the subtle details that may be pointing towards some other prerogatives as well. So, the prime objectives of my work is to study the significance, problems and prospects of South-South Cooperation, to analyze China’s and India’s cooperation for development through aid structure and capacity building in global south, to examine whether China and India are following a neo-colonial trend under the garb of changing the world order, to determine the imminent challenges faced by South-South Cooperation, and suggest the measure of advancement of South-South Cooperation.

1.2 Definition, Rationale and Scope of Study

The paragraphs should begin with the definition of South-South Cooperation given by various forums in order to understand its nature and scope. United Nation Education Scientific and Cultural Organization (UNESCO) defines South-South Cooperation “a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and

interregional collective actions, including partnerships involving Governments, regional organizations, civil society, academia and the private sector; This process is guided by mutual benefit between countries, respect for national sovereignty and ownership, establishment of partnership among equals, non-conditionality in cooperation and non-interference in domestic affairs.”

According to United Nation Organization for South-South Cooperation (UNOSSC), “South-South cooperation (SSC) is about developing countries working together to find solutions to common development challenges; Linked by similarities in their development contexts and challenges, the countries of the South have been increasingly active in sharing knowledge, exchanging technologies and forming common agenda and collective actions; South-South cooperation and its agenda have to be set by countries of the South and should continue to be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit; In 1974, the United Nations General Assembly, in its resolution 3251 (XXIX), endorsed the establishment of a special unit within the United Nations Development Program – United Nations Office for South-South Cooperation (UNOSSC) – to promote technical cooperation among developing countries and to enhance local capacity in developing countries by supporting local capabilities, institutions, expertise and human resources and national systems, where appropriate, in contribution to national development priorities, at the request of developing countries.” The World Health Organization says, “through this model of cooperation, developing countries help each other with knowledge, technical assistance, and/or investments. Developing countries are the agents of action in South-South cooperation not just as partners, but as leaders of the development process; This process moves away from the paradigm of cooperation as a one-way assistance from donor to recipient towards a model where emphasis is firmly placed on capacity building, self-reliance, and the sustainable development of countries from the global South.” According to FAO, “South-South Cooperation is playing a greater role than ever before in the international development cooperation landscape and innovation in the South is generating new tools and partnerships for tackling issues of food insecurity, poverty and sustainable agriculture; Countries in the South have long been collaborating for development; FAO’s universal commitment to the Sustainable Development Goals (SDGs) remind us that new partnerships and the adoption of a

modern approach is required if we are to deliver; Recent developments in South-South Cooperation show we have lots to learn from countries like Brazil, China, Morocco and Nigeria which are among FAO's most outstanding South-South partners in food and agriculture." On a similar note United Nations Development Program (UNDP) "has made a strategic commitment to helping countries to expand engagement in mutual learning and solution sharing for a more rapid and sustainable development progress; In 2016, UNDP supported more than 500 projects that utilized South-South and triangular cooperation across 127 countries." Partner in Population Development for SSC writes, "PPD was established in 1994 to promote and strengthen South-South Cooperation in population and development; Since its establishment, PPD has been implementing reproductive health, population and development programs in its member states through South-South Cooperation with resounding success; PPD defines South-South Cooperation as an international cooperation strategy that aims at empowering developing countries to uplift the quality of life of their citizens in mutual respect and in recognition of the specificity and comparative advantage of each country in their ability to influence the development agenda."

The Global South that is home for three fourth of the world humanity is undergoing through a renaissance that has attracted a lot of academic discourse from all over the world. The resurgence of global south is giving way to the possibilities of remapping the development landscape and the economic order of the world. The power of South-South Cooperation comes from the sympathetic nature of the countries of global south that share historical and cultural ties, and most importantly they shared the similar fate of colonization for a long time. The major force behind South-South Cooperation has been the increased trade, investment and cooperation among the countries of developing countries. The Global Economic Crisis of 2008, proved to be instrumental for the enhancement of SSC because all the flow of resources, ODI and developmental aid from the developed countries or the countries of north decreased drastically that compelled the emerging economic powers of the south two step forward in the situation and help each other by sharing money, knowledge, technology and expertise with each other. The rise of South as an economic power house is not just a matter of vibrancy and spirit but it also has empirical evidence is attached to it. In 2013, UNDP report showed that in the history of 150 years the GDP of Brazil, China and India for the first time was nearly equal to the combined GDP of Canada, Germany,

France, Italy, the United Kingdom and the United States that are also the six members of G7. Not only in terms of economic growth, the developing countries have also demonstrated better performance on critical human development entices such as health, education and infrastructure. 20 developing countries have also showed the courage to adopt the sustainable development goals given by the UN and are constantly striving to end their poverty, protect the environment and ensure a better lifestyle for all of its citizens within the specified time frame. The overall transformation of the South has attracted unhappy responses from the North that is marked by an evident decline of ODA by them. Such a paradigm shift naturally indicates towards a possibility of reconfiguration of the global economic architecture, necessitating a stronger cooperation among the developing countries in pivotal areas such as finances, trade, partnership, education, pharmaceuticals, peace and security, environmental development, human resource development and innovations in the field of science and technology.

Looking at SSC historically one can observe the rich and diverse content of South-South Cooperation as it varies from developmental cooperation among the southern countries as well as by varied international organizations on the matters of policy formulations related to the global order including the bilateral and multilateral regimes. The SSC rests upon the relations, exchanges and engagements among neighboring countries, economic enterprises and even the citizens of the Global South. This is why the groups like the G 77, NAM and other such international organizations are so crucial for South-South Cooperation as their policies and potential impact decide the course of SSC in the long run. Bilateral forums are most significant among developing countries as they share common borders, manage shared natural resources, knowledge, cultures, history and hence can best manage their educational exchanges, trade and commerce, technical assistance, and development cooperation. The domestic government do play the central role in arranging most of the South-South exchanges, but the non-government actors also play an instrumental role in the field of public/private business enterprising, foreign investments, and joint production forums. The joint ventures on infrastructure, telecommunications services, energy and power, transport links through land, air and water is another area to be taken care for continuing the progress of SSC.

1.3 Review of Literature

I have split the review in three sections, in the first section- significance and potentials of South-South Cooperation has been discussed, in the second section- problems related to South-South Cooperation with special reference to southern donors has been discussed, and in the final section- the economic cooperation by China and India will be discussed along with the contemporary debates, problems and prospects related to it. “Development is a concept that attempts to encompass a vast complexity of processes of social transformation; It conveys meanings of great promise and hope to billions of human beings concerning human betterment, and refers to a long-term historical project of the liberation of peoples and nations from the vestiges of colonialism, poverty, oppression and underdevelopment; South-South cooperation has been a key organizing concept and a set of practices in pursuit of these historical changes through a vision of mutual benefit and solidarity among the disadvantaged of the world system; It conveys the hope that development may be achieved by the poor themselves through their mutual assistance to one another, and the whole world order transformed to reflect their mutual interest vis-à-vis the dominant global North” (Gray & Gills 2016).

According a report on policy recommendations by the task team of SSC, they define SSC as “an expression of the increasing collaboration and partnership among countries from the South, interested in sharing their development experiences and learn from each other: These new arrangements among Southern countries are conceived as horizontal partnerships, where activities are based on trust, mutual learning and equity and conceived to establish long-term relationships; Through South-South cooperation, developing countries, particularly Middle Income Countries but increasingly Low Income Countries, are proactively engaging in the global development architecture, going beyond their traditional role as recipients and contributing their energy and successful development experiences in benefit of their own and their partner’s development; South-South Cooperation has certain characteristics that can enrich the aid effectiveness agenda: Due to similar development levels and experiences, developing countries can share good practices and development solutions that are highly adaptable to local economic and social conditions, Partners trust each other, and this trust increases as formal and informal peer linkages are built and strengthened” (OECD, SSC Policy Recommendations 2011). They further explain the developmental mechanism of SSC and state that “South-South Cooperation has demonstrated to

achieve good development results when all partners have strong leadership and are willing to engage in horizontal partnerships; Political commitment from high-level authorities is essential to ensure sustainability of South-South cooperation Partners can identify mutual benefit, learn from each other and clearly define responsibilities in the cooperation arrangement cooperation is built upon long- term relations, and willingness to scale up and diversify partnerships there are highly motivated change agents who can make a decisive difference in promoting endogenous capacity development; Their leadership can be decisive to boost reforms at the institutional and policy levels in the countries involved; There are opportunities to enhance and improve the bridges between North-South and SSC.” Addressing the role of Triangular cooperation for the development country the policy makers agree that the “Triangular cooperation could serve to promote win-win-win situations, in which all partners (traditional donors and developing countries) learn, contribute and share responsibilities; We define triangular cooperation as an arrangement under which donor and international organizations support and complement specific South-South cooperation programs or projects by providing technical, financial, and material assistance. To be effective, triangular arrangements need a strong partner countries engagement and shared ownership among all partners, efficient management of transaction costs (which tend to be high in this type of cooperation), and good use of complementary strengths in first-hand knowledge, expertise and resources” (OECD, SSC Policy Recommendations 2011).

Economically it is true that the triangular cooperation can certainly increase the rate of development of the southern countries but the geopolitics imbedded in such cooperation has a different motive that a mere economic upliftment of the developing countries. A true analysis the recommendation by OECD suggests that “SSC still faces several challenges that in some cases are related to institutional and technical capacities of Southern countries particularly those of Middle-Income Countries; They include improving the quality of information (data, processes, cases, change agents) that would enable transparency and better quality and results, Reinforcing results-orientation, Better alignment to national systems and development.” SSC definitely needs institutional reforms for claiming its legitimacy as much as the northern agencies. SSC needs to follow a trajectory of development based on its own terms and conditions that should not be driven by the northern directions and dominance.

Fahimul Quadir (2013) writes, “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.” Today China is the biggest donor in Sub-Saharan Africa whereas India occupies the eighth position in the world and second position as a southern donor. China and India, according to Fantu Cheru and Cyril Obi, “as developing countries, have made great progress in transforming their backward economies and have been able to reduce poverty in a short span of twenty-five years under the guidance of a strong, development-oriented activist state; This is in sharp contrast to the experience of African countries, which, from the early 1980s, implemented deflationary ‘structural adjustment’ reform program under the surveillance of the World Bank and the International Monetary Fund (IMF).” Today, both the countries are investing a great amount of money in the infrastructural development of various African countries, which is critical for raising productivity and reducing poverty. This has helped most of the African countries to gain remarkable growth rates in many years. The positive growth rate has also been accompanied with growing demands by India and China for African resources. Trade relations between these countries is often problematized due to differing opinions of scholars. For example, according to Asche and Schuller “China’s rising demand for Africa’s natural resources has not only helped to re-establish Africa as a source of valuable commodities for the global market but also has helped to focus attention on why the continent still remains poor’ as well as ‘created new possibilities for breaking through the stubbornly high poverty rates in the continent” states Asongu.” On the other hand, “China’s March into Africa has often been welcomed with fear and disapproval from the West”, writes Emma Mawdsley (2012). Biggeri and Sanfilippo see “China’s increased engagement with Africa as no different from earlier ones which largely cast Africa as the supplier of cheap but abundant raw materials as well as a fertile ground for the sale of cheap manufactures.”

Similarly, for India, writes Sanusha Naidu (2008), “that India often escapes controversy for its presence in Africa, unlike China and America due to its positive global image, also it is always given a ‘benefit of doubt’ says an African diplomat.” Again, on the other hand, Pdraig Carmody points out “that Africa has a much greater

strategic importance for India than for China, particularly in terms of energy” (Mawdsley & McCann 2011).

Fantu Cheru and Cyril Obi also argue that “trade is not the only motive for India's commitment as the east coast of Africa is of great strategic importance for India who seeks to build a visible presence in the Indian Ocean” (Mawdsley & McCann 2011). “In his contribution Fantu Cheru seeks to challenge views that relations between African countries and rising powers are necessarily a form of renewed colonialism, arguing that such views disregard African agency and fail to examine how that agency can transform emerging bilateral relationships into ‘win-win’ relationships; Cheru shows how this has been the case with regard to the Ethiopian developmental state’s successful harnessing of relations with emerging donors and the production of its own national policy space; This is shown through an analysis of trade, investment and aid relations with China and India (Gray & Gills 2016).

In context to the rise of Global South, thinkers with different case studies describe the highly contrasting nature of the issues of South-South Cooperation ascertaining its rise in different aspects. On the debate on rising powers of Global South in global economy, Deepak Nayyar views are that, “in terms of their share in industrial production and the export of manufactures, there has been a significant degree of catch-up industrialization since the 1950s, a process that has intensified since the 1970s; However, this catch-up has been characterized by broad unevenness across the developing world, with much of the gains limited to Asia, Latin America staying roughly constant and Africa falling even further behind. China and India have seen the greatest gains, followed by the rest of what Nayyar terms the ‘Next 14’ (Argentina, Brazil, Chile, Mexico, Indonesia, Malaysia, South Korea, Taiwan, Thailand, Turkey, Egypt and South Africa), followed in turn by the rest of the developing world; Even within the BRICS grouping there are considerable inequalities, with Brazil, India and South Africa all running sizeable trade deficits with China” (Gray & Gills 2016). So, in the trade arrangements within the developing countries, Nayyar sees a reflection of colonial pattern specially in the export of raw material that China receives and export of manufactured goods China sends. According to him BRICS can balance out the whole pattern within the developing countries if it attempts to improve the flow of trade among the developing countries, in terms of the impact on BRICS on global governance as well Nayyar thinks that it has scope for more success in dealing with the most

dominant organizations like the UN, IMF, World Bank, WTO etcetera but unfortunately the countries of BRICS are much behind their own capabilities due to the lack of unity, economic and political competition within resulting in unhealthy relations among themselves. South-South Cooperation stand on the basis of solidarity among nations failing to which will fail the SSC itself and BRICS needs to understand this in order to resister a real success in developing their conditions with respect to the Global North. Professor Patrick Bond, a professor of political economy “adopts a more critical view of the implications of the rising powers for global development; Drawing on Rosa Luxemburg’s analysis of imperialism as opening up non-capitalist areas to exploitation, he sees new institutions such as the New Development Bank and the Contingency Research Arrangement as forms of sub-imperialist finance; In this sense these institutions do little to provide an alternative to the prevailing world system of sovereign debt, but instead serve as mechanisms for redirecting the world’s surplus capital” (Gray & Gills 2016).

Thomas Muhr, a lecturer of Social Development and Policy gives a contrasting and optimistic view on the SSC “arguing that frequent dismissal of claims of SSC as mere ‘rhetoric’ are disingenuous; Muhr offers an altogether more optimistic assessment of the emancipatory potential of SSC, Muhr argues that the progressive potential of SSC can be seen particularly in Latin America, as pursued by, among others, Venezuela and Cuba, in the form of ALBA-TCP; Through the pursuit of solidarity and complementarity, these emergent forms of SSC are seen as possessing the potential to liberate the periphery from unequal exchange for mutual benefit both within the region and beyond; Muhr criticizes the dichotomy deployed in the existing literature between ‘national interests’ and solidarity; The heterogeneity of the global South does mean that, inevitably, one side of the relationship reaps greater monetary gains through trade, yet, through SSC arrangements, the other party can reap more intangible benefits such as experience, knowledge and cultural exchange, capacity building, diplomatic solidarity, human rights promotion, and the visibility and recognition of the South; Thus a distinction should be drawn between dependency and dependence, with the former pointing towards a form of neo-colonial exploitation and absence of actor autonomy, and the latter more properly viewed as an unavoidable consequence of the unevenness of the global South; SSC thus looks set to create a system of asymmetric interdependence, as part of a project of counter-dependency; This can be seen as

something quite different from the dependency that has characterized North–South relations” (Gray & Gills 2016). Similar to the heterogeneous nature of the Global South countries, the cooperation mechanism within them also attracts heterogeneous views from different thinkers across the world. A wide range of analysis have been done on the contribution and cooperation of China and India and its impact and consequences on under-developed countries but the comparative study of these two countries on is still sparse hence the study becomes very crucial to be scrutinized and analyzed.

1.4 Hypothesis

- (1) National Prerogatives and interests of the Southern Donors may collapse the architecture of South-South Cooperation.
- (2) China and India though significant as southern donors are more inclined towards their own national interest.
- (3) South-South Cooperation is not intense enough to counter the U.S based international order.

1.5 Research Methodology

The proposed research is analytical and comparative in nature. The study would follow a mix method of quantitative and qualitative approach. In terms of sources, the proposed literature would rely on both primary and secondary sources. Primary sources would include statistical governmental documents, official reports by both online and offline mode, and interviews of related leaders, policy makers and academicians. Secondary data would consist of relevant books, journals, academic papers, newspaper articles, NGO reports, legislative deliberations etc. Statistical techniques like mean, median, mode, and Correlation Analysis would be used to illustrate data related to trade and commerce. The data regarding export, import and trade imbalances would be represented by charts and diagrams.

1.6 Chapter Scheme

This is the first and introductory chapter of the thesis that tends to provide a brief outline about the purpose of study. It will include a brief review of the existing literature and will elucidate the definitions, rationales and scope of study. This chapter reflects the research design of my work and then provide an outline of the following chapters. The second chapter is titled “Geographical and Historical Background of

South-South Cooperation”. This chapter will provide a discussion on the origin, history and geography of South-South Cooperation highlighting reasons of the series of starts and stops of SSC till today. It will also incorporate the contemporary debates, problems and prospects of SSC. For the ease of understanding, I have split the chapter under two major sections the first section being the simpler one discusses the geography of South-South Cooperation and also discusses the concept of Global South and Global North. The second part deals with the history of South-South Cooperation. This section is discussed with great detail in the chapter. I have split this history of South-South Cooperation under four time periods that in sections deals with the past to present context of the South-South Cooperation. The third chapter is named as “Critical Analysis of China’s and India’s Role as Major Southern donors”. This chapter discusses the role of India and China as major actors of development in the global south. While describing the economic power of these two nations respectively the chapter goes on analyzing the aid policy, aid pattern, type and structure, foreign policies, trade, and other socio economic infrastructural development programs along with critically analyzing their role and capacity as major Southern Donors. The fourth chapter is the “Geopolitical Study of South-South Cooperation by China and India”. This chapter is the most rigorous part of the thesis. It is divided under four major sections that goes on discussing the Geopolitics of Aid and Strategic Interests. This chapter highlights geopolitical consequences of Chinese and Indian cooperation for development as a threat to northern dominance. It also imparts that how the two countries are gaining greater geopolitical strategy by their presence in the global south and the fifth and final chapter is the “Conclusion” that incorporates findings of the study and answer for the research questions. It also summarizes the result of the hypothesis tested and will lay down outcome of the research.

Chapter-II

Geographical and Historical Background of South-South Cooperation

2.1. Geographical Background of South-South Cooperation

Global South is home to the hungriest nations in the world characterised by poverty, starvation and instability. Hence, it is the most crucial area that is in need of economic, scientific, academic and most important of all the humanitarian attention, cooperation and concern. It is a big misfortune that the same area is under a huge geopolitical turmoil. Great steps have been taken to cure the problems of the south, the most important being the South-South Cooperation, where developing countries that are in better conditions in terms of economy and technology could help other underdeveloped countries to grow. For example, Brazil through its agricultural techniques has turned their savannah lands into the most productive agricultural lands, so Brazil could transfer the technology to Sub-Saharan Africa to transform its savannah land into prosperous agricultural lands. Similarly, India and China are contributing their own technologies, goods and education to the African countries. We are witnessing in the juncture of time, a discernible shift in the balance of economic power in favour of the South but we have not yet seen a corresponding shift in the balance of political power that is the function of colonial history and northern dominance.

The Global south, as understood today, is comprised of the third world, the concept of which came earlier than the Global South. For understanding Global South, it's imperative to understand the concept of third world. "In the 19th century the world was largely divided into several empires, each of which possessed a 'civilized' centre and peripheries that were more or less considered primitive or even 'barbaric'; It is unlikely that the citizens of what is now often called the Global North or developed countries would have given much thought to the inhabitants of what was to become known as the Third World, and now, the Global South, also called 'developing or low-income countries; When they did, most would have considered these peoples to be inferior in some way, by virtue of being non-white, less educated, or even primitive; The term 'Third World' was coined in 1952 by the French demographer, anthropologist, and economic historian Alfred Sauvy, who compared it with the Third Estate, a concept that emerged in the context of the French Revolution; (First Estate refers to the clergy and the monarch, Second Estate to the nobility, and Third Estate to the balance of the

eighteenth-century French population as much as 98 percent); The Third World, as a phrase, also achieved acceptance because it usefully contrasted the poor countries to the First World (the non-Communist, high-income, developed countries) and the Second World (Communist countries, which though not as wealthy as those of the First World, were then characterized by greater order, higher incomes, and longer life expectancies)” (Butler 2007). The perception of the North or the West or the developed about the South or the East or the developing can be clearly seen in Butler’s writings where he explains that “Most people in the Third World, though ruled by European colonies, lived far from the global sources of economic, political, and military power; Until very recently, most were subjugated, most illiterate, and few would have been aware that, even then, they formed a majority of the world population;” Such concept of Global South or the Third World has been nothing but the perceptions made up by the so called “developed world” as they were the ones who made their development, economic power and offensive technicalities sound their knowledge like a universal truth in the first place. The discrimination they made on the basis of race, colour, economic status, and literacy, without understanding that this was their version and imposition of perception, made a huge fault between the present North and South.

It will not be an overstatement to say that the future of the world has been running on the trajectory directed by the North. It was their contribution when they started educating the population of developing countries, but interestingly not only for welfare but for their ease for getting close to the unknown society and extract resources. The education, in return, improved the consciousness of the people and hence they began to understand the geopolitics of the world where they were not having enough stake. Awareness grew “among leaders within these poor countries, many of whom had been educated, at least partly, in Europe or America; This awareness and exposure to Western culture raised expectations and hopes, and inspired many Third World leaders to try to improve colonial living conditions and win political independence; Opposition to domination by the First World (colonization) also grew through increasing migration and travel, including that stimulated by the two World Wars; Many troops who had participated in these wars, particularly on the allied side”, were from what was soon to be called the Third World; In addition, many Europeans served in Asia, and their exposure to conditions in the colonies may have helped to erode the resolve of the colonial powers to keep their empires unbroken; As the twentieth century progressed, the global decolonization movement strengthened, empowered by successive nations that achieved independence; More and more countries in the Third World developed a national identity; The newly formed United

Nations, born in the period of comparative hope and idealism that briefly flowered following World War II (1939–1945), also provided a forum for developing countries to share ideas and to argue their position before a wider audience; The decades that followed saw many attempts to form coalitions of Third World countries, to counter the vastly superior power of the “developed” First World countries; With hindsight, it is clear that these were only partly successful. In 1955, Bandung Conference was held. At this meeting, Indian Prime Minister Jawaharlal Nehru explicitly rejected both sides in the ongoing cold war between the United States and the USSR, expanding on the principles of non-alignment, a term he is credited with coining and first using in 1954; The meeting led to the development of the Non-Aligned Movement (NAM), which held its first formal meeting in 1961; Rest of the history is discussed in greater detail in the next sections” (Butler 2007).

After the launch of South-South Cooperation, the third world began to be acknowledged as a powerful region as it began striving for its development like never before. “The 1970s was a period of foment in the developing countries; Many improvements in living standards and life expectancy rates had been achieved in the 1950s, but by the 1970s these advances were stalling; Impatience in the Third World was growing. In 1973 OPEC substantially raised the price of oil, triggering the first global oil crisis; This had a major adverse economic effect upon the non-oil-exporting countries of the Third World, and revealed a lack of solidarity within the Third World overall. Parallel to this, the developed countries (prior to the discovery and development of the North Sea oil fields) were becoming increasingly dependent on the Third World for energy, due to the decline of U.S. oil reserves; These factors increased the economic power of part of the Third World; In 1974 the first UN-hosted population mega-conference was held in Bucharest; At this meeting the Group of 77 refused to accept responsibility for their poverty, instead blaming colonialism and ongoing Western exploitation; Famously, the Indian delegation, represented by Karan Singh, called development ‘the best contraceptive’; This rebellious spirit was also reflected in calls from the Third World for a New International Economic Order (NIEO); It is unlikely to be coincidental that the terms the South and the North were first widely used around this time; These terms appear to have entered common usage as an alternative to the long-standing geographical and cultural partition of the world into West and East; The new names avoided the stigma associated with the term the Third World, and created the hope that a new world order one in which the North would be fairer to the South was underway” (Butler 2007). But, the sympathy from the North was not enough for the South to grow and meet their global aspirations.

In the context of dramatic changes for international cooperation, writes Martin Rivero Illa “South-South cooperation steps in as a different method of cooperation to the traditional North-South, as an innovative expression of solidarity among developing countries, as a hope for a better world and, to some extent, as a new ideology for its approach to the world and its interpretation of the relationship among peoples; With its rich heterogeneity, its challenges and wisdom, South-South Cooperation is a reality in permanent evolution” (Cabana 2014). Although South-South Cooperation got currency in the recent past but it been a voice of solidarity for developing countries since its inception. In the beginning it was known as Technical Cooperation among Developing Countries (TCDC) that closely correlated to Economic Cooperation among Developing Countries (ECDC). South-South Cooperation, by the passage of time, has emerged as an important pillar for development through mutual cooperation of southern countries. In the following chapter the very foundation of South-South Cooperation is explained. The concept of North and South world countries is discussed in detail. The geographical extension of Southern countries is illustrated and then the history of South-South Cooperation is discussed in major details.

2.2 The Concept of Global South and the North-South Divide

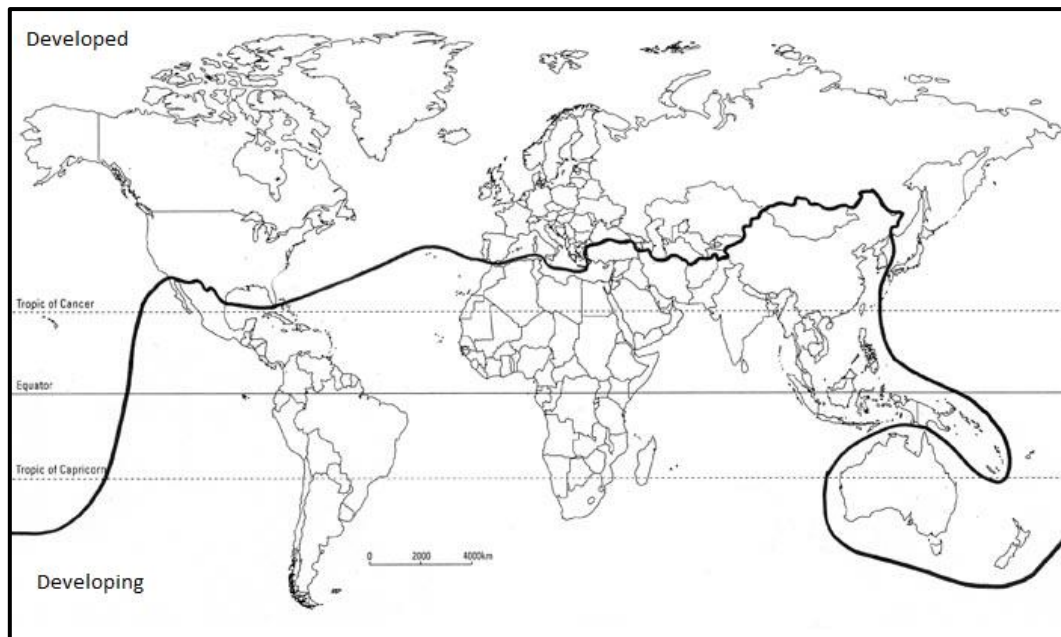
The Global North and Global South are alternatives for the developed countries and the developing countries respectively. Coming together both the global north and south constitute the entire population on the globe. The term symbolizes generic historical, geographical, economic, social and political differences between the North and South countries. The global south is an entity originated through the struggles and conflicts between the dominant imperialists and the emancipatory de-colonialist forces. It can be said that the “Global South” is a geopolitical conception substituting the “Third World” after the disintegration of Soviet Union. According to the western narrative, the global south represents the underdeveloped and the developing countries of the world that are in need of “support” from global north and its bodies like G8, IMF, World Bank and such. However, the perspective of the inhabitants of the global south defines it as the region of emergence of new ideas and visions, where a robust de-colonialist brigade is at work that also has enough potential to disturb status quo of the world.

The countries global north broadly covers Hong Kong, Israel, Japan, Macau, New Zealand, Russia, Singapore, South Korea, Taiwan, Canada, The United States and whole Europe. The global south consists of Asia (barring Taiwan, Hong Kong, Japan, Singapore, Macau, and South Korea); Middle East (barring Israel), Africa, Central and South America,

and Mexico. In terms of development and wealth, the Royal Geographical Society states, “In the 1980s, the Brandt Line was developed as a way of showing the how the world was geographically split into relatively richer and poorer nations; As per this model the richer countries are almost all located in the Northern Hemisphere, with the exception of Australia and New Zealand; Developing and underdeveloped countries are mostly located in tropical regions and in the Southern Hemisphere; However, by the passage of time, it was realized that this view was too simplistic; Countries like Argentina, Botswana and Malaysia have GDP (PPP) per capita above the global average, yet still they appear in the ‘Global South’; Conversely, countries such as Ukraine appear to be now amongst a poorer set of countries by the same measure” (RGS).

Further elaborating upon the North South divide, it is stated that “despite of all the significant development gains across the globe which have lifted millions of people out of absolute poverty, there is still substantial evidence that reveals inequality between the rich and the poor countries is widening; In 1820 Western Europe's per capita income was three times bigger than Africa's but by 2000 it was thirteen times as big; In addition, in 2013, Oxfam reported that the richest 85 people in the world owned the same amount of wealth as the poorest half of the world's population; Today the world is much more complex than the Brandt Line depicts as many poorer countries have experienced significant economic and social development; However, inequality has also been growing within the countries and this difference has given birth to the concept of ‘Global North’ and ‘Global South’ that refers to rich or poor communities respectively, which are found both within and between countries; For example, whilst India is still home to the largest concentration of poor people in a single nation it also has a very sizable middle class and a very rich elite; There are numerous causes for such inequalities that includes the availability of natural resources, different levels of health care facilities and educational opportunities, the nature of economy and the industrial sectors of a country, international policies for trade and access to markets, the governance and international relationships and conflict within and between countries, and the vulnerability of a country to natural hazards and climate change” (RGS).

Fig. 1: The Brandt Line



Source: The World Bank, 2000

Furthermore, the politics of North and South has been going on under the United Nations since 1950 but the nature of struggle is quite distinct. Describing the nature of politics between the North and South, Rumki Basu (2018) writes, “It was not a struggle for power between any two nations or bloc of states (for example, the cold war) but a group struggle between two major economic groupings in different world fora; It was not based on strategic issues (peace and war) nor was it a contest between two opposing ideological viewpoints represented by two groups of nations; in global bodies, since all members of each bloc ipso facto belonged to one camp or the other.” Then what was the struggle for? Why one side of the earth was burgeoning and the other side was enslaved and victimized? Basu explains, “North-South politics is not really a struggle for power; it takes the form not of bitter antagonism between the major contestants but a struggle of the poor group for a more egalitarian world economic order by a radical redistribution of the world's resources” (Basu 2018).

2.3 History of South-South Cooperation

After the Second World War, a discernible shift is seen in the balance of power from North in favor of the South. After the independence of the colonized nations, they began to think about their development. The South being a victim of colonization was not enough to evolve without cooperation from the other nations. The South-South Cooperation found its origin from that period.

The history of South-South Cooperation, in a chronological order, can be scrutinized in five periods (Gianmarco Vassalli).

- (1) 1955- The Bandung Conference
- (2) 1978- The Buenos Aires Plan of Action
- (3) 2000- The Millennium Summit
- (4) 2017- G-20, BRICS, SAARC Summits and considerations of Cooperation and Development.

2.3.1 The Bandung Conference: Explaining the beginning of an era of cooperation from 1945 to 1978

In 1955, there were 29 Asian and African countries that participated in the Bandung Conference held in the Bandung city of Indonesia, in a hope to transform this world. It was a protest movement from the countries of global south with a long history of colonial rule. The conference was fired with a great zeal of anti-colonialism. The participating countries desired to challenge the existing world order that was still impregnated with hierarchy based on racism and imperialism. Along with the common anger due to indignation brought by colonialism, the leaders of Bandung also intended to win their independence in foreign policy and to consolidate the South-South Economic and Cultural Cooperation. The conference basically sought to decide a substitute to have a better global governance and justice with a determination to accomplish greater development in the field of economic and social status of the citizens of global south as well as to proceed with the action of decolonization to a greater effect.

The premier representatives were Pt. Jawaharlal Nehru from India, President Sukarno from Indonesia, Chou En-Lai from China, U Nu from Burma, Josip Broz Tito from Yugoslavia, President Gamal Abdel Nasser from Egypt, Kwame Nkrumah from Ghana and distinguished leaders from Nepal, Pakistan, Philippines, Liberia, Sudan, Gold Coast, Jordan, Iran, and Ceylon. The collaboration of these leaders was instrumental and historic in advancing the “Non-Alignment Movement” and also to the concept of “Third world” or the “Global South”. According to the press release of the Bandung Conference held in 1955, the conference provided the required platform for South-South Cooperation along with strong proposals for encouraging economic, political, technical and cultural collaboration within countries of global south. The statement abhorred all kinds of discrimination and racial segregation, as well as disapproved colonialism in its every manifestation. It also advocated that membership of

countries in the UN should be universal and countries should be admitted to the UN unobjectionably because this kind of participation was imperative for peace and active cooperation.

The Bandung Conference is also known for its ten principles that continue to be as relevant as it has been in the past more than 60 years. The principles as written by the Ministry of External Affairs, Government of India state:

“Free from mistrust and fear, and with confidence and goodwill towards each other, nations should practice tolerance and live together in peace with one another as good neighbors and develop friendly cooperation on the basis of the following principles:

1. Respect for fundamental human rights and for the purposes and the principles of the Charter of the United Nations;
2. Respect for the sovereignty and territorial integrity of all nations;
3. Recognition of the equality of all races and of the equality of all nations large and small;
4. Abstention from intervention or interference in the internal affairs of another country;
5. Respect for the right of each nation to defend itself singly or collectively, in conformity with the Charter of the United Nations;
6. (a). Abstention from the use of arrangements of collective defense to serve the particular interests of any of the big powers;
(b). Abstention by any country from exerting pressures on other countries;
7. Refraining from acts or threats of aggression or the use of force against the territorial integrity or political independence of any country;
8. Settlement of all international disputes by peaceful means, such as negotiation, conciliation, arbitration or judicial settlement as well as other peaceful means of the parties own choice, in conformity with the Charter of the United Nations;
9. Promotion of mutual interests and cooperation;
10. Respect for justice and international obligation” (MEA 2017).

2.3.2 Seasoning of the Bandung Spirit

The Non-Aligned Movement appeared as the first wave of decolonization followed up by the World War II. The member countries of the Non-Aligned Movement took up a common resolution that they won't take a membership of any multilateral military alliance and the condition applied was that they shouldn't have signed any bilateral military agreement with any of the major power in order to resist oneself from taking a side of any great power in the

time of conflict. The story began with the beginning of Cold War in the mid-20th Century where the Soviet Union and the United States were the two major powers. These two great powers counteracted to each other by making an organization of their aligned nations into a rival military alliance. The United States established the North Atlantic Treaty Organization and the Soviet Union established the Warsaw Pact. The architects of NAM however chose to acknowledge this as a “movement” rather than an “organization” so as to escape any bureaucratic implications in future. The criteria for membership of NAM devised amid the 1961 Preparatory Conference of the Belgrade Summit in Cairo reveals that the NAM wasn't supposed to take on an inactive participation in the international politics rather than it was conceived to develop its own individual capacity in order to represent the interests of NAM members.

Hence the primary aims of NAM was to focus on boosting “self-determination, national independence and the sovereignty and territorial integrity of States; opposition to apartheid; non-adherence to multilateral military pacts and the independence of non-aligned countries from great power or block influences and rivalries; the struggle against imperialism in all its forms and manifestations; the struggle against colonialism, neo-colonialism, racism, foreign occupation and domination; disarmament; non-interference into the internal affairs of States and peaceful coexistence among all nations; rejection of the use or threat of use of force in international relations; the strengthening of the United Nations; the democratization of international relations; socioeconomic development and the restructuring of the international economic system; as well as international cooperation on an equal footing” (MEA 2017). In the time between 1970's and 1980's the NAM member countries played an instrumental role in the battle of establishing a New International Economic Order (NIEO) that would provide a platform for all the citizens of the world where they can play their part by using their resources (in terms of wealth, business and services) in bringing about significant transformations in the existing international relations by providing economic emancipation to the countries of global south. Throughout the history, the member countries of the Non-Aligned Movement have displayed immense potential by conquering over their individual ideological, political, economic, social, and cultural differences. In more than 50 years of the existence of NAM it has congregated with the rising number of states and liberation movements that have accepted their fundamental principles and objectives and have demonstrated their willingness to comprehend it. Their association has prepared a road map that led has them to mutual

cooperation that further framed the most favorable condition for a successful South-South Cooperation.

The formation of NAM led to the foundation of United Nations Conference on Trade and Development (UNCTAD) because the developing countries started to realize that their attainments were being regulated and their targets were being set in the UN developmental decade that largely depended upon the interests of industrialized countries. Established in 1964 the function of UNCTAD is to formulate various policies regarding trade, commerce, aid, transportation, financial and technological matters. It was formed because the developing countries realized the need of a larger liberal trade, investment and such policies. UNCTAD basically dealt with the issues of international trade and development in various aspects. It was imperative in order to ensure that the policies work equally profitable in different international settings and should not be gainful in one sphere and is nullified in other by counteracting policies. UNCTAD endures the responsibility to measure, analyze and propose plan of action for the issues of international trade and commerce as they directly correspond to development. UNCTAD constituted the G77 that was the largest body of developing countries functioning in the United Nations. The G77 was founded by a joint declaration at the United Nations Conference on Trade and Development by seventy-seven developing countries on 15th June, 1964. It was designed for the welfare of the member countries for their collective development and through economic growth and also for a political capacity for negotiating in the United Nations. Initially there were 77 members in the organization but the number expanded to 134 in 2013, November. However, China is included in the 134 countries but China does not count itself as a member of the G77 hence the official statements of the organization is often issued under the name of “G77 and China”. Essentially the group aimed to launch a movement of cooperation from the developing countries that is why every year the G77 meets at the General Assembly of UN to assure their joint position on various issues related to cooperation and development. Both NAM and the G77 have worked together during the inception of the struggle of developing countries to encourage “Technical Cooperation among Developing Countries (TCDC)” and “Economic Cooperation among Developing Countries (ECDC)” since the inception due to their correlation with the international trade and cooperation. In the beginning NAM was working on both TCDC and ECDC but later on TCDC disengaged itself from NAM and pronounced its independent identity.

With the foundation of NAM and G77, the two prominent political cooperation forums, provided a favorable situation for putting forward the petition of New International Economic

Order (NIEO) by the countries of global south. The entreaty of NIEO was widely endorsed in 1974 General Assembly of the United Nations. It came with a declaration and a plan of action for the successful establishment of NIEO. The demand for cooperation from the countries of global south and more assistance from global north was incorporated in the plan. In the following years the global south kept on advocating NIEO collectively and kept taking necessary steps to defend its idea of NIEO that aimed towards an impartial global economic order that would comparatively privilege the developing and under developed countries and resist uneven and unfair policies in the international trade. After the separation of TCDC from ECPC it continued to remain an individual entity under the UN for which the UN also formed a team in 1972 to that took charge of analyzing its modalities. The working team was the initial footstep in the UN that assured participation of TCDC in multilateral forums. The insistence for TCDC was also loudly made at the UN conference on Technical Cooperation among Developing Countries in August 1978 at Buenos Aires.

2.3.3 South-South Cooperation as the Corollary of the Bandung Conference

The first period of the South-South Cooperation, that is, the period of Bandung Conference was characterized by multilateral forums particularly pertaining to the United Nations Organization (UNO). The wide debate upon the beginning of partnership of the southern countries gave birth to explicit and implicit kind of cooperation between the member countries of Bandung conference. Initially, the encouragement of development through cooperation started cooperation between countries over strengthening their relation and solidarity which later on progressed and the countries started to understand and identify their mutual abilities, needs and goals that was imperative for achieving the goals of mutual cooperation. The most important achievement of this period was Technical Cooperation among Developing Countries that was a milestone in the field of cooperation. The TCDC that led to the approval of “The Buenos Aires Plan of Action (BAPA)” in the fall of 1978 in September that was very instrumental in South-South Cooperation.

Unity to have a say in the international trade was the most important aspiration at that time that could connect the developing countries closely. The developing countries found a great strength in having a joint position to build pressure in the regulatory processes carried out in “General Agree on Tariff and Trade (GATT)” and “United Nations Conference on Trade and Development (UNCTAD)” which were primarily very much influenced by the world’s most powerful countries. Due to their unity in these matters they were able to achieve beneficial

agreements in tariff rates to benefit their own economy. This period also witnessed the foundation of numerous financial institutions that will play essential roles in South-South Cooperation. For instance, the Kuwait fund for Arab was set up in 1961 becoming the very first step in supporting the developing countries that was created by the countries of “Economic and Social Council (ECOSOC established in 1945 by UN charter)”. A number of regional banks emerged afterwards and supported the South-South approach. Another such example is the setting up of Inter-American Development Bank or IDB.

Meanwhile, various funds originated to help credit lending and financial assistance to the developing countries. Similar political interaction that was going on at international level also happened in the regional level where the developing nations also reached joint positions again. Best example could be that the G77 endorsed The Charter of Algiers in 1967 that was a result of the three regional meetings that determined the plan of action. The meets were held at Algiers in African Declaration of Algiers, at Bangkok in the Bangkok Declaration of Asian Countries, and at Colombia in the Charter of Tenquendama of Latin American Countries. Regional integration is very imperative in the South-South Cooperation as it solidifies the association of these developing countries. Africa was the most important place that was in need of funds credit support and assistance. Initially, it was provided by the Arab countries and then by later established banks, such as the East African Development Bank that was established in 1967 and West African Development Bank established in 1973.

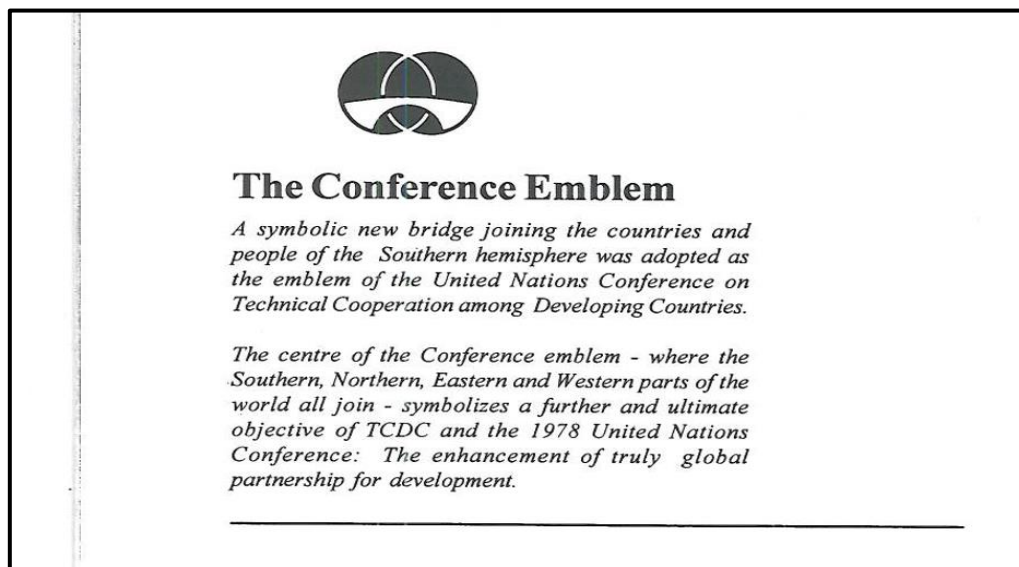
Further, the first step of China in Africa in the area of infrastructure construction in the decade of 1970s for building railway network from Tanzania to Zambia was a historical as well as an instrumental event demonstrating the progression of South-South Cooperation in Africa. However, the first activity pertaining to South-South Cooperation in Asia took place in Thailand and its neighbors. India and China were soon recognized as major contributor in Technical Cooperation that will be further elaborated in following chapters. The whole integration of the developing nation of global south resulted into the Association of South-East Asian Nations or ASEAN, with an ambition of setting up partnership in the region. The establishment of Asian Development Bank in 1965 played a great role in the region for easing the access to finance and credit.

2.3.4 The Buenos Aires Plan of Action: Explaining the era of cooperation from 1978-2000

From the special unit for TCDC published by UNDP, New York, it was 12th of September in 1978 when a delegation from 138 countries jointly agreed on a “Plan of Action”

for promoting and implementing “Technical Cooperation among Developing Countries” in Buenos Aires, the capital city of Argentina. The name of the host city was given to the United Nations Conference on TCDC which came to be known as Buenos Aires Plan of Action or BAPA.

Fig. 2: The Conference Emblem of Buenos Aires Plan of Action



Source: Special Unit for TCDC, UNDP, New York, November 1994

The resolution taken in the conference was to advocate the plan along with urging all the governments and units of UN system to ensure the implementation of the recommendations made in the conference. The BAPA was an outcome of wide discussions at national and regional levels on the need to technical cooperation between developing countries. Drafting the plan involved intergovernmental meetings, think tanks and planning done at the headquarters of UNDP and various other organizations and agencies working at the UN Development system.

The main objective of TCDC were as follows:

1. “To foster the self-reliance of developing countries through the enhancement of their creative capacity to find solutions to their development problems in keeping with their own aspirations, values and special needs;

2. To promote and strengthen collective self-reliance among developing countries through exchanges of experience, the pooling, sharing and utilization of their technical resources, and the development of their complementary capacities;
3. To strengthen the capacity of developing countries to identify and analyze together the main issues of their development and to formulate the requisite strategies in the conduct of their international economic relations, through pooling of knowledge available in those countries through joint studies by their existing institutions, with a view to establishing the new international economic order;
4. To increase the quantum and enhance the quality of international cooperation as well as to improve the effectiveness of the resources devoted to over-all technical the pooling of capacities;
5. To increase and improve communications among developing countries, leading to a greater awareness of common problems and wider access to available knowledge and experience as well as the creation of new knowledge in tackling problems of development;
6. To improve the capacity of developing countries for the absorption and adaptation of technology and skill to meet their specific developmental needs;
7. To recognize and respond to the problems and requirements of the least developed, land-locked, island developing and most seriously affected countries;
8. To enable developing countries to attain a greater degree of participation in international economic activities and to expand international cooperation” (UNOSSC).

2.3.5 The Plan of Action

As per the recommendation of BAPA in the matters of employment, human development, health, food and agricultural activities, fisheries, industrialization, raw materials, information and telecommunication, women empowerment for development, cooperation in monetary and finances, science and technology, trade and commerce, and transport and communication would be facilitated in these sectors and other sectors as well. The Plan of Action is considered as one of the most important and significant measure in the history of South-South Cooperation that paved its way for the future course.

2.3.6 Recommendations of Buenos Aires Plan of Action (BAPA) 1978

The aim of the recommendations given by BAPA regarding the action plan were:

- To raise the level of awareness about self-capabilities, indigenous skills, experiences in each developing countries.
- To establish institutions for development of information and communication, human and other resources.”

Recommendations of BAPA according to UNDP documentation are as follows:

Recommendations for Actions to be taken at National level:

“Recommendation 01: National Programming for Technical cooperation in developing countries” (UNDP).

Each and every developing country was supposed to identify its potential in the field of technical development. It includes evaluation of optimum experience in social and economic development sectors. On the basis of this evaluation the government would be able to get a clear picture of its national concerns in the field of research, training, skills and other services so that it can meet its employment strategies effectively and cooperation can be achieved with other developing countries.

“Recommendation 02: Adoption of policies and regulations favorable to technical cooperation among developing countries” (UNDP).

It was recommended for each developing country to adopt policies favorable to TCDC and work within the framework of TCDC. It involves sharing of conventional practices, services, equipment, fellowships, skill and expertise, and also by sending technical and professional support in various to abroad in order to benefit the whole community of developing countries without jeopardizing their regular employment in their home countries. All this has to be done under the legal and administrative structure of TCDC.

“Recommendation 03: National mechanism for promoting technical cooperation among developing countries” (UNDP).

All developing countries should ensure to be a part of TCDC. Public and private sectors must be involved to interact with government and strengthen the incorporation of national development program.

“Recommendation 04: To strengthen the national information system for technical cooperation among developing countries” (UNDP).

The collection, processing and diffusion of data and information should be strengthened. The national capacity, knowledge and experience in the field should be used in TCDC along with the help of Information Referral System (INRES) of the UNDP. Governments should intensify the cooperation with their public and private organizations at the regional, inter-regional and

global level for the dissemination of that knowledge and information to aid the communication with other developing countries.

Recommendation 05: "Improvement of existing institutions for promoting technical cooperation of developing countries;

Recommendation 06: Promoting national research and training centers with multinational scope" (UNDP).

Such institutions should open scope for the participation and training in research program, project and related activities. The existing centers should be appropriated optimally and new centers must be opened according to the necessity of the nation.

Recommendation 07: "Encouraging greater technological self-reliance" (UNDP).

Under this recommendation the developing countries are supposed to enhance their scientific and technological efficiency and encourage their indigenous research and development activities. Establishing national laboratories, scientific and technological data banks, research centers, engineering and training. The countries must try to become technologically self-reliant as much as possible in order to meet their end even if external support goes low at times.

Recommendation 08: "The formulation, orientation and sharing of policy experiences with respect to science and technology" (UNDP).

The exchange of these skills among developing countries will lead them to a better future altogether. The recommendation aims at the fact that the developing countries would be able to progress even when the support from the developed global north decreases or withdrawn. The developing countries must focus on sharing developmental measures among themselves.

Recommendation 09: "Promoting greater self-reliance in the economic and social spheres" (UNDP).

The governments should try to intensify and strengthen mutual bond through exchange of experiences, programs, and projects related to economic and social fields.

Recommendation 10: "Technical cooperation in cultural spheres" (UNDP).

The developing countries should exchange the knowledge and practice of their cultural identity in order to assert their cultural and national heritage in order to encourage cooperation in the field of arts, social-sciences, knowledge, education and culture.

Recommendation 11: “The promotion of technical cooperation among developing countries through professional and technical organizations;

Recommendation 12: Expansion of Technical cooperation among developing countries through national public and private enterprises and institutions;

Recommendation 13: Information and education programs in support of technical cooperation among developing countries;

Recommendation 14: The expansion of bilateral technical links” (UNDP).

Recommendations to be taken at the sub-regional and regional levels.

Recommendation 15: “The strengthening of sub regional and regional institutions;

Recommendation 16: The identification development and implementation of initiatives for Technical cooperation among developing countries;

Recommendation 17: The enhancement of contributions by professional and technical organizations;

Recommendation 18: The creation of new links for technical cooperation among developing countries in important substantive areas;

Recommendation 19: Promotion of complementary industrial and agricultural projects at the sub regional and regional levels;

Recommendation 20: The improvement of regional information for technical cooperation among developing countries;

Recommendation 21: Support to national research and training centers with multinational scope” (UNDP).

Recommendations for Actions to be taken at interregional level.

Recommendation 22: “The development and strengthening of interregional cooperation” (UNDP).

The considerations of this recommendation has resulted in to the promotion of existing and establishment of new and very important interregional associations and organizations like ASEAN, SAARC, Asia-Pacific Economic Cooperation and so on.

Recommendations for Actions to be taken at Global level.

- Recommendation 23: The enhancement of National and Collective self-reliance;*
- Recommendation 24: The exchange of development experiences;*
- Recommendation 25: The fostering of Global Technical Cooperation;*
- Recommendation 26: The improvement of Information flows;*
- Recommendation 27: Control of 'Brain-Drain' from developing countries;*
- Recommendation 28: Measures in favour of economically and geographically disadvantaged developing countries;*
- Recommendation 29: Measures in favor of newly independent countries;*
- Recommendation 30: The strengthening of transport and communication among developing countries;*
- Recommendation 31: Maximization of the use of developing countries capacities;*
- Recommendation 32: Activities for Technical Cooperation among Developing Countries by the organizations of United Nations Development system in their respective fields;*
- Recommendation 33: Internal arrangements for Technical Cooperation among developing countries in the United Nations development system;*
- Recommendation 34: Strengthening the capacity of UNDP for the promotion and support of TCDC;*
- Recommendation 35: Support by developed countries for TCDC;*
- Recommendation 36: The harmonization of development assistance with TCDC;*
- Recommendation 37: Intergovernmental arrangements;*
- Recommendation 38: Financial arrangements for TCDC" (UNDP).*

“After the Buenos Aires Conference, there is a boosted progress towards a more institutionalized TCDC; Evidence of it are the inauguration of the UN High Level Committee on the Review of the TCDC (1980), the start of the Intergovernmental Coordination Committee on Economic Cooperation among Developing Countries (1981), the launching of the South Commission (1986) and the establishment of the Centre of NAM Technical South-South Cooperation in Indonesia (1995)” (Cabana 2014). The Buenos Aires Plan of Action led to a lot

of important establishments of forums, associations, organizations and banks that were imperative for building a better South-South Cooperation. For instance, “regarding financial mechanisms, this period is distinguished by the introduction of specific South-South Cooperation funds; These are the UN Fund for South-South Cooperation (1995), the Special Multilateral Fund of the Inter-American Council for Integral Development (FEMCIDI) of the Organization of American States (OAS) (1997) and also the Perez Guerrero Trust Fund (1983), a fund to finance technical cooperation projects among developing countries in the G77” (Cabana 2014). Meanwhile, the ECDC was taken as priority and TCDC as a mechanism or tool for launching ECDC more effectively. Concurrently, the Middle East was going through a lot of turmoil due to the conflicts between 1980-88 of the Iran-Iraq war, the Gulf war of 1990-91 and such. As a result, there was a considerable rise in the prices of oil. Although, it was fortunate that these conflicts couldn’t stop the establishment of the Gulf Cooperation Council or GCC, that is still the one of the best known cooperation mechanism of that period. The establishment of South Asian Association for Regional Cooperation (SAARC) in 1985 was one of the most important organization in the Asian continent. Afterwards, APEC (Asia Pacific Economic Cooperation) in 1989 comes into view which becomes further relevant in the economic cooperation between the “21 Pacific Rim” countries.

The APEC however is superseded by Indo-Pacific now. In 1997, the Southeast Asia underwent a huge financial crisis and that condition led to a greater understanding of the need to have systematic mechanism of cooperation among the regional states. This crisis made the ground for high level meets like the conference on regional and sub-regional Economic Cooperation among Developing Countries in 1988 at Bali, Indonesia. “In the African continent the attempts of integration followed one another during the period, all of them emphasizing regional cooperation among member countries, such as the Conference of the South African Development Community (SADC, 1980), the African Economic Community (AEC, 1991), the West African Economic and Monetary Union (WAEMU, 1994), and the African Union (1999) to replace the Organization of African Unity, the continent’s most important political organization involving the highest number of states” (Cabana 2014).

2.3.7 The Millennium Summit: Explaining the era of cooperation from 2000-2009

It is popularly known as the third stage of South-South Cooperation. A three days’ summit in the year 2000 from 6th of September to 8th of September was held at the headquarters of the United Nations in the financial capital of America, New York. Numerous leaders from all across the world showed up to endorse the UN Declaration this summit was followed up by

the World Summit that took place after five years in 2005 from September 14th to 16th. The main values of the summit of 2000 was to reassert the faith in the United Nations Organization and its charter that is meant to maintain peace, prosperity and justice across the world, that comes with responsibilities of all the respective societies of the world to uphold and follow the principles of dignity of men and women, their equality and equity across the globe, and also to protect the future of the children who own the future of the world. The fundamental values and principles also talked about Freedom, Equality, Solidarity, Tolerance, Respect for Nature and Shared Responsibility as essentials for international relations of the new era of 21st century. Detailed resolutions were made on “Peace, Security and Disarmament, Development and Poverty Eradication, Protecting Common Environment, Human Rights, Democracy and Good Governance, Protecting the vulnerable, Meeting the special needs of Africa, and Strengthening the United Nations” (Cabana 2014).

After this summit the time period is further characterized by numerous events. “From the year 2000 the number of events increased dramatically; It wasn’t so much influenced by a historical and political context as in the previous periods, but by the global effort and encouragement to work against poverty; The result is the tons of events related to international cooperation for development, evolving concurrently to South-South Cooperation; 80 events were registered for the 9-year period; It’s necessary to mention that the increase of the number of events for this period was the direct consequence of a more efficient system of registration of such events” (Cabana 2014). The growing economy of the world was a decisive factor. The developed and developing countries were registering a sharp economic growth in the first decade of 21st century until the most infamous financial crisis hit the world in 2008, that stormed the economic powers of the world. The economic growths were evident in the rise of Official Development Assistance (ODA), that showed double rise during 2000-2005.

2.3.8 Definitions

First of all, in order to understand the most recent stage and developments after the millennium summit, it is necessary to understand the meaning, definition and functions of ODA, DAC and OECD because the mechanisms of cooperation are associated with such organizations in the present world, hence the definition is as follows:

ODA by definition, *“is an indicator of international aid flow; In other words, how much money and help go from the advanced to the developing economies; The OECD’s (Organization for Economic Co-operation and Development), Development Assistance*

Committee (DAC) coined the term in 1969 to measure aid; Academics and journalists use the term ‘official development assistance’ to indicate the floor of international aid; The DAC has measured flows of aid to developing nations for more than half a century; After first defining ODA in 1969, it then tightened the definition in 1972; According to the DAC, Official development assistance is the key measure used in practically all aid targets and assessments of aid performance; *The OECD states that it cannot report military equipment or services as official development assistance. It also excludes anti-terrorism activities; However, when nations donate military services to deliver humanitarian aid, it forms part of the ODA definition; ODA does not include most peacekeeping expenditures;* The Committee adds, however, that it does include some developmentally-relevant activities within peacekeeping operations; There must be a clear definition of those activities; As long as it is only for civilian use, nuclear energy forms part of ODA” (MBN 2018).

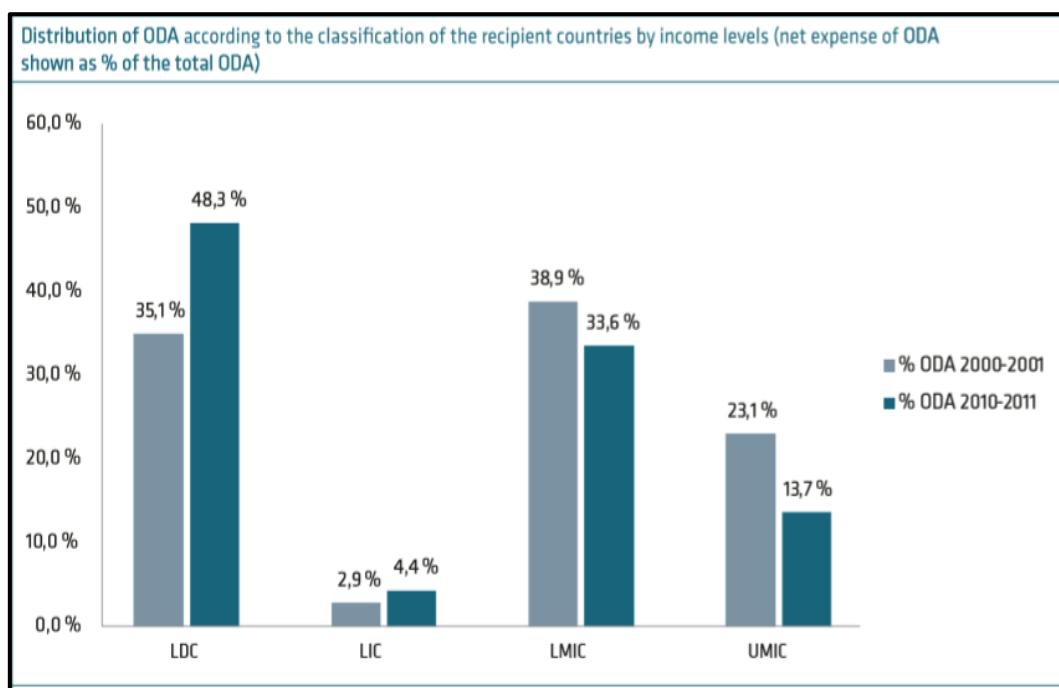
DAC or Development Assistance Committee *“is one of the key forums in which the major bilateral donors work together to increase the effectiveness of their common efforts to support sustainable development; The DAC concentrates on how international development co-operation contributes to the capacity of developing countries to participate in the global economy and the capacity of people to overcome poverty and participate fully in their societies;* The DAC Chairman presides over DAC meetings, attended by Paris-based delegates of Member countries and by officials from capitals; The Committee holds an annual High Level Meeting in which participants are ministers or heads of aid agencies; The work of the DAC is supported by the Development Co-operation Directorate, (DCD), one of some dozen directorates in the OECD; The DCD is often referred to as the DAC Secretariat because of this key function; *Members of the DAC are expected to have certain common objectives concerning the conduct of their aid programs;* To this end, guidelines have been prepared for development practitioners in capitals and in the field; The DAC Members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, the United States and the Commission of the European Communities” (OECD).

The Organization for Economic Cooperation and Development (OECD) *“is an international economic forum that pursues cooperative approaches to common issues affecting individual members as well as the global community;* The OECD was formed in 1948 as part of the plan to rebuild Europe following the Second World War, known as the Marshall Plan; The OECD comprises delegations from numerous market economies. Member states include,

Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States; To illustrate the how the OECD may work in the global market, suppose Country XYZ, a large exporter of grain, has experienced a severe drought in recent months; Consequently, the importers who rely on Country XYZ's grain have been experiencing food shortages; The OECD is likely to hold discussions about how these food shortages are affecting member countries and suggest possible approaches to remedy the situation; *The OECD is instrumental in keeping lines of communication open between the world's capitalist economies; Through cooperative discussion, OECD members try to improve economic hardships through an exchange of ideas; In recent years, this has become more important with the removal of trade barriers and increased economic interdependence among national economies*" (MW 2014).

These bodies bear great importance in present flow of financial assistance from one country to another as they act as a base and regulatory body for overseas aid and trade, setting international standards, managing finances, international corruption and such highly specialized fields. Without these bodies the systematic flow of finances remain endangered and vulnerable to various problems in the international framework.

Fig. 3: Distribution of ODA to the Classified Level of Income Countries



Source: Silvia Lopez Cabana, *Chronology and History of South-South Cooperation, An Ibero-American Contribution, Working Document Number 5, 2014*

The Millennium Declaration of 2000 and the following sponsorship of Monetary Consensus on Development Financing of 2002 boosted the developing countries to extend their help to the most marginalized countries like that of Africa. As a result, the flow of aid increased towards such disadvantaged countries. “Therefore, during the 2000-2011 period, there is a lower percentage of participation of Middle Income Countries (MICs) as recipients of global ODA (and even harder cutbacks for Lower Middle Income Countries); There was a significant rise in ODA during those years, so a gross number would not show this cutback, but it can be noticed by looking at percentages, given that ODA has been mainly devoted to Low Income Countries and Least Developed Countries (LDC) As it can be seen in graph, if recipients of ODA are classified in four different groups (LDC, other Low-Income Countries, Lower Middle Income Countries and Upper Middle Income Countries) and the received ODA between the years 2000 and 2010 is quantified as a percentage of the total ODA for the same years, there is an increase of more than 10 percentage points for LDC countries, while there is a reduction for Middle Income Countries, even more so for the Upper Middle Income Countries” (Lopez 2014).

This was the era when classification and gradient of developed, developing and under-developed countries became more and more sharp and evident. The rising economies registered their different participation in South-South Cooperation during this period. The period was further glorified by the emergence of forums like IBSA and BRICS. The consideration of South-South Cooperation has always been there in the other international debate forums such as the Johannesburg Summit on sustainable development in 2009 and the discussions of Development Financing and quality of aid in 2002 and 2008 respectively. The SSC also marked its foot in G8 owing to the presence of G5 in 2007 at G8 summit. However, the first milestone for aid effectiveness was the “Accra Agenda for Action” that took SSC to a different level. “At the Second High Level Forum on Aid Effectiveness (2005) it was recognized that aid could - and should - be producing better impacts; The Paris Declaration was endorsed in order to base development efforts on first-hand experience of what works and does not work with aid; It is formulated around five central pillars: Ownership, Alignment, Harmonization, Managing for Results and Mutual Accountability; In 2008 at the Third High Level Forum on Aid Effectiveness an even greater number and wider diversity of stakeholders endorsed the Accra

Agenda for Action (AAA); The AAA both reaffirms commitment to the Paris Declaration and calls for greater partnership between different parties working on aid and development; The Paris Declaration (2005) is a practical, action-oriented roadmap to improve the quality of aid and its impact on development; It gives a series of specific implementation measures and establishes a monitoring system to assess progress and ensure that donors and recipients hold each other accountable for their commitments; Designed to strengthen and deepen implementation of the Paris Declaration, the Accra Agenda for Action (AAA, 2008) takes stock of progress and sets the agenda for accelerated advancement towards the Paris targets” (OECD). Later on, forums like G77/NAM made further specified forums by holding conferences of Middle Income Countries on inter-regional and intra-regional forums. The UN activities also help a lot in bringing SSC from Middle Income Countries to the grass root level of Least Developed Countries. Other seminars, workshops and conferences have regularly registered the debate in favor of SSC. Also, agencies like UNDP, UNESCO, ILO and WIPO has been working for SSC for long along with the backing of UN for integrated programs and support mechanism.

From the viewpoint of the regional analysis of Asia-Africa-Latin America, the most important summits were the Afro-Asian Summit of 2005, Asia South Africa Summit and FEALAC or Forum for East Asia Latin America Cooperation Summit. “The bilateral forums held by China and India with the African continent are a plain demonstration of their will to cooperate with this continent; China was the pioneer, holding the first Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) in 2000; In 2006 it was time for the first Presidential Summit, which resulted in the Chinese agreement to double the aid to the continent within the three following years; India started its own forum with Africa in 2008; China and India are not the only Asian countries participating in South-South Cooperation; The Shanghai Cooperation Organization (SCO) started in 2001 and the Asia Cooperation Dialogue did so the following year; However, the consequences of the 1997 economic crisis that had affected some of the countries of the region were still noticeable at the beginning of this period” (Lopez 2014).

2.3.9 The G-20, BRICS, SAARC Summits: Explaining the Era of Cooperation from 2009-2017

The period is characterized as the high time of 21st century. The series events rise more than 115 within just 2009-13 so the events till 2007 must have gone beyond 300 and uncountable debate forums were registered. The Agenda of Aid Effectiveness is now fully

incorporated with the political and economic context. The issues related to South-South Cooperation is now tackled in nearly every event of international cooperation and development. However, the initial phase of the period was marked by the aftershocks of the economic crisis of 2008 that shook the major powers of the world, hence, a reduction of aid flow was destined to recipient countries but the period revealed the consistently growing concern over cooperation hence it may be called as the most fruitful era. The scope of cooperation advanced from mere economic or technological cooperation to a more particular high level discourses such as climate change. The details of particular cases of ODA will be discussed in the following chapter.

Some of the major summits of this period are: “Global South-South Development Expo (GSSD Expo) is an annual global event organized by the United Nations Office for South-South Cooperation (UNOSSC) in its capacity as the General Assembly-mandated global and United Nations system-wide coordinator and facilitator for South-South cooperation, with full UN system-wide support and participation of all UN specialized agencies and programs as well as strong support and partnership of other inter-governmental organizations and entities of the South; The GSSD Expo, as the one and only UN system- and world-wide platform for systematic showcasing of development solutions at national, regional and global levels, was endorsed by the UN General Assembly in the Nairobi Outcome Document adopted at the last High-level UN Conference on South-South Cooperation, held in Nairobi, Kenya in 2009; Each year, GSSD Expo’s annual theme is jointly decided by the members of the Advisory Committee based on evolving priorities of the South and the mandates and priorities of the host country vis-à-vis new directions from the UN including the goals and achievement of the 2030 Agenda for Sustainable Development” (GSSD Expo, UNOSSC 2017).

The G20 also played a vital role as “The Group of Twenty (G20) is a leading forum of the world's major economies that seeks to develop global policies to address today’s most pressing challenges; The G20 is made up of 19 countries and the European Union; The 19 countries are Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States; The G20 was born out of a meeting of G7 finance ministers and central bank governors in 1999 who saw a need for a more inclusive body with broader representation to have a stronger impact on addressing the world’s financial challenges; The G7 invited leading markets - both developed and emerging - to form a new ministerial-level forum: The G20. In 2008, amidst the global financial crisis, the world saw a need for new

consensus-building at the highest political level; Since then, the G20 summits have been attended by heads of state or government, and the G20 was instrumental in stabilizing the world economy; Since then, its agenda has expanded to include additional issues affecting financial markets, trade, and development; Collectively, G20 members represent all inhabited continents, 85 percent of global economic output, two-thirds of the world's population, and 75 percent of international trade; G20 policy-making is enriched by the participation of key international organizations regularly invited to G20 meetings, guest countries invited at the president's discretion, and engagement groups composed of different sectors civil society” (G20 Argentina 2018).

BRICS constitute Brazil, Russia, India, China and South Africa. “It brings together five major emerging economies, comprising 43% of the world population, having 30% of the world GDP and 17% share in the world trade; Starting essentially with economic issues of mutual interest, the agenda of BRICS meetings has considerably widened over the years to encompass topical global issues; BRICS cooperation has two pillars – consultation on issues of mutual interest through meetings of Leaders as well as of Ministers of Finance, Trade, Health, Education, Agriculture, Communication, Labor, etcetera, and practical cooperation in a number of areas through meetings of Working Groups/Senior Officials; Regular annual Summits as well as meetings of Leaders on the margins of G20 Summits are held” (BRICS 2016).

The SAARC and ASEAN are known for their importance in the Global South. “SAARC comprises of eight Member States: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka; The objectives of the Association as outlined in the SAARC Charter are: to promote the welfare of the peoples of South Asia and to improve their quality of life; to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials; to promote and strengthen collective self-reliance among the countries of South Asia; to contribute to mutual trust, understanding and appreciation of one another's problems; to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields; to strengthen cooperation with other developing countries; to strengthen cooperation among themselves in international forums on matters of common interests; and to cooperate with international and regional organizations with similar aims and purposes” (SAARC Secretariat). On the other hand, ASEAN focuses on the issues of Southeast Asia. However, now there are countless important forums that help in the smooth running of

global development with mutual cooperation and South-South Cooperation in specific. In my dissertation I will be primarily focusing on South-South Cooperation engaging with the global south. The triangular cooperation will find less space in my work here.

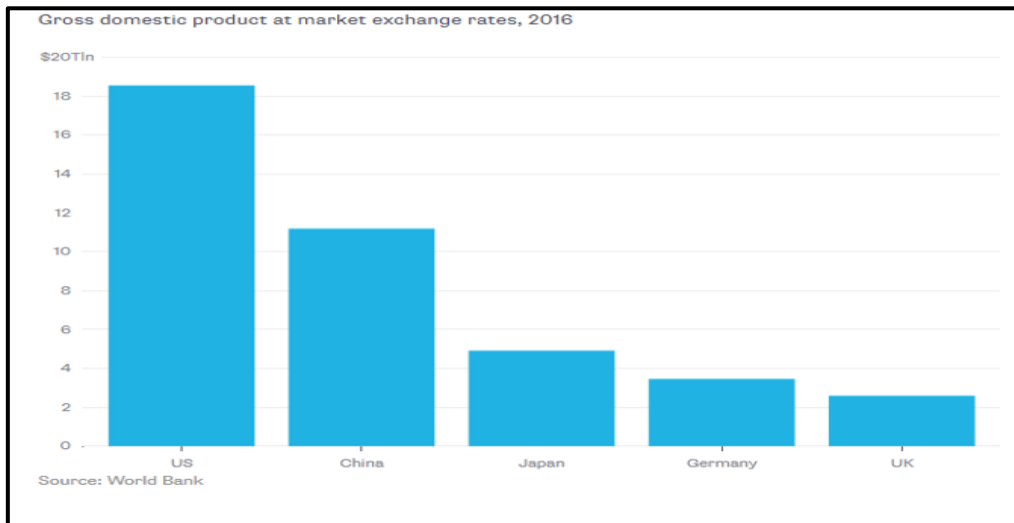
Chapter III

Critical Analysis of China's and India's Role as Major Southern Donors

3.1 China as an Economic Power

Power is of many types, for instance, diplomatic, cultural, military or economic. When it comes to being a donor the economic status of a country is a big determinant. China is probably the second largest economy of the world, however, many scholars have contesting views over this matter as many think that China has already overtaken the US in terms of economy. For instance, according to a column by Noah Smith in the Economic Times, he argues that the market value of US may be higher but the cost of things differs in different countries. "Gross domestic product is supposed to measure the amount of real stuff like cars, phones, financial services, back massages, etc. -- that a country produces; If the same phone costs \$400 in the U.S. but only \$200 in China, China's GDP is getting undercounted by 50 percent when we measure at market exchange rates; In general, less developed countries have lower prices, which means their GDP gets systematically undercounted; Economists try to correct for this with an adjustment called purchasing power parity (PPP), which controls for relative prices; It's not perfect, since it has to account for things like product quality, which can be hard to measure; But it probably gives a more accurate picture of how much a country really produces; And here, China has already surpassed the U.S; If you don't trust the murky PPP adjustments, a simple alternative is just to look at the price of a Big Mac; The same burger costs 1.8 times more in the U.S. than in China; Adjusting the market-exchange-rate GDP numbers by that ratio would put China even farther ahead" (Smith 2017). In some aspects China is even far ahead from the United States. The manufacturing sector of China has already overtaken the United States nearly a decade ago. China accounts for more than one third of the world export as well. Chinese investments has skyrocketed particularly in the previous few decades.

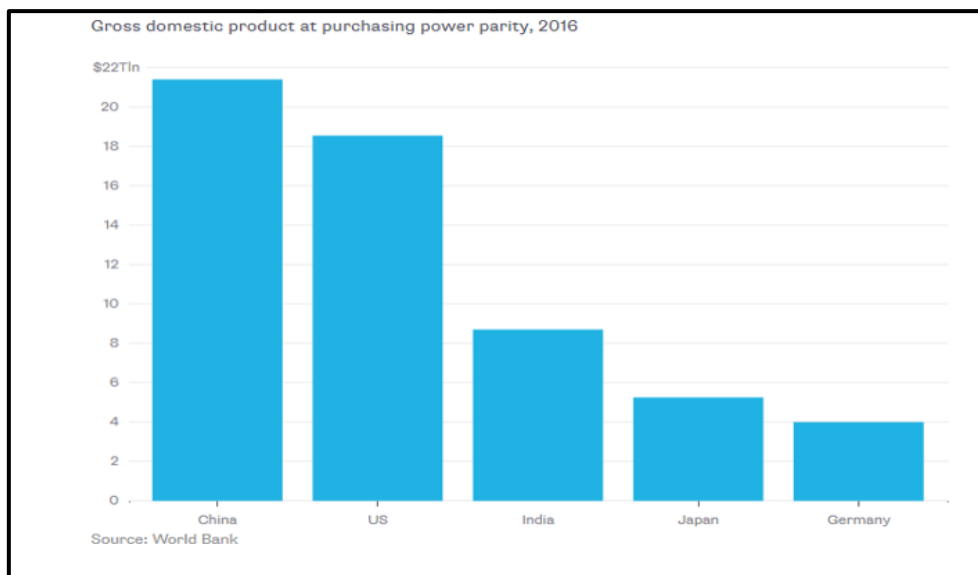
Fig.4: Gross Domestic Product at Market Exchange Rates, 2016



Source: Economic Times,

<https://economictimes.indiatimes.com/markets/stocks/news/which-is-the-worlds-no-1-economy-certainly-not-the-us/articleshow/61134623.cms>

Fig.5: Gross Domestic Product at Purchasing Power Parity, 2016



Source: Economic Times,

<https://economictimes.indiatimes.com/markets/stocks/news/which-is-the-worlds-no-1-economy-certainly-not-the-us/articleshow/61134623.cms>

However, it is not like the Chinese population are the richest in the world. They are far from being rich. The richest per capita income country is Qatar, but it's not like Qatar is the world's leading economy because with high income there should be a larger

population to translate the country into a national power. The moderate income of Chinese people also indicates that China has a good scope to grow. Not only China is already the largest economy but the gap between the two countries China and United States are also going to grow wider. The statistics support this analogy according to Noah. Also the GDP of China has slowed down in current year, the economy continues to grow at the rate of 6% per annum whereas the United States is at 2% per year. If the gap persists, it is expected that China will grow double in terms of economy then the United States that to within 2 decades of time. So, economically United States has already been surpassed by China and China is on its way to expand in near future.

Meanwhile, in an article Professor in University of Western Australia Peter Robertson has the whole contrasting idea. I found the two articles by Noah Smith and Peter Robertson interestingly contesting on the discussion of China's economic power. Here, it is being argued that the economic influence of China on the Global market is actually smaller than the United States. The reports by the World bank claims China to be the world's largest economy when the GDP of China is converted to the US dollars with the use of purchasing power parity the exchange rate is found to be almost \$19 trillion US dollars that beats the \$17 trillion US dollars GDP of the United States. Professor Robertson however it says that the description is exaggerated particularly with the GDP of \$19 trillion US dollars. It is an estimation on the basis of the exchange rate of purchasing power parity that in some manner over emphasizes China's influence on the Global market. The reason is that the purchasing power parity exchange rates show the amount of money one needs to live in China as well off as one can live in the United States. It is an estimate of the amount of China's GDP costing if the living standard is same as the United States. This PPP's measure may be helpful but it doesn't indicate the Chinese impression on the Global market. "A reasonable measure of a country's economic footprint on the world economy is how much it could potentially change demand or supply on world markets; When countries export they have to accept payment based on market exchange rates. Likewise, when countries import they must pay in foreign currency based on market exchange rates; This means that to compare China's market size with the US, we need to convert China's GDP, measured through China's currency renminbi, to US dollars, using market exchange rates; China's GDP measured at market exchange rates, however, is only US\$9 trillion - almost half that of

the US” (Robertson 2018). This signifies that the impact of the economic power of China over the world market can potentially be just the half as of the United States.

The economic power of China is mostly understood in the terms of the author’s own idea and biases. However, it cannot be doubted that China has proved itself as a huge economic giant that can anytime play its move to alter the world hegemony and in a way it has already been doing that. Looking at the dominance and unilateral approach of China in various aspects it can be inferred that China no longer should be underrated in any way. China is giving a headstrong economic, technological and strategic competition to the so called developed economies and world powers. China has been giving this clue of becoming a prominent leader in global arena since decades. Let’s see in retrospective manner what authors have been writing about China in last decades. In 2007, Linda Y. Yueh writes, “China has been a remarkably successful economy since the introduction of market oriented reforms in 1979, bringing it out of a decades-long period of central planning; China's real GDP growth has averaged over 9% per annum since then, and the country has rapidly become the world's fourth-largest economy, at well over US\$2 trillion in size in terms of aggregate GDP at market exchange rates; When the figure is adjusted for purchasing power parity (PPP), China is currently the world's second-largest economy; It is also the world's largest country in terms of population, a leading destination for foreign direct investment (FDI) and the one of the three largest traders; Concomitantly, it is a developing country that still has around 10% of its sizeable population living in poverty; However, China's per capita GDP suggests that it has substantial growth potential, since China's average income is substantially below that of OECD countries of comparable size; China's record, however, masks structural problems in its economy; The progress and nature of market-oriented reforms of the economy will in large part determine its growth prospects, i.e., China will need to address the large portfolios of non-performing loans held by state-owned commercial banks (SCBs), rising unemployment in various forms and institutional frailties, to name a few; These challenges are a consequence of the 'gradualist' reform path undertaken by China as it makes the transition from a centrally planned to a more market-oriented economy; They are also a result of China's status as a developing country needing to confront the challenges of economic development, as well as an underdeveloped set of institutional structures in the economy, namely, the rule of law or mechanisms to ensure contracting security; However, China's prospects

will also depend on its integration with the global economy; For an economy of its size, China has a high degree of openness (70% when measured as exports plus imports as a proportion of GDP), as compared with 37% for the comparatively open UK and 20% for the relatively closed US; Thus, China's global integration will also inform its prospects. But, China's size also means that its growth will in turn affect the global economy, very much placing China's prospects squarely within the interests of the international community” (Yueh 2007).

Muntazir Ali (2010), writes that “another aspect of China's rapid development, which has attracted worldwide attention, is its growing demand for energy supplies and its global hunt for resources; Notwithstanding the prophecies of doomsayers, China has achieved the goal it set for itself in 1978: it has significantly improved the well-being of its people; Its path toward modernization has been dubbed ‘the development path to peaceful rise’; China's peaceful rise is remarkable in the sense that, contrary to some emerging powers in modern history that ‘plundered other countries’ resources through invasion, colonization, expansion, or even large-scale wars of aggression’, China's rise has been driven by ‘capital, technology, and resources acquired through peaceful means; The other side of the coin is that economic growth alone does not provide a full picture of a country's development; China still faces formidable development challenges: a population that is projected to reach 1.5 billion in 2030, coupled with scarcity of natural resources, especially energy, raw materials and water, to provide for such a large population; Furthermore, China's rise has yet to cause any significant worsening of regional security environment; In fact, given its emphasis on moderation, self-restraint (underpinned by a focus on economic development and internal stability) and security cooperation, China would eventually become a force for regional stability.”

So, opinions may differ in nature but it’s definitely undeniable that China is no more evitable for any superpower rather China itself is a superpower. “The International Monetary Fund (IMF), the most prestigious international financial institution in the world, has rated China’s ranking to number one economic superpower in the world surpassing those of the United States based upon the purchasing power parity of GDP indicator (gross domestic product); IMF has asserted that China produced 17% of the world gross domestic product (GDP) in 2014 exceeding U. S’s GDP of world’s 16%. China’s economic growth performance over the last 30 years has impressed

development economists who took the position that China will remain in the low/middle income group of nations permanently due to its very large population approximately 1.2+ billion in 2015; Moreover, China's performance has inspired other low and middle income countries to emulate China's approach and engage in growthmanship including many middle income countries of Latin America such as Brazil, Argentina, Columbia and India which also has a large population like China" (Kamrany & Jiang 2015).

While China continues to be a global economic superpower it is also one of the most important countries extending financial aid and support to underdeveloped countries. Though there are again differing opinions of scholars over the intensions of China behind providing different kinds of aids and services one must take the positive part first into account. China's aid is indeed transforming the most remote and underdeveloped corners of the world, the most important being the Sub-Saharan Africa. In the later parts of my chapter I would discuss China and India as major aid donors to recipient countries, the Sub-Saharan Africa would be discussed in particular, since I believe Sub-Saharan Africa to be the most important area in need if external support for its development since 70% of its population lives under poverty.

3.2 China's Aid Policy

As per the white paper of China's Aid Policy, along with its own development, China claims that it has consistently tried to meet the needs of other developing countries parallel to overcoming its own economic difficulties and meeting its own international obligations. "In the 1950s, soon after the founding of the People's Republic of China, although it was short of funds and materials, China began to provide economic aid and technical assistance to other countries, and gradually expanded the scope of such aid; Since China adopted the reform and opening-up policies in the late 1970s, its economy has been developing rapidly, with the overall national strength growing notably; However, China remains a developing country with a low per-capita income and a large poverty-stricken population; In spite of this, China has been doing its best to provide foreign aid, to help recipient countries to strengthen their self-development capacity, enrich and improve their peoples' livelihood, and promote their economic growth and social progress; Through foreign aid, China has consolidated friendly relations and economic and trade cooperation with other developing countries,

promoted South-South cooperation and contributed to the common development of mankind; Adhering to equality and mutual benefit, stressing substantial results, and keeping pace with the times without imposing any political conditions on recipient countries, China's foreign aid has emerged as a model with its own characteristics" (White Paper 2011). "China is the world's largest developing country; In its development, it has endeavored to integrate the interests of the Chinese people with people of other countries, providing assistance to the best of its ability to other developing countries within the framework of South-South cooperation to support and help other developing countries, especially the least developed countries (LDCs), to reduce poverty and improve livelihood; China has proactively promoted international development and cooperation and played a constructive role in this aspect; When providing foreign assistance, China adheres to the principles of not imposing any political conditions, not interfering in the internal affairs of the recipient countries and fully respecting their right to independently choosing their own paths and models of development; The basic principles China upholds in providing foreign assistance are mutual respect, equality, keeping promise, mutual benefits and win-win" (China's Foreign Aid 2014). Nevertheless, China's assistance has proved to be a great support system for the underdeveloped countries of the world, the probe is to understand and analyzing the journey of how China became one of the biggest aid donors.

3.3 A Brief Journey of China's Foreign Aid

China began its foreign aid in 1950. Back then material assistance was provided to the friendly neighbors, the Democratic Republic of Korea and Vietnam. As an effect of the Bandung Conference in 1955, China extended its assistance to other developing countries in order to enhance its foreign relations as well. China began its assistance to Africa in 1956. China adopted the eight principles for ECDC and TCDC in 1964, that where fundamentally based on the principles of equality, mutual benefit and non-interference. Other developing countries also came in support of China by 1971 and hence China successfully returned to its legitimate position in the United Nations, extended good relations through ECDC and TCDC to several other developing nations, and financed the first railway in Africa that is the "Tanzania-Zambia Railway" and other infrastructural projects as well. Meanwhile, China continued tackling its own obstacles and stayed delivering cooperation in various aspects that was instrumental for Poor countries to gain their Independence, establish their sovereignty and also develop their

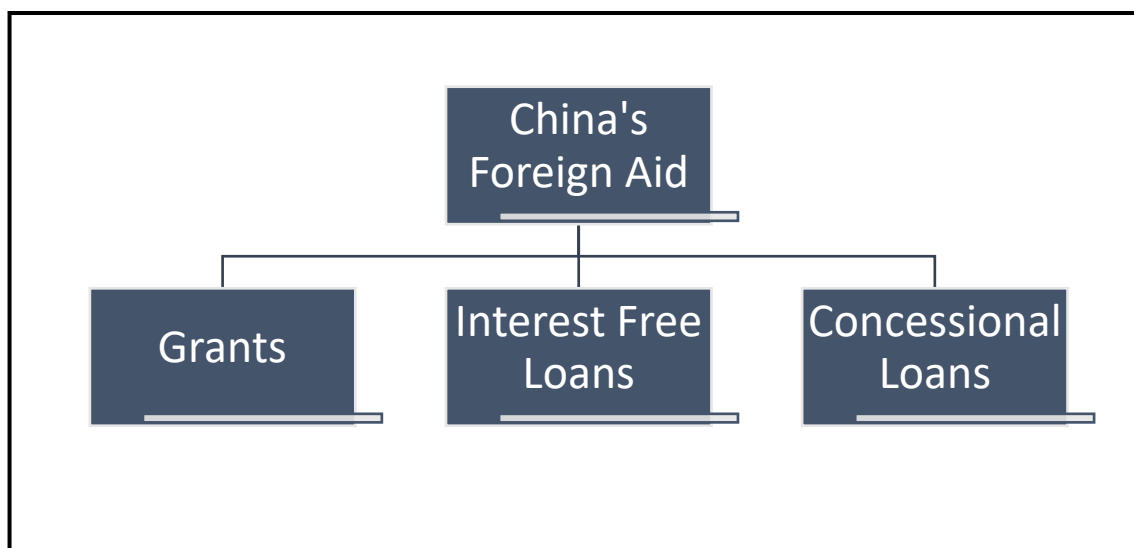
national economy. After the Chinese economic reform in 1978, China extended and transformed its aid from financial mode to multi-dimensional cooperation. It begins assisting the least developed countries with long term developmental projects. Through the multi structured aid forms China started managing project on behalf of the recipient countries under the umbrella of cooperation that later on attracted a huge debate that China has tied its personal interest by benefitting the recipient countries but after all this is what mutual benefit means. Up till the decade of 1990's China underwent several reforms in foreign aid and diversified sources and modes of financing. "In 1993, the Chinese government set up the Foreign Aid Fund for Joint Ventures and Cooperative Projects with parts of the interest-free loans repaid to China by developing countries; The fund was mainly used to support Chinese small and medium-sized enterprises to build joint ventures or conduct cooperation with the recipient countries in the production and operation spheres; In 1995, China, via the Export-import Bank of China, began to provide medium- and long-term low-interest loans to other developing countries, effectively expanding funding sources of its foreign aid; Officials from recipient countries receiving training in China became an important part in the cooperation of human resources development between China and those countries; In 2000, the Forum on China-Africa Cooperation (FOCAC) was initiated, and it became an important platform for dialogue between China and friendly African countries and an effective mechanism for pragmatic cooperation in the new circumstances" (White Paper 2011). China continued making reforms and expanding foreign assistance with greater effect.

"In the 21st century, especially since 2004, on the basis of sustained and rapid economic growth and enhanced overall national strength, China's financial resource for foreign aid has increased rapidly, averaging 29.4% from 2004 to 2009; In addition to deciding aid projects arranged through traditional bilateral channels, group consultations were held by China with recipient countries at the international and regional levels; The Chinese government announced a series of well-targeted foreign aid policies at many international and regional conferences, such as the UN High-Level Meeting on Financing for Development, UN High-Level Meeting on the Millennium Development Goals, Forum on China-Africa Cooperation, Shanghai Cooperation Organization, China-ASEAN Leaders Meeting, China-Caribbean Economic & Trade Cooperation Forum, China-Pacific Island Countries Economic Development &

Cooperation Forum, and Forum on Economic and Trade Cooperation between China and Portuguese-Speaking Countries, to strengthen foreign aid in the fields of agriculture, infrastructure, education, health care, human resources, and clean energy; In August 2010, the Chinese government held the National Conference on Foreign Aid to summarize its experience of foreign aid work, and define the major tasks for strengthening and improving foreign aid in new circumstances; China's foreign aid thus entered a new stage" (White Paper 2011). Hence, the journey of China's assistance can be called a product of smart governance and a result of taking right moves at right time.

China released its first White Paper on Aid Policy in year 2011 that is based on the cumulative data till year 2009 and the second and most recent White Paper on Aid Policy came in year 2014. The following paragraphs will present the comparative analysis of the two white papers of 2011 and 2014 in order to understand China's aid policy to a greater extent.

Fig.6: Types of China's Foreign Assistance



Source: Compiled by Researcher.

“Grant is mainly offered to help recipient countries build small or medium-sized social welfare projects, and to fund human resources development cooperation, technical cooperation, material assistance and emergency humanitarian aid;

Interest-free loan is mainly used to help recipient countries construct public facilities and launch projects to improve people's livelihood;

Concessional loan is mainly used to help recipient countries undertake manufacturing projects and large and medium-sized infrastructure projects with economic and social benefits, or for the supply of complete plants, machinery and electronic products; Concessional loans are raised by the Export-Import Bank of China on the market; As the loan interest is lower than the benchmark interest released by the People's Bank of China, the difference is made up by the state as financial subsidies" (China's Foreign Aid 2014).

3.4 Geographical Distribution of China's Foreign Aid

The recipients of aid are mostly the developing countries of Asia, Africa, Latin America, the Caribbean, Oceania and Eastern Europe. Two third of the aid is claimed to go to the under-developed countries. By 2009, 161 countries and nearly 30 organizations both internationally and regionally were provided assistance. Out of 161 countries 123 are regular aid recipients, among which Asia accounts for 30, Africa has 51, 18 are in Latin America and Caribbean, Oceania possesses 12, and 12 are in Eastern Europe. Overall, nearly 80% aid is received by Asia and Africa as it is home to the poorest population in the world. In the span of 3 years, from 2010 to 2012, 121 countries received assistance, among which 30 are in Asia 51, are in Africa, Oceania has 9, Latin America and Caribbean has 19 and Europe accounts for 12 countries. African Union is also a prominent recipient and an example of a regional organization receiving aid from China.

3.5 Forms of Foreign Aid

Complete Projects- "It refers to productive or civil projects constructed in recipient countries with the help of financial resources provided by China as grants or interest-free loans; The Chinese side is responsible for the whole or part of the process, from study, survey, to design and construction, provides all or part of the equipment and building materials, and sends engineers and technical personnel to organize and guide the construction, installation and trial production of these projects; After a project is completed, China hands it over to the recipient country" (White Paper 2011). China by 2009, helped constructing over 2000 projects and within 2010-12 80 countries were helped by completing over 580 projects. Clubbing together an overall number of counts for over 2580 that is definitely a huge number.

Goods and Materials- China is known for its goods supply all over the world. Here, it includes machinery, various medical, agricultural and technological equipment, vehicles both heavy and light, office supplies, food and most importantly medicines.

Technical Cooperation- China sends its experts to provide technical instructions for letting the recipient country get proficient in techniques of operation and maintenance of and production from the completed projects. Instructors help by training, local people, in variety of fields like agriculture, animal husbandry, processing and manufacturing of goods, education, sports activities, medical and health care, power generation, economic planning, geological and other scientific surveys and research.

Cooperation on Human Resource Development- It refers to the research and training programs that China conducts for government officials, students, vocational trainees, technicians, of the recipient countries including several other exchange programs through bilateral and multilateral channels.

Cooperation by Medical Teams- As a gesture of harmony and cooperation China sends teams of medical professionals to various countries. The second white paper says that “China dispatched 55 teams composed of 3,600 medical personnel to 54 countries to provide stationed or touring medical services, treating nearly seven million patients” (China’s Foreign Aid 2014).

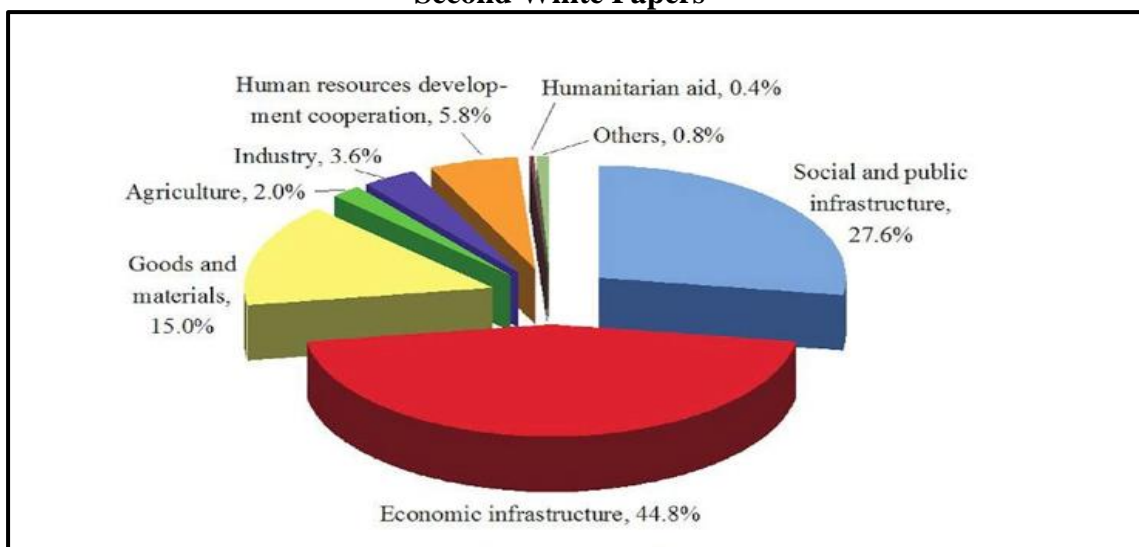
Emergency Humanitarian Aid- “Emergency humanitarian aid is provided when a country or region suffers a severe natural or humanitarian disaster; In such cases, China provides materials or cash for emergency relief or dispatches relief personnel of its own accord or at the victim country’s request, so as to reduce losses of life and property in disaster-stricken areas and help the victim country tackle difficulties caused by the disaster” (China’s Foreign Aid 2014).

Debt Relief- “Debt relief means that China cancels the mature governmental debts of some developing countries that they owe China; By the end of 2009, China had signed debt relief protocols with 50 countries from Africa, Asia, Latin America, the Caribbean and Oceania, canceling 380 mature debts totaling 25.58 billion yuan” (White Paper 2011). According to both the white papers, “China relieved nine LDCs and heavily indebted poor countries, namely, Tanzania, Zambia, Cameroon, Equatorial Guinea, Mali, Togo, Benin, Cote d’Ivoire and Sudan, from 16 mature interest-free loans totaling 1.42 billion yuan” (China’s Foreign Aid 2014).

3.6 Critical Analysis of China as a Major Southern Donor

The tenacity of China in the South-South Cooperation is pronounced in its various infrastructural projects it carries out in many developing countries. The scale of projects, punctuality and cost-effectiveness is remarkable in helping the countries to develop steadily. Although the aid distribution overall cannot be determined easily solely by the two white papers as the categories of aid seems more diverse in the second white paper than the first but we can see a clear demonstration of China's aid sector through this pie chart.

Fig.7: Sectoral Distribution of China's Foreign Assistance based on First and Second White Papers



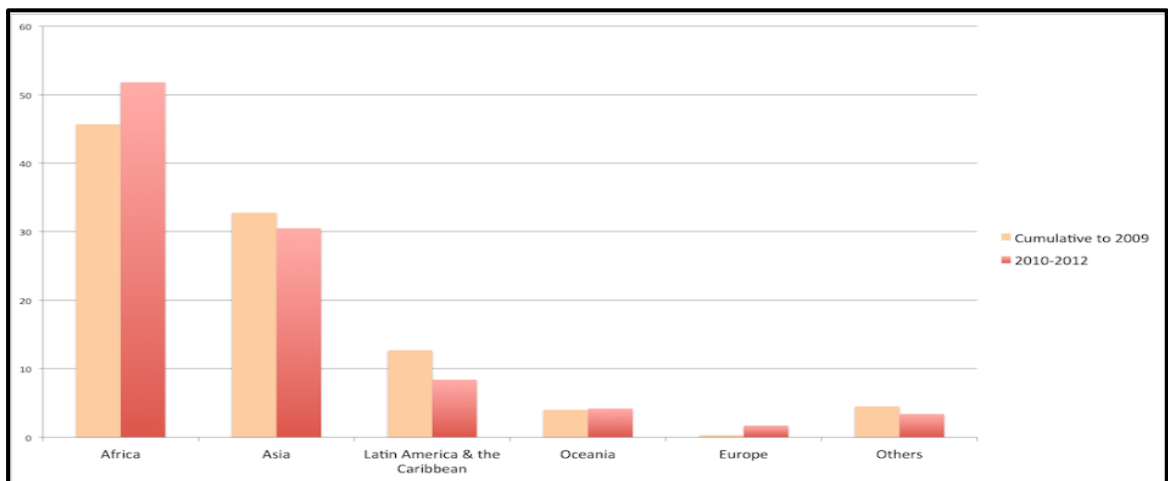
Source: Brant, P. (2018, January 11). *China's aid white paper: What's changed?* Retrieved from <https://www.lowyinstitute.org/the-interpreter/chinas-aid-white-paper-whats-changed>

China is customarily criticized for its lack of transparency regarding its policies. Aid program is one of them. If we look at the white papers provided by Chinese government we find that there is a lack of definitive data that makes ambiguous and abstract in nature. An expert Phillipa Brant, published an article with Lowy Institute, making comparison of Chinese aid on three scales geographical distribution of aid, types of aid and the level of income of the recipient country.

The aid system of China is complicated as a number of governmental departments and organizations are involved. The flow of information among departments like the Ministry of Commerce that administers grants and interest free loans and China Exim Bank that grants the concessional loans, is very translucent.

The first white paper that came in 2010 provided the cumulative data till 2009, do the time span is unclear, the data is considered from 1950 to 2009, whereas the second white paper provides the data of the period of 2010 to 2012. According to the comparisons made by Phillipa Brant, “the statements in the White Paper that in recent years China's foreign assistance 'has kept growing' and that it will 'continue to increase the input in foreign assistance' doesn't look like a Chinese Government that is trying to hide the true size of its program; We can't demand China publish more data and then turn around and dismiss it” (Brant 2018). We can take a look at the graphs presented by Dr. Brant and understand the status.

Fig.8: Geographical Distribution of Aid: Comparing China’s First and Second White Papers

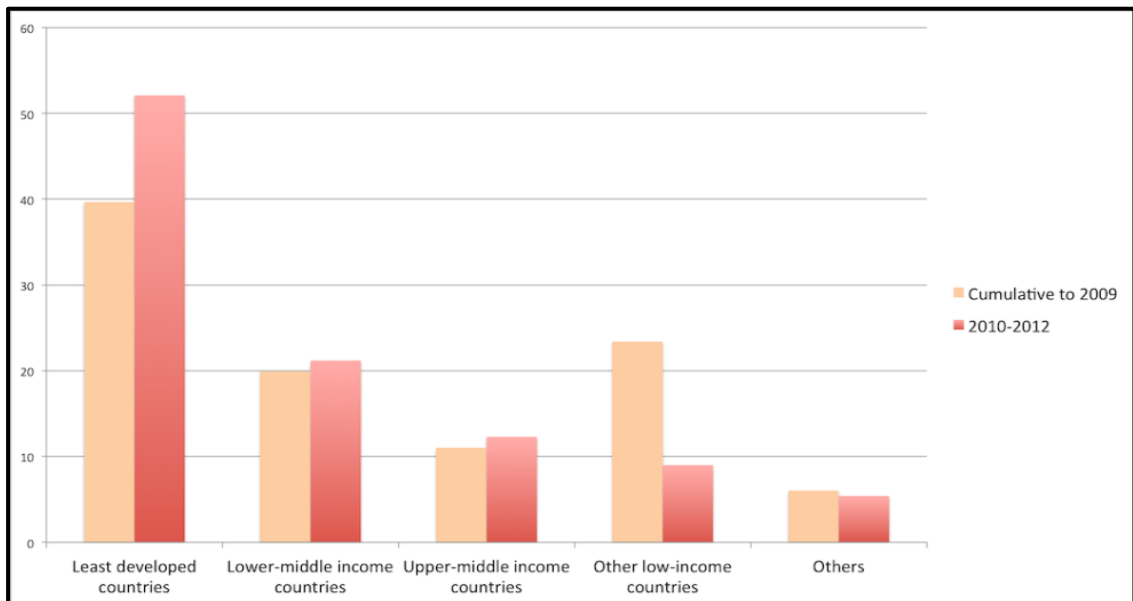


Source: Brant, P. (2018, January 11). *China's aid white paper: What's changed?* Retrieved from <https://www.lowyinstitute.org/the-interpreter/chinas-aid-white-paper-whats-changed>

So, as China says that its assistance is on all-time high is certainly true but not entirely. In this graph we see that a major amount of China’s assistance goes to Africa but the assistance to Latin America and Asia has slightly decreased. Chinese strategic interest in African countries is a much debated topic among scholars. “Africa is one of China’s most emphasized areas of strategic engagement; Particularly since the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000, the relationship between China and Africa has gotten closer and closer; In 2009, African countries received 47 percent of China’s total foreign assistance; Between 2000 and 2012, China funded 1,666 official assistance projects in 51 African countries (the four countries that don’t have diplomatic relations with China- Gambia, Swaziland, Burkina

Faso, and São Tomé and Príncipe were left out), which accounted for 69 percent of all Chinese public and private projects” (Zhang 2016). The reasons for the decline of aid flow to Asia and Latin America may incorporate China’s lessened interest in Asia and Latin America, the politics of which would be discussed in the next chapter.

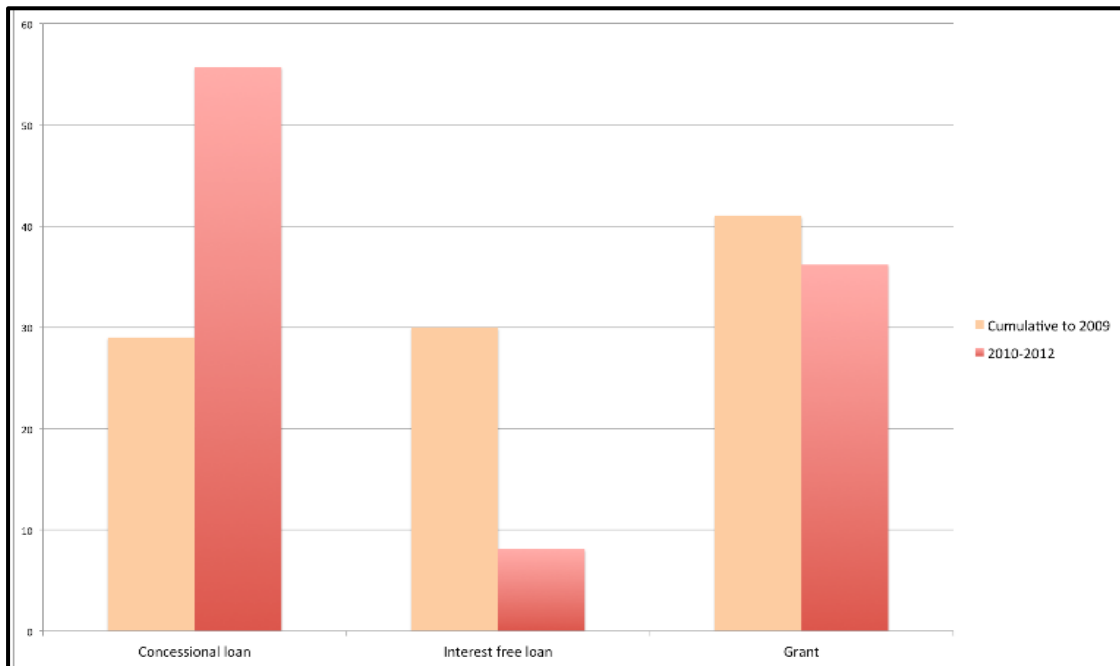
**Fig.9: Aid Distribution on the basis of Level of Income of Recipient Country:
Comparing China’s First and Second White Papers**



Source: Brant, P. (2018, January 11). *China's aid white paper: What's changed?* Retrieved from <https://www.lowyinstitute.org/the-interpreter/chinas-aid-white-paper-whats-changed>

The graphs here present China’s support to the Least Developed Nations or LDCs. “Compared to top DAC donor countries, the scale of China’s foreign assistance is still relatively small; According to some estimates and OECD International Development Statistics, China’s gross foreign aid in 2001 was extremely limited, amounting to only about 1.8 percent of the total contribution by DAC donors; However, since launching its ‘Go Global’ strategy in 2005, China has deepened its financial engagement with the world, and its foreign aid totals have grown at an average rate of 21.8 percent annually; In 2013, China contributed about 3.9 percent to total global development assistance, which is 6.6 percent of the total contribution by DAC countries and over 26 percent of total U.S. foreign aid” (Zhang 2016).

Fig.10: Types of Aid: Comparing China's First and Second White Papers



Source: Brant, P. (2018, January 11). *China's aid white paper: What's changed?* Retrieved from <https://www.lowyinstitute.org/the-interpretor/chinas-aid-white-paper-whats-changed>

We see a sharp increase in concessional loans and a sharp decrease in the interest free loans. As Phillipa Brant states, “the Chinese Government is phasing out interest-free loans; They were a feature in the 1980s and early 90s before Exim bank was formed and most of these tend to be converted into grants eventually anyway; This is reflected in the trend: Chinese aid is essentially now 50% concessional loans and 50% grants” (Brant 2018).

Hence, it can be concluded that despite of all the highs and lows of assistance given by China, the aid is yet very crucial for developing countries. China is often debated to be a Rogue donor mostly because of the lack of data and transparency China keeps. Merriden Varrall, an expert from Lowy Institute explains how China's aid must be understood before criticizing. According to her “the first point to recognize is that Chinese aid is not a coherent and strategic tool of the Chinese state; In fact, while an inter-agency aid coordination mechanism exists, it largely has a symbolic role; Chinese aid policy is drafted by the agency responsible for its management, and many agencies are involved – for example, the Ministry of Commerce, the Ministry of Health, the Ministry of Education, and provincial-level governments, among others; The State Council approves policies, but this process is not coordinated; In aid partner countries,

there is usually only one or two government staff to oversee the aid program; Different agencies often have competing agendas; Many Chinese government officials working in foreign aid are genuinely committed to improving well-being; In recent years, China has adopted some elements of the Development Assistance Committee for the Organization for Economic Cooperation and Development (OECD), such as creating five-year country development plans in close consultation with partner countries; Officials are proud of China's commitment to 'demand-driven aid', where the proposals for development projects must come from the partner country; Many of the aid implementing agencies, including large state-owned enterprises, have established project experience in China; They have often transferred these same modus operandi to the aid partner country, with very mixed success” (Varrall 2018).

Meanwhile, she carves out the reason for intimidation of western experts from China’s development approach where she states “A second point is differences in the way that development is understood by its practitioners in mainland China; Amartya Sen's notion of 'development as freedom' directly or indirectly underpins traditional OECD donor views of reducing poverty; China's approach has nothing in common with Sen's idea that 'removal of unfreedoms' is both the means and the end of development; According to traditional donors' development approaches, transparent institutions and 'good' governance are critical to sustainable development; The Chinese view, however, sees development as a triangular hierarchy of needs, in which the broad base of fundamental physical and material needs has to be met before anything else can be considered; In this vision, economic growth and investment in infrastructure are seen as the key factors for achieving developed status; According to this Chinese approach, a key aspect of development is not looking like a poor, underdeveloped, backwards country, either to the people themselves or to outsiders; For many Chinese, the Birds Nest Stadium, the Water Cube, and other hyper-modern buildings constructed for the 2008 Beijing Olympics were symbolic of how China had progressed to become a developed and modern country; Skyscrapers and wide roads are seen as a source of national pride; According to this approach, projects that to Western eyes look like 'white elephants', such as sports stadiums, are very much in line with what being developed entails” (Varrall 2018). At the end she remarks that China’s development pattern may be mixed with several ups and downs but this doesn’t mean China could be taken as

nefarious because it has played an instrumental role in lifting many out of underdevelopment what so ever.

Yet many countries keep themselves intimidated by China due to the opaqueness it keeps in its policies and activities. More or less it is the China's strategic plans that daunts most of the developed nations like US and Australia. The next chapter would present a detailed analysis of the geopolitical angle of China's foreign assistance.

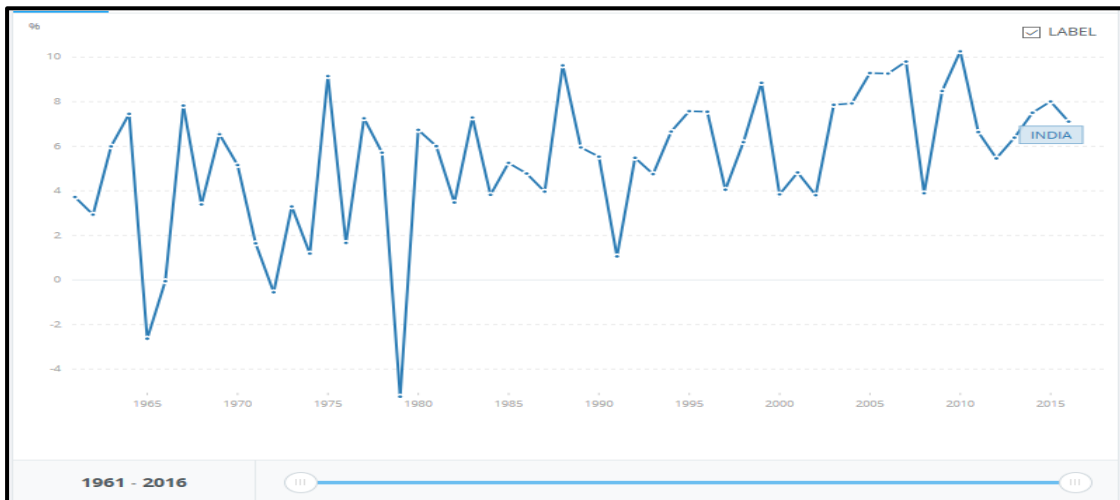
3.7 India as an Economic Power

As aforementioned, the economic status of a country is a big determinant in playing the role of an aid donor. India is the fastest growing economy as well as one of the major economic giants in the world according to International Monetary Fund (IMF) and Central Statistics Organization (CSO). The economy of India rests upon three major sectors of primary, secondary and tertiary activities, they are, the Agriculture sector, Industrial sector and the service sector. Agriculture sector constitutes of farming, animal husbandry, fishing, forestry and such activities. The industrial sector constitutes mining and quarrying, manufacturing, oil and gas, electricity generation, water supply, and construction industry. The service sector constitutes trade and commerce, hospitals, hotel industry, banking and insurance, finance industry, retailing business, real estate, transport and communication, administrative works, info tech industry and defense sector. The largest sector is the service sector followed by industrial and agricultural sector. Service sector contributes nearly 57.9% of the GDP, followed by industry with 24.2% and agriculture with 17.9%. However, India's economy was wholly agrarian till 1951 when the GDP share of agriculture happened to be 52%. By the passage of time the graph of agriculture gradually declined and so did its share in the GDP. However, agriculture still bears a huge importance for the economy of India as it employs nearly 50% of the population. Though the sector is on a decline but still it contributed a significant share of 17-18% to the GDP as well as constitutes 10% of India's export. The Industrial sector on the other hand has hovered around 24% to 29% form 1980 onwards. It employs nearly 20% of the population. "The Index of Industrial Production (IIP) is a monthly assessment by India's Ministry of Statistics and Program Implementation (MOSPI) that measures the pulse of short-term industrial activity in India; The IIP is composed of different sectors- manufacturing, mining and electricity and each sector has a different allocation in the

index; Manufacturing contributes 75.52% while mining and electricity contribute 14.16% and 10.32%, respectively; The 75% allocation speaks about the importance of manufacturing in the economy and the dominance of the industrial sector; However, despite huge potential, the manufacturing sector is still largely untapped, contributing only about 17% to the GDP; The graph below shows the trend in the IIP over the years; It's been a journey of highs and lows" (Bajpai 2015). The reforms during 1990s brought a huge rise to the service sector and now it is the largest sector of Indian economy. "According to India's Department of Industrial Policy and Promotion, the services sector received the maximum foreign direct investment, amounting to \$41,755 million (or 18%) of the total foreign inflows from April 2000 to December 2014; While the services sector has contributed to the country's growth, critics point out that the sector has generated relatively few jobs when compared to its rising importance to the nation's GDP. It employs a little more than 30% of the country's labor force" (Bajpai 2015).

The GDP of India was recorded 7.6 % according to the World Bank. "According to International Monetary Fund World Economic Outlook (October-2016), GDP (nominal) of India in 2016 at current prices is \$2,251 billion; India contributes 2.99% of total world's GDP in exchange rate basis; India shares 17.5 percent of the total world population and 2.4 percent of the world surface area; India is now 7th largest economy of the world; India is behind by only \$237 and \$399 billion from 6th and 5th ranked France and United Kingdom, respectively; It is projected that India will be 6th largest economy of world in 2019 by overtaking France and will become 5th largest in 2019 by overtaking United Kingdom with GDP (Nominal) of \$3,297; India is at 3rd position after China and Japan among Asian Countries; India shares 8.50% of total Asia's GDP (nominal); On the basis of Purchasing Power Parity, economy of India stands at 8,720.5 billion international dollars, 3rd largest economy of the world after United States and China; India contributes 7.32% of total world's GDP (PPP); India shares 15.98% of total Asia's GDP (PPP); Gross domestic product (GDP) of India at purchasing power parity (PPP) is 3.87 times more than GDP at nominal" (IMF 2016). The World Bank says, "India carries great promise of an acceleration in economic growth that is also inclusive and sustainable."

Fig.11: Annual GDP Growth Rate of India



Source: World Bank

Fig.12: India's GDP Per Capita Purchasing Power Parity



Source: World Bank

3.8 India's Aid Policy

India has undergone a massive transition in the last decade from becoming a recipient to donor. India is also called as an “emerging donor”. The official figures or white papers related to the amount spent on aid or foreign assistance is not released by the Indian government. India neither report its flow of aid to OECD or DAC. So, the available data are approximate that is based on the allocated share of foreign aid in India's annual budget. “The OECD estimates that India spent US\$539 million in 2009–10 on foreign assistance; In 2010, according to its annual budget, the Indian government allocated US\$785 million for aid-related activities; According to an International

Development Research Centre report, India does not adhere to any standard definition of development assistance; What the country calls ‘overseas development assistance’ is often a mixed bag of project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs incurred by the Indian government; Although under its 2003 new aid policy India refuses to accept tied aid from other donor countries, much of its own development assistance is tied; According to Chanana, the development assistance India provides is unconditional but often tied, with a substantial part spent in India; For instance, the flagship ITEC program provides training in India for visiting delegates, while many EXIM bank lines of credit (LOCs) require the purchase of Indian goods or services; A Chatham House working paper notes that India’s new aid policy was far from unique in that it was driven not by pure altruism, but primarily from the domestic and international political and economic benefits that would accrue from it; One could attribute a number of political, economic, and strategic objectives to India’s foreign assistance programs; According to Chanana, India has increasingly sought to expand its activities as a donor, both to reposition itself as an emerging power and to use aid as an instrument for engaging with other developing countries; India has traditionally seen its development assistance as a component of a South-South cooperation in which countries interact with each other as partners at an equal level; The First Secretary of the Permanent Mission of India to the United Nations Office at Geneva, speaking on a joint initiative between India and the AU, stated that South-South Cooperation has always been an important policy plank for India, and as part of this objective we are building a relationship of partnership for mutual benefit with Africa, not one of donor-recipient; Therefore, India is not shy in acknowledging that the development assistance it provides can be to further Indian interests abroad and to promote its own economic situation” (Ahmed 2012).

Its clear that the title of an aid donor is no more exclusive for the developed countries only. India does a great job in providing foreign assistance to its South Asian neighbors also. “India emerged as a benevolent donor for her immediate neighbors with total foreign assistance, including technical and economic cooperation, and loans to foreign governments, increasing dramatically over the past years. During 2009-10, India provided US\$ 383.01 million in aid and loans to South Asian countries (except Pakistan), which has expanded to US\$ 1,149 million in 2015-16. Out of India’s total foreign aid budget in 2015-16, about 74.6 percent was pledged for Bhutan, followed by

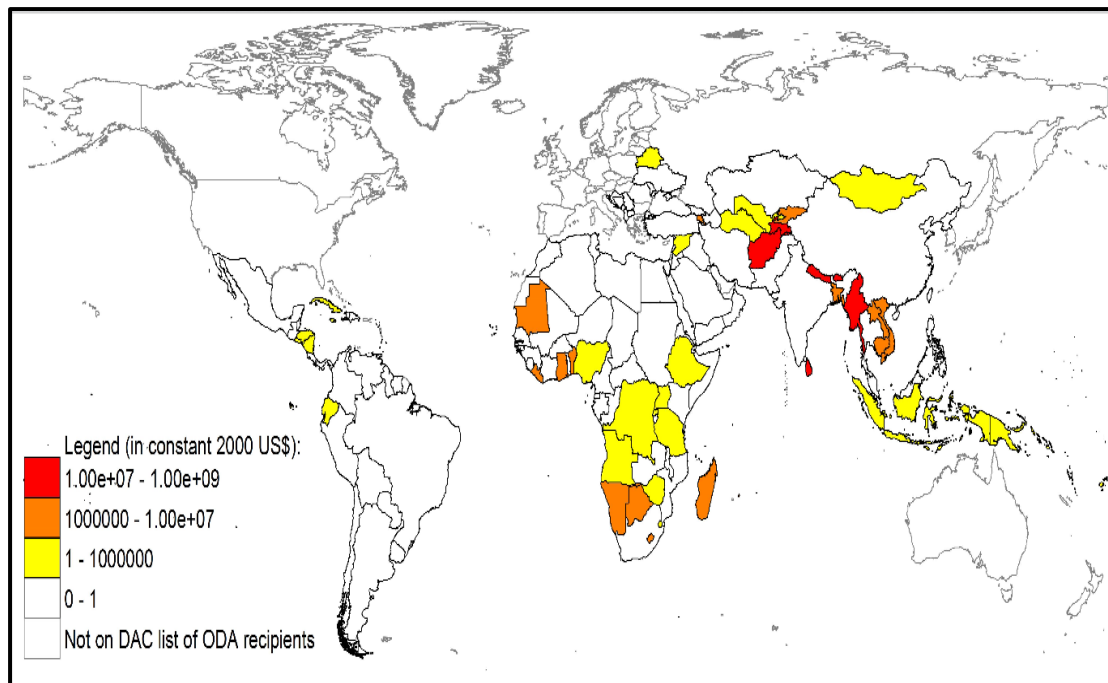
9.1 percent for Afghanistan, 6.6 percent for Sri Lanka, 4 percent for Nepal and 2.8 percent each for Bangladesh and Maldives; The pattern of aid allocation in South Asia has however remained constant during 2009/10 to 2015/16, with Bhutan continuing its reign over the aid budget” (Bhogal 2016).

3.9 A brief Journey of India’s Foreign Assistance

The journey of India's aid assistance to neighboring developing countries started in 1949 that covered humanitarian aids and scholarships. The Colombo Plan used to channelize the scholarship assistance in the beginning. “The Colombo Plan is essentially a multilateral agreement, but it has a totally bilateral aid program in its operation; This has allowed India to extend Limited technical training and aid to members of its own choosing under the auspices of the plan; The number of Experts India deputed between 1950 and 1964 to Colombo plan countries number only 64, the largest number, 40, going to Sri Lanka; Other states which received Indian experts where Burma, Cambodia, Indonesia, Malaysia, Nepal, South Vietnam and Maldives prior to that State's independence; Up to 1961, India trained 1442 trainees from Colombo plan countries in India and large number of them received training at the Indian Statistical centre in Calcutta; Other fields in which India has given Colombo plan aid are: Engineering, Forestry, Agriculture, Power, Finance and Administration; Between 1961 and 1971, an additional 3550 foreign train is received Indian training and several new recipients of Indian assistance where reported to have been aided through the Colombo plan; They included South Korea, Laos, Thailand, Philippines, Iran and Singapore; Under the Colombo plan, as well as in more recent aid programs, Indian aid has been confined mainly to the field of technical training; Accurately called the 'Steelanchor of India's economic assistance programs', technical skills and training facilities represent one field in which India has surfeit of talent; India calls its aid and export of intermediate technology and justifies its technical bias, by citing its relevance to the conditions of co-developing States; India with scarce resources, finds technical aid ideal for meeting its policy objectives in aid with a very low cost and with a potential of wide impact; Although the bulk of Indian aid is in the technical field, it is by no means the sum total of that aid” (Dutt 1980). However, India's own program of International Technical and Economic Cooperation (ITEC) began in 1964 that was comprised of training and expertise programs. The primal recipients were Nepal and Bhutan but after 1959 India started providing annual grants for such countries and also

managed it into its five-year plan that made India's assistance very promising in nature. Basically, the Ministry of External Affairs and the Ministry of Finance Department coordinated the aid programs of India. The Ministry of External Affairs looks after the countries like Nepal, Bhutan, Afghanistan and such South Asian neighbors and provided ITEC, grants and loans that later on began to be concentrated upon by the Exim Bank. The cultural exchange is looked after by the Indian Council for Cultural Relations. The ITEC that began from 1964, served through four important modes, they are, training programs in India, project assistance, study programs and humanitarian aid. The Ministry of Finance provides the line of credit or loans to various developing countries with a special focus on the fellow countries of South Asia. Meanwhile, India is also an important donor in the multilateral assistance, for instance, financial assistance in the United Nations and other multilateral organizations. India also provides one of the largest number of personal for UN peacekeeping operations and humanitarian assistance for relief work in cases of crisis or disasters. In 2012, the Ministry of External Affairs formed a new agency DPA or Development Partnership Agency that will further refine and redefine India's foreign assistance programs.

Fig.13: Geographical Expanse of India's Aid



Source: Why does India Provide Development Aid to other Developing Countries? (2013, July 28). Retrieved from <http://www.popularsocialscience.com/2013/06/24/why-does-india-provide-development-aid-to-other-developing-countries/>

India is itself a major aid recipient, therefore the geographical expanse of its foreign aid is not that vast but it is intense in every manner as India gives foreign assistance way more than it receives. India primarily provides aid to its South Asian fellow countries like Nepal, Bhutan, Bangladesh, Myanmar, Sri Lanka, Afghanistan, Maldives, and also to Sub-Saharan Africa. The biggest recipient being Bhutan followed by Afghanistan.

3.10 Types and Forms of Aid India Provides

India is the second largest donor of aid in South Asia but “India does not see itself as a regular aid donor; The fundamental difference that separates India’s approaches from those by the DAC members is that India regards itself as a peer in mutually beneficial relationships with its partner countries; For India, South-South cooperation is seen as a means to promote partnerships based on its firm belief that we live in an interconnected world where the global community shares a common destiny; India also takes the view that development cooperation should not interfere in the internal affairs of partner countries, thus does not attach policy conditions to its cooperation” (OECD 2012). The details of India’s foreign aid are very sparse as it is very less covered by the media. However, India is known for its aid contribution despite of being an aid recipient itself. The types of aid are basically, loans, grants and technical aid. The forms of aid are varied in nature, like, India provides:

Bilateral Aid- India for its part in the South-South Cooperation has focused on its immediate neighbors first to extend its aid to the needy ones. India has invested heavily on roads, hydropower plants, health, medicine, narcotics, rural development, education, civil aviation and other infrastructural projects in Nepal and Bhutan. Similarly, India has been working on Afghanistan. “Various infrastructure projects, including construction of the Afghan Parliament, Salma dam — hydropower and irrigation project, Zaranj-Delaram highway project (linking Delaram road in Afghanistan to Iranian border Zaranj) have been initiated by the Indian government in Afghanistan with an intention of greater access to country’s energy markets; India’s foreign policy for Afghanistan has significantly changed over time in response to Kabul’s growing centrality in many energy projects such as Turkmenistan-Afghanistan-Pakistan-India gas pipeline project, and the Central Asia and South Asia 1000 electricity transmission and trade project” (Bhokal 2016). Similar projects have been going on Sri Lanka,

Maldives and Bangladesh, for instance, the Exim Bank of India and the Government of Bangladesh signed a line of credit worth 1 billion dollars in 2010. The Sub-Saharan Africa also has its own share in India's aid.

Multilateral Aid- India assists a range of multilateral forums and organizations like United Nations Development Program (UNDP), International Fund for Agricultural Development (IFAD), Technical Assistance Scheme of the Asian Development Bank (ADB), Organization for Economic Co-operation and Development (OECD), Special Commonwealth Africa Assistance Plan (SCAAP), Commonwealth Fund for Technical Cooperation (CFTC), Technical Cooperation with African Development Bank (AFDB), Network on Fiscal Relations, BRICS, SAARC, WHO and such.

Scholarships and Training Programs - India opens its assistance through education and training programs as well by offering a number of scholarships, fellowships, exchange study trips, vocational training programs in India to mostly South-Asian and African countries.

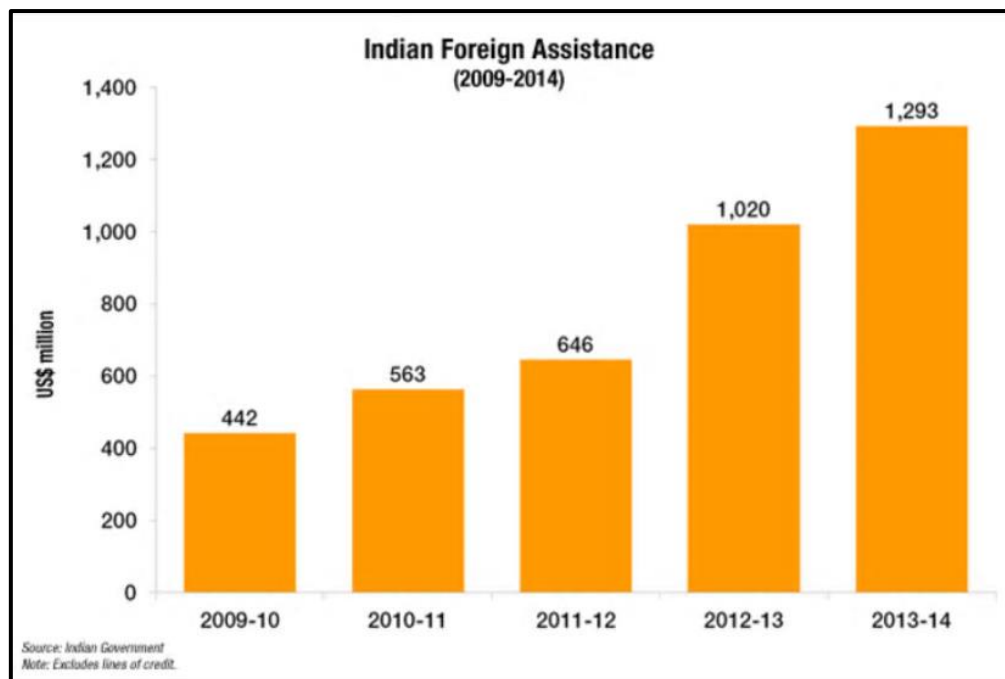
Humanitarian Aid- India's humanitarian aid is a very crucial part of its policy. "On 13 September 2005, an Indian army aircraft landed on a United States Air Force base in Little Rock, Arkansas, carrying 25 tons of relief supplies to the victims of hurricane Katrina in New Orleans; At around the same time, the World Food Program (WFP), a major net provider of food assistance in India until the early 2000s, recognized India as its 15th largest donor; It became home for thousands of Tibetan Refugees in 1959 and millions from East Pakistan (now Bangladesh) in 1971; In 1987, during the Sri Lankan Civil War, India flew humanitarian assistance materials to civilians in the city of Jaffna, an act that could be viewed as one of the few humanitarian interventions worldwide" (Meier & Murthy 2011). Numerous other examples are there, like, it provided 5 million dollars to Haiti in 2010, sent 25-million-dollar aid to help Pakistan rescue from the massive flood that hit in 2010. The most recent Nepal earthquake was aided by India named as "Operation Maitri". "Although a large share of its population is still poor, and though huge income gaps characterize the Indian economy, India has come a long way; once dependent on Western aid, it is now part of the group of non-Western humanitarian donors which together account for at least 12 percent of worldwide humanitarian aid each year" (Meier & Murthy 2011).

Military Aid- Having the second largest army of the world India has a lot to offer as military aid. the Indian Military has been long involved in the protection of Bhutan and Nepal borders with China. India assists with numerous joint operations to a range of activities with various developed and developing countries. For, relief measures as well India extends its military help to needy countries, the recent examples being the “Operation Maitri” again, help to the Rohingyas in Bangladesh, and sending troops to Afghanistan for its security and peacekeeping activities.

Capacity Building- India’s foreign assistance is incomplete without the mentioning of capacity building. Initiatives like “Neighbors First”, “Act East”, and “India-Africa Partnership” has been playing an important role in capacity development of neighboring countries through research in the field of social sciences, and science and technology. Cultural exchange programs are also very key to the capacity building programs that aim to strengthen cross border cultural ties through artistic and cultural institutions (that include Indian handcraft, and institutions of ethnic and indigenous art institutions).

3.11 Critical Analysis of India as a Major Southern Donor

Fig.14: India’s Foreign Assistance from 2009-2014



Source: Piccio, L. India’s foreign aid program catches up with its global ambitions, (2013, May 10) Retrieved from: <https://www.devex.com/news/india-s-foreign-aid-program-catches-up-with-its-global-ambitions-80919>

Even if India remains to be one of the largest foreign aid itself, its own contribution shows a significant growth. As the figure shows there is about 32% increase in the foreign assistance of India. According to the government data India spent 589 million dollars on technical cooperation which accounted for 58% of India's foreign budget on aid. These data are found scattered that creates a problem in understanding the actual share of India's foreign aid but the development programs that is seen in countries like Bhutan, Nepal and Afghanistan are inevitable. Now, this assistance also triggers a number of debate over the intention of India behind providing such aid that would be discussed in the following paragraphs but the major problem with India is with the data representation.

India lacked a dedicated agency for foreign assistance. However, the Ministry of External Affairs under the division of Economic Relations has set up the DPA. The very scattered kind of India's aid flow is expected to consolidate under this agency and help to have a clear picture of the aid flow, it's pattern and distribution more clearly. According to the website of Ministry of External Affairs of India "DPA has started to create in-house, specialized technical, legal and financial skills in order to fast-track all stages of project implementation. DPA has three Divisions. Currently, DPA I deals with project appraisal and lines of credit; DPA II deals with capacity building schemes, disaster relief, Indian Technical and Economic Cooperation Program and DPA III deals with project implementation.". Despite of the establishment of DPA it remains understaffed that weakens the diplomatic apparatus in foreign aid. Dweep Chanana, an expert on India's foreign aid clearly stated that "the general problem with India's foreign service is that there are not enough diplomats." Meanwhile, India doesn't release any white paper describing its foreign assistance that conspicuously makes its whole contribution and partnership unclear. India needs to work upon the articulation of its Development Corporation agenda cogently, like China that released at least two white paper regarding its aid partnership, Brazil that publishes annual reports on its foreign assistance activities, South Africa that has operationalized recently and office that would formulate and circulate the partnership details. "With enhanced quantum, particularly since 2003, India has strong grounds to release, if not a white paper, at least an official policy statement, to bring to the table the unique Indian model of development compact; The facets for engagement include trade and investment, technology transfer, finance through credit lines and capacity building though a flagship

program, viz. the Indian Technical and Economic Cooperation (ITEC) program; Western aid is often criticized for conflicting policies, for instance, giving aid for improving on the one hand, and providing huge subsidies to their own farmers on the other, which actually perpetuates aid-dependence; India has worked to create technical capacities, and provided production support; In 2008, the Prime Minister, during the India-Africa Forum Summit, announced the DFTP (duty free tariff preference) scheme for 49 least developed Countries (33 in Africa, 15 in Asia and one in the Americas); Our preliminary research indicates that India provides somewhere close to \$3 billion, some of which is in cash but a large part of it in kind” (Chaturvedi 2012).

India is the second largest country among the Non-DAC donors that gives development aid. Being a recipient of aid itself India has been providing assistance to a number of countries which is of course a noble act apparently but it is also criticized for having strategic interests in those assistances. India is often questioned for such huge aid programs as it itself is a home to approximately 55% of population living under the poverty line that numbers nearly 400 million lives estimated to be more than the total number of poor people in Sub-Saharan Africa. So, for the answer Andreas Fuchs and Krishna Chaitanya Vadlamannati, two scholars from Princeton University and Norwegian University of Science and Technology think of three reasons “First, most of India’s aid is given within its neighborhood; Although India today has aid programs running in almost all world regions, its aid allocation is still largely concentrated on South Asian countries (89.7% of total aid provided by the MEA in 2010); The obvious exception is Pakistan, reflecting political tensions between both countries; India’s focus on countries in its region not only reflects the lower aid costs incurred by the poor donor country, but also India’s ambitions as a regional power; Second, India is more likely to provide aid to countries at a similar developmental stage; India believes that it is in a better position to understand the developmental needs of its peers; The country argues that it ‘possesses skills of manpower and technology more appropriate to the geographical and ecological conditions and the stage of technological development of several developing countries’; Our empirical analysis confirms that countries with a shorter ‘developmental distance’ to India are indeed more likely to enter India’s aid program; Third, India’s political and commercial self-interests play an exceptional role in its aid allocation decisions; Like other providers of South-South Cooperation, India has never shied away from saying that its aid provides a ‘mutual

benefit.' Indian aid is widely seen as an instrument to gain access to overseas markets for its goods and services, to grease the skids for Indian investment abroad, and also to acquire support for India's bid for a permanent seat in the United Nations Security Council" (Fuchs & Vadlamannati 2012). Hence, in short, these scholars analyze that India's aid is about its national prerogatives and interests but at the same time the floor is open for the positive discourse.

Analyzing an article written by Macer Hall (2015) in one of UK's Sunday newspaper I was intrigued by the headlines that was "Foreign aid FARCE: Now 'wealthy' India sent £279MILLION a year of YOUR cash." In this article India is criticized for sending aid to its recipients and the author argued that UK must stop its aid to India as it is "now wealthy" enough to aid others that was clearly an envious remark. In the same article the author has also admitted that "What's more, Indian politicians have said that they don't want or need British aid so the decision to increase our contribution is even more frustrating." Therefore, while Britain was eyeing the aid programs of India and getting enviously frustrated, they stopped aiding India in 2016. Cordis Paldano (2016) writes justifying India's aid and raises the much needed question that "is it any surprise then that the biggest donor in the world today is the United States, which doles out money primarily not to the poor nations of sub-Saharan Africa but rather to Afghanistan, Israel, Jordan and Pakistan which are countries that are of significant military interest to the USA? In a similar vein, France directs nearly all of its aid resources towards maintaining its sphere of influence among its former colonies in West Africa on whom it wields unparalleled diplomatic and military influence" (Paldano 2016). He adds that "it would be a mistake to take the moral high ground here and assume that unlike western countries, the financial assistance provided by India was somehow more altruistic. Much of the aid that we provide is restricted to South Asia where we are increasingly asserting ourselves as a regional power and the two biggest recipients of Indian aid are Bhutan and Afghanistan which, in itself, reveals the political motivations that underpin our developmental assistance policy" (Paldano 2016).

Hence, what India is providing as foreign aid needs to be understood more intensely. It is undeniable that the aid distribution of each country has major degree of self-interest that India barely disagrees with but being a poor country itself if India is contributing any share of aid then in my opinion it should be appreciated. This is the

era of strategies. No country wants to be left behind in securing itself economically and strategically therefore India is also playing its part in this political game. Many scholars argue that India is trying to compete with China or China is trying to compete with India, it's certainly true that there is a great competition among these two Asian giants but the cause and effects are much more profound that keeps altering the geopolitical scenario of the world. The strategic and geopolitical consequences of foreign aid will be discussed in the following chapter.

Chapter-IV

Geopolitical Study of South-South Cooperation by China and India

This chapter deals with the geopolitical game behind South-South Cooperation. The chapter will start from the basics of aid politics and then advance to the diplomatic side of such cooperation. This is the most analytical chapter of the thesis that would carve out the strategic interests behind the moves of the two Asian giants that looks developmental and humanitarian in nature.

4.1 Geopolitics of Foreign Aid

When dealing with such an issue, a very tempting question arises in mind that who conceived this notion of providing aid and when did it started. Peter Boone writes “Foreign aid program where launched long before there was compelling theory, or compelling evidence that proved they could work.; The stated goal of these programs was to alleviate poverty and promote growth.; The massive aid program that began after the second world war, but only took off in the 1960s, are an unprecedented economic experiment; Donors transferred approximately 50 billion dollars of non-military aid in 1991 to developing countries, averaging over 8% of the recipient countries GNP in 1981 to 90; These transfers are highly variable, fungible, and to a large extent politically motivated; The impact of aid can be used as an interesting test of alternative theories of development” (Boone 1995). So, initially the foreign aid was sort of an economic experiment that later on turned into a profitable business both economically and politically, that consisted of some degree of mutual benefit between the donor and the recipient countries. “But there are no clear answers for the research question about foreign aid effectiveness; While there is not much evidence to suggest that foreign aid has been unconditionally effective in promoting economic growth and development, there is some evidence showing it to be conditionally effective.; In exploring these conditions, scholars have focused primarily on attributes within recipient countries; For example, Svensson (1999) reported that aid has positively influenced economic growth in democratic recipients, but not in those ranking low on civil and political liberties” (Bearce & Tirone 2010). “Likewise, Burnside and Dollar (2000) found evidence of aid effectiveness, but only when the recipient government already had ‘good’ economic

policies in place; There is, however, just as much evidence to suggest that foreign aid is unconditionally ineffective, even in recipient countries with more democratic regimes and good economic policies; Using a sample loaded with observations from the Cold War period, Boone (1996) found no evidence that foreign aid is economically effective, even when the recipient government has a more democratic political regime; Enlarging Burnside and Dollar's (2000) dataset, Easterly, Levine and Roodman (2004) washed out their earlier result, showing aid to have no impact on economic growth, even in recipient countries with so-called 'good' economic policies" (Bearce & Tirone 2010).

Foreign aids are broadly of two types: bilateral and multilateral. Bilateral aids engage with the recipient and donor countries only and multilateral aid engages either with an international organization or involves more than two countries for contributing to the development assistance. Multilateral aids are said to be better than the bilateral aid because with bilateral aid there is greater probability of geopolitical biases of the donors whereas while multilateral aid constitutes a number of modalities it probably bears less chances of fulfilling the direct interests and biases of the donors. Despite of all the research and arguments aid is something that flows both bilaterally and multilaterally across the countries. The question arises why would countries contribute money and resources to other developing or under-developed countries despite of concentrating on their own development? Here comes the geopolitics into play. I perceive three answers. The first reason to this from a positive approach is due to humanitarianism and compassion to the poor of the world. The second reason is, no country is self-sufficient, there has to be a lack of one or the other crucial resource that it needs to trade with other countries, but the degree of trade a country wants also depends on the level of development of the country with whom trade is required. Therefore, in order to seek one's own benefit indirectly, countries offer aid for economic development to deficit countries. For example, United States aids the Middle East countries, why? Clearly there is a huge geopolitics going on in name of establishing peace, prosperity and development. The third reason is directly due to strategic reasons. For instance, the United States again, unquestionably possesses the global hegemony, aids most of the countries, even by the own admission of USAID or United States Agency for International Development they assist "Afghanistan and Pakistan, Africa, Asia, Europe and Eurasia, Latin America and The Caribbean, and

Middle East”, what’s left? One can clearly see the US’s army bases, stock share, loans, infrastructural projects, arms and ammunition supplies, sending expert groups, and goods and services to across the world to have an upper hand in the economic development and to have strategic points to control the movement of other powerful countries. So, every country after gaining some economic strives for building relationship through cooperation with strategically beneficial country to gain political power, the relationship may be established through a number of ways, the most significant among them is development aid. On the other hand, “aid has often come with a price of its own for the developing nations as sometimes aid is often wasted on conditions that the recipient must use overpriced goods and services from donor countries; Most aid does not actually go to the poorest who would need it the most; Aid amounts are dwarfed by rich country protectionism that denies market access for poor country products, while rich nations use aid as a lever to open poor country markets to their products; Large projects or massive grand strategies often fail to help the vulnerable as money can often be embezzled away” (Shah 2014). Therefore, by one or the other mechanism aid plays a great role in shaping the geopolitics going on among countries.

4.2 North-South Relation and South-South Cooperation

South-South Cooperation has a much diverse and profound theory than merely foreign aid (UNESCO). However, aid plays an important role no matter what. But let’s begin with discussing the North-South relations first. So, the relations germinated in the milieu at the end of the Second World War that destroyed the old international order after which the development agenda of the Global South came into the consideration of the policymakers in the North. In 1949, Harry S Truman addressed the need to develop the Global South with the acquired modernity and technology of the western world. He advocated for doing fair trade based on the principles of democracy that should not be imperialist in nature. Retrospectively, it can be understood that after the cold war there was a noted series of anticolonial movements, rising power of the Global South, deteriorating western imperialism, and the increasing strategic value of the southern countries. Therefore, the rich and sound Global North began to see new interest in the future of the former colonies, that led to the commencement of a new discourse of development theory.

The Modernization theory when applied to the North-South relation demonstrates that “the modernization paradigm, western Europe and especially the Anglo-Saxon countries (US and UK) have been characterized as the centers of modernity, innovation, industrialization, dynamic entrepreneurship, achievement, rationality, and freedom; In contrast, the countries of Africa, Asia, and Latin America were defined by the prevalence of traditional institutions, undeveloped divisions of labor, the lack of utilization of their own resources, overpopulation, pre-democratic structures, and the predominance of rites, rituals, and primitive customs; Modernization theory rests on the premise that in order to develop, the developing countries need to overcome traditional institutions and values; The relations between North and South and their impact on the course of development of the individual countries of the South are either ignored by modernization theorists or they assume that it is in the interest of the Developing countries to learn from, and cooperate as closely as possible with, the developed countries in the North However, the political advice, given by modernization theorists also changed with time; During the 1950s and 1960s, the commonly held view was that the goal of economic growth was prior to democratic and social concerns (growth first, redistribution later) but this view changed during the 1970s and most modernization theorists argue today that economic growth, democratization, and the improvement of the living conditions of the population go hand in hand, each stimulating the other in a virtuous circle” (Krüger 2008).

When we try to see the relation through the dependency theory we find that “contrary to the modernization paradigm, the focus of which is usually reduced to the analysis of individual societies and states of the South, dependency theory focuses on the relations between North and South, arguing that the actual situation of developing countries cannot be analyzed outside the history of external penetrations and interventions, which have structured and in turn have been affected by internal features and developments; The central thesis of the dependency paradigm is that oppression and exploitation of the South by the North has contributed to the underdevelopment of the South; The forms and mechanisms of this exploitation are seen in various fields: while some analyze the impact of international trade on the development of the South, others focus on the exploitation of important resources by multinational corporations and others concentrate on the financial relations which have led to the high and ever growing debt burden of the South” (Krüger 2008). On the other hand, the dependency

theory also emphasizes that the condition of the Global South is poor because of their colonial history, that still reflects in the structure of the world economy where the south is supposed to contribute labor and raw materials for the north oriented markets of the world. This is a kind of exploitation in itself due to which the South has been so much dependent on the North. “Assuming that the unequal relationships and exchanges between North and South lead to global polarization and increasing poverty within the South, dependency theory calls for a delinking from the Northern based institutions and for the launch of a self-centered development strategy which concentrates on the needs and demands of the domestic population” (Krüger 2008).

Well, after the Bandung Conference 1955, the Global South began to claim its own stake in the world power. Due to the Northern dominance the relations are undoubtedly impacted that resulted into the huge success of the Non-aligned movement and establishment of institutions like UNCTAD, G77 and so on have continuously evolved, reformed, transformed and strengthened with time.

4.3 An analysis of India’s Strategic Interests as a Southern Donor

Assuredly, every country seeks or tries to seek more or less self-interest through the medium of trade or aid. India provides most of the aid goes to the neighboring countries and the Africa. However, India’s activities in the South Asia is also referred to a regional power balancer. “C. Raja Mohan, a doyen of Indian security analysis, explains in comparable terms that India’s grand strategy divides the world into three concentric circles. In the first, which encompasses the immediate neighborhood, India has sought primacy and a veto over the actions of outside powers; In the second, which encompasses the so-called extended neighborhood stretching across Asia and the Indian Ocean littoral, India has sought to balance the influence of other powers and prevent them from undercutting its interests; In the third, which includes the entire global stage, India has tried to take its place as one of the great powers, a key player in international peace and security” (Fair 2010). India tries to keep an all-time healthy relation with the SAARC nations sometimes barring Pakistan due to obvious reasons.

4.3.1 India’s Strategic Interests in South Asia

Strategic Interest in Afghanistan- One of the biggest recipient of India’s aid is Afghanistan. The understanding of India’s strategy in Afghanistan differs with differing scholars where “on one hand are those who want to expand India’s presence in

Afghanistan through increased Indian training of Afghan civilian and military personnel, development projects, and expanded economic ties; These observers are aware of India's long-standing and robust ties with Kabul and Afghans generally positive public opinion towards Indians and India" (Fair 2010). India-Afghan relations began to be recognized when "notably, in late August 2010, Afghanistan's National Security Adviser Rangin Spanta stated that they would like to expand cooperation with India in order to strengthen Kabul's ability to secure itself; On the other hand, are those that caution against such involvement; This view was articulated forcefully by then-top NATO commander in Afghanistan Gen; Stanley McChrystal opined that Indian political and economic influence is increasing in Afghanistan, including significant development efforts and financial investment; In addition, the current Afghan government is perceived by Islamabad to be pro-Indian; While Indian activities largely benefit the Afghan people, increasing Indian influence in Afghanistan is likely to exacerbate regional tensions and encourage Pakistani countermeasures in Afghanistan or India; Other analysts see Indian and Pakistani competition in Afghanistan as a new 'Great Game' and argue that Afghanistan can be pacified only through a regional solution that resolves once and for all the intractable Indo-Pakistan dispute over Kashmir" (Fair 2010). Hence, having Afghanistan as a friendly neighbor would give India a direct monitoring capacity over Pakistan and China, and over strategic projects like the OBOR, in order to facilitate trade and commerce through the region. The geopolitical control however is biggest motive.

Strategic Interest in Nepal- Nepal is known as the only Hindu nation in the world, this may or may not be an obvious reason but India and Nepal have very friendly relation from time immemorial. On one hand Indians don't require passport while visiting Nepal and Nepalese can work in the most prestigious 'civil services' of Indian bureaucracy. "The interaction between the people of the two countries has been so widespread and deep-rooted that it has added an informal dimension to their relations; It is for this reason that it is difficult to understand India-Nepal relations by focusing only on formal diplomatic channels; The informal and popular perceptions are equally important; It may also be pointed out here that despite differences in size, resources, population, capabilities and levels of development, there are reasons why Nepal is important for India and vice versa" (Upreti 2003). But when we look at the strategic side of the relation we find that Nepal being a land locked or a buffer state between two large Asian

giants China and India, it is always taken seriously. India tries to act as a big brother for Nepal in terms of goods, food and oil supplies as well as humanitarian aid supplies. But India also has several problems with Nepal the gravest of all being the water sharing issue and the border conflicts that Nepalese think is hindering the sovereignty of their country. “Two areas in particular strike a chord in Nepal: Kalapani and Susta, which lie on the western and eastern border of Nepal, respectively. Kalapani, which is where India, China, and Nepal meet, has a strategic military position and has been held by India’s Indo-Tibetan border security forces since the 1962 war with China; The Mahakali River defines the border in Kalapani, but India and Nepal each claim the river originates in different places, thus the conflict. In eastern Susta, the Narayani river forms the Indian-Nepali border; But several large floods have re-shaped the river, causing a 14,500-hectare Indian encroachment into Nepal; Here, again, Nepalese are sensitive to the perceived threat to their sovereignty” (Groves 2014). Therefore, India despite talking Nepal as its “backyard” need to focus more on its actual strategic value. As of now, Nepal has already started trade with China and China is trying to befriend Nepal more relentlessly than India, it becomes imperative for the Indian side to take care of the situation and keep healthy relations with Nepal whether through bilateral dialogues, trade or aid. Nepal’s importance is the most obvious reason of it being one of India’s highest aid recipient.

Strategic Interest in Bhutan: “The India Bhutan relationship is perhaps the only bilateral engagement in South Asia, yielding high dividends to both parties; While Bhutan all through the years has appreciated India for its economic assistance, India, for its part, has been sensitive to bhutan's developmental needs; The relationship has helped Bhutan shape a unique developmental trajectory based on gross national happiness; Bhutan's economy has grown substantially in recent years” (Bisht 2010). The history of development cooperation provided by India can be understood through three important waves. “The first wave (1960s to 1970s) focuses on building the social and physical infrastructure; The second wave (1980s to 1990s) so substantive efforts towards democratization and decentralization; The third wave of relationship focused on developing Hydel projects, which has now expanded into the areas such as information technology, disaster risk management, education and research cooperation” (Bisht 2010). From strategic point of view, Bhutan is a buffer state between India and China. For keeping an upper hand over China, India provides Bhutan its military power to

safeguard the borders. Indian border security forces are present on both sides of the border. It directly safeguards the Indian northeastern states from Chinese interventions. India provides all kinds of subsidies on the goods and oil supplies, petrol is always cheaper in Bhutan than in India despite of the fact that Bhutan receives petrol from India only, India even looks after the grants and scholarships of Bhutan's colleges, the Bank of Bhutan is managed by the State Bank of India, and India also provide its telecommunication services to Bhutan. Such perks given by India to Bhutan quiet successfully demonstrates India's requirement of controlling the little country from the giant and powerful Republic of China due to a major self-interest to secure its borders as "India and China have one of the world's longest disputed borders and areas which include 37,000 sq km of uninhabited Aksai Chin and Arunachal Pradesh with 1.4 million residents and over 84,000 sq km; Despite several rounds of negotiations, the dispute is nowhere near a solution" (Joseph 2018). The sophistication of the border area can be clearly understood by the recent dispute over Doklam that "flared up in 2017 when the Chinese were trying to construct a road in the area, and Indian troops, in aid of their Bhutanese counterparts, objected to it, resulting in the stand-off. Doklam is strategically located close to the Siliguri Corridor, which connects mainland India with its north-eastern region; The corridor, also called Chicken's Neck, is a vulnerable point for India" (Joseph 2018). Hence, no matter how small Bhutan looks on the world map it stands as a very crucial buffer state between two aggressive giant nations and India definitely has a great deal with Bhutan.

Strategic Interest in Bangladesh- India shares its long history and longest border with Bangladesh that is nearly 4096 kilometers in length. "Bangladesh's geopolitical importance increases due at least to three factors; First, Bangladesh began to be referred to as the third largest Muslim country in the world and as the second in the region; The second factor is Bangladesh's location within the 'geo-strategic frontier' of India, South Asia's most powerful country; And the third is Bangladesh being in close proximity with China, Asia's largest power, considered a strategic rival of both the US and India" (Hussein 2014). A Brig Gen from Bangladesh, Sakhawat Hussein writes "Bangladesh is surrounded by India almost entirely on three sides except for a small but significant border of 172 miles with Myanmar in the southeast; The Bay of Bengal, with shared coastline with India and Myanmar, bounds the south. Significantly, one of the strategic Indian Marine outposts, the Andaman & Nicobar Islands that is developing to be an

important military base is not very far from Bangladesh; It is only about 300 miles south of Bangladesh's prime seaport of Chittagong, and in the north, Bangladesh is separated from the Himalayan kingdoms of Nepal and Bhutan by a strip of Indian territory, famously known as Shiliguri Corridor, only about 12 miles at its narrowest point; One has to pay particular attention to this geo-strategic real estate that is considered to be a strategic vulnerability to Indian national integration." From a strategic point of view the Shiliguri Corridor is very crucial region for India because "the Shiliguri Corridor is regarded as a very sensitive strategic real estate for New Delhi, it being the only land connection with the insurgent-infested Northeastern states of India, known as the Seven Sisters; Should this land corridor be blocked by hostile action, either by internal or external elements, India would find itself cut off from its strategic Northeast; The only alternative to offset the constraint is to have a strategic corridor through Bangladesh; The importance of such an alternative route first dawned on Indian strategists during the 1962 Sino-Indian war; China threatened to cut off India's Line of Communication in the Seven Sisters, particularly in NEFA (North East Frontier Agency, now renamed Arunachal Pradesh)" (Hussein 2014). Therefore, one can understand that India is well aware of China's capability of blocking essential communication links joining the North-East States and the central India. "One must note the geographic disposition of the Indian state of Sikkim, a disputed territory between two Asian giants – India and China – since the former annexed the small Himalayan kingdom in 1975; Sikkim, however, provides easier access to India from Tibet (China) and the other way round; The most important access from India to China is through Nathu La and along Hatungla Ridge; Metal roads do exist connecting Kolkata port with the Nathu La Pass; The same route could also provide access for Bangladesh through Indian territory" (Hussein 2014). So, this may be a Bangladeshi perspective but it also shows how strategically important Bangladesh is for India. India also wishes to build a corridor through Bangladesh in order to smoothen its trade with Bangladesh and keep an eye on the Indian ocean region too. The following map displays the significance of these countries all together.

Fig.15: China's String of Pearls and the Strategic Points of India and China



Source: Hussein, S., Geo-Strategic Importance of Bangladesh. (2014, May 31). Retrieved from <https://mygoldenbengal.wordpress.com/2014/05/31/geo-strategic-importance-of-bangladesh/>

Strategic Interest in Srilanka- India and Srilanka are closest maritime neighboring countries. The two nations have close cultural and religious ties at the same time the political constrains cannot be overlooked. Buddhism connects India and Srilanka religiously. India provides educational scholarships to Srilankans, deploying peacekeeping forces, also, both countries often perform joint naval exercise together to fight the problems of piracy and trafficking. However, the political breakup between the two states due to Srilankan conflict over the Tamil militant separatist movements of 1980's and India's support denial to Srilanka at the UNHRC that ought to investigate against the Tamil rebels in Srilanka pertaining to the alleged violation human rights, have given space for China to penetrate deeper into the fracture. "The relations between India and China have been strained since both the countries got independence; Both the countries consider each other as a threat to their power projection both at the regional and international level; China always had a hot pursuit towards India and both the countries have also fought war; Chinese incursions in Samdu-rung-chu valley in 1986-87 and at other parts of Indian borders have always posed a foreign policy challenge for India; China has been following à consistent policy of engaging Indian neighbors to

break the Indian hegemony in the South Asian region. Recently China and Sri Lanka have come quite close and China is making all efforts to groom the relations to its logical conclusion” (Gupta 2010). So, Srilanka becomes a country of great strategic value for India because of the fact that the two countries are just at a distance of 30 nautical miles, so the limits of India’s own territorial borders, its naval bases, its movement and exercises, its sensitive projects and in fact the whole southern part comes under great exposure if an expansionist state like China has establishes itself in and around Srilanka. Thus, the establishment of Hambantota port in Srilanka is giving great apprehensions to India as it strategically positioned over the oil route and is situated over the busiest sea routes of the world, it is also evident that the port is contributing to the String of Pearls that China is making under the garb of commercial linkage. India is facing geopolitical challenges due to Chinese intentions to control the sea routes and Indian Ocean region. Hence, India needs to establish as good relations as it can to maintain peace, strengthen sovereignty, and keep control over the Indian Ocean sea routes that China tends to hijack.

After China, India is undoubtedly one of the most powerful countries of South Asia therefore technically India ought to have lot of points and area of strategic interest. For instance, the Indian Ocean itself is a big challenge to India to look after. “Much like the Pacific Rim, which shaped the global economic trajectory for the two decades, the Indian Ocean has the potential to become the most important source of new global growth over the next 20 years; With the Indian Ocean channels carrying two-thirds of the world’s oil shipments, a third of the bulk cargo and half of all container traffic, the region’s strategic significance remains well established; China’s rise has added another dimension where traditional power equations are now in a flux. India has been keen to underscore that it is not merely an Indian Ocean and South Asian power but one which has the capacity and increasingly the intent to shape the wider strategic realities in the region; India’s self-defined strategic interests now straddle the wider Indo-Pacific, stretching from established framework in the Indian Ocean, to its expanding interests in the South China Sea, and indeed into the South/West Pacific and this understanding of Indian strategic reach is now being widely accepted; The US has welcomed this growing footprint but other major powers have also responded positively; The re-emergence of Quad, involving the US, Japan, Australia and India is also a reflection of this growing consensus” (Pant 2016). In such a geopolitical upheaval, India lies on a

great strategic point from where the U.S can actually have access to China's movements as it has bases all over the South Asia in which India plays a key role.

The rising concern on Indo-Pacific owes its genesis from this geopolitical situation. That is why David Brewster writes "It is unlikely that China will be in a position to challenge U.S. dominance in the Indian Ocean for some years to come; But it will be poised to take advantage of strategic opportunities or step into any perceived power vacuums; India is particularly alarmed by the growing Chinese presence in the region and is responding; This includes building forward operating bases or staging facilities in India's own Andaman and Nicobar Islands near the Malacca Strait as well as in island states such as Seychelles and Mauritius; The recent finalization of a logistics exchange deal between India and France also potentially opens up French facilities in the western Indian Ocean (such as Djibouti and Reunion) for use by India" (Brewster 2018). Numerous deals are happening in this region that is shaping the ambition of South-South Cooperation. "The latest development is a deal between India and Oman, under which the Indian Navy will have access to the port of Duqm in Oman for logistics and maintenance; The deal may also include the development of oil storage facilities near Duqm for use as part of India's strategic oil reserve. China's moves, and U.S. and Indian responses, have led some analysts to worry about a 'new Cold War' brewing in the Indian Ocean; Although the Trump administration has recently announced its new 'Free and Open Indo-Pacific (FOIP) strategy' it is not clear what this means in practice for the Indian Ocean; There is little evidence as yet that the United States is a serious player in countering the influence that Beijing is buying with its Belt and Road Initiative" (Brewster 2018). In such a situation, it becomes imperative for India to maintain harmony and efficient aid and trade with all the countries including the middle eastern countries as India is highly dependent on them for oil and natural gas.

4.3.2 India's Strategic Interest in Africa

India sees Africa as a very potential and unique land. Previously, the western powers have used Africa to sate their needs of natural resources, this time the new comers that have set foot on Africa are the Asian powers- China, India and Japan whose course of action claims not to be imperialist in nature. India's aid flow to Africa has already been discussed in the previous chapter that states that Africa is one of the major aid recipients from India. The interests of India in the African continent is firstly,

“Africa is a dynamic trade partner, geographically close to India; Given India’s cumbersome logistic and bureaucratic costs domestically, it can be cheaper for a firm in Mumbai to ship a product to Kenya than to transport it to Kolkata; African and Indian consumers have similar levels of income and, consequently, compatible quality requirements; This opens a trade opportunity for Indian firms that would fail to meet the higher standards of developed countries” (Calabrese & Mendez-Parra 2015). So, it becomes a source of income for India and Indians at low investment.

Fig.16: India’s Footprints in Africa

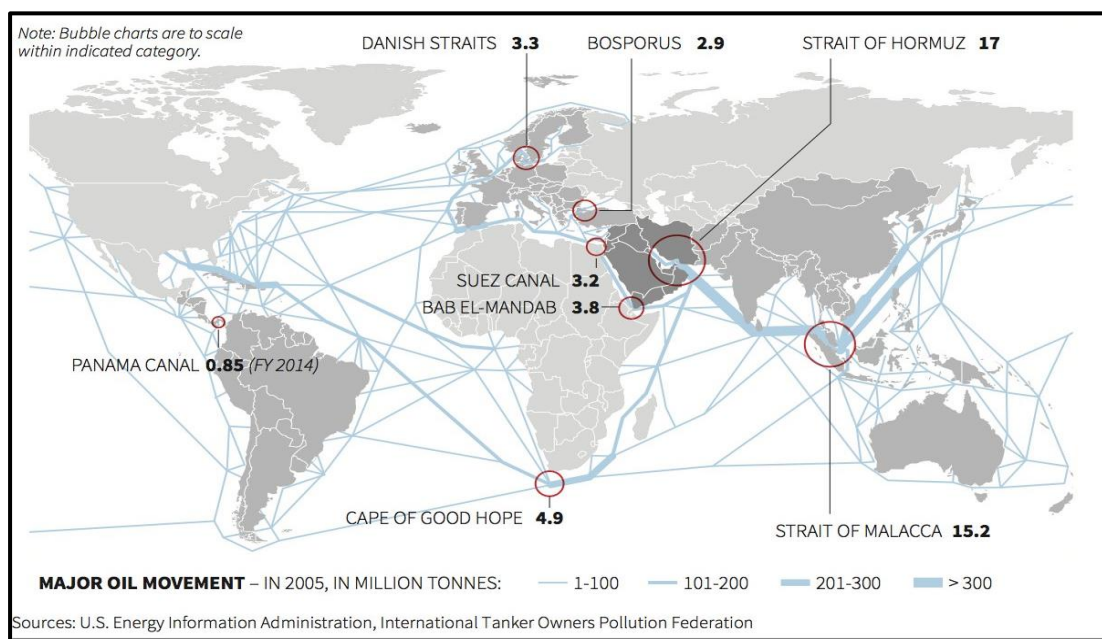


Source: Land grab in Africa, brought to you by India. (2011, December 13). Retrieved from <https://goimonitor.com/story/land-grab-africa-brought-you-india>

Secondly, “Indian companies are acquiring land in Africa at throwaway prices, indulging in environmental damage and exporting food while locals continue to starve” (GOI Monitor Desk 2011). So, while India is also found to acquire cheap cost land in Africa mostly the poor countries like Ethiopia and bringing back the produce to own country. The agriculture based companies of India find doing business very difficult on

India’s fragmented land holdings and thus it is easy for them to manipulate poor African countries to get their fertile lands on lease to run their business on cheap cost. When the cost is compared to India, “the land lease rate in Punjab’s Doaba region is a minimum of Rs 40,000 per acre; In contrast, in most African nations, the land lease rate in terms of Indian currency comes to Rs 700 per acre; This means that for every one acre in Punjab, Indian investors can own 60 acres in Africa; With a per capita land holding of 1.5 acre in Punjab, agriculture is ceasing to be a sustainable activity” (GOI Monitor Desk 2011). Undoubtedly, it has great side effects on the native people as they are losing work and control from their basic source of life and death, their land. So, it is also counted as a part of India’s interest and strategy as well because no company can exercise such business without the consent of home governments.

Fig.17: Important Choke Points and Sea Routes through Africa



Source: Bender, J. (2015, April 01). URL: <https://www.businessinsider.in/These-8-narrow-chokepoints-are-critical-to-the-worlds-oil-trade/articleshow/46775193.cms>

Third and the most important, being a major player on the African continent will help India have an eye on the Indian ocean from a different angle, including the adjacent sea routes and choke points like the Strait of Hormuz. The urgency of the control can be understood because of the fact that “about half of the world’s oil production is moved by tanker son fixed maritime routes; The blockage of a chokepoint, even temporarily, can lead to substantial increase in total energy costs; Oil transit choke

points are therefore a critical part of the global energy security” (Bender 2015). This makes Africa India’s one of the very important strategic region.

4.4 An analysis of China’s Strategic Interests as a Southern Donor

China is one of the biggest aid donor in the world. Though its role as a donor has often been perceived negatively due to its lack of transparency, expansionist attitude, and untrusted nature, its contribution is widely acknowledged across the world. In the following paragraphs the focus will be primarily on the Global South that will include South Asia and Africa, where we will see China’s strategic interests from the countries it befriends and takes care of.

4.4.1 China’s Strategic Interests in South Asia

The discussion over China’s presence in South Asia should begin with addressing that “China’s major interests in South Asia include promoting stability in both Afghanistan and Pakistan in order to curb the influence of Islamist extremists, and to facilitate trade and energy corridors throughout the region that China can access; China also is focused on enhancing its influence with other South Asian states, including Bangladesh, Nepal, Sri Lanka, and the Maldives, to further help it secure energy and trade flows from the Middle East and Europe, and as part of a global effort to extend its diplomatic and economic influence; Furthermore, China seeks to contain Indian power by building close ties with Pakistan and bolstering Islamabad’s strategic and military strength; China likely assesses that, by tilting toward Pakistan, it can keep India tied down in South Asia and divert its military force and strategic capabilities away from China” (Curtis 2016). So, let’s look at China’s major strategic interests in Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Srilanka, Indian Ocean Region and Africa.

China’s Strategic Interest in Afghanistan- Due to its geographical locations Afghanistan is a country of great strategic value for China. “There may be good reasons for China’s interest in Afghanistan: The country’s geographic location at the crossroads of Central and South Asia, between India in the South and Russia in the North, is of great strategic value to China; In addition, Afghanistan allegedly holds vast natural resources; Once exploration and exploitation on a larger scale will have begun, there is good reason to assume that China will want to profit from its neighbour’s mineral wealth; So far, a planned \$3 billion lease of the Aynak copper mine in 2008 by a

consortium of Chinese state-owned companies never launched due to security issues and disagreement over the terms; Ever since, China remains reluctant to make large investments in Afghanistan, but this might change if security improves” (Stanzel 2016). Further, Afghanistan is home to vast natural resources, “the untapped natural resources in Afghanistan are supposed to be worth \$1 trillion, according to a US report from 2010; In particular, Afghanistan has been a source of the gemstone lapis lazulus, which reportedly generated roughly \$125 million trade value in 2014; But the mining of the stone has led to a conflict in recent years between local security forces and the Taliban as they gained more control over the country; A recent report by Global Witness argues that mining ‘has the potential to generate large amounts of revenue and growth for Afghanistan’ if the country could establish capacities to impose legal mining” (Stanzel 2016). In recent years China has increased its aid and investment projects to Afghanistan. It provided 80 million dollars in 2014 only breaking the record assistance of 240 million dollars in 12 years between 2001 to 2013.

Still, China is far behind the big donors in the region like United States and Europe and the biggest donor India that has provided over 2 billion dollars’ aid to Afghanistan till date but China is going to prove itself again as a competitor in the region. China must be interested in uplifting Afghanistan’s status to pave ways for further investments. Projects like OBOR and Silk Route revival fulfil China’s need for infrastructure in the region on one hand and on the other hand gives access to the huge deposits of natural resources instantly. From security point of view, China has launched anti-terrorism coalition among Afghanistan, Pakistan, Tajikistan and itself that would share intelligence and joint exercise. Also, China is cooperating effectively in Central Asia, therefore experts believe that Afghanistan may play a crucial role in the great game. China undisputedly puts forward great geopolitical challenges to India and opponent countries under such conditions.

China’s Strategic Interest in Pakistan- China and Pakistan share quiet friendly relations with each other. “Chinese policy toward Pakistan is driven primarily by its interests in containing India and diverting Indian military and strategic attention away from China; The China–Pakistan nexus serves both China’s and Pakistan’s interest by presenting India with a potential two-front theater in the event of war with either country; While China favors a certain level of Indo-Pakistani friction in order to bog India down in its own region, Beijing has often played a helpful role in tamping down Indo-Pakistani

tensions during periods of crisis, like the 1999 Kargil border war and the 2001-2002 Indo-Pakistani military mobilization; China has built up Pakistan's conventional military as well as nuclear and missile capabilities over the years to help keep India off balance and focused on threats emanating from Pakistan" (Curtis 2016). China in many ways aims to challenge U.S.-Pak ties. "China has also provided civilian nuclear technology to Pakistan, often without consent of the Nuclear Suppliers Group (NSG)" (Curtis 2016). Bigger interests are the megaprojects like "China Pakistan Economic Corridor (CPEC) linking Kashgar to Gwadar has strengthened Beijing's strategic commitment to Islamabad and boosted business confidence among Pakistanis; Many observers view the CPEC initiative as a direct response to the U.S. 'Asia Pivot' strategy, and as China's way of showing that it will extend its power and influence westward as the U.S. does so eastward" (Curtis 2016). Hence, China's presence in Pakistan changes the regional geopolitics considerably, the biggest aim however remains containing India from three sides.

China's Strategic Interest in Nepal- Primarily China is interested in Nepal because of the large number of Tibetan people there. It wants Nepal to tighten its borders with Tibet in order to control the movement of Tibetan people crossing borders. Secondly, China sees great potential in hydroelectricity in Nepal and it is planning to invest in megaprojects there. Already, "China signed a deal with Nepal in 2012 to invest \$1.6bn (£1bn) in the 750-megawatt hydropower project in West Seti, one of the largest power projects in Nepal" (Joshi 2013). Thirdly, China sees an opportunity to contain India from Nepal's side also. However, the cultural and linguistic difference remains a problem for China in Nepal but China is working quiet swiftly in Nepal.

China's Strategic Interest in Bhutan- China officially does not have any ties with Bhutan but the recent Doklam standoff reveals that China is bugged by the degree of Indian influence on Bhutan. It's so much so that even the Bhutan-China border is managed by Indian Army. China is quiet aggressive about Indian interference in between them. "Face-offs between Chinese and Indian troops over road construction on the borders of a 269-sq km plateau in Bhutan claimed by China sparked off that is described as the worst crisis in relations between New Delhi and Beijing since troops from the two countries confronted each other at Daulat Beg Oldi in 2013; The clash on the Doklam plateau, which overlooks the strategic Chumbi Valley, involved troops serving with India's Brigade-sized mission at Ha - a formation meant to train Bhutan's

armed forces, but which also deploys alongside the Royal Bhutan Army to patrol its frontiers against China” (Swami & Apurva). So, Bhutan makes a strategically potential state for China and China is keeping no stone unturned to establish itself in Bhutan.

China’s Strategic Interest in Bangladesh- China and Bangladesh share good diplomatic relations. “China is an important source of military hardware for Bangladesh and has overtaken India as Bangladesh’s top trading partner over the last decade; Bangladesh and China hold regular military exchanges, and Beijing has provided Dhaka with five maritime patrol vessels, two small warships (corvette class), 44 tanks, and 16 fighter jets, as well as surface-to-air and anti-ship missiles; In addition, Bangladesh has ordered two Ming-class diesel-electric submarines from China that are expected to enter the Bangladeshi fleet in 2016; China played a large role in developing and modernizing Bangladesh’s port at Chittagong, but more recently Dhaka has decided to cancel plans for China to construct a deep-sea port at Sonadia in southeastern Bangladesh” (Curtis 2016). Further, Bangladesh’s access to Bay of Bengal also makes it a geopolitically active region. Although China and Bangladesh are going ahead with their defense cooperation but Bangladesh has never showed any indication of permitting China into the Bay. Submarines and missiles have been launched in the Bay for joint naval exercises but India fears that they may enter the Indian waters.

China’s Strategic Interest in Srilanka- The great strategic interests of China in Srilanka include its importance in the OBOR. The ‘String of Pearls’ that China is laying to contain India finds its southernmost point in Srilanka. China is also investing heavily in Srilanka turning it into a port city that would consequently be beneficial for China only. Being geographically so close to India and sour relations between India and Srilanka, Chinese presence can potentially harmful for India’s security. “China provided substantial military aid to the Sri Lankan government in the final years of the civil war with the Liberation Tigers of Tamil Eelam (LTTE) at a time when the U.S. and India curtailed military supplies because of human rights concerns; China became Sri Lanka’s biggest donor and made a \$1 billion investment to develop the southern port at Hambantota; Sri Lanka’s willingness to allow Chinese submarines to dock at Colombo port twice in late 2014 alarmed Indian officials, who are wary of China’s increasing influence in its backyard; India fears that Chinese investment in South Asian ports not only serves Chinese commercial interests, but also facilitates Chinese military goals” (Curtis 2016).

China's Strategic Interest in Indian Ocean- One of the biggest strategy of China is to aggravate its present in the Indian Ocean Region. 'String of Pearl' takes its origin from the same move of China and "refers to the Chinese development of a network of naval facilities and access points along the Indian Ocean littoral; Chinese investments in port facilities in nations along the Indian Ocean littoral are largely commercial and infrastructure development programs; To become military bases, these investments would require a far larger, more overt military presence, including access treaties with the host countries, hardening of facilities to withstand attack, and most likely the presence of units of the People's Liberation Army (PLA); While the Chinese investments may not pose a direct military threat to India at the moment, they reflect China's growing interest in the Indian Ocean Region and provide China the ability to monitor Indian naval movements; India indeed is increasingly concerned about China's efforts to build ports in Pakistan, Bangladesh, and Sri Lanka, believing that China ultimately intends to use the ports to extend its naval presence and could potentially use them for military purposes. Recent visits by Chinese submarines to Pakistani and Sri Lankan ports have further stoked Indian concern" (Curtis 2016). However, India by signing "Joint Strategic Vision for Asia-Pacific and Indian Ocean" with the United States has somewhat limited China's maritime ambitions but still Chinese presence cannot be undermined in any manner.

4.4.2 China Strategic Interests in Africa

China's huge aid and investments has already been discussed in the previous chapter. Africa is too huge and resourceful for any country to restrain itself from not being greedy. "China seeks to satisfy four broad national interests in its relations with the continent. Politically, China seeks Africa's support for China's 'One China' policy and for its foreign policy agendas in multilateral forums such as the United Nations; Economically, Africa is seen primarily as a source of natural resources and market opportunities to fuel China's domestic growth; From a security standpoint, the rising presence of Chinese commercial interests in Africa has led to growing security challenges for China, as the safety of Chinese investments and personnel come under threats due to political instability and criminal activities on the ground; Last but not least, China also sees an underlying ideological interest in Africa, as the success of the 'China model' in non-democratic African countries offers indirect support for China's own political ideology and offers evidence that Western democratic ideals are not

universal” (Yun Sun 2014). Africa is clearly a needy continent and it is accepting development on many costs. China is giving tough competition to the western aid in the African continent and undoubtedly getting nice benefits for itself in terms of produce, control and strategy. Chris Alden writes “Four factors in particular shape Beijing's contemporary approach to the African continent: China's drive for resource security, new markets and investment opportunities, symbolic diplomacy and development cooperation, and forging strategic partnerships” (Alden 2006).

In terms of resource security, “China's dynamic economic growth fuels an ever-increasing need for energy and strategic minerals. As the world's second-largest consumer of oil, and with only limited national resources, China is attracted to Africa's relatively underexploited petroleum and other natural resources. The Chinese have been purchasing equity shares in established oil fields rather than buying rights for future exploration and development. This approach reflects a strategic judgement that greater security can be achieved through vertical integration – ownership of production facilities through to transport tankers -and thereby providing oil to Chinese consumers below the international market price” (Alden 2006). Food security, for China is a growing concern as China is the home to world’s largest population. “Chinese investment in agriculture, fisheries and related secondary production facilities in Africa; To this end, China's Ministry of Foreign Trade and Economic Co-operation (MOFTEC) has sought to encourage Chinese investment in Africa, stating that ‘Chinese-invested companies engaged in the production of farm machinery, agricultural processing and small product trading targeted for the world market will find immense business potential in Africa” (Alden 2006).

Africa is a big market for China. “Firstly, China has been able to find a market for low-value consumer goods (many produced by loss-making State-Owned Enterprises) brought in by Chinese-dominated import companies and sold through a growing informal network of trading posts across urban and rural Africa; Secondly, Chinese investors have established, in the textile and agro-industries, joint ventures whose aim is to export goods to the West at concessional rates; Agricultural investment in Africa has been encouraged by the government, not only for food security reasons, but also as a means of circumventing World Trade Organization (WTO) restrictions; According to the Chinese government, over 600 Chinese-funded enterprises have been established in Africa in the last decade” (Alden 2006). China also needs Africa for

playing multilateral diplomacy. “China recognizes that it needs to court votes to protect and promote its interests; African states have the largest single bloc of votes in multilateral settings and, as China's economic and political interests do not clash with Africa's in the way they do with fellow Asian states, Beijing has decided to actively develop partnerships with the continent. African votes have been crucial to Beijing's multilateral diplomacy” (Alden 2006). Therefore, strategic relations with Africa would let China success on multilateral platforms like WTO with long term benefit at low cost.

Hence, from the above discussions it becomes evident that the two powerful southern donors have a great deal of interest all economic, political and strategic in the Global South. I specially focused on the nations that actively participate in heated geopolitics in Global South but other countries like Vietnam, Indonesia, Myanmar and such also play a key role in altering the Geopolitics. The trade relations between these countries are inevitable and crucial and so is their strategic participation. Brazil and South Africa has been intentionally not discussed in this work though they are also major donors in Global South, I just intended to keep it limited to China and India to avoid making the work colossal and perplexed.

4.5 China and India as The Southern Donors in South-South Cooperation: Development vs Interest

While countries like China and India are mostly taken to be as emerging southern donors but it is not so. Their history speaks for their involvement in providing development assistance. They are neither new players in the international development nor they can be sorted as traditional donors since they do not acknowledge the donor-recipient analogy that underlines the rationale of hierarchy and unequal power relationship. “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 endeavor in Chinese history, thereby demonstrating its political interest in collaborating with postcolonial states in Africa through a non-

western model of development; India has also played, albeit on a much smaller scale, an important role in assisting its neighboring countries mainly Bhutan, Nepal and Bangladesh—with their development concerns for the past five decades” (Quadir 2013). However, these countries have redefined their characters by intensifying their exercise in the developmental activities in the global south through development cooperation, the unparalleled growth of which came to be known as South-South Cooperation.

Following the principles of equality, friendliness, non-interference and mutual benefit, these countries have altered the cooperation from vertical to horizontal cooperation. “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 conceptualization 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” (Quadir 2013). Like China's growing aid programs corresponds to its swift economic growth and its political objective to emerge as a superpower. China sees development cooperation more constructive through providing loans and grants to the countries of Global South. China is going on developing its relationship with Asia, Africa and Latin American countries through a wide range of engagements right from infrastructure, Technology sharing, telecommunications, capacity building, to Healthcare sector. China has provided immense grants, concession loans and credits to the developing countries of global south that has played a key role in making China's way of assisting turn into an alternate to present multilateral money lending mechanism.

So, we see China's notion of development assistance does not promise to alter policy making, economic structure, and governance of the recipient country. Rather, China runs its assistance on focusing more on the principles of noninterference in the domestic affairs of the recipient country. The Bandung principles of peaceful

coexistence looks embedded in Chinese aid. The eight principles that China declared to follow in 1964 also seems to stay as a base of China's overseas aid plans. Under its principle of self-reliance and mutual benefit it offers the interest free and low interest credits free of 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” (Quadir 2013). In this manner, while discussing development vs interest China on one hand looks balancing out between its developmental agenda and self-interest but on the other hand when we look solely at its strategic interests in South Asia and Africa, China definitely has greater self-interest in throwing such a huge aid plans at the countries therein. China, through its loans, grants, and investments in megastructures and megaprojects has indebted most of its recipients and partners so much so that they can barely counter China and its say in the international politics. This seems to be a great agenda behind such huge investments. Also, China has been seen successful in constructing a parallel regional hegemony both in terms of economic and political power. China is basically associated with manufacturing sector and it needs market all over the globe and unsurprisingly it has a huge market across the globe already that is constantly expanding. The Global South especially offers a resource rich region, strategically gainful and a huge market appeasement to China, therefore interest already wins in this case but it will be an understatement to say that development assistance is anyway less in the Global South.

India finds ‘cooperation’ and ‘partnership’ as more appropriate terms than ‘assistance’. About the donor and recipient, India tries to keep a horizontal relationship. “India’s aid program 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 neighbor, by offering unconditional support for the economic modernization and social development of postcolonial states" (Quadir 2013).

India has taken forward the SSC in recent years, to a next level. Today, with the impressive growth and greater trade and business ease, India has proved itself as an important actor in the world economy. "Despite still only accounting for only 1.7 share in world exports in 2015, India's trade and investment policies increasingly affect global growth and development prospects, be it through export bans of key commodities, supply of generic medicines to African countries or the expansion of trade and investment, including access to markets in India; In fact, the Foreign Trade Policy 2015-2020 aims at increasing India's merchandise and services exports to US\$ 900 billion by FY 2020" (Natraj 2015). It can be argued that India's growth in the economic sector has also effected the economic governance worldwide. The way India has embraced globalization is also commendable, however the side effects of globalization also remain a debatable issue. "Within the WTO, India's profile and influence has risen dramatically over the last decade; India positions itself as the voice of developing countries in global trade talks; Domestically however, India's embrace of globalization is not uniform and related debates and policies on trade and investment issues are largely shaped by its national development needs; India embraces its increasing trade and investment ties with LDCs, particularly in African countries with much élan" (Natraj 2015). Trade, foreign investments and assistance is the soul of SSC that India tends to bring out in its every effort in order to meet the need of its population and maintain the economy as well. Ease of doing business, the positive impact of globalization, flourishing private sector has contributed a lot to build India as a major player in the world market.

When we look at the contributions to low income countries, "India's south-south cooperation and development cooperation efforts have also largely been through its duty free trade preference scheme facilitating low income countries exports to India, India's overseas investment especially in South Asia and Africa. India's technical support, training and institutional support through its ITEC (India Technical and Economic Cooperation) program and through technology transfer are much valued by low-income countries; Thus, while India's resources do not match resources invested

by other countries competing for resources and markets, such as China, its positioning as a strong 'knowledge partner' adds significant value to its relationships with other developing countries; In fact, over the years, India has consistently expanded its development cooperation portfolio through grant assistance to Afghanistan, Bangladesh, Bhutan, Maldives, Myanmar, Nepal and Sri Lanka for projects in infrastructure, hydroelectricity, power transmission, and other sectors identified by the host government as priority areas for their development” (Natraj 2015).

India definitely is a steadily growing economy at the same time it still receives aid from the west but its cooperation in relation is quiet commendable. While we have discussed already the strategic interests of India from the specific countries of global south its evident that most of its aid goes to the strategically important neighboring countries yet its cooperation cannot be ignored. Hence, India, like China, is a great player as well as a pillar for South-South Cooperation.

4.6 Geopolitics under China’s and India’s Cooperation Banner

China and India, when taken together, if not economically but are politically hostile to each other. Both the countries have high competition in the Global South. There are a number of problems between the two, like the Conflict in South China Sea, Water sharing problem over Tsangpo, Border tensions, China’s presentiment to Tibetan migration, India’s apprehensions to OBOR, and numerous strategic issues. It is true that these countries are doing wonders on the platform of South-South Cooperation but it is also true that their assistance and cooperation are gradually messing with the geopolitical set up of the global south. Though the two Asian giants do not let go of their principles of cooperation still the competition and politics are inevitable in SSC as well. For instance, when they provide assistance and cooperation to a certain country, they also try to ensure to have in exchange their return diplomatic favor in the way they want it to be. For example, in the case of Bangladesh, both the countries have invested a lot, India wants its borders to be safe and the territorial waters to be secured from invasion, India wants to have a security assurance and access to strategic points from Bangladesh, similarly, China wants to develop a market, offer loans, engage in infrastructural projects etcetera, and afterwards it would ask for favors to grant access to its military and submarines for meeting its ambitions in South China Sea. So, it becomes the will and reason of Bangladesh (or any intermedial country) to let or let not

India or China to have what they seek. Similarly, when we look at any of the common recipient of India's and China's aid, we see a kind of competition going on between the two nations. At both bilateral and multilateral forums for resolving political issues the two countries need support from their allies, so it becomes essential for them to establish as much friendly relations with neighboring and strategically significant countries. This quest often results into a competition on foreign land and then the very idea of cooperation is exposed to decomposition. These two countries claim a huge stake in Global South and they are capable of altering the regional hegemony. Therefore, the geopolitical consequences of their aid is naturally inevitable.

Chapter-V

Conclusion

South-South Cooperation proved to be an instrumental mechanism of development assistance and partnership that led the countries of Global South advance from the post-colonial misery to present day position. The SSC was seen as a catalyst to establish a 'New International Economic Order', so if not wholly, the SSC should be substantially given credit for the ongoing development of the Global South. However, the cooperation cannot overshadow the northern assistance to Global South because South-South Cooperation has never run in a smooth manner, it did not come up as an institution rather it only kept drifting on with the bilateral and multilateral assistance policies of the Southern countries. Though it has given a tough competition to the northern aid. For instance, the reason why Britain ended giving aid to India was because they found India giving greater amount of aid than it received that offended Britain. The spirit of South-South Cooperation can be strongly felt when we look at the example of India that how being a recipient of northern aid itself, it let its cooperation program as a priority. However, SSC still needs to be brought within an institution otherwise the assistance mechanism will remain scattered as they are presently and the self-dependence of Global South will be loosely viewed.

The present and future of SSC lies in the hands of Southern powers like China, India, Brazil, South Africa etcetera who have qualified as the major donors of global south who tend to develop the remote and poor countries of South Asia and Africa. Such donors are truly changing the landscape of global south and are acting as major players in shifting great economic and political weightage from North to the South. We have already seen the paradigm shift in the international status quo from the West to the East, history has witnessed the growing geopolitical value of the Indian Ocean Region. China is growing as a counter power challenging the dominance of United States, and India is seen as the power balancer between the North and South. The biggest problem with the Global South is that they are till date have failed to establish a required harmonious relation among themselves. Their behaviors are driven by economic and political rivalry which poses a huge challenge to the idea of South-South Cooperation itself. The BRICS and IBSA, despite of being very powerful

groupings that possess the ability to pressurize, negotiate, bargain and influence the western organizations is suffering this weakness in itself.

In my thesis I worked on the two major Southern Donors- China and India. From the viewpoint of leading donors in the Global South, apparently both the countries seem to be driven by their national prerogatives. China is lending money across the whole world indebting many countries for gaining political say in the international arena. Thinkers predict a possibility of debt-repayment crisis in the Global South if this mode of aid and trade goes on. China is often seen as an expansionist state and its moves are not capable of refuting such opinions. Similarly, India, though incomparable with China's humongous assistance programs, provides cooperation to its neighboring countries with the idea of getting desired favors in return. Both the country's claim that they do a balanced transaction under the principle of mutual benefit but I opine that the national interests are overpowering the idea of cooperation. Meanwhile, it's obvious that no aid can be given free of personal interest, no matter how humanitarian it may sound.

The nature of the foreign assistance of China and India did not seem to be very different from the former colonial states. Their behavior in the other countries seem to be turning imperialist in nature. For instance, their assistance in Africa is seen as neo-imperialist. Why? Because the vast land grab in Ethiopia by Indian business companies have resulted in a crisis situation among the native Africans. In India it is a popular saying that 'if you have no land you are no one', the same applies to the residents of other countries also, because land is a source of primary activity and a source of income for most of the poor in Africa like it is in India. The land grabs have snatched away jobs from the native people generating a situation of unemployment that in turn have many consequences like malnutrition and hunger. Similarly, China in order to build its mega-projects in Africa, is sending its own people there to work because it appears that China does not find the Africans suitable for their technical work or maybe they want their technical engagements limited to themselves. For any infrastructural project the basic need is land, land is taken from people and in return jobs and employment in the construction work is promised to the natives depending upon their skills. China however in many cases, is not providing jobs to the native people that has again turned the situation worse.

Further, both the countries are using the low cost lands and bringing back the agricultural produce to their own countries for commercial usage. This was not the idea of an ideal development that south-south cooperation talked about. The very idea was to empower each other country as well as the natives therein to help them become a capable citizen of the Global South both economically and politically, that can automatically make them socially strong, stable and developmental. However, it is not like that two Asian players have left the population untouched from education. The two countries are very much dedicated towards the capacity building of the population by various means of scholarships, educational programs and training facilities.

China and India, among themselves are not very friendly nations. The conflict over the South China Sea or the Indian Ocean has altered the geopolitics of the whole South Asia. It has become a battle ground for the two most influential Asian powers. If we look closely at the common neighbors of China and India, there is a huge competition going on between them for achieving strategic aspirations. May it be Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, the two countries are having a tug of war therein. This competition and conflict I believe weakens the idea of South-South Cooperation. Global South will continue to be seen as a weak zone until and unless the countries do not work on resolving their issues effectively. The conflict between the two have created huge loopholes that allows the western powers to influence the geopolitics of the whole region. Though globalization has loosened the border tensions and allowed liberal trade and commerce, free movement of Technology and inclusive development to take place, one should understand that the strings of globalization are still in the hands of western powers who dominate the whole system of development in the world. China is giving tough competition to the western establishment, its mega-projects like the OBOR is giving huge apprehensions to the hegemonic powers. India has a good reputation faults in aggressive and compromising behavior yet it has great tensions all around its borders and territorial waters. Cooperation in such situation is obvious to be diverted towards the significant and strategic partners.

South-South Cooperation aimed to establish a new international economic order, however, the aspiration remains under questions. If we look at the center of the whole system across the globe we find that the power both economic and political is in the hands of the powerful North. For instance, the trade and Commerce of the world

is regulated by the WTO and financial flows across the globe is regulated by the IMF and the World Bank. However, there is a clear dominance of the economically powerful countries like the United States and the United Kingdom in such institutions that remains totally unchallenged by any other organization or institution or we can say, no other organization or institution demonstrates the capability of defying such institutions. Their say in the United Nations gets reflected in the example when, initially the UN General Assembly considered to establish the United Nations special fund for economic development favoring the southern countries. maximum members were by the side of the developing countries but the United States and United Kingdom a post the idea as a result of which the finances were channelized through the IDA that happened to be a sister organization of the World bank that manages the whole system of brands loans and aid to the poor countries. Such control and influence of these powerful States still prevails.

If we look at the group of United Nations, apparently it encourages multilateral framework for the global governance, but still that structure has failed to establish the required standard of Finance mechanism for the upliftment of Global South. The whole mechanism of trade and development agenda at the present day scenario, in my opinion happens to be like a resource war situation. Also, the financing from Global North is highly conditional in the first place and secondly the aid effectiveness remains a matter of debate among scholars and thinkers. As aforementioned, the Global south has been the victim of late development and the exploitation caused by the Colonial rule was never compensated. No matter how liberal the trade, flow of technology and finances became after the independence of the former colonies or the Global South, it was never enough to fill the gap. It is not like the Green Revolution or the medical revolution where unfruitful for these poor countries but the argument is that even such steps of development could not help the borders between the North and the South to fade away. The countries of the north (also the OECD) were mostly driven by their own reservations when it came to the establishment of NIEO. The policy for development of the poorest population of the world always remained on the top of the agenda in the United Nations but even after all these years the problems and challenges of the Global South remains as such. The South-South Cooperation and the NIEO always raised questions about the existent power structure and kept protesting against the world order. As a smart escape to the situation the NIEO was cleverly merged with

the North-South Dialogues during 1970s and after the world debt crisis it totally vanished from the discourse. It was due to the developed countries that NIEO lost its thrust and the foreign policies of the west dominated the world. There were many cause for the deterioration of NIEO, some of them where because the Global south allegedly demanded for a political recognition rather than going through realistically structured policies. As a smart way to deal with the demand of political recognition the Global north began providing "assistance" to the South that further resulted in other problems such as debt crisis. The NIEO also failed because it did not negotiate for having better financing, better terms and conditions for effective development rather it strived for a structural change that was intensely political in the given situation.

However, the South-South Cooperation was totally rejuvenated after the establishment of bodies like BRICS, SAARC and IBSA and the banks like New Development Bank (NDB), BRICS bank, AIIB. These bodies set real challenges to the supremacy of the northern economics in financing across the globe. At present, the Global south represents 40% of the Global population and more than 25% of the global GDP are setting new dimensions to the global power centralizations. Emerging economies like India and China are setting new trajectories for South-South Cooperation. The north however, remains dominant but at the same time the perception about the Global south has been changed drastically. China is setting a relative power architecture in front of the US led Global North. Therefore, optimistically, one can say that the dream for NIEO has not vanished from the heart of the Global South. No matter how hard the journey of South-South Cooperation has been till date, it certainly has to go a long way ahead. A balanced world needs a balanced North and South relationship in terms of socio-economic and political weightage.

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