



United Nations
Office for South-South Cooperation

South-South Ideas

**The Importance of South-South
Cooperation in Strengthening
Global South Trade, Investments
and Regional Integration:
A Contextual Overview**

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Abbreviations and Acronyms

ABC	Brazilian Cooperation Agency
ADB	African Development Bank
AfCFTA	African Continental Free Trade Area
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
AWAN	African Women Agribusiness Network
BAPA+40	Second High-level United Nations Conference on South-South Cooperation
BRI	Belt and Road Initiative
BRICS	Brazil, Russian Federation, India, China and South Africa
CAADP	Comprehensive Africa Agriculture Development Programme
CACID	China-Australia-Cambodia Trilateral Cooperation on Irrigation Dialogue
CAREC	Central Asia Regional Economic Cooperation Programme
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa
E7	Emerging seven
EAEU	Eurasian Economic Union
EBRD	European Bank for Reconstruction and Development
ECA	Economic Commission for Africa
ECLAC	Economic Commission for Latin America and the Caribbean
EMDEs	Emerging market and developing economies
ERIA	Economic Research Institute for ASEAN and East Asia
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
FOCAC	Forum on China-Africa Cooperation
FTA	Free trade agreement
G7	Group of Seven
GBV	Gender-based violence
GDP	Gross domestic product
GSC	Global supply chain
GVC	Global value chain

HCI	Human Capital Index
ICBC	Industrial and Commercial Bank of China
ICT	Information and communications technology
IFI	International financial institution
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
INSEAD	European Institute of Business Administration
LAC	Latin America and the Caribbean
LDC	Least developed country
LLDCs	Landlocked developing countries
NDB	New Development Bank
NEPAD	New Partnership for Africa's Development
NERICA	New Rice for Africa
OECD	Organization for Economic Cooperation and Development
OFDI	Outward foreign direct investment
PPP	Purchasing power parity
PwC	PricewaterhouseCoopers
RBAS	Regional Bureau for Arab States
RBM	Results-based management
RRMC	Risk Reduction Management Centre
SAARC	South Asian Association for Regional Cooperation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SDG	Sustainable Development Goal
SSC	South-South cooperation
TFA	Trade Facilitation Agreement
TrC	Triangular cooperation
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNOSSC	United Nations Office for South-South Cooperation
WEO	World Economic Outlook
WFP	World Food Programme
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Executive Summary

Constant shifts in the global reality have challenged human development to exceed average expectations. From tackling innovative sustainable growth barriers to managing the global upkeep with rapidly transforming digital technologies, there is a consistent need for economies to collaborate, innovate and change for the betterment of their societies. In light of these necessary changes, there is an overlapping conversation that demands that particular attention be given to the development concerns and challenges of the Global South. The provision of enhanced frameworks that facilitate social, economic and political cooperation on every level among countries of the Global South has become an ever-more significant topic on the global stage. As the Global South becomes an increasingly important driver of the world's economy, South-South and intraregional trade become more central to development discourse. To facilitate and strengthen cohesion among growing economies in the Global South, cross-country networks encouraging competitive business environments is key.

Triangular cooperation is, in many ways, a modality with the potential to deliver on the Sustainable Development Goals (SDGs). The modality must, however, provide comprehensive initiatives that take into consideration the multifaceted nature of regional integration in the developing world. There is a need to identify and examine the significant structural and economic barriers that developing regions face in increasing trade and investment. This will require drawing from resources to build platforms and improve infrastructure, enhance institutions and harmonize economic policies on a regional level. Through engagement in discourse on South-South trade and investment opportunities, it becomes less challenging to promote regional policies and economic frameworks that facilitate regional trade and investment for the achievement of the SDGs. In this light, we can then begin to ask comprehensively analytical questions such as how the implications of mobilizing the private sector in the Global South can leverage effective contributions towards economic development.

An important takeaway from this publication is the recognition and consideration of economic contributions from emerging and developing economies to the global economy and how these contributions can use existing and new South-South cooperation (SSC) platforms to promote regional integration. For instance, many economies of the Global South have had unique experiences in their integration into the global economy; however, this economic integration can be further enhanced through the use of SSC platforms. SSC is a modality with the evident potential to foster knowledge-sharing and promote innovative solutions and mutual benefits for all partners involved. Through such modalities, developing economies, especially those that share regional proximity, can work together to increase technical cooperation, institutional and infrastructural capacity-building activities. On the international level, it is critical to tackle such strategies with the consideration of a historical context and an overview of which challenges and successes developing countries have overcome in fostering trade and regional integration up until this point. It is also critical, therefore, to provide examples of regional bilateral and multilateral institutions that have undertaken instrumental SSC initiatives to showcase the benefits of successful intraregional trade. This is an essential pillar of the work presented throughout the subsequent chapters.

Introduction

In the context of a progressively globalized and especially complex world order, the emergence of unprecedented power relations has produced a demand for greater analysis of global economic and political conditions. In the presence of a rising Global South, a paradigm shift in the global economic sphere has resulted in new trends such as the increased awareness of regional integration efforts in facilitating sustainable development among low-income countries.

As the Global South becomes an increasingly significant driver of the global economy, certain means must be made available to promote and enable this transformative development. This is precisely the role of South-South cooperation (SSC); in providing a broad framework for collaboration among countries of the Global South, SSC becomes essential in the political, economic, social, cultural, environmental and technical domains. The United Nations Development Programme (UNDP) (2016) describes SSC as “a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and interregional collective actions, including partnerships involving Governments, regional organizations, civil society, academia and the private sector, for their individual and/or mutual benefit within and across regions (p. 9).”



To better facilitate the cohesion between growing economies of the Global South, development of cross-country networks encouraging competitive business environments can be key.

As a result of its ability to further development initiatives in a regional and domestic context, SSC has been a prominent source in tackling the underlying inconsistencies in regional trade. To better facilitate the cohesion between growing economies of the Global South, development of cross-country networks encouraging competitive business environments can be key. Simply improving infrastructure and the business environment is, however, inadequate in driving economic growth: economic structure matters. Structural transformation provided by the emergence of SSC thus has the potential to accelerate economic development and global economic convergence for Southern countries. SSC has further been recognized as one of the means of achieving the 2030 Agenda for Sustainable Development, and structural transformation, which requires targeted and proactive government policies in trade and investment in particular. The present publication focuses on highlighting the important role that global trade, investment and regional integration play in the context of SSC and the implementation of the 2030 Agenda.

In this regard, the paper focuses on several key issues facing the advancement of SSC initiatives and the various and overlapping roles of global partners. One important consideration in the preparation of this publication has been the way in which information gaps are characterized in the attempted revitalization of global partnerships towards sustainable development. Driven by an economically empowered

Global South, South-South and triangular cooperation can, in many ways, pave the way towards a more inclusive and sustainable economic development landscape, one in which all stakeholders and beneficiaries are meaningfully engaged. By identifying these contributing factors and analysing their respective roles in advancing SSC, there is the potential to strengthen their contributions through policy actions. It is imperative, in this regard, to create space for the effective discursive platforms in the context of international development policy debates.

The chapters in this publication focus on the selected key themes of SSC and its global and regional implications for trade and investment. Chapter one provides an overview of the emergence of the Global South as a competitor in the global economy and the subsequent implications of the rise of Southern powers in global power dynamics. For contextual purposes, background information on North-South relations is provided to indicate the economic gravity of rising South-South relations. This gradual shift in institutional ideologies is addressed alongside the context of their role in opening up dialogues for Southern participation in the global economy.

Chapter two identifies prominent economic indicators of a changing international world order, briefly exploring the gradual global convergence of gross domestic product (GDP), spearheaded by the rise of powerful economies such as China and India. This leads into a discussion of the rise of various economies of the Global South at different rates and through different structural economic methods, providing an illustration of the regional diversity.

Chapter three describes the various, distinct ways in which Southern powers have come to harness economic and political power on the global stage. The chapter examines the integral role of numerous Southern multilateral institutions in enhancing and accelerating SSC, including the BRICS countries (Brazil, Russian Federation, India, China and South Africa), the China Belt and Road Initiative (BRI) and the African Continental Free Trade Area (AfCFTA), in an effort to analyse the role of regional integration in the rise of the Global South.

Chapter four demonstrates the relationship between the growth of South-South intraregional trade, supply chains and technological innovations through the use of literature reviews to achieve its purpose. It explains the linkages between South-South intraregional trade and innovation and the relevance of supply chains in South-South intraregional trade. It also shows that SSC fosters a mutual understanding that is necessary to enabling more inclusive partnerships among participating Southern countries. The chapter also explores gaps in the nexus between South-South intraregional trade, supply chains and technological innovations and ways to address such gaps including digitizing supply chains, utilizing transport logistics, developing appropriate regulatory frameworks, building digital capacities and digital skills, and transforming the agribusiness value-chain structure.

Chapter five contains an in-depth analysis of the role of SSC in the revitalization of global economic partnerships for a more inclusive, sustainable economic development landscape. SSC has influenced the implementation of the 2030 Agenda by enabling the sharing of experiences and expertise, effectively improving existing capacities at the institutional, organizational and human levels. It tackles the following specific topics: weaknesses in the set-up of institutional frameworks, mindset

transformation and capacity development, the development of strategic partnerships and political will, insufficient capacity in SCC project management, research on the status of SSC, insufficient communication, going beyond systematisms, exploiting knowledge in all its forms, and country-specific targets from the SDGs. By looking at policy incoherence and the lack of institutional capacities for cooperation, the chapter identifies barriers between countries that hamper the growth of South-South and triangular cooperation and effective ways to tackle them.

The sixth and final chapter presents summary remarks on the key indicative implications and opportunities of SSC highlighted throughout the volume.

1. A Changing International Order and the Importance of the Southern States in the Global Economy

1.1. Signs of a Shifting Global Economic Paradigm

With the rise of the post-Second World War architecture of international institutions, the terms of international governance were being renegotiated in a discourse that highlighted economic divergence between the North and the Global South (Weisman, 2007). The outcome of the Bretton Woods system produced new global economic institutions including the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO), setting the stage for international cooperation measures that persist today (Ibid.). The subsidization of agricultural sectors in the West, protectionist debt-financing policies applied by Group of 20 members, and the lack of fair-trade practices in international trade have all disproportionately disadvantaged Southern countries (South Centre, 2008). Those measures worked to strengthen the trade capacity and political dominance of Western powers through the institutionalization of neoliberal capitalist ideologies aligning with the core principles of Western States. Colonial powers utilized those global institutions as a method of maintaining economic power over resource-rich countries through trade policies and conditions that hindered Southern States. Following the transition to neoliberal ideologies in the 1980s and the establishment of the Washington Consensus, developed countries pushed policies that reduced trade barriers, reduced government spending, privatized state-owned corporations, and encouraged deregulation and lower tax rates.

Those economic shifts had negative implications for developing economies through the exacerbated degradation of labour and the environment, and poverty and inequality across the globe (South Centre, 2008). In essence, the vast implications of the Industrial Revolution, followed by the development of infrastructure across the Western world, provided a transformation of societies as neoliberal institutions, such as WTO and the IMF, were established to reinforce ideologies of capitalist economic policies. Prior to this theoretical shift, however, the division of regions on the basis of economic power was not as prominent as that of today. Geographic location and state-based land ownership were dominant factors in dividing power among international actors up until the end of the cold war. Today's global power division between the North and the Global South, although prevalent, has become somewhat less stark. This will be further examined in the subsequent discussion on emerging Southern powers and their influence in generating instrumental platforms through regional multilateral institutions, ultimately leveraging economic power in global governance.



The ideological alliance of the Global South is an important foundation in realizing the emergence of Southern countries in the global economy and the role of established movements and institutions in promoting a new, more equitable, multipolar world order.

In order to have a better understanding of the implications of rising South-South relations, it is important to first understand the historical dimensions of more traditional North-South relations. This refers to impactful trends of Southern economies as they embark on a journey to self-empowerment and economic integration into the global realm. This section will provide a basic understanding of when the Global South began to derive political power in international institutions and what significant economic indicators are reflected in the rise of the Global South. In providing an outline of these important trends of the Global South in regional exports and imports, foreign direct investment (FDI) inflows, and increased share of trade and GDP in the global economy, the purpose is to establish the significance of the contribution of Southern countries to the global economy. With regard to existing terminology in the classification of countries on the basis of economic development, the IMF World Economic Outlook (WEO) has used a variety of economic indicators to characterize differences between advanced and emerging market and developing economies (EMDEs). These factors include, but are not limited to, the WEO database,¹ the United Nations International Trade Statistics Database² and the IMF Balance of Payments Statistics Database³ (IMF, 2020). Unless specified, “EMDE” is used almost interchangeably when referring to the Global South or developing countries.

The ideological alliance of the Global South is an important foundation in realizing the emergence of Southern countries in the global economy and the role of established movements and institutions in promoting a new, more equitable, multipolar world order. The 1974 Declaration on the Establishment of a New International Economic Order as a result of the United Nations Conference on Trade and Development (UNCTAD) was a significant period in history for two reasons. First, it initiated the restructuring of the world economy to allow for more equal participation of the Global South in multilateral institutions. Although the New International Economic Order was never institutionally implemented, it generated a push for global institutions to facilitate the needs of the Global South in their development agendas. As of 1975, emerging economies held a disproportionate 11 per cent share of global GDP and 13 per cent of the world’s foreign exchange reserves and were therefore insufficient players in the global economy to demand that global economic institutions cater to their policy needs (IMF, 2017 and 2018). In light of UNCTAD, however, the IMF established a special trust fund to support Southern States, and multiple commodity agreements were signed to address the expansion of world trade with respect to producing countries whose economies rely on primary commodities. A prominent example of this is the International Coffee Agreement, 1976, enacted to provide purchasing power to exporting countries to support Southern countries in pursuit of higher living standards (International Coffee Agreement, 1976, p. 5). Thus,

1 The World Economic Outlook database, released annually in April and September/October, contains a select set of macroeconomic data series from the statistical appendix of the WEO report, reflecting the IMF staff’s analysis and projections of global economic development.

2 As the largest depository of international trade data, the UN Comtrade Database consists of international trade statistics on over 170 countries, categorized by commodities/services and partner countries. All commodity values are converted from national currency into USD and reported in the current United Nations Standard International Trade Classification (SITC) classification and revision.

3 The IMF Balance of Payments Statistics Database provides a framework applicable to a variety of small and large economies. As such, it contains a statistical statement including the goods and services account, the primary income account, the secondary income account, the capital account and the financial account, summarizing transactions between residents and non-residents during a certain period.

the act facilitated the economic diversification and development of coffee-producing countries in order to improve the political and economic relations among industry producers and consumers (Ibid.).

Second, the UNCTAD call for action was a significant build-up of the non-alignment solidarity group that had been emerging within the United Nations between 1956 and 1973 and that had been recognized through the Bandung Conference of 1955 (Lumumba-Kasongo, 2015). UNCTAD provided countries of the Global South with the platform to echo the need for normative change through requested economic policies promoting preferential trade access, stability in exchange rates and favourable debt rescheduling. Such policies would provide a fairer platform for trade that would address the various possible constraints to trade expansion in Southern States, including insufficient infrastructure, weak legal trade systems, poor access to credit and compatible national economic policies (Hallaert, Cavazos Cepeda and Kang, 2011). These policies would further promote home-grown development strategies which first sought to strengthen domestic industrial and agricultural sectors in the Global South through a variety of means; coupled with the increasing levels of internationally competitive global trade and investment integration, this would accelerate the development of Southern economies (South Centre, 2008, p. 7).

Despite voiced concerns on the UNCTAD global stage, economies of the Global South were characterized by the agricultural sectors that reinforced low productivity levels and the export of commodities. With the election of Ronald Reagan in the United States of America in 1980 and the ascent of Margaret Thatcher to prime ministership in the United Kingdom of Great Britain and Northern Ireland in 1979, both actors introduced a new economic philosophy for managing national economies that included the controversial structural adjustment programmes. These policies, coupled with the poorly structured and unequal economic ties reinforced by international trade organizations, further widened the economic gap between Northern and Southern economies. The 1980s introduced several factors including the Latin American debt crisis and the rise of the Four Asian Tigers (Hong Kong, Singapore, the Republic of Korea and Taiwan Province of China), overshadowing the call for action of other regions in the Global South (Singh, 2017). Following economic peaks in the 1950s and 1960s, EMDEs embarked on a lengthy path to economic recovery as the 1980s brought about the Third World debt crisis triggered by Mexico's declaration of its inability to repay external debt due to national economic instability (Ibid.). That prompted an abrupt rise in interest rates on external debt, reduced bank lending, staggered investment rates and diminishing exports to industrialized countries (UNCTAD, 2012b, p. 17). Such shifts in macroeconomic policies by the North generated adverse economic conditions in debt-distressed countries, mainly in Latin America and Africa which continued to experience poor economic growth (Ibid.).

Prolonged weakness in commodity prices resulted in terms-of-trade losses in commodity exporting countries in the Global South (Ibid). Further impacts on Southern countries were a result of shifting macroeconomic ideologies in Western States. Consequently, the rise of capitalist economic policies encouraging such changes translated into the IMF policies on lending conditionalities in response to the debt and development crisis. According to the WTO Committee on Trade and Development, following a peak of 28 per cent in 1980 as a result of fuel exports, the share of Southern countries in world merchandise trade took a turn for the worse up until the second half of the century. Between 1980 and 1990, growth in merchandise

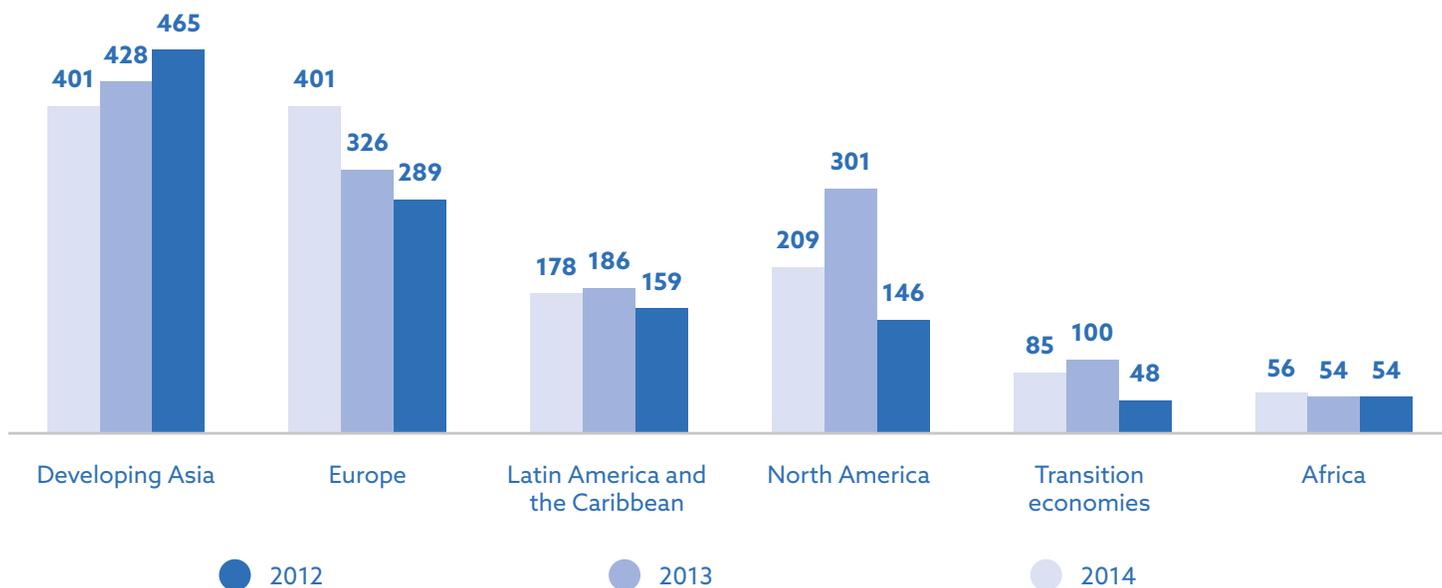
exports for developing countries was 3.1 per cent, a significantly low rate comparable to the previous decade at 26 per cent (UNCTAD, 2004, pp. 49, 51). Growth finally resumed to 9.1 per cent the following year as petroleum prices hit rock bottom and Southern countries continued to expand their share of world trade in manufactures (UNCTAD, 2012b).

1.2. Global Convergence of Gross Domestic Product

One of the most indicative growth factors of Southern countries and their integration into the global economy has been the increase in trade activity and the contribution to global output and global value chains (GVCs) reflected in the global economic convergence. To provide a comparable basis, in 1960, exports directed from and to developing countries constituted only 24 per cent of the total exports of developing countries. By 2001, that percentage increased to over 40 per cent. Moreover, developing countries' exports of primary commodities, excluding fuels, decreased from 63 per cent of the value of world exports in 1960 to only 13 per cent in 2001, reflecting trade diversification in the respective regions (UNCTAD, 2004). Subsequently, convergence in the global economy saw an acceleration in the early 2000s as EMDEs accounted for almost 30 per cent of world trade while growth rates in developed economies began to slow (IMF, 2017). This rise was not limited to exports in commodities and goods; it also expanded to the service industry as the share of developing economies in world commercial service exports increased from less than 25 per cent in 2000 to 31 per cent by the end of 2010. Of the 31 per cent, China, India, Singapore, Hong Kong Special Administrative Region and the Republic of Korea accounted for half of Southern economies' services exports (UNCTAD, 2019). Their contribution to GVCs has seen a substantial increase; in 1995, 40 per cent of Southern countries' exports were linked to GVC activities, while by 2008, that number had increased to 54 per cent (Kowalski, 2015). According to 2010 data, emerging markets accounted for over 23 per cent of global GDP and 20 per cent of global exports across all sectors and maintained a gross capital of 35 per cent (Aggarwal and Weber, 2012).

Additionally, FDI flows became a noteworthy indicator of the contribution of Southern economies to global investments as FDI flows to the Global South increased from 20 per cent in 2000 to 55 per cent, or \$681 billion, of world FDI flows in 2014 (fig. 1). Looking at the breakdown of FDI inflows by region, developing Asia led that increase with a historically unprecedented \$465 billion in FDI inflows in 2014, constituting nearly 40 per cent of global FDI inflows (UNCTAD, 2014). Latin America and the Caribbean saw a slight (14 per cent) decrease, while inflows to Africa remained at a constant \$54 billion. Also in 2014, intra-Association of Southeast Asian Nations (ASEAN) investments increased by 26 per cent to \$24.4 billion, reflecting the role of regional integration in the countries' economic surge (ASEAN, 2015). A notable factor in that increase is the consistent transfer of labour-intensive manufacturing activities from high-cost locations to Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam to reduce costs. Through such increases in regional production networks among Member States, ASEAN saw gradual boosts in connectivity and increased global competitiveness. This illustrates the varying speeds at which economies of the Global South are developing and attracting global investors. South-South trade comprised of approximately \$4.28 trillion or 52% of total Southern economies' exports in 2018. To put it in some context, starting in 2011, Southern countries' exports to other developing countries surpassed exports to Northern economies (WTO, 2019).

Figure 1: FDI inflows, by region, 2012–2014 (In billions of USD)



Source: UNCTAD, FDI/MNE database; www.unctad.org/fdistatistics.

More importantly, not only did FDI inflows increase for Southern countries, but developing countries also became an important source of FDI flowing into the global economy by the end of the twentieth century. Southern economies became a more prominent source of investments since they constituted one third of global outward FDI, a significant increase from 10 per cent in 2000 (2018). That was an unprecedented shift in the global economy as the economic contribution of the Global South began to highlight the gradual rise of Southern countries. In 2014, multinational enterprises in developing countries invested a combined \$468 billion abroad, reflecting a 23 per cent increase in FDI outflows from 2013 and bringing their share in global FDI to 35 per cent (UNCTAD, 2015b, p. 5). Furthermore, the subsequent and gradual incorporation of developing States into GVCs has been accelerated through the establishment of improved and predictable business environments and the reduction of trade costs and barriers. For instance, the development impact of economic reform packages adopted by many emerging economies led to increasingly positive and sustained development results since they tended to be ambitious in pursuing trade and financial reforms (South Centre, 2008). East Asian economies such as China, Malaysia, the Republic of Korea and Taiwan Province of China pursued “a high level of capital accumulation combined with gradual and often strategic opening up to international markets” (South Centre, 2008, p. 12). Such shifts were supported on an international scale through the WTO 2013 Trade Facilitation Agreement (TFA). The agreement supported the expansion of technical assistance to developing countries by directing aid resources towards the implementation of trade facilitating activities.

Another significant moment in global history has been China's accelerated accession and its impact on shifting global attention to the South. That was an initial outcome of the Doha Round in 2001 at which China was officially approved for membership in WTO. That momentous step solidified China's rise on the global stage, reinforced its integration into the global economy and shed light on its success as a major destination of FDI in the region. Following that, China's economy experienced a major reform, mainly between 1993 and 2005, to further initiatives of trade liberalization and foster greater competitive power. By 1998, large-scale privatization liquidating a majority of state-owned enterprises paved the way for a competitive business environment (Perkins and Rawski, 2008). Further reduction of trade barriers and increased deregulation led to China's acceptance into WTO and its ability to surpass Japan as Asia's largest economy by 2005 (Schoenleber, 2006). Regionally, China's seat at WTO also provided great opportunities for increased political leverage for Southern States to push development agendas and have their regional interests represented on the global stage.

China has thus become a leading example of strategic development among Southern countries. Its share of world exports increased from 3.6 per cent in 2000 to 9.5 per cent in 2010, with its share in the exports of developing economies jumping from 12 per cent to 24 per cent in the same period (UNCTAD, 2019). In 2009, China became the leading trade partner to all BRICS members except the Russian Federation, indicating the country's role in regional contributions. China's critical role in the development of other Southern countries is also reflected in its trade with least developed countries (LDCs). For instance, LDCs in Africa and Haiti exported goods worth \$28 billion to China, making it the number-one trading partner with LDCs in Africa and Haiti by 2017 (UNCTAD, 2019). Thus, the performance of East Asian economies has played a significant role in facilitating the integration of the Global South into the global economy.

As of 2018, the Global South's share of world services exports had reached 29.7 per cent, with Southern economies maintaining a comparative advantage in the tourism sector. Developing and emerging industrial economies, excluding China owing to its economic size, reflected a nearly 5 per cent growth-rate increase in manufacturing output in 2018, exceeding the global manufacturing output growth rate of 3.8 per cent (UNIDO, 2018). In terms of GDP convergence in more recent and future considerations, there are several forecasts and projections of major economies presented in a 2017 study by PricewaterhouseCoopers (PwC). Figure 2 reflects the findings based on Organization for Economic Cooperation and Development (OECD) data, projecting long-term economic growth in the largest emerging markets and their ability to dominate the top-10 economies by 2050. The analysis shows that emerging markets are the growth engines of the global economy and that by 2050, all Emerging Seven (E7) economies, that is, Brazil, China, India, Indonesia, Mexico, the Russian Federation and Turkey, will account for approximately 50 per cent of global GDP (based on purchasing power parity (PPP)) (PwC, 2017, p. 3).

Figure 2: Emerging markets to dominate the world's top-10 economies in 2050 (GDP at PPP)

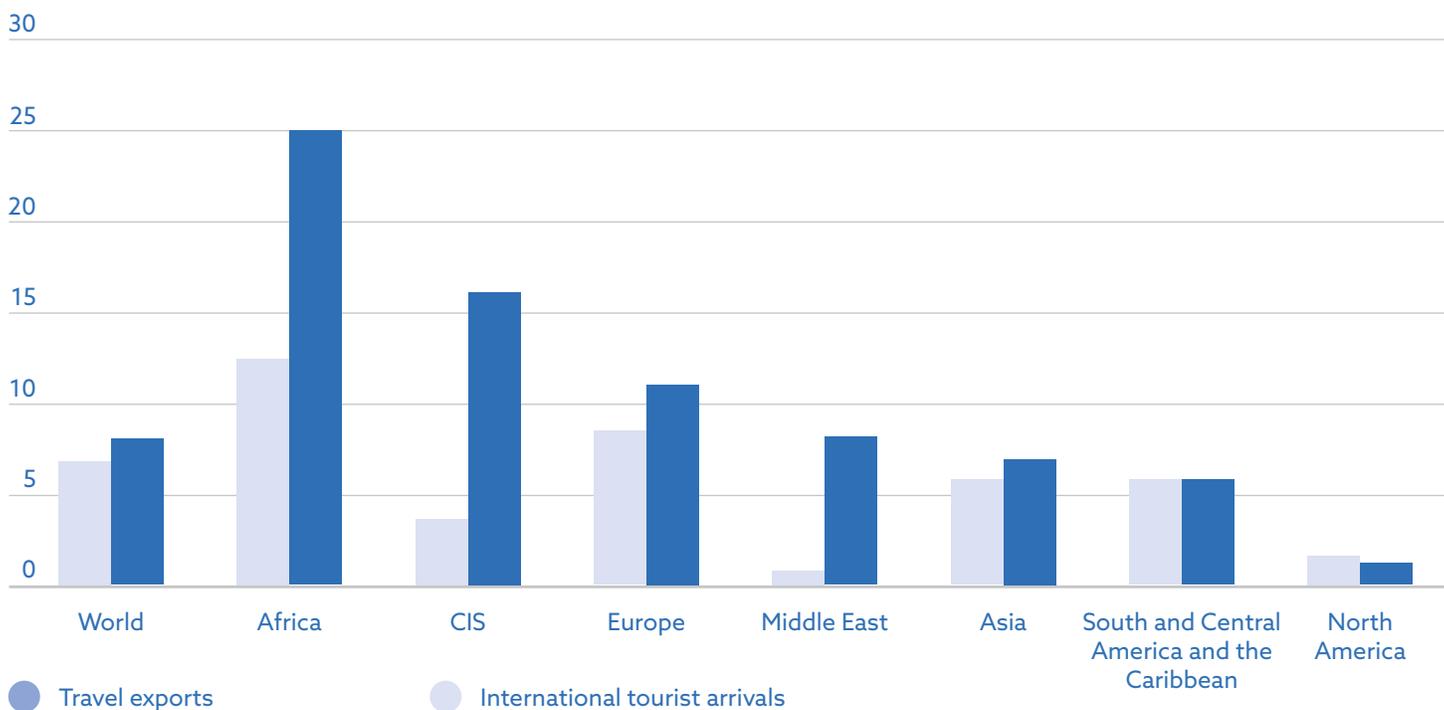
	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany
France	10	10	UK

● G7 economies ● E7 economies

Source: PwC projections for 2050 (PwC, 2017, p. 2).

Moreover, tourism generates a significant contribution to domestic economies and is instrumental in a variety of sectors in the LDCs including transport, travel, business and information technology sectors. In 2019, the direct contribution of tourism to global GDP reached 3.2 per cent, with the sector accounting for over 50 per cent of all exports in small island developing States (UNCTAD, 2019). World travel exports, which constitute the expenditures of travellers on goods and services during their stay abroad, increased by 8 per cent in 2017 (fig. 3). Tourism, comprising 43.5 per cent of Africa’s total commercial services exports in 2017, remains the leading service export sector of the continent. The expenditures from foreign travellers during their stay abroad contributes directly to tourism value chains through the various sectors, including hospitality, transport, retail and entertainment. Tourism also indirectly contributes to the development of other sectors such as conference and events management, communications, and construction of infrastructure and accommodations.

Figure 3: World travel exports and international tourist arrivals, by region, 2017 (annual percentage change)



Source: WTO-UNCTAD-ITC estimates. Note: Regional aggregates for international tourist arrivals were calculated by the WTO Secretariat on the basis of the United Nations World Tourism Organization (UNWTO) data.

More generally, the annual percentage of change in the trade of Southern countries increased from -15 per cent in 2015 to 15 per cent in 2018, illustrating the distinguished trade performance of Southern economies (WTO, 2015). Although the growth rate for LDCs is still below the 2030 Agenda target of 7 per cent, it grew at a higher rate than the world average at 4.7 per cent (UNCTAD, 2019). Furthermore, developing economies in Asia and Oceania account for 40 per cent of all global FDI inflows (UNCTAD, 2019). These economic indicators provide sufficient evidence of the growth trends in developing economies and show promise of increasing integration into the global economy.

1.3. Diversity among Emerging Economies

In studying the rise of the Global South, it is common to associate and group regions together to create a big-picture outlook, masking the proportional disparities among Southern countries. The development of the Global South was complex and far from equal, reflecting diversity in the relative importance of some regions over others. In the development landscape, Asia represents a leading pillar, grounding power dynamics in the region and accounting for a majority of the economic successes of the South. This is reflected in the dominant rise of China and India as the South integrated into the global economy. In light of these disparities, there are several factors to consider in understanding why it is that such disparities continue to hinder global economic convergence.

EMDEs face extremely diverse economic positions and structural challenges based on a variety of diverging characteristics. According to the 1996 Report of the United Nations Conference on Trade and Development on its ninth session, there were multiple external factors contributing significantly to the varied trade performance of Southern countries (UNCTAD, 2012b):

- a. The first is limited access to foreign markets as a result of consequential trade barriers to markets of particular significance to developing countries, including agriculture, textiles, clothing and fish products. These barriers are the result of subsidized sectors in Western countries creating unattainably competitive conditions on an international level. For instance, as part of the Fair and Equitable Tobacco Reform Act of 2004, the United States enacted a tobacco quota buy-out, with subsidies paid to United States tobacco farmers reaching a total of \$9.6 billion by the end of 2005 (Schmitz, Schmitz and Rossi, 2006). That not only distorted international markets, making it difficult for tobacco exporters such as Malawi to keep up with United States competitors, but it also allowed for United States farmers to dump tobacco into Southern economies, impacting local farmers.
- b. Second, capital inflows are another concern with regard to the insufficient official development aid flows entering Southern countries. Despite the increased share of the Global South in total world FDI flows from 15 per cent between 1986 and 1990 to more than 35 per cent by 1994, flows to landlocked developing countries (LLDCs) remained at a stagnant 0.4 per cent during the same period. Moreover, a mere 10 countries received approximately 80 per cent of the FDI flows to Southern countries. "A particular concern of the 1998 *Trade and Development Report* was the instability and unpredictability of private capital flows to developing countries since recurrent financial crises have been triggered by factors external to countries affected by such crises" (UNCTAD, 2012b, p. 7). The 1999 *Trade and Development Report* made efforts "to warn against an international system in which developing countries become overly dependent on capital inflows" by promoting the need to utilize exports in underpinning domestic economic stability in the Global South (Ibid).



The development of the Global South was complex and far from equal, reflecting diversity in the relative importance of some regions over others. In the development landscape, Asia represents a leading pillar, grounding power dynamics in the region and accounting for a majority of the economic successes of the South.

As a side note, other external factors can include the economic limitations of less diversified economies, vulnerability to changes in international environments such as interest rates, and existing debt burdens. Comparatively, internal conditions also play a role in development challenges on the international stage that set stronger Southern countries apart from others:

- a. A significant domestic barrier is a country's trade policies coupled with its level of participation in WTO. Countries such as Brazil, China and India with higher export rates tend to have lower levels of import protection and experience more opportunities to negotiate advantageous trade deals. Involvement in WTO, especially following the new rules and principles as a result of the Uruguay Round, further supported developing countries in securing access to global markets and in obtaining more foreign and domestic investors.
- b. Additionally, export concentration, especially for commodity-dependent countries of the South, is an important factor in directing global integration. Up until 2008, LDCs in the Middle East and North Africa had a relatively high export concentration, with fuels accounting for nearly 50 per cent of exports in African countries. Since then, fuel exports have declined significantly to 28 per cent of exports, while the share of ores, metals and precious stones increased from 12 per cent in 2007 to 20 per cent in 2017 (UNCTAD, 2019). Low levels of productivity in manufacturing sectors in these countries prevent effective export growth and make it more difficult for states to shift national production to adapt to the changing global demands.
- c. Moreover, macroeconomic policies are important domestic tools in attracting FDI by reducing the impact of inflation rates, exchange rate volatility and budget deficits on the domestic economy. Historically, as Southern countries took varying paths on economic reform efforts, their experiences were reflected in the successes and failures of their economies on the global stage. For instance, in the early 1990s, India and Pakistan entered a period of economic reform that restructured and reduced the role of the state in the domestic private sector. Both economies worked to integrate themselves into the global economy through a series of policies allowing easier entry of foreign enterprises to attract foreign investments. Investors were authorized to hold 100 per cent of equity in any firms that they established and could repatriate 100 per cent of their firm's profits. That ensured that domestic policymakers would adhere to the policies of development economists working in a number of Washington-based institutions rather than having to borrow from one another (Burki, 2011, p. 119). Subsequently, India's economic growth rate increased from an average of "4.4 per cent a year during the 1970s and 1980s, it accelerated to 5.5 per cent during the 1990s–early 2000s, and further to 7.1 per cent in the past one decade" (Gupta and Blum, 2018).

- d. Additionally, Asian developing countries vastly outperformed other Southern countries by a wide margin in terms of their share of world trade, their share of FDI flows to developing countries, and their ratio of trade to GDP throughout the 1980s (The World Economic Outlook Update, 2017). More recently, research shows that “interest in the catching-up strategy of developing countries has increased during recent years” (Wu and others, 2018, p. 90). Wu and others (2018) conclude that, although countries in Southeast Asia such as Japan and the Republic of Korea, and Taiwan Province of China have had very successful strategies in technological catching-up by building domestic innovative capabilities and utilizing national advantages, most developing countries have struggled in doing so. This is because developing countries have not been able to imitate the level of innovation and access to universal and long-term technological upgrading or economic growth owing to their inability to implement an effective combination of sustainable domestic economic conditions and social resources. Thus, Wu and others (2018) suggest that developing countries coordinate the overall domestic and international situations and adhere to policies that engage their economies in construction, make full use of domestic resources, markets, systems and other advantages, and pay close attention to domestic and international economic linkage effects (p. 95). As such, the constant and complex interactions between internal and external factors determining economic development in developing countries can provide an explanation for the varying level of integration of developing countries into the global economy.

Since some economies develop at a faster rate than others owing to these complex factors, regional agendas in the Global South can begin to diverge. China is a very prominent example of this controversy; as its economy has, by some economic measures including global manufacturing output and GDP based on PPP, surpassed that of the United States, questions arise regarding whether China’s interests still align with those of regional members over those of Western powers (IMF, 2019). An instance of this is seen in the varying economic strength among members of multilateral trade organizations such as the BRICS grouping. Export trade being one of the main drivers of BRICS economies, it can easily reflect the varying strengths and economic structures of member States. With exports making up approximately one third of the GDP of China and the Russian Federation, countries such as Brazil and India have focused economic growth on domestic-driven demand (Purugganan, Jafri and Solon, 2014). China, through its bilateral relations, is able to foster very similar conditions to facilitate much of its economic success, so it becomes a matter of whether the superpower feels that it may best relate to countries that share characteristics of global strength over regional concerns.

Moreover, the 2005 *UNCTAD Trade and Development Report* examined the implications of emerging economic vitality of a number of emerging economies, especially China, for other developing countries (UNCTAD, 2012b, p. 7). The report subsequently concluded that China’s emergence had positive effects on many Northern and Southern economies that were benefiting from a rise in exports to Beijing and other emerging markets. However, those developments were not fundamentally shifting the interdependence of markets and policies on an international scale owing to a number of reasons including: a large portion of China’s South-South trade was linked closely to its exports to Northern economies; fluctuations in the growth performance of fast-growing, large developing states were seen to have an important effect on the volume and terms of trade of other developing countries. In addition,

“China’s increasing participation in international trade posed new challenges for many countries since it could contribute to a fall in the export prices of the types of manufacturers that it produced and exported along with other developing countries” (Ibid., p. 7). This simply points out the relevance of economic variances among countries of the Global South when it comes to issues of interdependence in development contexts.

1.4. Potential for Sustainable Development

It is estimated that by 2030, Southern countries will account for 60 per cent of the world GDP, increasing the need to reshape international institutions to accommodate this trend (OECD, 2010). As this trend continues, the growth of emerging economies will lead to greater economic power in the Global South. This will support the emergence of multilateral institutions that promote economic and political agendas of the Global South. Sustainable development in the Global South is cumulative and has historically taken on many different forms. In terms of increased regional development, there are several paths that, if pursued, will support the further integration of the Global South into the global economy. The overarching factor regarding these avenues is the increased establishment of engaging South-South partnerships. A significant step would be the use of existing international institutions to further the agenda of Southern development. The implementation of the 2014 TFA is a key step in reducing worldwide trade costs, with the Global South, particularly LDCs and LLDCs, being the greatest beneficiaries of this impact (De Melo, 2016). The agreement’s lowering of fixed trading costs can support product and market diversification for developing countries and increasing trade capacity.

The main objective of the TFA is to effectively reduce the time it takes to cross borders, that is, the time spent in customs. As the World Bank Doing Business data reflect, the average number of days spent by goods in import customs is 5.5 for LLDCs and 3.6 for non-LLDCs (World Bank, 2016). Additionally, over 50 per cent of goods of non-LLDCs spend on average 2 days or less in customs (World Bank, 2016). In LLDCs, the corresponding figure is less than 5 per cent, and for almost 10 per cent of them, goods spend on average 10 days or more in customs. This pattern also holds when the comparison is between landlocked and non-landlocked LDCs. As such, the TFA suggests a precise road map for where the Aid for Trade (AfT) initiative, launched at the WTO 2005 Hong Kong Ministerial Conference, should be focused: on the measures that will significantly reduce red tape and increase predictability in customs clearance including fees, formalities and transit (World Bank, 2016). However, the TFA requires the full participation and capacity-building of states in order to begin the implementation process.

Another important area of sustainable development for Southern countries is fulfilling the rapidly increasing need for e-commerce. This method of sales can increase market access and facilitate trade for domestic businesses, improving overall market efficiency. This move is not possible without the implementation of information and communications technology (ICT) infrastructure, as in the case of AfCFTA. Concurrently, the role of the digital economy and e-commerce for the acceleration of sustainable development is becoming an influential topic in the context of regional integration and SSC. In Africa specifically, harnessing digitalization is key to strengthening platforms of facilitation in trade and business and opening up channels of domestic value-adding activities for industry firms (UNCTAD Digital Economy

Report, 2019c). The increasing demand for methods of leveraging digital technologies to increase implementation capacity is more easily met by AfCFTA.

As will be discussed in chapter three on SSC and its contribution to promoting regional integration, AfCFTA has the ability to drastically promote and accelerate the development of the African digital economy and therefore further integrate regional economic policies. By lowering the transaction cost of international trade, e-commerce can help developing economies to overcome many challenges associated with technology infrastructure. A good reflection of this is the demand for increased financial intermediation and financial inclusion in the technology sector. The success of the major Kenyan cellphone-based money-transfer platform M-Pesa, which was launched in 2007, is an important example of such financial mediation, since it takes the high supply of mobile phones in the service markets and links it to the unexploited demand for payment services domestically (WTO, 2019). This contribution to digital-technology innovation supports the reduction of information asymmetries and allows for increased service trade.



Improving the development agendas of the Global South by enhancing SSC can boost the implementation of the 2030 Agenda for Sustainable Development and support the global shift towards a more level, competitive international playing field.

Despite the economic challenges Southern countries are set to face on this path regarding infrastructure and capacity-building, it is extremely important to understand their strengths and transform economic growth into meaningful improvements to the living conditions across the Global South. These strengths include the power of population density and younger demographics, implying significant, increasing workforce capacities. Coupled with the relatively low wages that can benefit domestic manufacturing industries, there is glaring room for growth. Domestically, there are many levels to these challenges that require careful consideration, and the complexity of development processes is fundamental to fostering the right partnerships and institutions. However, the more domestically stabilized countries of the Global South become, the more they have to offer in terms of human and financial capital for global investments. This is also a reflection of the demand for partnerships among developing economies through SSC initiatives.

Improving the development agendas of the Global South by enhancing SSC can boost the implementation of the 2030 Agenda for Sustainable Development and support the global shift towards a more level, competitive international playing field. A commitment to sustainable regional trade and investment environments such as AfCFTA and other RTAs is a powerful step away from protectionist and unequal trade relationships. Greater expansion of trade borders and increasing FDI inflows and outflows in developing countries are key to stabilizing the global economy and preparing for future economic impacts. For this reason, the gradual integration of the Global South into the global economy still requires the above-mentioned normative changes in existing Western-dominated institutions and ideologies to make way for parts of the world that were once not able to have their interests embraced. These shifts, however, are not simply a threat to weaken the existing world order but to strengthen multilateralism internationally. Such reforms provide a new focus for establishing more equalized institutions and embracing the multipolar economic and political world order in which we live today.

2. South-South Cooperation and Its Contribution to Promoting Regional Integration and Global Trade/Investments

2.1. South-South Cooperation as a Sustainable Alternative to North-South Relations

The call for greater economic integration and cooperation among Southern countries in trade, technology transfer and other areas has been on the rise. This chapter provides an overview of this rising trend and examine its significance as a sustainable alternative to North-South relations. More generally, it will investigate the role of various platforms in extending and promoting SSC as an umbrella of sustainable development. Through the use of literature reviews, it tackles the following sequential topics: facilitating SSC through BRICS and the New Development Bank; the expansion of SSC under the BRI; the expansion of SSC under AfCFTA; SSC and economic disparities among the countries of the Global South; and, finally, future prospects for SSC. This chapter therefore makes it a point to provide a substantiated and somewhat chronological overview of the role of SSC in the promotion of regional integration and global trade and investments.

An important place to start is to recognize the historical shift from aid to development to better combat instances of economic inequality widened by the presence of institutions such as WTO, the IMF and the World Bank, which are responsible for facilitating relations between the North and the Global South. As discussed in chapter two, the negative impacts of economic and political multilateral institutions on Southern countries were a significant setback for economic development initiatives. That called for action on behalf of the Southern countries to further their development agenda and to build platforms focused on their specific concerns. Thus, SSC, developed from the monumental 1955 Asia-Africa Conference that took place in Bandung, Indonesia, has evolved into a fundamental movement to secure economic stability for the Global South. Since its inception, the SSC agenda has been affected by several impactful events such as the 2008 global financial crisis that have slowed the momentum of its expansion. More recently, however, progress has been accelerated by the involvement of major players such as Brazil, China and India, pushing for greater regional integration (Taidong and Haibing, 2018). These regional powers have subsequently been further elevated and joined by the support of other notable institutions driving SSC including MERCOSUR, the Southern African Development Community (SADC) and the Association of Southeast Asian (ASEAN).

Calling for greater integration among Southern countries, however, is not to be seen as a method of strengthening countervailing powers against the North. Rather, SSC efforts mark a transitional philosophical shift to recover strengths and values inherent in Southern countries and to enhance these common values through links in various economic spheres (Bernhardt, 2016). These values include respect for sovereignty, mutual benefit, non-interference and non-aggression. As such, principles of SSC are grounded in the meaningful engagement of stakeholders and beneficiaries in more inclusive and sustainable economic development landscapes through the exchange of expertise and experiences of development challenges. In fact, in many instances, SSC has been proven to reap higher benefits than North-South trade relationships, indicating that the promotion of SSC is a more viable alternative for sustainable economic growth (Bernhardt, 2016).

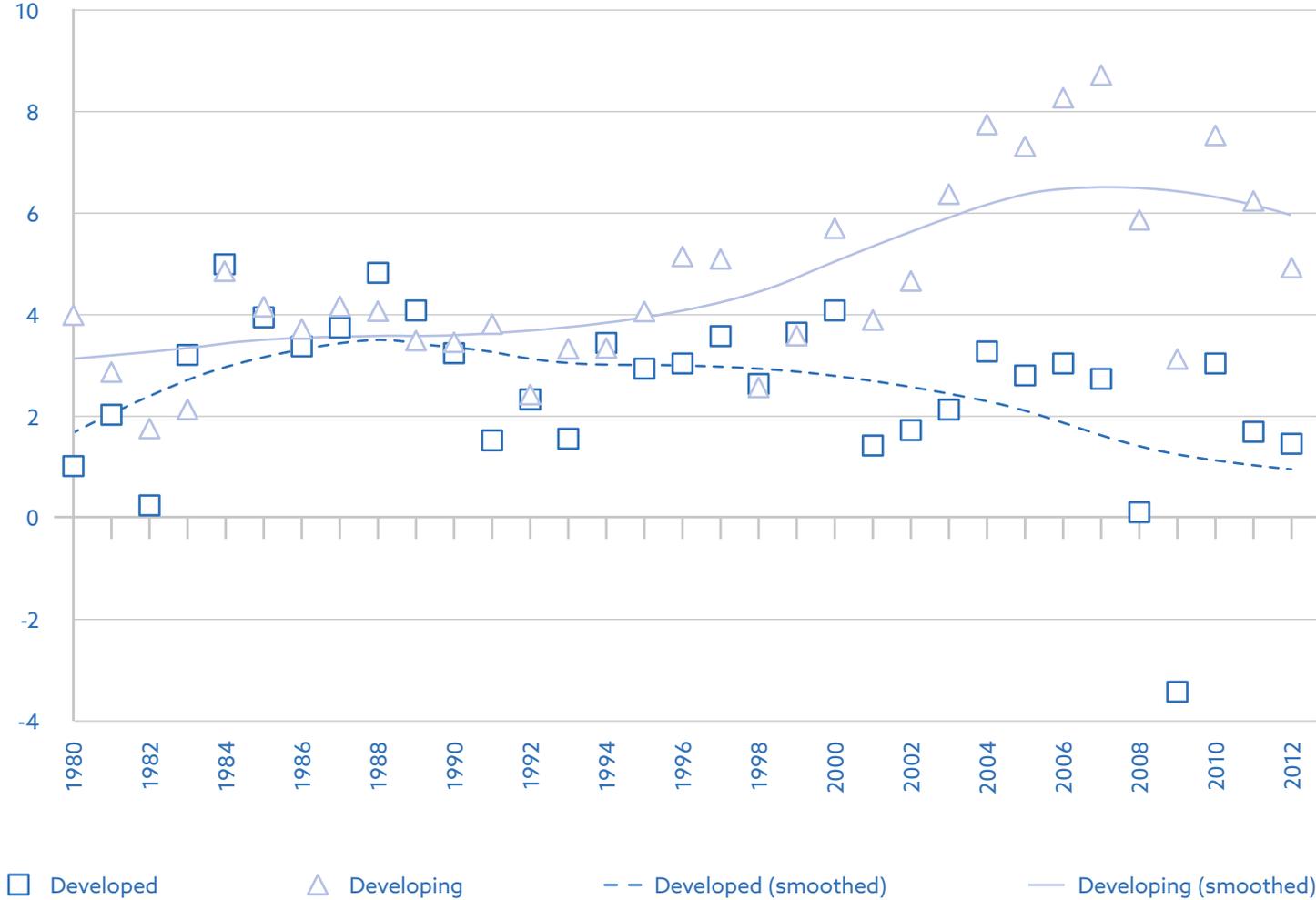
A number of different circumstances emphasize the motivations behind the recent push for greater SSC. A brief analysis of these motivations, first cohesively addressed by Amitava Krishna Dutt (2013), will include the historical context of increasing SSC and the various actors that have benefited from this global shift (Dutt, 2013). The first motivation examined by Dutt is one that is more prevalent in political and economic discussions today, that is, the challenges and barriers that North-South relations cause for the Global South in terms of uneven development. This is reflected in trade whereby advanced economies export manufactured goods and import primary commodities from Southern States, confining value-adding activities and technological advancement to their Northern counterparts (Dutt, 2013).

Dutt indicates that this imbalance creates a knowledge gap that can be combated through South-South trade by engaging countries of similar economic capacity and technological sophistication in terms of production levels. The instance of technological inconsistencies is an important one to note, since it can have detrimental economic implications for LDCs as they navigate the complex trade and commercialization platforms that exist today. Through policies that tackle automation barriers and cross-border paperless trade, and through simpler barriers such as the use of electronic signatures, LDCs can be better integrated into existing trade blocs, especially in Africa, to increase their contribution to regional development. These steps support countries with less advantageous economic circumstances to better harness and utilize the benefits of digitalization to regional integration and SSC. As such, in facilitating cohesion among Southern economies, enhancing cross-country networks can spur competitive business environments and promote FDI inflows.

The second motivation concerns the growing economic growth of the Global South and the rising contribution of the region to the global economy. The worldwide convergence in GDP is reflected in the strong growth in Southern economies that took off in 2000, as shown in figure 4. Southern economies, especially China and India, saw a surge, with China reaching double-digit growth rates from 2003 through 2007 (World Bank, n.d.). Of course, the dominant role of these two actors in this global convergence is a concern in itself and therefore highlights the importance of these leaders in empowering regional integration efforts through SSC. More recent data show that GDP based on PPP of EMDEs as a share of the world total has also been increasing in accordance with patterns of global economic convergence. In 2019, the EMDE share of world GDP was 59.7 per cent, a slight increase from 59.1 per cent in 2018. In comparison, advanced economies witnessed a decrease from 40.8 per cent to 40.3 per cent in the same year (IMF, 2020).

As will be discussed later in this publication, regional powerhouses of the Global South play a critical role in promoting regional integration. Consequently, this integration is thus essential to overcoming challenges in trade inconsistencies. In essence, cooperation between Southern countries can support growth engines and promote policies that further this global convergence and provide to Southern economies greater access to global markets. SSC can, for instance, support the role of non-state actors, such as Southern think tanks and academic institutions, in international development. In this sense, the contribution of the academic voice to existing discourse on development cooperation can help to enlighten the Global North and other countries of the Global South on new ways of approaching development challenges through innovative policies that promote SSC. This can further encourage Northern actors to support projects and policies of the South that are alternatively based on the domestic interests of developing countries by providing critical perspectives and contextual insights. Ultimately, this would lead to more diverse opinions in the existing discourse on development cooperation, ones that have been previously neglected.

Figure 4: GDP growth at constant price, by level of development, 1980–2012 (Annual percentage change)



Source: IMF World Economic Outlook and WTO Secretariat calculations.
 Note: Smoothed trends estimated by applying the Hoderick-Prescott (HP) filter to annual growth rates.

The third motivation is the promotion of reduced barriers between countries not just in North-South relations but more so in South-South trade. This particularly allows a focus on facing smaller challenges in sectoral trade barriers between Southern countries that would support the overall push for more equal trade relations. Trade between Southern countries is an extremely important part of uplifting these economies and introducing more cohesive regional integration. For example, trade barriers in Africa have led to low intra-African trade levels. As of 2017, intra-African exports accounted for 17 per cent of total African exports, a concerningly low number compared to Asia's 59 per cent and Europe's 69 per cent (Gandhi, 2019). Since then, the value of intra-African trade increased by more than 17 per cent in 2018 and accounted for 16 per cent of total African trade by the end of that year (African Export-Import Bank, 2019). Despite the improvements, this low level of regional progress is an outcome of the period between 1990 and 2014 in which African countries relied heavily on rents from extractive industries to prop up their economies, while fast-growing economies around the world were focused on diversifying their economies (Songwe, 2019). Another example of ineffective intraregional trade growth involves the challenges of intraregional trade development in Latin American countries and their implications for regional integration. Trade costs based on geographic location are great challenges weighed down by inefficient trade facilitation platforms and infrastructural drawbacks, and demand increased public- and private-sector dialogue for strengthened regional cooperation (Gonzalez, 2017). In addition, constant regulatory constraints create barriers in attracting FDI inflows and coordinating open trade facilitation to encourage domestic and foreign competition (Ibid.). These barriers have significant drawbacks in terms of restricting economic growth in the region.

The fourth motivation is grounded in promoting regional and transregional public goods across the Global South through SSC. The importance of mutual benefits among Southern economies builds on the idea that knowledge-sharing and infrastructural capacity-building are critical to combating circumstances shared by other regional partners. Through greater infrastructural development, countries can more easily access various methods of trade – physical and digital – to boost economic output and increase domestic development. When countries in one region face a similar issue, for instance lack of digital infrastructure as in the case of Africa, they are disadvantaged in their trade interactions with other actors and do not benefit in the same way as their counterparts. This provides an information gap and can further tip trade imbalances across the Global South, resulting in greater economic development challenges. The sharing of development solutions among countries of the Global South is at the heart of SSC and in this sense, cross-issue cooperation becomes key to mutual benefits.

The fifth and last motivation is rooted in altering North-South power relations to combat the existing disproportionality in political relations. As we have already seen with the rise of Brazil, the Russian Federation, India, China and South Africa (BRICS), the creation of multilateral platforms to place regional and global political leverage in the hands of Southern countries is a use of solidarity to access power. A strong illustration is the contribution of the New Development Bank (NDB) to advancing Southern development agendas through the elevation of partnerships that curate knowledge-sharing among Southern institutions. In its 2017–2021 agenda, NDB committed to more effective capacity-building that best facilitates the assessment and implementation of projects to improve project scale. This pulls in regional and

subregional institutions, bilateral development organizations and national agencies to increase the pool of beneficiaries in increased cooperation initiatives. Thus, greater cooperation among developing countries results in deepened economic relations in so far as these relations create fairly beneficial conditions and strengthen regional political power.

2.2. Facilitating South-South Cooperation through BRICS and the New Development Bank

Following its establishment in 2006, the BRICS countries have emerged as significant protagonists in international development cooperation in a very short period. With almost half of the global population and an estimated combined GDP of over 50 per cent of global GDP by 2030, the BRICS countries have been a progressively more relevant platform in terms of driving SSC initiatives (Devonshire-Ellis, 2019b). As of 2018, BRICS nominal GDP reached a combined \$18.6 trillion, just over 23 per cent of global trade and combined foreign reserves of \$4.46 trillion (Singh, 2020). Despite not having reached the same level of industrialization characterizing traditional economic platforms of the West such as the European Union, the BRICS countries have generated significant attention to investment and trade in the Global South (Morazan and others, 2012). Countries such as Brazil and South Africa have become leading regional economies and are better equipped to exert regional influence in terms of encouraging greater FDI to their respective regions. An instance of how this power is enhanced is reflected in the development assistance distributed to neighbouring countries of BRICS member States, for instance the majority of bilateral assistance allocated by Brazil's head international development institutions, the Brazilian Cooperation Agency (ABC), development programmes in countries such as Paraguay and the Plurinational State of Bolivia, and the Andean region (Government of Brazil, 2018).

With regard to financial development, one of the instrumental ways in which investments have been channeled by BRICS is through the 2014 establishment of the multilateral bank NDB. Taking the form of an international financial institution (IFI), NDB provides immeasurable opportunities for governance and cooperation among developing economies of the Global South. As a shift away from existing IFIs – such as the World Bank – which follow a neoliberal blueprint to financial policy development, NDB caters to economies with greater government intervention in the market, neglecting dominant market-driven policies in development cooperation (Schablitzki, 2014). This veers away from the traditional political conditionality in lending procedures that primarily have included some form of market deregulation policies in Southern countries. As an alternative IFI, NDB has the potential to facilitate greater capital flows among developing countries and to mobilize resources for sustainable development in support of SSC. Despite potential challenges of its restricted capital in addressing the overwhelming number of demands by Southern countries for investment, NDB presents a valuable contribution in supporting greater political and economic development across the Global South.

Although BRICS itself is not a regional trade bloc, its crucial impact on the influence of regional integration entities is reflected in figure 5. The map represents the ongoing free trade agreements (FTAs) and PTAs being led by BRICS members through their influence in the respective regional platforms and consequently on global trade. The first is Brazil's influence in MERCOSUR, an FTA that includes Argentina, Brazil, Paraguay and Uruguay and accounts for a large proportion of South America's

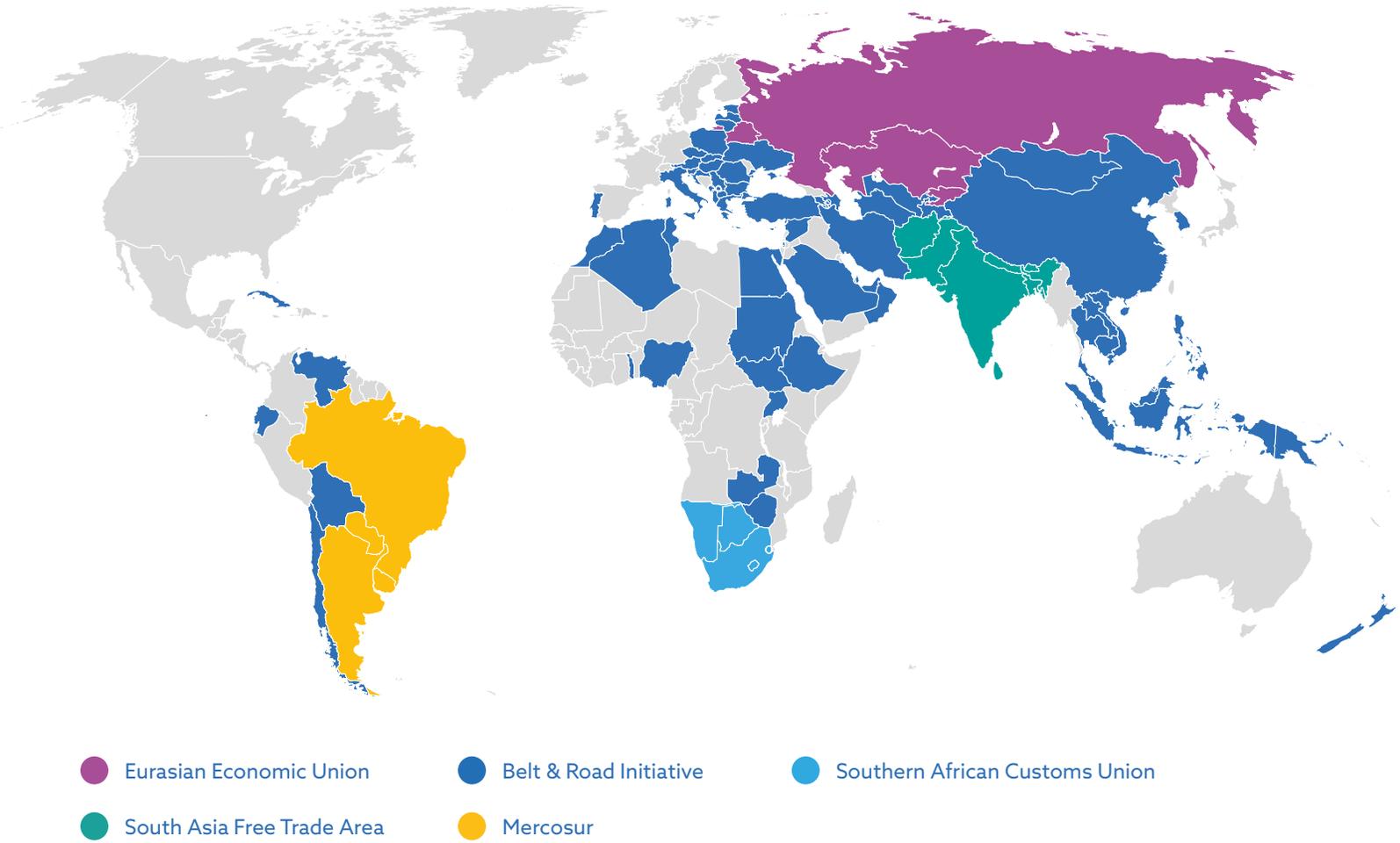
economic activity. As the largest economic partner in MERCOSUR, Brazil has played an active role in linking the bloc to others in the Global South including India, the Eurasian Economic Union (EAEU)⁴ and China's Belt and Road Initiative (BRI). Most recently, following a 20-year negotiation process, MERCOSUR announced a trade deal with the European Union, opening up opportunities for increased potential trade deals through the elimination of 91 per cent of import tariffs on European Union products (Rios and da Motta Veiga, 2019). The second is the Russian Federation and its economic dominance within EAEU. With its trade accounting for more than 95 per cent of trade within EAEU in 2018, the Russian Federation enjoys significant capital and labour flows from smaller members within the FTA. Its dominance has created a channel for greater free movement of labour and supported the lowering of trade barriers among member countries (Bhuti, 2019). India exerts a similar influence in its leading role in the South Asia Free Trade Area (SAFTA).⁵ It plays an important role as an example of an open economy in a region dominated by traditionally politicized and protectionist economies. Its embrace of FTAs, although comparatively low among BRICS countries, has been influential for the regional development of trade through greater involvement in negotiations in the MERCOSUR preferential trade deal. India has been careful in its assessment of ongoing tension between Argentina and Brazil in its approach to promoting economic integration. It has also been recognized for its ability to counterbalance the great influence of China in BRICS through its rejection of China's urge to make country shares in NDB based on economic strength. That was an important stance on India's behalf since that would transfer majority control to China and therefore prioritize its economic interests.

As a regional hegemon, China's leading role within BRICS demonstrates its ambitious emergence as a vehicle to accelerate human development across the respective countries. China's Belt and Road Initiative (BRI) is a platform that encourages bilateral and multilateral trade among member countries across the Global South. As a result, this topic is further examined in the next section to detail China's capacity and influence in the push for greater SSC. Lastly, South Africa has successfully maintained an influential role as a major partner in the Southern African Customs Union (SACU) and SADC. More specifically, SACU is the largest customs union in the world and has a combined population of over 66 million. It is strategically placed across the Southern region of Africa, providing greater access to both the European and Southeast Asian markets and effectively facilitating trade and investment across the Global South. As such, SACU has the opportunity to leverage AfCFTA through deepening industrial and production capacity, economic diversification and contributions to the African and the global value chain (Windhoek, 2019). BRICS countries play an important role in empowering SSC and fostering the mutual understanding necessary to enable more inclusive partnerships among participating countries through the influence that members possess within their various regional platforms.

4 The Eurasian Economic Union is an international organization for regional economic integration among the following countries: Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation. It enhances the free movement of goods, services, capital and labour in an effort to harmonize economic policies in various sectors and promote cooperative stable development.

5 The South Asia Free Trade Area is a free trade arrangement by the South Asian Association for Regional Cooperation (SAARC) implemented in 2006 to address the demand for special treatment of LDC member States. The agreement aims to reduce tariffs for greater interregional trade among the SAAR member States: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Figure 5: Global free and preferential trade areas led by BRICS member States



Source: Devonshire-Ellis, C. (2019b). The BRICS nations are headed for 50% of global GDP by 2030. This is what it could mean for developing global supply chains & emerging consumer markets, Silk Road Briefing, 2 December 2019.

2.3. Expansion of South-South Cooperation under the Belt and Road Initiative

In the past decade, the drive for increased economic cooperation among countries of the Global South was propelled by emerging economies through the establishment of several key forums and platforms including the Forum on China-Africa Cooperation (FOCAC),⁶ the BRICS Summit, the Asian Infrastructure Investment Bank (AIIB)⁷ and NDB.⁸ One of the most significant and somewhat controversial, however, has been China's Belt and Road Initiative (BRI). The BRI is noteworthy for its ability to promote and facilitate trade and investment among countries of the Global South. The following sections will provide a snapshot of the role of the BRI in promoting investment and trade among partnering countries and thus the Global South.

In 2013, the Chinese President, Xi Jinping, put forward the BRI, calling for economic integration among countries of the Global South. The initiative is rooted in coordinated policies and infrastructural connectivity to promote trade and investment, revitalizing SSC through a new and considerable platform. The specific objectives of the BRI outlined in Chapter 51 of the 13th Five-Year Plan include increased trade and investment, free trade zones along the Silk Road, enhanced financial cooperation to fund infrastructure and deepened cultural exchanges (OECD, 2018, p. 10). With the BRI-partnering economies representing more than half of the world's population and just over one third of global GDP as of 2018 (OECD, 2018, p. 9), China's role in advancing SSC as a regional powerhouse has become quite crucial. Currently, BRI investments are on track to contribute over \$1 trillion in funding towards infrastructure projects in partner countries across the Global South in a 10-year period from 2017 (Leer and Yau, 2016). These funds are distributed through multiple vehicles including state-directed development and commercial banks, multilateral development banks, public-private partnerships and the notable Silk Road Fund (OECD, 2018, p. 3). China's outward FDI (OFDI) flows to BRI countries from 2013 to 2016 reached \$61.9 billion (Woetzel and others, 2016).

Despite having acted mainly through the China Development Bank, the BRI has been further supported through the investment and strong promotion of AIIB. Since its establishment in 2016, the young multilateral development bank has invested upwards of \$7.5 billion in 35 projects, more than half involving other multilateral institutions (Fernandez, 2019). As a notable platform for Southern cooperation, AIIB holds the memberships of over 100 countries and provides authorized capital of up to \$100 billion. Its rapid emergence into the international sphere has directed much Western attention to its success and popularity among Southern countries. AIIB-led packages are of greater attraction to developing economies since they are

6 The Forum on China-Africa Cooperation is a platform established by China with the objective of "equal consultation, enhancing understanding, expanding consensus, strengthening friendship and promoting cooperation" between China and the African continent. The platform falls under the category of SSC, encourages pragmatic cooperation in political dialogue and economic development, and seeks to expand mutual benefits in partnerships.

7 AIIB is a multilateral development bank launched in 2014 to enhance social and economic development outcomes across Asia through investment in sustainable development projects in Asia-Pacific regions such as Southeast Asia and South Asia, and the Middle East. The bank's total assets as of 2018 are recorded at \$19.6 billion, making it the second-largest multilateral investment bank in the Global South.

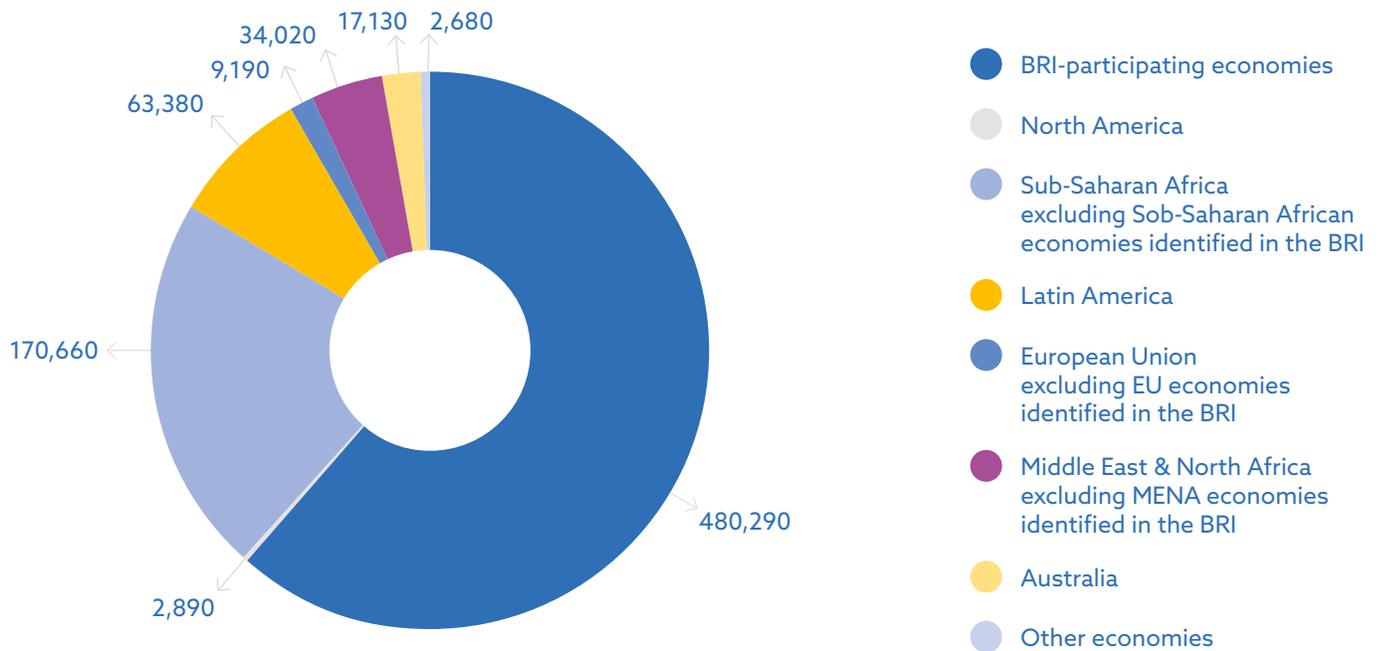
8 NDB, otherwise referred to as the BRICS Development Bank, is a multilateral development bank formally established at the sixth BRICS Summit in Fortaleza in 2014 for the mobilization of resources for infrastructure and sustainable development projects in BRICS and other EMDEs. In its 2017-2021 General Strategy, NDB has committed to dedicating two thirds of all financial support within the first five years towards new projects and instruments.

comprised of low-fee or interest-free loans with or without additional finance from international aid agencies, international development banks, commercial sources and the host country's national or provincial government. In contrast to the stringent expectations of Western-led banks, AIIB projects also contain no austerity, marketization or privatization strings attached. More importantly, China itself provides just under one third of the funding for authorized capital, entitling it to a proportional vote in the bank's proceedings (Griffith, 2019).

Similar to the China Export and Import Bank and the China Development Bank, AIIB plays a specific role when it comes to promoting the BRI. China's bilateral dealings provide it with the power to utilize its market share to its full extent; however, where multilateral cooperation is crucial, AIIB becomes an optimal setting for negotiations. As has more recently been voiced, there are many who believe that the BRI has much to learn from the exemplary institutional organization reflected in the AIIB multilateral mechanisms. This valuable model has resulted in an innovative, collaborative approach to financing solutions that continue to support Asia's regional integration and improved global governance. While the BRI has made significant strides, there is scope for the initiative to be further improved by adopting such multilateral mechanisms for enabling inclusive and more cooperative participation. Ultimately, AIIB and the BRI will undergo synergies and will invariably undergo several important intersections. The infrastructure projects in which AIIB is currently investing, in addition to the direct funding of some BRI or BRI-related projects, will support the completion of BRI projects and vice versa (Shepard, 2017).

A significant indicator of China's aim in tackling development inconsistencies across the Global South through its BRI is its sizable investment in infrastructure construction in partner countries. From a global perspective, annual infrastructure investment needs – 60 per cent of which are transport and energy infrastructure – range from \$2.9 trillion to \$6.3 trillion, with a deficit of approximately 0.35 trillion (Woetzel and others, 2016). As shown in figure 6, from 2005 to 2018, China invested a total of \$480.3 billion in BRI-partnering countries; this amounts to 59 per cent of its global investments in construction (Ibid.).

Figure 6: Chinese outward investment in the construction sector, 2005–2018 (cumulative notional amount expressed in millions of USD)



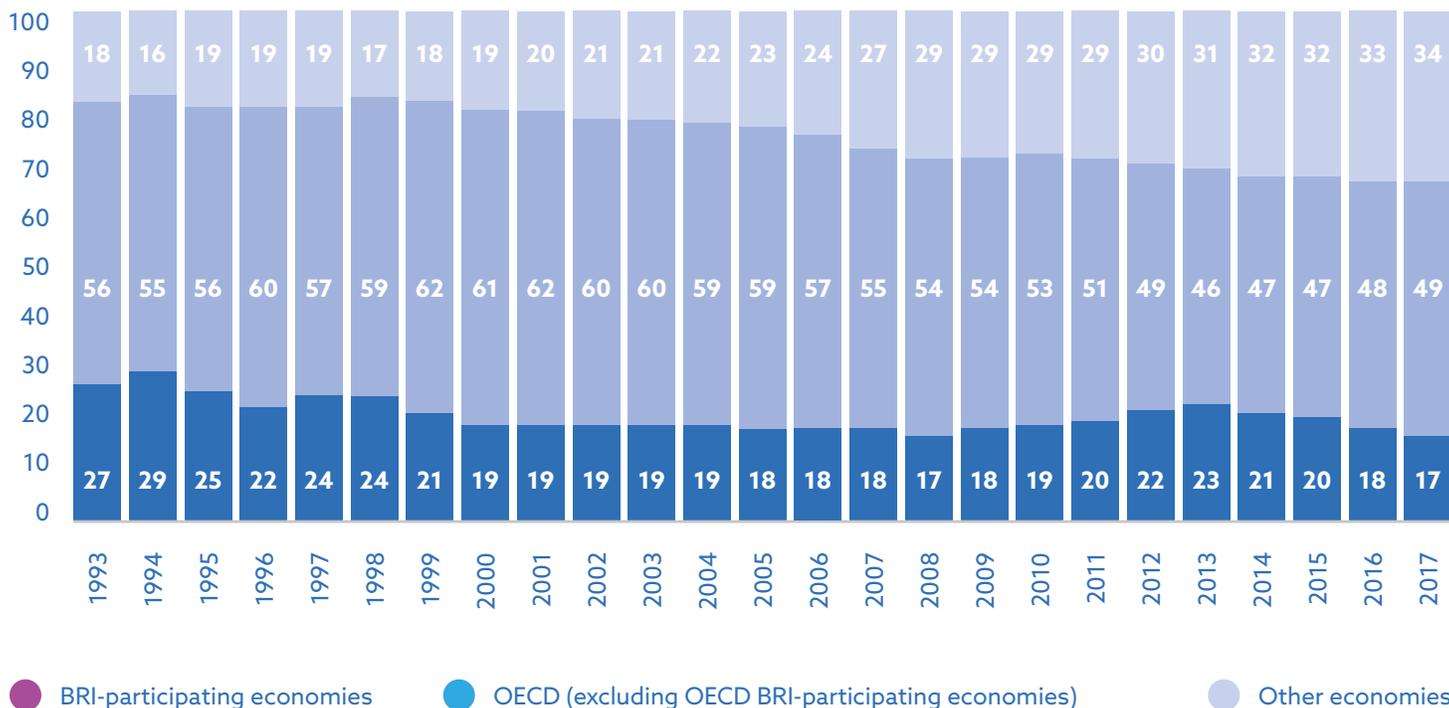
Source: American Enterprise Institute (AEI), China Global Investment Tracker Database. It includes all investments of USD 100 Million or greater. Ministry of Commerce, Republic of China (MoFCOM) data totals are around 10% higher for the same periods due to the inclusion of small investments. StatLink <http://dx.doi.org/10.1787/888933786382>. Note: 2018 data are to end-June.

With respect to the role of funding vehicles in reaching infrastructural development goals, there are several projects under way that reflect the progress of the BRI. For instance, recent data show that the China Development Bank has invested a total of \$110 billion in 400 projects in 37 different economies as part of the BRI. Another example is the Industrial and Commercial Bank of China, which is currently supporting 212 projects worth a total of \$67 billion (OECD, 2018, p. 20). These sizeable projects and their expansion are important for noting the potential of the BRI in further promoting infrastructural connectivity and thus investment in the spirit of SSC. As infrastructure leads to new roads, high-speed railways and other projects, industrial capacity becomes more easily accessible to Southern countries, building industries for increased economic advantage.

Moreover, in terms of creating a platform for the promotion of trade, the BRI shows promising prospects through its historical trade with BRI-participating countries. Figure 7 shows the upward trend of Chinese exports to BRI-participating economies in comparison to exports to OECD countries. Since 2000, exports to BRI-participating economies increased by 13 per cent to an overall 34 per cent by the end of 2016. Consequently, exports to OECD countries gradually decreased by 11 per cent to an overall 49 per cent in the same time period (OECD, 2018, p. 30). The overall significance of these data is the contribution of China's bilateral trade relations in the context of promoting regional trade through the BRI. China has also established 75 trade and economic cooperation zones along the BRI to encourage partnerships among non-governmental organizations and state-owned enterprises, all key investors in coordination efforts for greater strategic alliance.

Figure 7: Chinese exports to BRI-participating economies versus OECD countries, 1993–2017

% of total China exports



Source: IMF Direction of Trade Statistic Database, OECD calculations, 2018.

Although the BRI itself is not a trading bloc, it functions as a platform for facilitating commerce and other interactions among trading blocs within it. Those trading blocs include ASEAN,⁹ the Bangkok Agreement,¹⁰ the Economic Cooperation Organization¹¹ and the South Asian Association for Regional Cooperation (SAARC).¹² Platforms such as the China International Import Expo will support the lowering of trade barriers to increase access to markets for developing economies to trade with one another. Through the reduction of infrastructural barriers blocking cohesive connectivity, trade facilitation becomes a key aspect of the BRI, consequently consolidating an institutional framework for trade networks in the Global South.

2.4. South-South Cooperation expansion under the African Continental Free Trade Area Agreement

Just as the BRI plays a productive role in enhancing regional integration across the Global South, regional economic expansion is simultaneously being tackled in a more concentrated form in Africa. The energized path towards Africa's economic, social and political integration has increasingly been a focal point in SSC over the past century – and trade has been at the heart of this debate. As recently developed policies are continuously implemented, the drive for economic broad-based growth reflecting domestic market demand has been amplified. The greatest obstacle in tackling stagnant regional development, however, is the implementation of more cohesive integration through the lowering of international trade barriers and the promotion of competitive markets. Alongside the increasing number of factors bringing attention to the demand for SSC, the recently ratified African Continental Free Trade Area (AfCFTA) agreement has become a strikingly relevant instrument.

The AfCFTA agreement for the world's largest single market officially entered into force on 30 May 2019. It is aimed at promoting sustainable socioeconomic development across Africa through the reduction of tariffs on 90 per cent of products traded in order to increase economic integration efforts and support deeper economic relationships. Since trade has been a mobilizing factor in African regional integration policies for centuries, it is critical to shed light on its significance in the context of the evermore globalized economic conditions that the continent faces today. With the proliferation of multiple subregional agreements, AfCFTA would support integration efforts through the elimination of tariffs in an effort to generate \$16.1 billion in welfare gains and boost intra-African trade by 33 per cent, cutting total trade deficits in half (Mo Ibrahim Foundation, 2019). Its successful implementation would also mean an increase of combined consumer and business spending across Africa of \$6.7 trillion by 2030 (Ibid.).

Initiated through the Abuja Treaty in an effort to establish the African Economic Community in six non-consecutive steps, AfCFTA is the final step in strengthening a structure for a well-integrated, prosperous single African Common Market (UNCTAD, 2016). AfCFTA enhances the existing push for SSC for several reasons, the first being the need to utilize the working-age population as human capital in domestic, and consequently regional, markets. According to the World Bank Human Capital Index (HCI), 2017 data show the HCI across all 157 countries in Africa at 0.57 out of 1.00 (Mo Ibrahim Foundation, 2019). To prepare this population segment for integration into the workforce in a meaningful and efficient manner, there is a need for investment in policies addressing skill imbalances in the region. This goal can be tackled through the effective implementation of policies that encourage and maintain FDI flows into African markets, allowing for greater knowledge- and skill-transferring activities facilitated through regional cooperation. AfCFTA further creates an environment for the use of the digital economy in a way that stimulates the potential in harnessing digital goods and services. Digital connectivity on the continent is hampered by policy and infrastructural capacity constraints and requires critical attention for the establishment of competitive business and trade environments. This goes beyond e-commerce and online platforms to more long-term and sustainable solutions that facilitate cooperative development through regional integration efforts, for instance the effective implementation of information and communications technology (ICT) based services as well as blockchain-technology enhancements to drive investment and offer channels for value-adding economic activities.

Moreover, certain economies in Africa are set up to reap greater economic benefits from AfCFTA than others. A 2018 report by the credit-rating agency Moody's states that regional economic powers such as Nigeria and South Africa are set to gain from various positive opportunities for economic growth owing to their larger manufacturing bases, established infrastructure and greater access to electricity (Moody's, 2018). Also, 2018 data show South Africa as the leading intra-African trade country. Its trade with the rest of the continent rose 8.6 per cent or \$31.92 billion, accounting for over 24.9 per cent of intra-African trade (Ibid). Furthermore, in 2016, intra-regional economic-community trade was highest in SADC at \$34.7 billion, a regional economic community that is heavily driven by South Africa's leading economic and political role (Economic Development in Africa Report, 2019). As such, South Africa's contribution to spearheading AfCFTA has been regionally encouraging to neighbouring partners.

In comparison, as Africa's largest economy, Nigeria's prolonged hesitancy in signing the agreement did create suspicions for Western African partners who look up to the country's leadership as a regional economic powerhouse. In order to promote cohesive intergovernmental relations, Nigeria subsequently decided to further consult its private-sector agencies and intermediary bodies and facilitate a correspondence between the two. As such, the Nigerian Office for Trade Negotiations launched investigative discussions with 27 public- and private-sector officials including trade unions to negotiate their interests prior to signing the deal. A report released by the International Trade Centre (ITC) specifically analysing the impact of the AfCFTA agreement on businesses stated that the agreement supports the removal of economic structural barriers, especially for the largely agrarian and subsistence-based economies that are heavily dependent on the exports of primary commodities such as mining commodities and cash crops (ITC, 2018). Potential benefits of the agreement for domestic businesses also include allowing producers access to the benefits from economies of scale as raw materials and intermediate inputs become more cost efficient; improving conditions for regional value chains and their integration; catalysing the transformation of African economies towards utilizing technology and knowledge; and facilitating both intra-African and external direct capital flows to the region (Saygili and et. al, 2018).

This tailored focus on capitalizing on digitalization to transform economic conditions is becoming an issue of greater scope since Africa's industry differs from industries historically reflected in emerging economies across Asia. As industries become more significant in the economic development of low-income countries, it is critical to consider how regions differ in the way in which they exhibit structural changes in their respective economies (Newfarmer and et. al, 2018). This is comparable to the accelerated growth of the Asian market through the structuring of economic policies around smokestack industries such as manufacturing. However, the African market reflects different strengths and requires policies that take such strengths and create opportunities for their advancement. Also, over time, the value added by manufacturing industries becomes less relevant, opening up space for more diversified industrial activities that add comparatively more value. Today, relatively few African firms in the formal economic sector face intense competition; thus there is relatively less churning that takes place in the region. Without policies that can support the further integration of these economies, it can be extremely challenging to reach the productivity level required for sustainable growth. This is owing to

the lack of appropriate infrastructural capacity and incohesive regional policies that are reflected across the continent, the implications of which can result in coordination failure in trade relations for country to country trade. This issue of underproductivity can be tackled through several steps including the creation of appropriate investment climates, ensuring the stability of regional economic communities, and encouraging greater domestic and regional supplychain relationships (Newfarmer, et. al, 2018). In this regard, AfCFTA can play a massive role in loosening institutional constraints to allow for greater flow of goods, people and services across the continent to foster improved capabilities for productive economic growth. In the context of SSC, AfCFTA is an aggressive, comprehensive attempt at addressing concerns of regional integration through the implementation of vastly in-depth and overlapping strategies for sustainable regional structural change.

2.5. South-South Cooperation and Economic Disparities among Countries of the Global South

Despite the robust, comprehensive efforts of the BRI, economic cohesion among countries of the Global South is still a distant goal and one that reflects demand for multidimensional SSC initiatives. In terms of the varying economic conditions across developing countries, it is critical to recognize the value of unique strengths and weaknesses. These economic disparities are seen in economic structures, productivity capacity, size of service sectors and institutional development, and can range greatly from continent to continent throughout the Global South. From a wider perspective, although all emerging economies contribute to the global economic convergence, the Global South's success and image are driven by key emerging players in Asia, mainly China and India, and their accelerated economic growth. More specifically, the success of Asian countries is a result of several economic factors; a significant aspect of the success of intra-Asian integration is attributed to the growth of production networks propelled by export diversification and increased continental product value chains. In this sense, products were crossing multiple borders in the region prior to a final assembled product leaving the continent. For instance, by 2009, developing economies in Asia accounted for 74.4 per cent of all South-South trade, with China's share being 40 per cent (UNCTAD, 2019d). Southern economies in Asia accounted for 28.4 per cent of total world exports and 25 per cent of world imports by 2016 (UNCTAD, 2019a). As a result of these economic trends, the 2018 GDP growth rate of developing economies in Asia and Oceania reached a significant 5.3 per cent in comparison to Africa's 2.9 per cent (UNCTAD, 2019a).

Moreover, how Southern countries trade with the rest of the world is also quite varied among the different regions of the Global South. In 2018, the value of exports in Asia and in Oceania was 7 per cent higher than the value of imports, reflecting the trade surplus driven by manufactured exports. Africa, on the other hand, had a 12 per cent trade deficit in manufacturing exports, with imports being three times higher than exports (UNCTAD, 2019a). That deficit was somewhat counterbalanced by trade surpluses in ores, metals and precious stones, highlighting the role of primary commodities in the continent's overall trade (UNCTAD, 2019a). Such disparities in economic patterns suggest a diverging set of factors driven by the historically significant strengths and weaknesses of different regions of the Global South. These country-specific conditions can be a result of indicators that include geographical constraints, economic conditions following decolonization, political turmoil and the infrastructural capacity that the country has built. As such, regional integration is an

important vehicle that can be utilized by smaller or economically weaker countries to leverage better trade deals and increase their global economic contribution.

A topic at the forefront of SSC and regional integration is overcoming obstacles to integration in one of the least integrated regions of the Global South: Africa. As indicated several times throughout this chapter, patterns of trade across Africa are particularly concerning and have received greater attention over the past few years as attention is paid to the newly ratified AfCFTA agreement. By 2012, the share of intra-regional trade in Africa was recorded at 12.3 per cent compared to that of South and Central America combined at 25.6 per cent and Asia with the highest share at 52.6 per cent (WTO, 2012). More recent data show intra-African trade at 17 per cent and intra-Asian trade at 60 per cent as of 2018 (UNCTAD Stat, 2019c). The most updated data for Latin America show intraregional trade at 16 per cent as of 2017 (IMF, 2017). This is an important representation of the lack of regional trade in Africa and the need for greater economic integration (Bilal, 2012, p. 10). Grasping opportunities for synergy on the continent is critical in view of the capacity and infrastructural limitations. Africa currently represents a very appealing destination for FDI owing to its growing population density and demographics; however, without aggressive methods of addressing traditional tariff and non-tariff barriers, made available through AfCFTA, it can be difficult to encourage investments within the region.

It is also important to keep in mind that the way in which AfCFTA combines three existing free trade areas – the East African Community,¹³ SADC,¹⁴ and the Common Market for Eastern and Southern Africa¹⁵ – requires time and great analysis. The multidimensional political frameworks of each free trade area can present challenges to harmonized integration within the continent. For instance, free trade areas provide a cohesive platform for small countries to effectively leverage strengths to obtain more suitable trade deals for their economies. However, within a larger integrated framework, the competitive pool is expanded to include stronger regional leaders better positioned to trade strategically. In order to best overcome obstacles such as these, opportunities presented by SSC frameworks in advancing trade and investment and ensuring that the platform will effectively serve the mutual interests of developing economies and the continent at large.

13 The East African Community is a regional intergovernmental organization re-established in 2000. It comprises six States: Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and Uganda. As an integral part of the African Economic Community, it aims to promote balanced, sustainable growth among member States to strengthen initiatives of economic development.

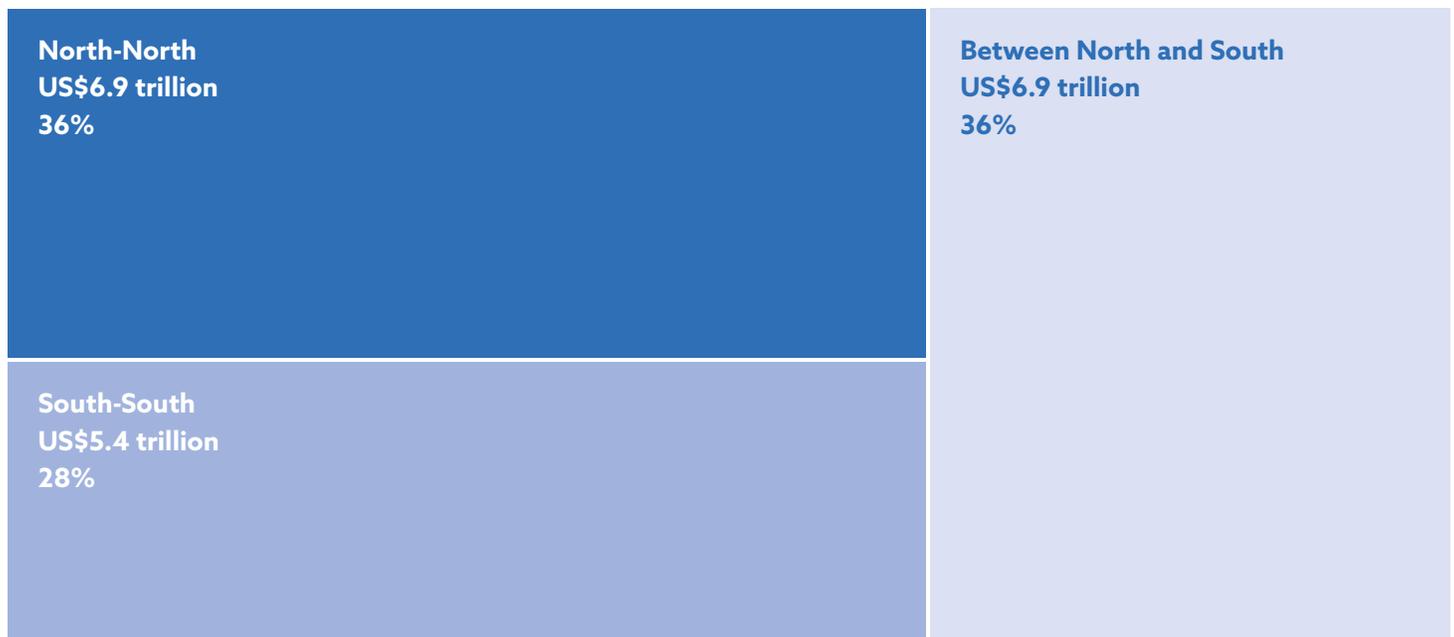
14 The Southern African Development Community is an intergovernmental platform of Southern African countries working to advance measures of economic cooperation, poverty eradication and increased integration. SADC members are: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.

15 As the largest regional economic community in the continent, the Common Market for Eastern and Southern Africa is a regional FTA comprised of 21-member states with a combined GDP of \$768 billion USD and a population of 560 million. Its contributions to SSC are significant due to its size and structural capacity as a robust multilateral institution.

2.6. Future Prospects for South-South Cooperation

The contribution of SSC to the development of the global economy makes it a key framework in tackling development challenges in a global context. The surge in SSC under the agenda of technical and economic cooperation increased its share in overall global development cooperation flows to 10 per cent, or \$17 billion, of total development cooperation flows at the end of 2009. In fact, South-South trade flows increased by 63 per cent between 2006 and 2008 (Athukorala, 2011). Following that steady upward trend, trade between developing economies was recorded at 53 per cent in 2015, with manufactured goods accounting for 67 per cent of all South-South trade, an increase from the 60 per cent accounted for in 2014 (WTO, 2018). The share of trade in fuel and mining products decreased from 28 per cent in 2014 to 20 per cent by 2015 (2018). As of 2018, North-North and North-South trade figures were recorded as identical at \$6.9 trillion, with merchandise trade among countries of the Global South reaching \$5.4 trillion in the same year (fig. 8). This indicates that, for developed economies, trade with developing economies is just as significant as trade with other developed economies (UNCTAD Stats, 2019d). Today, Southern economies account for more than half of the world GDP output with a contribution of almost 80 per cent to global economic growth (Taidong and Haibing, 2018). This level of unprecedented growth in the region indicates the importance of nurturing economic relations across the Global South and facilitating SSC to promote global sustainable development.

Figure 8: Global trade flows, 2018



Source: UNCTAD (2020). Trade structure by partner. See <https://stats.unctad.org/handbook/MerchandiseTrade/ByPartner.html>.

There are several key challenges that SSC is sure to face as the complexity of current global economic development is heightened through new technological advancements and constant power shifts. The emergence of complex digital technology in driving industry integration is one instance where priorities become layered and begin to face regional tension. This is especially relevant in the context of lack of infrastructure for electricity and transportation in many developing countries. Rapidly changing digital innovations can be difficult to keep up with without the existence of strategic development policies to significantly lower the costs associated with domestic Internet use. This would reflect a new focus towards overcoming challenges of digital connectivity to address regional integration from a different angle. Another instance often mentioned is the wide array of approaches to development among Southern countries. Diverging interests and unequal shares of the global economic pie make it difficult to align policy frameworks and work towards the ultimate goal of cohesive development. Although commonalities should not overshadow unique differences in development agendas, one of the key objectives of SSC is rooted in recognizing and building on the existing diversity among Southern countries to better adopt contextually appropriate solutions to development challenges. This approach, being particularly different from that of traditional donors, engages the cooperation of Southern countries by placing their interests as a whole at the forefront of development agendas.

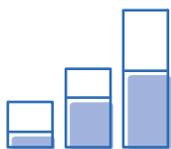
An important point to consider is the role of Northern countries in providing an opportunity for platforms of the Global South to expand and develop beyond their current state. In 1974, the United Nations General Assembly, in its resolution A/3251 (XXIX), endorsed "the establishment of a special unit within the United Nations Development Programme to promote technical cooperation among developing countries...with the objective of integrating this activity of technical co-operation among developing countries fully within the Programme". With the evolution of that special unit, renamed the United Nations Office for South-South Cooperation in 2012 to reflect its broadening scope, and the OECD Special Unit for South-South Cooperation, Northern countries have had the opportunity to enable an inclusive approach to development and build partnerships with emerging economies to promote South-South and triangular cooperation. By establishing these forums, countries of the North have become better equipped to create an ideal framework for the reshaping of existing development cooperation to include concerns and contributions of actors of the Global South (Zhou, 2010).

The existing architecture of development cooperation unambiguously reflects an imbalance of international political and economic relations, disregarding, in its process, the need for regional integration, trade and knowledge transfer. This can be countered by various efforts to reshape approaches to development cooperation by providing strategic intergovernmental policies, encouraging greater transparency for information symmetry and strengthening objectives of SSC in support of developing countries' interests. Such efforts can generate more equitable and effective dialogue among countries of the Global North and the Global South to address mechanisms for greater cooperation and inclusion in existing economic systems as SSC faces challenges in capitalizing on the increasing dynamism of emerging economies and to exert the influence of this growth on developing economies through a sharing of resources, expertise and experiences. On this ideal path, existing and new multilateral institutions have ample opportunity to utilize their platforms in deepening SSC and enhancing cooperative measures for regional and global development.

3. South-South Intraregional Trade Growth and its Impacts on Supply Chains and Technological Innovations

3.1. Introduction

"A growing body of research points to the 'Rise of the South' and the growth of South-South trade" (Horner and Nadvi, 2018, p. 207). As discussed throughout the previous chapters, trade has emerged as a growth driver in the Global South through expanded intraregional exports and demand for goods. In East Africa, for example, efforts to build and strengthen trade and investment linkages across the Global South are beginning to bear positive results in that businesses have captured 10 per cent increase in value as a result of working in South-South value chains. This is owing to the effectiveness of such linkages in creating opportunities to increase their bargaining power and overall competitiveness (Mohanty, Franssen and Saha, 2019, p. iii). In terms of income, research shows that, as the speed increased in the building of trade and investment linkages across the Global South from 2002 to 2007, real income in the Global South expanded (7.5 per cent) more than in the world economy (4.5 per cent), that is, emerging economies expanded at 7.6 per cent, LDCs at 8.6 per cent and other developing countries at 7 per cent (Mohanty, Franssen and Saha, 2019, p. 3). In particular, production and trade in parts and components have empowered many countries of the Global South.



Southern countries have improved trade values owing to the boost of regional trade agreements, supported by strengthening macroeconomic fundamentals such as savings and investment.

Global trade in technology-intensive goods has grown alongside robust performances of the agriculture and manufacturing sectors. The ITC report (ITC and World Economic Forum, 2019) indicates that rising trade in such goods as well as the boom in regional trade agreements explains the outstanding growth of the Global South-based 558 East African firms. As Rothaermel (2016) explains, this generates the potential of an interplay of firm resources, capabilities and competences. Mohanty, Franssen and Saha (2019) attribute the growth of the Global South to the comprehensive strategy being promoted that involves combining growth, human development and social progress, that is, the Global South's domestic resource in particular savings and investment greatly contributed to the robust growth performance whereby the gross savings increased to \$9.7 trillion in 2016.

Southern countries have improved trade values owing to the boost of regional trade agreements, supported by strengthening macroeconomic fundamentals such as savings and investment. The South African Revenue Service statistics indicate a continuous increase through August 2013 in the value of South Africa's imports and exports (JOC, 2013). The sub-Saharan Africa trade statistics indicate an increase also, with total exports of \$281,847,447.24 and total imports of \$273,346,165.09.

Moreover, Southern firms enter value chains by specializing in very specific tasks, foreign investment, indirect exporting, and sourcing raw materials and equipment from abroad. The ITC report (2019) states that Southern economies more than quadrupled from 2000 to 2016, to \$30.9 trillion. That involved strategizing on specific tasks such as dyeing or printing garments and milling sunflower seeds, among others. It further states that “up to 91% of imports of raw materials and equipment originate in the Global South”. This implies that firms in the Global South are creating their competitive advantage owing to their higher economic value.

Rothaermel (2016), however, notes that gaining competitive advantage alone is not sufficient; rather, also sustaining it is more practical. Given that the Global South is a major source for these imports, what remains is to design practical strategies for transforming inputs into outputs so as to add value at each stage. Rothaermel (2016) further suggests that those strategies should take into consideration the primary activities of research, development, production, marketing, sales and customer service. “Increasingly, trade and development policy in the Global South is pursued with the objective of promoting international value chains for economic growth, regional development and employment creation.” However, “emphasis has been on promoting FDI and leveraging domestic and new markets in the South” (Mohanty, Franssen and Saha, 2019, p. ix). The relevance and exploitation of intraregional trade, supply chains and technological innovations in the Global South need to be strengthened.

This chapter demonstrates the relationship between growth of South-South intraregional trade, supply chains and technological innovations. Literature reviews are used to achieve this purpose. In the context of South-South intraregional trade, the chapter is arranged as follows. Section 4.2 explains the linkage between South-South intraregional trade and innovation, followed by section 4.3 on the relevance of supply chains in South-South intraregional trade and selected evidence. Section 4.4 covers the gaps in the nexus between South-South intraregional trade, supply chains and technological innovations, while section 4.5 looks at strategies to enhance benefits from the connection between South-South intraregional trade, supply chains and technological innovations. Section 4.6 consists of the conclusion.

3.2. Linkage between South-South Intraregional Trade and Innovation

By knitting together networks of institutions, people and markets, the Global South obtains the essentials to set intraregional trade and innovation in motion. Connections between two or more countries is bound to facilitate innovation and related creative activities. The cross-pollination of ideas and experiences greatly benefits innovators, who can use their enhanced knowledge to adapt ideas and apply them to push beyond the current frontiers of innovation, thereby contributing to competitiveness within the bloc. Regional integration that involves SSC intraregional trade changes national incentive frameworks as well. In the hope of incentivizing innovation, modern FTAs strengthen laws and regulations on the ownership of intellectual property rights. At the same time, anti-competitive and efficiency-reducing regulations and practices are targeted for reform, given the inherent tension between intellectual property rights and access to innovations. The wider consumer base provided by the SSC intraregional economy translates into more demand and ultimately greater returns on any investment in innovation. In addition to facilitating access to new markets and tying them together, regional integration in intraregional trade can have more profound effects on consumer preferences and behaviour. Larger

consumer group sizes particularly benefit niche innovators (African Union, 2016, p. 11). The potential benefits of regional integration include making markets bigger and addressing diseconomies of scale. Quality of governance, rule of law, a harmonized business environment and policy consistency are also critical for the private sector to be a driver of regional integration (World Bank, 2018).

3.3. Relevance of Supply Chains in South-South Intra-regional Trade

At the regional level, a web of firms in South-South intraregional trade engaged in supply-chain production take advantage of variations in comparative advantage across countries and other country-specific trade advantages (sidestep trade or regulatory restrictions) to lower production costs and increase market access. "Supply-chain production" relates to "the amplification of the level of specialization in production by means of spatial fragmentation of the production process. By separating production into tasks that differ in the nature of input combinations required (i.e., differing proportions of labour, capital, skill and knowledge) and housing these tasks within spatially separated (but linked) production blocks, a firm (or group of firms) may be able to reduce costs by matching tasks with location-specific advantages" (Serieux, 2012, p. iii). The advantage arises when the cost of transferring goods between production locations in South-South intraregional trade does not exceed the savings achieved from task differentiation. This form of production is, however, highly dependent on cheap and effective transport, logistics and communication links (Geref, Bamber and Fernandez-Stark, 2016).

"Global supply chains (GSCs) have grown over the past three decades to become a large part of global trade, linking producers, suppliers and consumers worldwide. It is estimated that between 60 and 80 percent of global trade is currently conducted through GSCs" (UNCTAD, 2013). Moreover, by engaging in more tasks of greater value added, South-South value chains allow Southern countries to become more competitive and to increase their bargaining power in GVCs. As such, South-South value chains can be a steppingstone for businesses to participate competitively in international value chains. In such an enabling environment, firms will have more bargaining power and will be able to benefit from technology that is more akin to their own, allowing for knowledge transfer. Mohanty, Franssen and Saha (2019, p. 16) state that "critical determinants of bargaining power include the firm's overall competitiveness, whether it holds any competitive advantages such as human or technological capital and its client base, but also how it enters the value chain, the complexity and value added of the tasks that it does and for whom." Moreover, Mohanty, Franssen and Saha (2019) note that "bargaining power depends on the number and diversity of tasks that firms carry out" (p. 16). In the case of processing firms in East Africa, they enjoy more bargaining power, given that they carry out 41 per cent more tasks than firms in the South-North chains (Ibid., p. 19).



Global supply chains (GSCs) have grown over the past three decades to become a large part of global trade, linking producers, suppliers and consumers worldwide. It is estimated that between 60 and 80 percent of global trade is currently conducted through GSCs.

While supply-chain production poses the greatest challenge for Southern countries, cross-border value-chain development, however, has been proposed as a potential enabler of regional economic integration. This is based on the argument that real economic integration is still lacking in South-South intraregional trade. For instance, as the dominant economic power, South Africa controls most of the intraregional

supply chains and dictates value-chain dynamics within the region. In some instances, this leads to a protectionist response by other SACU members, which in turn leads to barriers to deep regional integration (Grobbelaar and Meyer, 2017). For instance, between 2008 and 2009, Africa's exports and imports fell by more than 20 per cent because of the global financial and economic crisis (Mbekeani, 2013, p. 11).

Selected Evidence

Evidence shows that growth of South-South intraregional trade improves as a result of supply chains and technological innovations. The following examples are worth noting:

- a. Trade between African countries has enabled the use of "advance information on the movement of goods, people and money [, which] reduces the need for checkpoints, expedites transit at those remaining, and reduces the incidence of fees and bribes. Electronic cargo tracking systems using Radio Frequency Identification (RFID) and Global Positioning Systems (GPS) technology are becoming more widespread" (Souter and others, 2012, p. 11). Mugambi (2017) explored the trade procedure between Kenya and Uganda whereby the Kenya Revenue Authority adopted the electronic cargo tracking system. With this system, findings showed that the Authority was able to reduce the level of diversion of cargo to the local market, reduce the time taken to clear the cargo at the border points, and collect duties and fines. With such results, other countries in both East Africa and Africa such as Nigeria and South Africa, respectively, trade with each other, and good results are being obtained through the use of such technology.

Another practical approach enabling South-South trade is intra-industry trade whereby trade in goods or services within the same industry takes place from country to country. Intra-industry trade in Southeast Asia has enabled Thailand's automotive industry to evolve from a small import-substituting industry to a vibrant exporting one, contributing significantly and increasingly to the economy and intra-industry trade in Southeast Asia. Agatiello (2007) states that "Asia accounts for more than two thirds of all South-South merchandise trade, largely owing to intra-industry, intraregional flows in a region of high economic growth rates" (p. 6). The country also has experienced "qualitative" change from simple production to technologically sophisticated activities. This evidence illustrates that a firm's strategy and collaboration with other actors in the national innovation system were the most important drivers of technological upgrading in the industry. Suppliers of local automotive parts in particular became "active" learners by collaborating with other partners beyond their own multinational buyers to compete in export markets. Technological upgrading has been integrated well into global production networks. Thailand holds a biennial international trade fair called TAPAFAIR-Thailand Auto Parts and Accessories in Bangkok. At this show, exhibitors showcase their vehicle parts and components, accessories, machinery and equipment tools, and services to the ASEAN region.

As the products of the automotive industry have become more fragmented, intra-industry trade between Thailand and other countries in East Asia has risen markedly, especially in automotive parts. The success of the auto industry in Thailand is partly a result of parts manufactured in other ASEAN countries. Malaysia exports some parts to Thailand; about 800 vendors are registered

with the Malaysian PVA (Proton Vendors Association), MACPMA (Malaysian Automotive Component Parts Manufacturers) and KVP (Kelab Vendor Perodua); most of these Malaysian vendors produce low-technology and low-value components such as bumpers, brake pads and exhausts pipes, partly exported to Thailand. There are other examples of supply-chain, technological-innovation and intraregional trade in ASEAN. Viet Nam uses its main components imported from Thailand and Indonesia, and the vehicles are then sold in Vietnamese markets. In the Viet Nam electronics industry, Samsung smart phones assembled in Viet Nam use components from China and the Republic of Korea. The Lao People's Democratic Republic banned used-car imports in favour of new cars from the Republic of Korea and Thailand. The Myanmar local company Super Seven Star licensed designs from China to produce commercial vans (Kobayashi, 2013, p. 15).

- b.** In the process of industrial development, firms in Thailand regardless of ownership in the automotive industry have deepened their technological capabilities. Owing to changes in the strategies of foreign car manufacturers and some host-site advantages, such as availability of skilled engineers, technicians and local supplier networks, the industry has experienced "qualitative" changes from just a production base to participate in the technologically sophisticated activities of advanced engineering, testing and product design for the Southeast Asia, East Asia and global markets. Further strengthening is essential for institutional support from "high-tech infrastructure" and "network cohesion" in supporting industrial and technological upgrading of automotive firms. The fact that industrial production is rapidly becoming digitalized is an incentive for these countries to invest in digital capabilities as well (Banga and Kozul-Wright, 2018). Digitization also facilitates mitigation of downside risks that these countries need to take into consideration (Banga and Kozul-Wright, 2018, p. 5). Universities and research institutes had sector-specific teaching and research programmes and closely collaborated with the industry. The Thailand Automotive Institute, which is "the sector-specific Government promotion agency played a strong intermediary role to establish and strengthen linkages between foreign firms, local suppliers, universities and other government agencies" (Interakumnerd and Techakanont, 2015, p. 32).
- c.** African leaders, through the New Partnership for Africa's Development (NEPAD), particularly its Comprehensive Africa Agriculture Development Programme (CAADP), participated in a meeting of the African Ministerial Council for Science and Technology. In this meeting that took place in Cairo, Egypt, from 20 to 24 November 2006, it was recognized that science and technology are vital for the transformation of the continent's agriculture and related socioeconomic systems. It was decided that emphasis would be placed on harnessing and applying science and technology to remove barriers to food and agricultural production. Since then, steps have been taken to realize this goal. Blein and others (2013) note four fundamental pillars that CAADP chose in order to structure investment programmes and development. The fourth pillar in particular, "agricultural research, with emphasis placed on research development, knowledge sharing and management, and technology dissemination and adoption" (p. 38), is a major step in promoting the use of science and technology to improve agriculture in Africa. This underline "the role that scientific research and related technological innovations can play in addressing such constraints as poor soil fertility, drought and land degradation" (Verchot and others, 2007, p. 1).

- d. In South Asia, fragmented production has been boosted by reductions in transport costs, improvements in communication technologies, and the increased adoption of institutional innovations such as “just-in-time” inventory management. This means that exploiting intraregional trade has the “potential to develop supply chains that take advantage of the region’s advantages, such as the region-wide experience with manufacturing for export, the presence of similar or related industries across the region, and the region’s proximity to the more advanced economies of East Asia” (Serieux, 2012, p. x). Serieux (2012) notes in his study that “supply chain production has reached its greatest level of sophistication in East Asia, where a product assembled and exported from China exploits skill intensive production processes in South Korea, Taiwan, Hong-Kong or Singapore (the Asian NICs), and inputs produced from more labor-intensive methods in one or more of the ASEAN countries (Indonesia, Malaysia, Philippines and Thailand). He called this country specialization and division of labour the “flying geese” model of industrialization” (Serieux, 2012, pp. iii-iv). Countries in East Asia account for the bulk of world trade in components. Their share in total components increased from 34 per cent in 1993-1994 to 40 per cent in 2003-2004. This means that ASEAN countries are playing an increasing role in producing parts and components for rapidly growing final-assembly activities in China. Concentration of parts and components trade in electrical machinery and semiconductor devices is higher for Malaysia and the Philippines in the region. Simply put, “growing trade in components has made the East Asia region increasingly dependent on extra-regional trade for its growth dynamism” (Athukorala, 2006, p. 18).

In ASEAN, deep regional integration between States enabled innovators to cluster more effectively and enhanced technology diffusion, as seen from the tremendous growth of the electronics industry and parts in the partner countries. Such clusters are boosted by joint production networks and supply chains, which allow innovators to benefit from economies of scale. This means that the deeper the integration and the larger the community created, the greater the potential benefits for innovation. What is important to learn is that ASEAN has grown its electronics industry owing to market-driven and private-sector-led models and its focus on technological innovation. Various ASEAN regional schemes that emphasized private-sector participation have been useful in this growth. For example, ASEAN Industrial Joint Ventures encouraged industrial investment through resource pooling and market-sharing activities, and the ASEAN Industrial Complementation (AIC) scheme, which was replaced by the Brand-to-Brand scheme in 1988, encouraged regional production and exchange of automotive parts and components for specified automotive brand models (Ito and Krueger, 1997). Research shows that growth continues at a steady pace from 2016 in emerging Asian countries such as China and India as a result of a number of factors including rapid adoption of technologies (Lai and others, 2019).

Specifically, the rate at which Asia as a whole is expected to grow is 6.3 per cent per year on the assumption that trade momentum holds and domestic reforms continue. Its national initiatives on innovation and intellectual property policies and research and development put an emphasis on the inflow and diffusion of technological innovations to foster innovation and competitiveness in regional supply and value chains (UNCTAD, 2018c; African Union, 2016). An example of a step in the right direction is the periodic Latin American Conferences on Research and Innovation for Health. These conferences help in Latin America

and the Caribbean (LAC) regional support to countries to strengthen their national research systems through collaborative efforts as well as facilitate the exchange of experiences, benchmarking and learning between countries. “The private sector has...been a strong mover of technology transfer...in close collaboration with the [National Agricultural Research Institutes] NARIs, as exemplified by the activities of the Regional Consortia for Experimental Agriculture (CREA) in Uruguay and Argentina, the Mexican Foundation for Development and...Mexico’s Produce Foundation (FAO (2006).” As a result, primary agriculture accounts for about 8 per cent of the GDP of Latin America and the Caribbean (Becerra-Posada and others, 2014).

3.4. Gaps in the Nexus between South-South Intraregional Trade, Supply Chains and Technological Innovations

Although integration into GVCs allows firms in Southern countries to participate in international trade without developing the full range of capabilities required to produce a product or service, it will not automatically translate into positive development gains from trade without the appropriate policies to build productive capacity and ensure inclusive growth and upgrading capabilities. These local factors vary accordingly, ranging from productive capacity, infrastructure and services, the business environment, trade and investment policies to industry institutionalization (Bamber and others, 2014, p. 5). New legislation and regulations such as data protection and privacy laws are required, especially in areas such as e-commerce, for an ITC-enabled trade (ITC, 2019a). As postulated throughout chapter three, it is imperative to address the technical, infrastructural and institutional skill and resource constraints. It has been noted from the literature that vested interests are often reluctant to support transition to new systems.

An effort has been made by some countries in Africa to adopt relevant laws but existing data show that more can be done (the UNCTAD global cyberlaw tracker). This cyberlaw tracker indicates the percentages of specific laws being adopted by countries in Africa and states that those with higher percentages are progressing well: 81 per cent of countries with e-transaction laws; 56 per cent of countries with consumer protection laws; 66 per cent of countries with privacy laws; and 79 per cent of countries with cybercrime laws. ITC (2019a) suggests that policies that shape a typical business environment in this regard should target issues of trade cooperation, e-transactions, privacy, consumer protection and digital identity. Additionally, it is noted in ITC (2019a) that digital transformation has been very enabling in countries where such policies and laws are operational, such as Rwanda. The 2019 Rwanda Economic Update mentions notable examples of regional digital hubs, including the national information communications infrastructure policy, the 2020 SMART Rwanda Master Plan, the 2019–2024 ICT Hub Strategy and the ICT Sector Strategic Plan (2018-2024), and the national broadband policy. This is as a result of a digital-transformation-for-good approach that supports small and medium-sized enterprises “to break into local and international e-commerce channels and have access to improved logistics services” (ITC, 2019a, p. 13).

Power shortages and teething problems can undermine user confidence, as in the case of Senegal (UNNEXt, 2011). In the Brief by UNNEXt (2011), that was noted to be as a result of resistance to change whereby, for example, Senegal nearly failed with the transition from a paper-based to a paperless trading system in relation to performance and availability of the system. Ignoring ICT causes implementations to fail;

this in line with the transition in the ICT environment notable since the first Earth Summit in 2011. Four aspects of the change guide the analysis (Souter, 2012, p. 5). First, there was limited reach by less advanced technology such as telecommunications networks. This implies that unless an industrial country transits to or integrates mobile networks, coverage is likely to remain in cities and some other urban areas. Second, relative to reach, are the adoption and usage that occur with mobile networks rather than telecommunication since several individuals can have access to a phone and participate in related communication. Third, Souter explains that ICT comes with higher-quality networks, which are necessary for speed, allowing “the rapid deployment of sophisticated new applications for government and business” (Ibid, p. 5). Last but not least is the development of a variety of applications and services (Ibid.).

Souter (2012) notes the development of new services such as “the social networking and self-publishing phenomena of Facebook and Twitter”, and technology such as mobile phones, particularly smart phones, that offer users “a wide range of digital device technologies, including camera, radio, game console and music player” (Ibid., p. 5). Kenya and Senegal illustrate the potential for ICT-enabled trade facilitation and achievement and progress towards implementation of a national single window (Souter and others, 2012). In a Brief by UNNExT (2011), it is noted that Senegal used ICT largely to shift from a paper-based system to a paperless trading system with minimal problems. The brief notes that ICT supported securing of the collection of customs revenues and made it possible for traders to connect to customs and send their declarations remotely. Just like Kenya, Senegal established an electronic single window that it called GAINDE 2000 to be able to have a comprehensive, automated customs system that enables traders and shipping companies to submit their declarations online. Mwajita (2016) explains how ICT was very instrumental in the implementation of Kenya’s national electronic single window, which, he says, is an automated system that is used for registering preclearance documents for the shipping clients. It has a component of a trade net system that it uses to facilitate and enable the processing of permits, exemptions and import declaration forms and other documents electronically. The following section proposes strategies to achieve the benefits from South-South intraregional trade, supply chains and technological innovations.

3.5. Strategies to Enhance Benefits from South-South Intraregional Trade, Supply Chains and Technological Innovations

The observation that growth of South-South intraregional trade improves supply chains and technological innovations has the following implications, which need attention.

Digitizing Supply Chains

Banga and Kozul-Wright (2018) argue that the changing environment is creating demand for digitalization and suggest that “significant investment” is required to build relevant capacities to encourage the use and development of new technologies. This implies establishing sound and extensive digital infrastructure, addressing policy issues and adding a digital-cooperation agenda to the other ongoing integration initiatives in the South (Banga and Kozul-Wright, 2018, p. 5). South-South trade needs digitization mainly to generate, process and disseminate information and ideas such as in Internet shopping (Banga and Kozul-Wright (2018). However, today other avenues for digitization are being explored since it is growing rapidly in terms of infrastructure such that it is influencing “the nature of production, consumption and distribution in all sectors” (Banga and Kozul-Wright, 2018, p. 9). Recently, as a result of embracing creativity and digitized supply chains, the truck drivers in the transportation sector must face changes in digital innovations related to track and trace systems. An example of such innovation is in the trade processes between Kenya and Uganda that involves a cargo tracking system on cross-border trade (Mugambi, 2017). The work equipment is a mobile device used to display work tasks for the truck driver (e.g., to load a certain number of containers for a grocery store and deliver them within a given time window). In order to fulfil the task, the truck driver must scan all relevant 1D barcodes that are attached to the containers, load them onto his truck and record differences between the data provided by the mobile device and the determined condition of transported goods (Wolfgang, Thorsten and Christian, 2018).

Importance of Transport Logistics

Guerrero, Lucenti and Galarza (2010) show the importance of freight logistics in trade facilitation measures. They observe that addressing transport and logistics performance in Latin America and the Caribbean (LAC) enriched regional initiatives to deepen the integration process. With transport, new trade patterns emerge in the supply chain and intra-industry trade and increase flows between neighbouring countries and trading blocs with similar factor endowments. Lai and others (2019) argue that trade liberalization and development of transport logistics are mutually reinforced. This implies that an effort must be made to ensure that issues surrounding each of the variables are addressed to favour the other variables. Lai and others (2019) suggest eliminating internal tariffs in the free trade area in order to facilitate trade and in turn increase the demand for transport logistics. According to Lai and others (2019), if this increase occurs, the chances are higher for promoting trade with non-members. Findings of the study conducted on transport logistics indicate that development of a country’s transport logistics is a key incentive for boosting its regional and its global trade development (Lai and others, 2019). An example of such a boost is the fact that the combined GDP of ASEAN exceeded \$2.77 trillion in 2017, contributing to 3.4 per cent of the world’s GDP.

It is noteworthy that production, trade and transportation have expanded incorporating freight logistics as an important value-added innovation service in the Global South. This integrated approach is essential, and as such, the trade agenda and freight logistics converge, providing an unparalleled opportunity for countries to deepen South-South trade and their technological innovation performance, especially in transport-related services. Guerrero, Lucenti and Galarza (2010) argue that "one explanation for why LAC countries have lagged in their integration into the world trading system is their inability to cope with a globalization process that is inherently transport-intensive and where supply chains are now being organized on a global scale" (p. 5). However, South-South trade and technological innovation have the potential to improve and help to address this inability, given the fact that South-South trade is steadily rising (UNCTAD Report, 2012b). With this advantage, the LAC countries have the opportunity to strengthen their capacity so as to master market-useful technologies and bolster their abilities to innovate new products and services (UNCTAD Report, 2012a). To date, technological innovation in South-South trade has created an enabling and supportive environment that makes technology-sharing possible. The (UNCTAD Report 2012c) states that, under such circumstances, the LAC or other Southern countries have the opportunity to import goods and services that make benchmarking and reverse engineering easier.

The UNCTAD Report (2012a) suggests that the inability of the LAC countries can be addressed if the respective Governments encourage and operationalize the promotion of local technological learning cooperatively so as to ensure that firms partake of the opportunities presented by increasing South-South exchange. This requires Southern Governments to provide clear incentives to firms to engage in technological sharing, coordinate state-led efforts to spur entrepreneurship with scientific and technological research, and capitalize on the existing and emerging opportunities in trade and technology.

Appropriate Regulatory Frameworks

The analysis provided has implications for South-South regional trade, supply chains and technological innovations. It implies that firms could build competitiveness and grow by engaging in South-South value chains and producing higher value-added goods. Connecting to the Global South helps firms to move up the value chain and allows innovations and technological knowledge transfer. This has worked elsewhere; for instance, as a result of China's partnering with the Brazilian Earth Resources Satellite programme for distribution of images, it is now possible to monitor natural disasters, drought, desertification, threats to agricultural production and threats to public health (UNCTAD, 2009, p. 10). However, this possibility depends on strong governments and organizations, hence a need to build their capacity sustainably. Decision makers should therefore increasingly support South-South regional cooperation to boost South-South trade, technological innovation and investment.

Furthermore, a multipronged approach to competitiveness-building, South-South trade and investment flows, capacity-building and trade facilitation is necessary for the development of the Global South and should be supported by appropriate regulatory frameworks. For instance, in the execution of the Action Plan 2007-2009 for China-Africa on Agricultural development, the region experienced stronger exchange networks and "cooperation in farming, animal husbandry, irrigation, fisheries, agricultural machinery, the processing of agricultural produce, sanitary and

phytosanitary measures, food safety and epidemic control" (UNCTAD, 2009, p. 9). It is also necessary to develop policies promoting export-oriented growth in the Global South and competitively execute those policy tasks. For example, as an outcome of addressing policy issues in 2007, a China-Africa Development Fund was created with Food and Agriculture Organization of the United Nations (FAO) total reserves of \$5 billion. Further still, the triangular cooperation projects in Africa through FAO mobilized and made available "\$30 million for its trust fund to support Southern countries in improving their agricultural productivity" (UNCTAD, 2009, p. 10).

Promoting regional cooperation and inward FDI can be a useful vehicle for companies to connect to South-South regional markets. Policymakers should target both bilateral and multilateral South-South trading arrangements. Regional trade agreements may promote South-South commerce in goods and services, with a strong component of value-chain creation in the South. South-South value chains might provide better opportunities for Southern firms to add value and absorb skills: whereas firms have varied capabilities, their "integration into value chains in the medium- and high-technology categories through parts and components would require specialization and skills" (Mohanty, Franssen, and Saha, 2019, p. 23). A case in point is the East African interregional standard gauge railway lines connecting interregional countries to enhance trade between partners, namely, Ethiopia, Kenya, Sudan, Uganda and the United Republic of Tanzania. The East African standard gauge railway is an investment to boost technological innovation and cooperation and trade. The other is the Sahel Irrigation Initiative Support Project in West Africa. This project in Burkina Faso, Chad, Mali, Mauritania, Niger and Senegal uses modern technology after recognizing the need for irrigation development to enhance trade and livelihoods in the region. The project aims at expanding irrigated agriculture that is productive, sustainable and profitable for jobs and food security in the Sahel (World Bank, 2017).

Building Digital Capacities and Digital Skills

The South-South digital cooperation agenda can be helpful in building digital capacities and digital skills – termed the "digital economy". The importance of ownership of data by the national governments is highlighted along with the development of regional digital strategies for supporting national digitalization efforts of the Southern countries. This will improve digital capacities, weak supportive digital infrastructure and lack of comprehensive knowledge of the digitization. The digital economy is built on digital infrastructure, comprising three closely interrelated components: communication networks; software packages and related capabilities; and data platforms. UNCTAD (2018) proposed a ten-point regional integration agenda, which includes South-South regional cooperation to (a) build a data economy; (b) build cloud computing infrastructure; (c) strengthen broadband infrastructure; (d) promote e-commerce in the region; (e) promote digital payments; (f) progress on a single digital market in the region; (g) share experiences on e-government; (h) forge partnerships for building smart cities; (i) promote digital innovations and technologies; and (j) build statistics for measuring digital progress.

A regional e-commerce strategy is suggested for enhancing intraregional trade, making progress in digital industrialization, and preparing Southern countries for the fourth digital revolution and improving their abilities to take advantage of the rising opportunities in this new phase of industrialization (UNCTAD, 2018). United Nations (2018a) notes that e-commerce fosters connectivity in the countries of the region whereby countries such as those in the LAC region continue to progress in the use

of and access to telecommunications services. As a result, to date, 56.4 per cent of the region's population has used the Internet since 2016 (United Nations, 2018a).

The web also enables companies of all sizes to make, market and move products and services worldwide with greater ease than without it. Using online services for logistics, payments, market research, trade compliance, data for market intelligence, advertising and so on, companies can streamline logistics, speed up transactions, and overall improve the various aspects that go into doing cross-border trade and transactions. A study by Suominen (2017) "highlights several cases of digital LAC companies that have scaled rapidly in the region, offering services that enable consumers and companies to do things better and more efficiently" (pp. 15-16). For example, "Uruguayan online company PedidosYa! offers on-demand food delivery services for millions of consumers and more than 15,000 restaurants in more than 400 cities in 10 Latin American countries." As a result, "the company expanded to three other countries - Argentina, Chile, = and Puerto Rico - in 2010, entered the Brazilian market in 2011, and the Colombian and Peruvian markets in 2012. By 2013, the company had a catalog of over 6,000 restaurants in 100 cities in seven countries" (Suominen, 2017, p. 16).

Transformation of the Agribusiness Value Chain Structure

Research shows that there is a notable transformation in the agricultural sector as a result of the existence of SSC, in particular the technology aspect (UNCTAD, 2009; Chain Innovation Initiative, 2017; Mohatny and others, 2019). This chapter therefore makes it a point to briefly provide an understanding of the role of SSC in the promotion of the use of technologies in agricultural transformation. In 2003, in an effort to support the comprehensive Africa Agriculture Development Programme, SSC created an opportunity for African Governments to commit themselves to raising their share of spending on agriculture to 10 per cent by 2008. Although research evidence shows that such spending was not sustained, there was an expression of interest to succeed, and it is easier to build on it wherever a more practical strategy is designed (UNCTAD, 2009). SSC fostered a mutual understanding that was necessary to enable more inclusive partnerships among participating countries (UNCTAD, 2009, p. 9). For instance, sharing the experiences emerging from existing socio-economic conditions is possible even though there are several differences between participating countries such as funding and institutional capacity, regional conditions, and vulnerability to economic and political shocks.

According to UNCTAD (2009), the existence of SSC is instrumental in attracting more supportive and enabling approaches to address the challenges. For instance, triangular cooperation fit in well to provide funds, expertise and experiences to ensure agricultural transformation. An example of the results in this regard is the boost in agricultural technology in African countries such as Uganda through providing practical training to farmers, engaging them in carrying out experimental and demonstrative agricultural technology projects (UNCTAD, 2009, p. 9). Research shows that SSC has fostered the transfer of not only relevant policies but also technologies necessary for boosting agricultural productivity in Southern countries, particularly in Africa (UNCTAD, 2009, p. 8). In this way, SSC is able to facilitate the development of agricultural technologies because the soil, climate and ecological conditions are similar in the Southern countries.

A white paper on technology in agribusiness (Lee and others, 2017) suggested that new technology would “drive value in the evolving agribusiness value chain”... and it looked at “three areas of value creation: operational excellence, supply chain orchestration, and transparency.” “Future technology developments will contribute to these sources of value and transform the structure of the agribusiness value chain... advancements in artificial intelligence, system design solutions, and orchestration technologies can facilitate intelligent food production and...enable the development of new business models. As a result, food systems will be more productive, efficient, sustainable, inclusive, transparent, and resilient. The use of new technology is necessary to move the world’s agriculture to a more productive path.” It is envisaged that “a rising global population will put great pressure on food systems” (p. 3). It is not clear, however, whether the supply of food will be sustainably provided. The relevance of SSC in transferring agribusiness is reflected in the example of the African Women Agribusiness Network (AWAN). AWAN was established in 2002 to respond to the increasing need for African women to receive vital information on trends, opportunities and challenges in regional and international agribusiness in East Africa. AWAN East Africa (AWAN.EA) serves members in seven countries across the East Africa region. It provides management training, technical expertise and networking forums to build the capacity of women to succeed in the global agricultural trade by enhancing the quality and profitability of their products in regional and international markets. As a result, women in AWAN share best practices in agribusiness innovation in adaptation to climate change and sustainable farming.



Agribusiness is a major employer in Southern countries, and yet the proportion of farmers is declining. Technological innovation can help address some of the environmental, social and economic challenges and opportunities in the growing food and beverage industry.

Agribusiness is a major employer in Southern countries, and yet the proportion of farmers is declining. Technological innovation can help address some of the environmental, social and economic challenges and opportunities in the growing food and beverage industry. “Advancements in areas such as seed and food bioengineering, information and communication technology platforms and robotics present new opportunities to produce food in smarter ways” (Lee and others, 2017, p. 3). “Other factors such as business regulation, workforce development, public sector governance, and trade and tax policies will also be important” “for such innovations to succeed and scale” (Ibid., p. 3) In view of advancing agribusiness in SSC, an international seminar on the role of SSC in agricultural development in Africa, held in Brasilia and hosted by the International Policy Centre for Inclusive Growth in 2012, was indicative of the right direction. At that seminar, farmers from both Africa and Brazil met and shared information on the role of SSC in agricultural development in Africa. Participants shared the recent research and technological innovations in agribusiness.

As a result of Brazil’s successful agribusiness sector, it has attracted global attention, and the transformation of Brazil’s central savannah belt into the world’s most important soybean production region is of special relevance to Africa. *The Economist* (2010) refers to Brazil’s central savannah belt as the “cerrado miracle”. The Brazilian success story is built on research and development, investment in tropical crop science and technology, post-harvest processing, and farmers’ unions and social movements such as the National Agricultural Workers sharing best practices. The model is being spread to Ghana, Kenya, Mozambique, Senegal and Zimbabwe to address food insecurity and the strengthening of local food markets by procuring food stuffs produced by small farmers. The project involves the acquisition of Brazilian farming methodologies, machinery and equipment (UNDP, 2012, p. 23).

It is worth noting that the African Union, through NEPAD, is providing leadership and support via the NEPAD CAADP. Through this programme, the African Union is encouraging countries to develop investment plans and to allocate at least 10 per cent of their annual national budgets to agriculture. Investment is proposed to improve agricultural food systems and development of value chains, namely, agribusiness and agro-industries development. Given NEPAD's interest, "many countries" have placed "food staples and agricultural value chains at the centre of their national agriculture and investment development programmes with the implementation of the CAADP compact" (Nassirou, 2016, p. 551).

3.6. Conclusion

This chapter has demonstrated the linkage between the growth of South-South intraregional trade and its impact on supply chains and technological innovations. Conversely, evidence shows that intraregional trade can be further improved by technological innovation. This means that, as Southern countries seek transformation and development, they can exploit and enhance the available intraregional trade. This calls for improving the quality of governance, policy consistency and strategies that deepen intraregional trade which incentivizes innovation and technological change. South-South intraregional trade expands markets, exploits supply chains and consequently achieves efficient production and services.

4. The Role of South-South Cooperation in the Revitalization of Global Economic Partnerships for a More Inclusive and Sustainable Economic Development Landscape

4.1. Introduction



SSC contributes to achieving this goal by bringing together and coordinating different national governments of the South for a sustainable development agenda.

Globally, countries aim at achieving transformation of growth and sustainable development. As delineated throughout the previous chapters, SSC is an expression of the increasing collaboration and partnership among countries of the Global South that are interested in sharing their development experiences and learning from one another. Positive outcomes have been achieved through SSC and its related South-South exchanges, and they are benefiting millions of people across the Global South. SSC has emerged as a vehicle to accelerate human development through the revitalization of global economic partnerships for a more inclusive and sustainable economic development landscape. It has also influenced the implementation of the 2030 Agenda for Sustainable Development by enabling the sharing of experiences and expertise that have, among other things, improved existing capacities at the institutional, organizational and human levels.

Improved capabilities help in finding solutions to sustainable development challenges (IsDB and South Centre, 2019). Similarly, SDG 17, “Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development,” particularly places emphasis on the critical role of SSC in achieving this ambitious development agenda. SSC contributes to achieving this goal by bringing together and coordinating different national governments of the South for a sustainable development agenda (OECD, 2011). Despite some progress in achieving the Global Goals, existing literature points to the rapid but uneven and incomplete growth in the Global South, the fact that structural transformation remains a formidable challenge, and the idea that Southern countries as engines of the global economy remains on the whole unrealized (OECD, 2011). The potential of horizontal partnerships has yet to be unlocked (Besada, 2018; UNCTAD, 2018b). It is timely to move decidedly towards a common understanding and shared commitments to improve the results, effectiveness and impact of SSC.

UNDP (2016) describes SSC as “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 knowhow, and through regional and interregional collective actions, including partnerships involving Governments, regional organizations, civil society, academia and the private sector, for their individual and/ or mutual benefit within and across regions” (p. 9, which refers to the framework of operational guidelines on United Nations support to South-South and triangular cooperation (SSC/17/3)). According to this understanding, all Southern countries are considered as part of the Global South and equal partners in SSC. Many Southern countries are also actively supporting SSC through formal mechanisms and agreements with partners and, in particular, help one another with knowledge, technical assistance and/or investment (UNDP, 2016). Therefore, the importance of SSC in localizing the 2030 Agenda for Sustainable Development and related agreements should be more widely acknowledged because it contributes to making an impact in the partner countries.

The Global Taskforce of Local and Regional Governments (2016) defines “localization” as a process of taking into account subnational contexts in the achievement of the 2030 Agenda, from the setting of goals and targets to determining the means of implementation and using indicators to measure and monitor progress. In localization, local and regional governments and other local stakeholders are supported in implementing the 2030 Agenda at the local level. Local leaders relate their roles and responsibilities to SDG achievement (DCF, 2018). A case in point is that in 2000, Morocco signed more than 40 agreements with countries granting them restriction-free access to the Moroccan market (UNOSSC, IsDB and UNDP RBAS, 2014, p. 38). It has since tripled its trade with sub-Saharan African countries, resulting in poverty reduction and sustainable livelihoods in partner countries. For instance, Moroccan mining companies are present in Burkina Faso, Congo, Gabon, Guinea and Mali (Ibid., p. 38).

This chapter therefore looks at the role of SSC in the revitalization of global economic partnerships for a more inclusive and sustainable economic development landscape. Using reviewed literature, it shows the vital relevance of SSC and promotes SSC within the context of the SDGs. Section 5.2 covers the role of SSC in the revitalization of global economic partnerships for a more inclusive and sustainable economic development landscape. Section 5.3 examines the role of SSC towards the implementation of the 2030 Agenda. Section 5.4 covers the gaps and pathways to strategic revitalization of global economic partnerships for more inclusive and sustainable economic development, while section 5.5 consists of the conclusion.

4.2. Role of South-South Cooperation in Promoting of Global Economic Partnerships

Enhanced SSC improves partnerships across countries and offers an effective avenue for building more capacity to create and implement joint and inclusive development solutions. These solutions are more important than ever in the new era of global agreement implementation. The Global South has been engaging in partnerships and benefiting through the exchange of experiences and the provision of human, technical and financial resources, though these partnerships act as cross-cutting mechanisms for supporting development priorities and sustainable economic development (PPD, 2019, p. 1). The promotion of partnerships by the Southern actors through mutual learning and the sharing of knowledge, experiences and best practices highlights the importance of SSC in addressing persistent development challenges towards achieving the 2030 Agenda. Consequently, innovative development solutions developed by the Global South can be shared for the benefit of all, thereby leaving no one behind (UN, 2018). For instance, in 2015, Indonesia supported Uganda's microfinance sector, particularly Sharia-based microfinance, which is embedded in the Rural Financial Services Programme of the Ministry of Finance, Planning and Economic Development in Kampala. Additionally, that Argentina assisted Haiti to develop capacities in public expenditures on childhood corresponds directly to priorities outlined in the latter's Growth and Poverty Reduction Strategy (ADB, 2014). Similarly, from 2010 to 2014, under the Uganda-Egypt Aquatic Weed Control Project, Egypt offered and shared its experience in aquatic weed control in the Nile streams, and Uganda was supported in cleaning the outlets of the Kyoga and Albert lakes, thus contributing to ensuring the fishery sector and avoiding health risks (Ahmed and Singh, 2014, p. 199).

SSC is an important engagement of development partners. Fruitful and credible bilateral and multilateral partnerships have been forged over the years through SSC, "partnerships enjoyed through knowledge-sharing and capacity-building on various issues, including in the areas of climate change, health care, energy, and disaster risk reduction and management. These partnerships...have also improved knowledge and expertise across... countries" for sustainable development (Miller, 2019). Other benefits of the global partnerships include enabling the promotion of SSC, making use of complementarities and minimizing costs (Esteves and others, 2019). All these have positive contributions to the achievement of SDGs. The United Arab Emirates has been particularly active in the field of renewable and alternative energy and clean technology. It has hosted the annual World Future Energy Summit since 2008, an important platform for knowledge-sharing among numerous Southern countries. Additionally, UNOSSC created the South-South Galaxy, which is a knowledge-sharing platform for impactful SDG action.

Through SSC, regional trade agreements have emerged as platforms for the development of productive capacity, regional transport networks and infrastructure, and can contribute to the achievement of the SDGs. For example, in 2015, Africa established a tripartite free trade area among the countries of the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community, and later the African Continental Free Trade Area (AfCFTA). Eighteen African Governments have now ratified the AfCFTA Agreement. As illustrated in more detail in chapter three, AfCFTA has the potential to boost intra-African trade by over 50 per cent, which would have significant implications for wealth creation, employment and social infrastructure in education and health. As

such, AfCFTA consolidates Africa into one trade area, which provides greater opportunities for businesses and consumers and increases the chance to support sustainable development in the Global South.

Such agreements have revived Africa's economic partnerships for inclusive and sustainable economic development. UNDP indicated that "in Africa, new actors are beginning to shape the development cooperation agenda" (UNDP 2017, p. 1). The "new actor" label has been associated with different groups of states and non-state actors. The states include new global powers, industrializing countries and post-socialist states. They are new entrants either because they have recently established cooperation programmes or are re-emerging as cooperation providers. New types of partnerships and forms of cooperation are growing in importance in terms of the volume of resources being dedicated to these new approaches and their geographical reach. China's focus on investments and large-scale infrastructure projects in Africa reflects the country's growing demand for trade and business collaboration as well as its ideals of economic growth based on the country's own historical and economic development (Zheng, 2016).

South Africa, using its apartheid experience, invests in and supports regional peacemaking, governance and post-conflict reconstruction. In this case, the example of the South Africa-Somalia Assistance Project, also known as the Somalia Initiative, suffices. South Africa offers assistance in the areas of good governance, dialogue and reconciliation, security-sector reform, human resource and infrastructure development, policy implementation, economic development and trade, information-sharing and exchange visits among South African dignitaries, and humanitarian assistance, which has helped countries such as Somalia to improve economic growth and sustainable development, specifically the achievement of SDG 16 on peace and justice (Nyuykonge and Zondi, 2017; Fejerskov, Lundsgaarde and Cold-Ravnkilde, 2017). Similarly, in the Asia and the Pacific region, partnerships such as ASEAN plus China, the Republic of Korea, and other Southern countries have coordinated and boosted trade among each other and other Southern States. In 2016, ASEAN trade reached approximately 54 per cent of total merchandise exports and 53 per cent of imports (UNDP, 2016).

Achieving the SDGs requires new and strategic local, regional and international partnerships - which build and expand partnerships further (UNDP, 2017a). Inclusive and innovative partnerships and alliances support SSC at the same time that they enhance SDG achievement (UN 2017). FAO is one partner that has supported the SSC framework to obtain national and regional food security and agricultural development goals. FAO supports the process of identifying, transferring, adapting and scaling up development solutions from one country to another. Since 2013, FAO has encouraged exchanges through multiple means, including through the deployment of experts, policy dialogues, technology exchanges, study tours and learning programmes. It provides practical guidance and support to ensure the quality of knowledge-sharing. For example, in 2015, FAO China supported a study tour of the Ministers of Agriculture of Nigeria, Uganda and Malawi to China, where they participated in studying China's agricultural development experience in legislation, policy, technology and markets.



South Africa, using its apartheid experience, invests in and supports regional peacemaking, governance and post-conflict reconstruction.

"Since 2012, 31 Chinese experts and technicians have been sent to Uganda to provide technical assistance in crop production, aquaculture, horticulture, livestock and agribusiness. The team has successfully transferred 25 new technologies, and introduced 17 new varieties such as hybrid rice," apples, "foxtail millet and maize...The new technologies and varieties introduced...improved food crops and increased the income of farmers." The crops matured faster and gave better yields (FAO, 2015, p. 20). "All member countries are invited to join in building further partnerships, by providing technical know-how, expressing needs, facilitating SSC exchanges and providing financial resources to deliver" (FAO, 2016). SSC is influencing the larger development landscape, contributing to the Global Partnership for Sustainable Development (UN, 2018). The different approaches, regional dynamics and perspectives help to promote and shift the focus to a broader partnership and effective engagement (DCF, 2018).

Meanwhile going back to 2005, seven West African countries – Benin, Gambia, Ghana, Guinea, Nigeria, Mali and Sierra Leone – jointly sought the assistance of the African Development Bank (ADB) in enhancing food security in the region by funding the dissemination of new technology and sharing of knowledge on the New Rice for Africa (NERICA) rice varieties. NERICA was adopted in rural areas; community-based seed systems were developed through which farmers were trained in best practices for producing seed of acceptable quality for themselves and their neighbours. Some of the beneficiaries, mostly subsistence farmers, sold surpluses to meet cash expenses, such as for education, health care and other basic household needs (ADB, 2014).

Advancing SSC necessitates galvanizing not only national, international and regional partners but also local partnerships. It is necessary to activate the leadership of local communities as a key aspect of achieving the SDGs. Local communities can accelerate the achievement of the SDGs in an equitable and participatory manner by generating highly impactful, sustainable and environmentally friendly solutions to address the development challenges that they face. There is clear demand for the innovative and simple solutions developed by communities, which often are low cost, utilize local materials and are easy to maintain. These innovations may include water hyacinth transformation projects and organic farming practices, adoption of solar technologies or the sharing of local solutions to common problems. For instance, in 2006, organic tea farming in Sri Lanka was promoted in the community by ADB which lowers the variable production costs for farmers as they spend less on inputs, such as wages, seeds, fertilizer, pesticides, machinery and equipment, energy and irrigation. Family labour is utilized and restores the farm ecosystem. Therefore, organic farming is more profitable than conventional farming since it uses fewer cash inputs; farmers need not borrow money to finance production, thus helping to achieve SDG 1 (ending poverty in all its forms), SDG 2 (ending hunger and achieving food security), and SDG 3 (improving health). Moreover, farm products such as honey, eggs, dairy, fruit, flowers and meat, are all produced responsibly and sustainably; gender equity and women's participation were realized (Setboonsarng and Gregorio, 2017, p. 11).

Since 2017, the Water Hyacinth – Help Me Stand Initiative in Nigeria has supported the improvement of financial independence through the transformation water hyacinth into crafts. The sharing of knowledge on making crafts out of the water hyacinth provides employment for physically challenged persons and contributes to environmental sustainability. Barau and others (2020) conducted a study in Nigeria that found that the transition to clean-energy security, such as solar in Africa, was being achieved through coordinated efforts of people, industry and governments. The transition to renewables by households is vital for the attainment of SDG 7 on access to affordable and clean energy. Local SSC intra-state partnerships and knowledge-sharing are increasingly lighting the way towards the achievement of the SDGs to the benefit of planet Earth and its ecosystems (UNDP, 2017b, p. 39). Community-based innovations give special consideration to the interests of indigenous peoples, women and youth. For instance, under the Maasai Stoves Project in 2015, Maasai women in Kenya spread the idea of cooking stoves to their Maasai relatives in the United Republic of Tanzania. The stoves were less polluting and energy efficient. The relatives shared and demonstrated how the stoves would be built and maintained. The idea of cooking stoves was built on the traditional knowledge of Maasai women regarding the use of firewood indoors with open fires and the inaccessibility of the Maasai to electricity (Currea and Huus-Hansen, 2017).

On a bilateral level, “Benin’s partnerships with Cuba, India and Brazil have helped to create new jobs and build the capacities of small farmers in Benin” (UNDP, 2018, p. 7). This fostered the exchange of knowledge and skills and the formulation of joint projects, consequently accelerating sustainable development in various ways through accessing a larger market, capital, know-how and advanced technology (UNDP, 2018, p. 7). In addition, the Islamic Republic of Iran and Namibia strengthened bilateral relations through the transfer of skills, improvement of socioeconomic development, and sustainable development to achieve a higher quality of life for their citizens. In Asia, the Government of Bhutan explores partnerships with Bangladesh to promote trade investment and tourism. These relationships grow while exploiting SSC and minimizing economic differences as countries move to achieve SDGs (New Era Live, 2019). This is a noteworthy example of Southern countries working towards sustainable development despite the vastly differing economic landscapes with which they are faced. Similarly, Uganda cooperates with various countries towards achieving the national development agenda and SDGs; Zambia, Cuba, Mexico, Rwanda, Zambia and Zimbabwe are partners in health, and Mauritius cooperates on governance. Uganda’s cooperation was additionally enhanced with China and Ethiopia on industrialization and infrastructure development.

Under the Integrated Health Programme, Cuba treats foreign patients and disaster victims (De Vos and others, 2007). For instance, Cuba offered to send more than 1,500 doctors to assist victims in the aftermath of the hurricane in 2005 (Newman, 2005). In 2014, it assisted sub-Saharan Africa with medical expertise to fight Ebola (Mundasad, 2014), and recently in 2020, Cuba sent doctors to assist South Africa during the COVID-19 epidemic (BBC, 2020). Examples of the Chinese-sponsored projects that have been completed and are performing reasonably well include the Mandela National Stadium, completed in 2009 (Guloba, Kilimani and Nabiddo, 2010, p. 26). The Wakawaka landing site located in Iganga District in the eastern part of Uganda is another project, valued at \$1.1 million, which China supported in 2007. “The components of the project included a generator, an ice plant, a water purifier,

an administration block, a perimeter fence, 2 fish shades, an underground fuel tank, a water pump plus a pier and a water treatment system." These projects provided employment and income and reduced poverty" (Guloba, Kilimani and Nabiddo, 2010, p. 28). The Republic of Korea was instrumental in Uganda's business development and refugee management. In 2019, it extended relief support of 5,000 metric tons of rice through the World Food Programme (WFP) to feed over 200,000 refugees in Uganda. Since 2017, under the Market-linked-Korea project, Uganda grows and exports coffee, tea, spices and olive trees to the Republic of Korea (UNDP, 2018). Under this project, export-ready companies are linked to potential buyers in the Republic of Korea. Working together with India, Egypt, Nigeria and Republic of Korea, skills and education development were strengthened (UNDP, 2018, p. 17).

UNDP, as a strategic triangular cooperation partner, launched an e-market with e-commerce experiences in 2016: the SSMart for SDGs. This is a global solution and exchange e-system that provides an enabling environment for governments, the private sector, civil society and various actors to publicize their demands, share their solutions and connect with one another to foster South-South and triangular cooperation opportunities. This e-system brokers partnerships and makes matched initiatives fully operational and effective for the realization of SDGs (UNDP, 2016). Another strategic partner, WFP, supported triangular cooperation by facilitating twinning partnerships to ensure the transfer of in-kind contributions to the countries affected by crisis. Twinning is the matching of an in-kind contribution from one Government with the cash commitment from another donor to ensure full coverage of delivery, distribution and monitoring costs. Countries such as Ethiopia and Kenya benefited from this arrangement (WFP, 2016).

4.3. Role of South-South Cooperation towards the Implementation of the 2030 Agenda for Sustainable Development

Evidence shows that SSC contributes towards achieving the SDGs through various channels, especially trade, finance and capacity-building (UN, 2018). It is well established that trade helps to create the conditions necessary for growth and development (UN, 2018). Trade provides the means to overcome constraints posed by small domestic markets and gives countries access to larger external markets as well as skills, technology and capital, which, in turn, enable better use of productive resources to catalyse structural transformation. However, the United Nations

Population Fund (UNFPA) (2017) suggests that in order for international trade to function as a means of implementation of sustainable goals, it is essential to promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under WTO.

Southern countries share their diverse experiences since one country can readily relate its context to that of another (Besada, 2018), and as such, countries are well positioned to exploit one another's potential to scale up relevant knowledge to achieve SDGs. For instance, technology has contributed to enhancing agricultural and rural development and reducing hunger in the Global South. SSC boosts sustainability through the mutual sharing and exchange of development solutions: knowledge, experiences and good practices, innovative policies, technology, know-how and resources between and among countries of the South. All countries have innovative solutions to offer. In this regard, Besada, (2018, p. 9) observed that the South-South sharing of knowledge, ideas and strategies for dealing with sustainable

development issues remains an untapped reservoir for potential change and for sustainable development yet to be realized. Examples of knowledge-sharing between Southern partners include the following: the Development Gateway Foundation is facilitating a wide knowledge-sharing and peer-learning network on aid management systems and good practices, offering software solutions and training for countries such as Malawi and the United Republic of Tanzania. In Africa, NEPAD led the CAADP, which engages with its member countries in exchanges of learning and experiences on trends in African agriculture and rural development as well as policy options concerning land and water management, market access, hunger and agricultural research. The African Peer Review Mechanism “enables African countries to engage in peer reviewing each other on the progress in good governance and accountability” “an enlightening example” where peer pressure is created “around sensitive policy areas” (Ahmed and Singh, 2014, p. 199).

Wang and Banihani (2017) discuss cross-cutting contributions of SSC towards the achievement of SDGs. They include liberating and strengthening productive capacity, bringing back the necessary focus on basic infrastructure for development, skills and technology transfer at a lower cost, sharing more relevant and adaptable public policies for developing countries, enabling countries to develop joint solutions to common development challenges, and common agenda setting and joint advocacy. The next section covers the gaps and pathways to strategic revitalization of global economic partnerships for a more inclusive and sustainable economic development.

4.4. Gaps and Pathways

There are notable gaps in and pathways to the strategic revitalization of global economic partnerships that affect the inclusiveness and sustainability of economic development. UNCTAD (2018b) and UNDP (2016) put forward a number of interconnected bottlenecks that are hindering the full potential of South-South and triangular cooperation. Overall, the challenges include the heterogeneity and complexity of SSC modalities; the asymmetric inability of countries to manage and participate in South-South and triangular cooperation; and the partial understanding of the externalities, policy incoherence and lack of institutional capacities available in Southern countries. To clarify, as defined by OECD, the term “policy coherence” refers to policy interactions at several levels; internationally, coherence is needed among policies applied by different institutions as well as in the positions that countries take concerning them (Fukasaku and others, 2005, p. 5). In this sense, the concept of “policy incoherence for cooperative development” arises when the objective of policy undertaken in a particular field – such as in the case of SSC – is undermined or obstructed by actions of government in other policy fields, such as trade protection and agricultural subsidies. Strengthening policy coherence for development and the more recently prioritized concept of “policy coherence for sustainable development” in SSC frameworks is critical to mitigating policy inconsistencies for sustainable development (OECD, 2015). As such, SSC partners need to vigorously extend partnership strategically while sharing experiences and resources among development partners to facilitate the building of technical, regulatory and institutional capacities in various sectors and consequent SDG achievement. These issues are further elaborated in the following section.

Weakness in the set-up of the institutional framework

Existing institutional frameworks illustrate a weaker component of SSC (UN, 2018). Many countries do not have a formal institutional set-up for SSC and suffer from huge coordination and harmonization problems. Some Southern countries often have a top-down system for SSC where the Heads of State may decide on SSC projects. The institutional mechanisms for SSC differ from country to country. To strengthen institution-building takes time, since it is not just a simple matter of establishing an institution. Institution-building should involve capacity-building, supporting normative frameworks and enforcement, and implementation. Taking China as an example, even though it is one of the largest SSC providers, the responsibilities for SSC used to be scattered in different ministries and coordination was difficult and ad hoc. Efforts should be made to develop common mechanisms and institutions for SSC engagement on the basis of mutual priorities and respect as well as to mutually consolidate the benefits of SSC.

Mindset Transformation and Capacity Development

Some Southern partners marginalize others in preference to products from somewhere else; others lack information regarding the benefits of SSC. For that matter, there is a need for a better understanding of what SSC is in order to benefit fully from its diversity. One of the challenges faced during project implementation is the cultural and religious differences between the partners that need to be considered and respected. Heterogeneity should be taken as a marketing advantage and enhance complementarity. Misconceptions regarding heterogeneity could be explained by the wide provision of information on the trends and patterns of SSC to help partner countries. Most importantly, information should link SSC to the achievement of SDGs.

Every country has something to offer and to receive within the SSC framework. SSC is about mutual support and should be a win-win solution. In reality, however, capacity gaps often lead to less equal partnership or unrealized gains. Countries and non-state actors also have a disproportionate ability to manage and participate in South-South and triangular cooperation mostly because capacities to share, access, coordinate and monitor vary across participants. Despite an often-high-level of interest and commitment to cooperation, policies, regulations and procedures across Southern countries may be having the unintended effect of making it more difficult for Southern partners to benefit from one another's knowledge, products and services. Policy incoherence and a lack of institutional capacities for cooperation can produce barriers between countries and hamper the growth of South-South and triangular cooperation. For instance, low-skilled migrant workers pay large sums of money to Ugandan recruitment agencies to be exported to Oman, Qatar, Saudi Arabia and the United Arab Emirates. As a result, there may be many more partners who want to engage in such cooperation but lack the required capabilities owing to such constraints.

Therefore, supporting capacities, including those of state and non-state actors, in emerging economies as well as LDCs would be important. Support is needed at strategic, policy and institutional levels. For example, in Iraq, UNDP supported the Government in establishing an SSC unit in the Prime Minister's Advisory Commission (UNDP, 2016). As a result, with UNDP facilitation, in 2016, Jordan provided training for the Government of Iraq to improve its capacity to stop gender-based violence (GBV) and engage in gender action planning, which happens after conflicts. GBV includes physical assault and psychological abuse, with forced marriage, denial of resources and sexual violence. In 2018, UN Action against Sexual Violence in Conflict supported two projects in Iraq, one providing legal aid to GBV survivors and the other addressing the needs of children born as a result of sexual violence in conflict (UNDP, 2019). Those actions improved the performance of Iraq on SDG 5 on gender equality and SDG 3 on good health and well-being.

Development of Strategic Partnerships and Political Will

Some countries are not taking steps to engage in and develop strategic partnerships (Matona, 2019). Partnerships present a huge opportunity, especially if capacity can be strengthened to engage in and lead to strategic partnerships. These efforts deliver at both global and country levels. "Global partnerships should be established on the realisation that all countries are not on the same levels of development and will, for some time, continue to witness development trajectories, impacted upon by factors such as instability in global markets and in certain regions of the world... Partnerships must therefore be expanded and strengthened to serve as a catalyst for global solidarity for sustainable development" (Matona, 2019, p. 126). Political will strengthens SSC but there is considerable room for improvement in this area. Madagascar, for instance, has few cooperation agreements with African States. In its context, Madagascar could benefit from opportunities provided by SSC (UNDP, 2018, p. 14).

Insufficient Capacity in SSC Project Management

Some countries do not have an interest in or clear assignments of responsibilities for SSC. The capability to coordinate and prioritize different projects to benefit from them and align them with their own national development strategies and priorities still needs to be enhanced and put into use. Experience and expertise relating to a package of issues are obtainable from SSC partners, including legal frameworks, risk management, review, follow-up, and standards for social, environmental and political aspects. These elements are particularly relevant for large SSC projects. It is important to point out that the Southern partners have not yet had sufficient experiences, since they are relatively new to implementing SSC projects. Despite these challenges, "human resources, expertise, technical skills and experiences are essential in developing the capacities for running SSC projects and programmes" (Li, 2018, p. 22). Regional partners can organize sessions where learning from SSC partners can be facilitated. For example, few training sessions have taken place to introduce enhanced management practices for SSC projects since the peer-learning training held on managing SSC and triangular cooperation in Brasilia on 11-15 March 2013. That training, which was in capacity development in the management of South-South and triangular cooperation, contributed to increasing knowledge-sharing and learning on the topic. A total of 33 middle-income countries and LDCs participated in the training to strengthen the management of SSC projects (Vazquez, 2013).

Research on the Status of SSC

There are challenges pointing to lack of monitoring and evaluation frameworks for the assessment of SSC, including its strengths and weaknesses, so that partnering countries can best choose what suits them in the long term. Results-based management (RBM), “a management strategy focusing on performance and the achievement of outputs, outcomes and impacts, has been used for many years but has come under criticism. “It is said to be a reductionist, burdensome system that encourages the setting of unrealistic goals that are rarely met. It is also said to be ill suited to change in complex systems and programming in rapidly changing environments. RBM is technocratic and encourages mechanistic planning and reporting, not leaving room for innovation and experimentation. Furthermore, it is sometimes misused by international funding agencies as a mechanism for compliance and control; it becomes an end in itself and not a means to an end.” Thus, while RBM can be useful for SSC, it needs to integrate with the Southern concept of mutual benefit to move away from the North-South aid paradigm where one partner is a “giver” and the other a “receiver”. Since both partners benefit from the co-operation in SSC, the results of the co-operation need to be reflected on both sides.” Therefore, “a double-sided results chain can be developed for both parties involved in the SSC project. While the existing evaluation paradigm followed by the OECD-DAC [Development Assistance Committee] donors considers the impact of the development intervention on the recipient countries only, impact assessment of SSC interventions should look at the impact of the partnership on both parties (whether provider or recipient) of the co-operation activities” (Besharati and others, 2015, pp. 20–21).

SSC is facing challenges including the lack of soft and hard institutional frameworks, referring to *soft* norms as opposed to *hard* law, respectively. The challenge is that, while a few developing countries can resist the agendas of other countries, they are doing so in a nuanced way, picking and choosing their issues and interests. The smaller players are being rapidly integrated into the global architecture by means of FTAs. This combination of circumstances makes it very difficult to build a broad-based coalition that has real force and can generate hard law as opposed to soft norms. “Clearly, developing countries should be collectively thinking of ways in which to manage intellectual property in the context of global risks such as pandemics and climate change” with a combination of both soft norms and hard law, a mix that is missing in SSC (Drahos, 2007, p. 22).

Progress can be achieved with a realistic assessment of SSC and its global narrative, taking into account the growing diversity among the Southern countries as mutual beneficiaries of SSC. A realistic assessment of the current global economic narrative can help in understanding that while SSC can play an important role in achieving sustainable development, it does not yet have the capability to perform as the mainstay of global development finance. The South has become more important in the global economy, and it is estimated that Southern countries will account for 55 per cent of global GDP by 2025 (Li, 2018). Furthermore, most of the literature emphasizes the strengths but without clear assessments in the information provided to better predict and target its partnerships. Research should be conducted to document the assessment of SSC and the partnerships that have been developed over the years. This would guide SSC partners in the choice of partners and in lessons to improve performance to achieve the SDG targets. Nevertheless, research is slowly taking place. For example, there is the South-South Galaxy, a platform of SSC research and knowledge-sharing maintained by UNOSSC. Within the South-South

Galaxy framework, over 200 think tanks from across all Southern regions have been mobilized. The South-South Global Coalition of Think Tank Networks is supported by UNOSSC and UNDP. The South-South Galaxy supports out joint research and knowledge-sharing that aim to inform policy dialogue and agenda-setting on SSC.

Insufficient Communication

Another barrier to SSC is insufficient communication and lack of awareness about SSC at all levels (UNDP, 2017a, p. 21). Partner countries need to articulate the purpose of SSC in achieving sustainable development and collate information about existing support for and experiences of SSC in order to enhance awareness and support for SSC projects at the grassroots level. Strategies that may be useful in improving communication are networking, partnerships and platforms to share ideas and experiences of best practices, including in political pluralism and good governance; intergovernmental meetings and regional exchanges on SSC; regular updates and communication on SSC opportunities; and greater engagement with more local and community-based actors (UNDP, 2017a, p. 21). A bottom-up approach that uses local practices and indigenous knowledge as the starting point for designing climate technology-related interventions is becoming the norm for SSC. For instance, in response to hydro-meteorological threats, the Government of Cuba has been collaborating with UNDP in Cuba and the UNDP Caribbean Risk Management Initiative since 2005 to create a risk reduction management centre, a model of local risk reduction management. The success of that project relied on the promotion of local-level decision-making, networking, sharing of ideas and experiences, coordinated early warning systems, risk and vulnerability studies, communication systems, effective database management and mapping, geographic information systems and community preparedness (SSC, 2018).

Going Beyond Systematisms

SSC needs a systematic approach to take the cooperation to scale and fully leverage the benefits to advance a country's development goals. This issue has been partly addressed where involved parties develop a strategy for SSC and embed it in national development planning, as noted in the First African South-South Cooperation Report. This report highlights achievements and constraints regarding SSC. It also provides information on the extent to which a country had incorporated SSC principles ideals into its vision and strategy for sustainable development. Some countries, such as Sudan, had submitted very brief reports (six lines in the case of Sudan), mainly emphasizing their commitment to SSC. Overall, only 11 countries in Africa had submitted individual reports for the broader report: Benin, Botswana, Côte d'Ivoire, Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Rwanda, Sudan and Uganda.

Exploiting Knowledge in All Its Forms

South-South cooperation also needs to move beyond knowledge-sharing to delivering lasting partnership and concrete results that benefit people's lives in the long run. To do so, inaction should be minimized; integrating resources and expertise to various sectors is key. The local interests and innovations should be exploited, integrated and utilized in the SSC programmes to meet local conditions and needs. SSC partners should exploit their comparative advantages and form partnerships to deliver results. Research by the United Nations Economic and Social Commission

for Asia and the Pacific (ESCAP) identified insufficient coordination, collaboration and information exchange among providers and users of South-South Cooperation (ESCAP, 2018). That study conducted by ESCAP was intended to map existing South-South and triangular cooperation modalities, institutions, policies and priorities in the countries of the region. The survey responses were complemented by information on SSC. It is therefore important to promote mechanisms that improve coordination and information-sharing and enable developing countries to learn from one another's experiences to achieve greater results.

These mechanisms would provide a platform for the countries of the South to exchange good practices, knowledge and experiences and better coordinate the provision of development cooperation to other Southern partners in the region (ESCAP, 2018). The South-South Galaxy supported by UNOSSC is one platform that has gone in the right direction. On the South-South Galaxy, information on SSC projects is shared. Similarly, Education in Emergencies with Global Consultation is a platform that was initiated to strengthen the response to education in emergencies and protracted crises. A web-based forum that encourages consultation, collaboration and sharing of relevant information, it includes online discussion forums, online feedback surveys and webinars. This platform ensures educational continuity for crisis-affected learners worldwide. SSMart is yet another e-service system that provides access to demands and shares solutions to address challenges in achieving the SDGs. Such services need to be publicized for use by SSC partner countries to achieve sustainable development goals.

Country-specific Targets from the 2030 Agenda

SSC member countries are all looking forward to achieving targets of the 2030 Agenda. They may not be achievable all at once but it is also important that countries engaging in SSC derive their own timetables and benchmarks from the SDG targets while tailoring them to their national context. Each Goal should be broken down into possible parameters with achievable timetables, such as every year or two years. This would provide self-assessment well before the 2030 deadline.

4.5. Conclusion

Evidence suggests that SSC is beneficial for economic growth and achievement of the 2030 SDGs. SSC should therefore be strengthened to help developing countries to make the most of vibrant South-South trade, finance, investment and technology for sustainable development. Experiences and expertise should be shared for the benefit of all partners. However, regional and country experiences need to be analysed to fully understand why the "rise of the South" has been uneven so as to improve the weak areas of growth in the region. SSC should support building productive capacity and structural transformation in the Global South. Developing countries should form the necessary partnerships to meet the challenges posed by development. SSC partners need to coordinate their position on future rules at WTO in relation to e-commerce and digital trade, taking into account their policy space to engage in industrialization (UNCTAD, 2018b). SSC needs to strengthen partnerships across regions in order to spur benefits for enhanced sustainable development. As such, extensive country initiatives and strategic partnerships with trusted local, regional and interregional cooperation partners should be encouraged and supported.

5. Concluding Remarks

Countries aim at economic growth and sustainable development because they constitute the path to ensuring people's well-being in different dimensions. Sustainable development promotes prosperity and economic opportunity, greater social well-being and protection of the environment. Moreover, it offers the best path forward for improving the lives of people.

Since sustainable development aims at meeting the needs of the present “without compromising the ability of future generations to meet their own needs”, SSC must increase their commitment to it (Mensah, 2019, p. 6). In this context, SSC has enabled countries to share their experiences, revitalized global partnerships, accelerated human development and influenced the implementation of the 2030 Agenda for Sustainable Development. It has also strengthened bilateral relations among the Southern countries, providing them with tools that help to achieve increased economic growth, reduce endemic poverty, and increase solidarity and collective bargaining power while providing support to ensure self-sufficiency. This has helped the countries of the Global South to become active participants in a changing international global order and economy that are increasingly interdependent politically, economically and culturally. The past where the world was based largely on Northern conditionality for assistance has since changed, influenced by alliances of Southern States (Baylis, Smith and Owens, 2016).

Globalization is facilitating a shift in power and has made it be more profitable for Southern States than Northern ones by moving a significant part of production, economic activity and technology from the North to the Global South. Globalization is making geographic distance less significant in the sharing of information and enhancing participation. In this changing world order, Southern States have therefore “become increasingly active participants in global policy-making. Moreover, they have used their influence...to further their...national interests...and to shape the global normative framework. They have emphasized concerns such as the fairness and justice of international negotiations and fostering a better balance between growth and development” (Kaul, 2013, p. 1). “International cooperation now is more open and participatory”(Ibid., p. 8). Changes in the international order have since deepened degrees of interdependence to a level that is unprecedented in world history, stressing a global economy, a global system of states, new coalitions, and global communication and transportation systems (Newell, 2002).

Trade has emerged as a growth driver in the Global South through expanded savings, intraregional exports, FDI and demand for goods. Using technology, Southern countries have improved trade values in agriculture and manufacturing. Southern firms have exploited value chains by specializing in very specific tasks. Whereas there has been positive progress among the Southern States in achieving global development

goals while engaging in regional integration and SSC coordination, growth in the Global South remains uneven and slow. The idea and potential of Southern countries as engines of the global economy have yet to be fully realized (Besada, 2018; UNCTAD, 2018). Thus, benefits from regional integration and SSC have not been fully maximized by Southern countries; however, globalization has generated economic competition among States for supremacy and consequent rivalry. Consequently, globalization has, for instance, given rise to Brexit and the phenomenon of “America first” of President Donald Trump. Nevertheless, Brexit negotiations aim at minimizing the potential negative economic implications of various options in post-Brexit relationships between the United Kingdom, the European Union and the rest of the world. In Brexit negotiations, the United Kingdom appeals for maintenance of a series of bilateral agreements such as WTO rules. Both the hard and soft Brexit options involve relations with the external world and access to the outside market. These scenarios show the need to make strategic use of existing interdependencies.

The overall aim of this paper has been to examine challenges and future prospects, given the changing global realities. To pursue this aim, the various chapters examined the importance of Southern States in the global economy and changing world order; the contribution of SSC to promoting regional integration and global trade investments; the growth of South-South intraregional trade and impacts on supply chains and technological innovations; and the role of SSC in the revitalization of global economic partnerships for a more inclusive and sustainable economic development landscape or implementation of the 2030 Agenda for Sustainable Development. It has been generally established that SSC has grown in significance in the changing global order. However, Southern States need to exploit SSC for beneficial trade to achieve the SDGs. Partnerships enhanced by SSC provide opportunities for sustainable economic development. The paper further reflects on the following key points:

A. Environmental Impact of Globalization in a Changing Global Order

There has been a significant global shift in production and manufacturing from the North to the Global South, altering the economics of the world. Globalization of production, trade and financial flows has been intensified for growth, productivity and profitability and, since it was advocated, primarily as a systemic solution to underlying structural problems of Northern States. Globalization has facilitated economic growth and industrialization in the Global South and enabled it to transform the global order in the midst Northern economic domination. Globalization has shifted a significant amount of production, economy activity and technology from the North to the South, thus diminishing the role of the North in the global order. Yet the old global powers may be unwilling to finance the environmental effects of globalization in the future (Gu, Humphrey and Dirk, 2008).

The Global South needs to learn from its own mistakes resulting in negative environmental impacts. Reynolds and others (2015) note how environmental degradation constrains the production of major food crops in sub-Saharan Africa and South Asia. The environmental impacts have affected food security. Environmental impacts include degradation through agriculture-related deforestation, soil erosion, nutrient mining, water depletion, soil/water/air pollution, biodiversity loss and climate change, all of which threaten the long-term viability of agriculture and agro-ecosystems. The rising water levels in 2020 and the associated floods in the Lake Victoria basin and the Nile River and its tributaries are attributed to environmental degradation. These floods caused by human activities extended to Ethiopia, Kenya, Uganda,

South Sudan and Sudan and further destroyed crops and displaced people. Southern member States must exploit the solidarity achieved to finance and address globalization and borderless issues in the future. Interaction with the global economy has increased in Southern States and is where success lies (Gray and Gills, (2016). Southern States should not lose in the changing world order but instead heighten economic openness and deepen policy interdependence.

SSC has been useful in improving Southern development. It has strengthened productive capacity through increased South-South trade and investment. South-South FDI flows rose, with 28 per cent of new FDI in 2016 coming from the Global South. There has been a renewed focus on infrastructure facilitating development, closing the infrastructure gap in sub-Saharan Africa; reductions in the cost of skills and technology transfer; the sharing of public policy options; and the provision of financial and material assistance over the long term and during periods of crisis, emphasized by the Global South responses to natural disasters such as the East African famine. SSC enabled Southern countries to develop joint solutions to endemic development challenges. For instance, within the framework of SSC, AIIB has financed green energy initiatives, primarily in member countries. China, facilitated by FOCAC, is building integrated industrial corridors in Africa. The Northern Corridor connects Mombasa to Burundi, Rwanda, Uganda, South Sudan and the Democratic Republic of the Congo. It includes soft and hard infrastructure as well as pipelines and development projects, including residential and business development. These projects, among others facilitated and guided by SSC, are instrumental in transforming the South (Besada, 2018).

B. South-South Intraregional Trade, Supply Chains and Technological Innovations

At the regional level, firms in supply-chain production take advantage of variations in comparative advantage across countries and other country-specific trade advantages to lower production costs and increase market access. South-South supply chains enable Southern countries to become more competitive, with closer interdependence among countries. In a survey of more than 550 East African companies, Mohanty, Franssen and Saha (2019) found that “connecting to the South helps firms move up the value chain and allows knowledge transfer” (Ibid., p. ii). For instance, East Asian and South Asian countries have seized opportunities in the production of information technology parts and components sector, improving their trade performances and economic development. This environment has attracted the inflow of FDI, which has led to expansion of international value-chain production and trade activities in Asia. Significant spillover effects of FDI on indigenous firms in China prompted those enterprises to innovate to improve their global competitiveness, economies of scale and productivity. This implies that lower specialization through South-South value chains without importing raw materials “allows firms to execute more tasks and steadily increase competitiveness and bargaining power” (Mohanty, Franssen and Saha, p. 19).

The production, however, is highly dependent on cheap and effective transportation, logistics and communication links, which link producers, suppliers and consumers worldwide. These are still challenges facing the Global South, such as uneven concentration of industries in the supply chain, preference to import raw materials or equipment, and the fact that many Southern countries are competing at similar levels of value chains. Other challenges are the need to manage the drivers of change,

the need to build core competencies and improvement in supply-chain management (Darroch, 2001). South-South value chains can be a steppingstone for businesses and innovations to participate competitively in international markets. For the time being, dominant economic powers in the region dictate value-chain dynamics, leading to a protectionist response (Grobelaar and Meyer, 2017). For instance, the agro-processing industry is dominated by large South African retailers. The South African-based retailers define and dominate major retail chains and determine the conditions under which regional suppliers are allowed to participate. As such, the dominant economic power, South Africa, controls most of the intraregional supply chains and dictates value-chain dynamics within the region. In some instances, this leads to a protectionist response by other SACU members, which in turn leads to barriers to deep regional integration and the principles of SSC. Similarly, the pivotal role of Kenya in the East African regional value chain is noticeable.

It has been suggested that technology adoption and innovation will go a long way in advancing trade through easing the movement of goods, people and money; expanding production networks; reducing the need for checkpoints; expediting transit; and reducing the incidence of fees and bribes. It is therefore necessary to deepen technological capabilities so as to effectively participate in the technologically sophisticated activities in the global market (Interakumnerd and Techakanont, 2015). Efforts must be made to strengthen science and technological innovation, which are vital for the transformation of agriculture and related socioeconomic systems. Higher education can improve innovation to exploit competitiveness.

SSC could deepen market potential and expand intraregional trade by reducing transport costs, improving communication technologies, and increasing the adoption of institutional innovations such as “just-in-time” inventory management and intellectual property policies. This has worked for advanced economies of East Asia in boosting technological innovations and competitiveness in regional supply chains and value chains (UNCTAD, 2018; African Union, 2016; Serieux, 2012). For instance, a single product assembled in and exported from China is likely to embody knowledge-intensive designs originating from Japan; inputs produced from capital- or skill-intensive production processes in newly industrialized countries such as the Republic of Korea; Hong Kong, China; or Singapore; and inputs produced from more labour-intensive methods in one or more of four ASEAN countries (Indonesia, Malaysia, Philippines and Thailand). The prime example is the company Foxconn that assembles iPhones and other electronic devices in China from parts and components imported from the Republic of Korea and other countries. Top computer brands such as Dell, Apple and HP in China not only outsource their production but increasingly also their design and innovation services (Specht, 2015). In these production processes, efficient transportation, innovation and communications technologies have been useful. Meanwhile, Asian countries have utilized SSC to market products in the Global South.

C. Linkage between South-South Intraregional Trade and Innovation

The impact of South-South intraregional trade and innovation is as a result of networking people, institutions and markets that share ideas and experiences, and critiques to improve competitiveness, thus facilitating innovation. Regional integration and trade incentivize innovation by exploiting FTAs and regional markets. SSC covers a range of partnership modalities with great variation. The regional aspect is an important driver of collaboration because it incentivizes countries in a region to take a genuine interest in the development of neighbouring or proximate countries. Owing to the competition for sales of goods in regions, creativity is encouraged. Innovation is deepened by strengthening laws and regulations on the ownership of intellectual property rights. Anti-competitive and efficiency-reducing regulations and practices are targeted for reform to boost innovation.

The regional economy translates into market and demand that can facilitate competition that further triggers investment in innovation (African Union, 2016). The BRICS is one of the Southern coalitions that has emphasized the importance of intellectual property rights to spur innovation with respect to economic issues. In 2010, the Governments of Brazil and China adopted a Joint Action Plan aimed at expanding cooperation regarding intellectual property. It is thus not surprising that China and Malaysia occupied the top two positions among the upper middle-income economies in the Global Innovation Index ranking in 2019 (Cornell, INSEAD and WIPO, 2019). The Global Innovation Index measures innovation quality by considering the internationalization of patents, the quality of scientific publications and the quality of local universities (Ibid., p. 11). However, Heller (2008) argues that innovation suffers from jams because too many people own pieces of one thing, that is, one innovation. He names this phenomenon the “tragedy of the anticommons”.

There is a need for appropriate and consistent policy frameworks and improved technical capacity, good governance and rule of law to build productive capacity and ensure inclusive growth and upgrading of capabilities (Bamber and others, 2014). Thus, new legislation and regulations are required, especially in areas such as e-commerce, ICT-enabled trade, and improvement in the technical, infrastructural and institutional skill and resource constraints. Further, to enhance benefits from South-South intraregional trade, supply chains and technological innovations, connections to other strategies need to be taken on board such as digitizing supply chains, transport logistics, building a digital economy, and transformation of the agribusiness value-chain structure. Digitalized supply chains in transportation using track-and-trace systems help in displaying work tasks for the truck driver; which results in efficiency and effectiveness since manual work is minimized.

Transport logistics is an equally an important value-added service in global production where trade patterns emerge in the supply chain and intra-industry trade; it increases flows between neighbouring countries and trading blocs with similar factor endowments. Freight logistics provide an innovative opportunity for countries to deepen their integration with their neighbours and their transport-related services. Technological innovations should encompass transport technology and ICT including e-government to facilitate South-South intraregional trade and the emergence of value chains. Within many regions of the Global South, especially Africa, the cost of intraregional transport is found to be higher than from outside the region (Guerrero, Lucenti and Galarza, 2010).

Appropriate regulatory frameworks are necessary for building competitiveness, focusing on export-oriented growth to enhance South-South investment flows, capacity-building and trade facilitation for development. It is important that policymakers target bilateral and multilateral South-South trading arrangements such as multilateral clearing arrangements for goods and multilateral funding facilities. Examples already under way, include the East African interregional standard gauge railway lines, a 609-km railway track from Lamu to Isiolo, Isiolo to Juba, Isiolo to Addis Ababa and Nairobi to Isiolo, and three international airports – one each at Lamu, Isiolo and Lake Turkana. This infrastructure project is funded by South-South beneficiary countries Ethiopia, Kenya and South Sudan and the Export-Import Bank of China. The Central Asia Regional Economic Cooperation Programme (CAREC) is another example funded by ADB, the European Bank for Reconstruction and Development, the Islamic Development Bank and the World Bank. CAREC is a partnership of 11 countries and development partners working together to link markets and promote development through cooperation, leading to accelerated economic growth and poverty reduction. This project is guided by the vision of “Good Neighbours, Good Partners, and Good Prospects”. It included construction of expressways, railways and border-crossing points. The member countries of CAREC are Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan (Guerrero, Lucenti and Galarza, 2010).

Strategic efforts should be undertaken to build a digital economy. This involves improving digital capacities and digital skills. Regional digital strategies should be developed to support national digitalization efforts of Southern countries. Three interrelated components must be built: communication networks, software packages and related capabilities, and data platforms. The agribusiness value-chain structure in SSC needs transformation; integration of technology can affect the evolution of the agribusiness value chain to be more productive. Technology in SSC should address areas of value creation, operational excellence, supply-chain orchestration and transparency. As a result, food systems will be more productive, efficient, sustainable, inclusive, transparent and resilient. The drive for increasing agricultural productivity is the rising global population, hence available demand for SSC to exploit. Therefore, “advancements in areas such as seed and food bioengineering, ICT platforms and robotics present new opportunities to produce food in smarter ways” (Lee and others, 2017, p. 3).

In advancing ICT, mention needs to be made of the Pan-African e-Network Project. In this innovative project, African countries have, since 2009, built on India’s experience and expertise to harness the power of ICT for better health care and education. The project does this by harnessing ICT (via satellite and fibre-optic networks) to promote instant access to and sharing of experiences from India with African countries for education (tele-education) and health care (telemedicine) as well as for resource mapping, meteorology, e-governance and e-commerce. It is one of the largest e-health and e-education initiatives geographically and has the potential to reach a large population spread over 54 African countries but it now serves 48 countries in Africa. Since 2008, approximately 700 online medical consultations have taken place among doctors from various countries. Over 5,643 continuing medical-education sessions have been conducted in different medical disciplines

(UNOSSC, 2016). Similarly, Brazil and China have emerged as agribusiness powers with relevant technology, machinery, agrochemicals, commercial seed and inputs to solve Africa's agrarian crisis. Demonstration farms in Africa and elsewhere have now been given a new lease on life to showcase new Chinese technologies (Xu and others, 2016). Training and exchange programmes have become important routes to linking Chinese agribusiness with new markets, expanding the reach of agro-dealers within rural areas in Africa (Tugendhat and Alemu, 2016; Amanor and Chichava, 2016).

D. South-South Cooperation and Implementation of the 2030 Agenda for Sustainable Development

South-South cooperation contributes towards achieving the SDGs through various channels, especially trade, finance and capacity-building. Trade provides the means to overcome constraints posed by small domestic markets and gives countries access to larger external markets as well as skills, technology and capital, which in turn enable better use of productive resources to catalyse structural transformation. To maximize benefits from trade, a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under WTO must be operationalized. There is some level of achievement with the UNOSSC South-South Galaxy, a platform for South-South sharing of technology, knowledge, ideas and strategies for dealing with sustainable development issues. However, there is a need for knowledge-sharing to further enhance sustainable development. In addition, the African Union launched the Africa Platform for Development Effectiveness in Midrand, South Africa, on 29 March 2011. It is a physical and virtual multi-stakeholder platform and organizing mechanism for mobilizing African policymakers and practitioners towards sharing knowledge for achieving sustainable development. Its role includes "providing coordination for a common voice for Africa's development perspectives, including SSC, aid effectiveness, and capacity development" (Sidiropoulos, 2019, p. 33).

Since SSC is based on mutual respect and equal partnership, it carries little macro-economic or governance conditionality, which enhances ownership by programme countries. Faster implementation, lower transaction costs and better value for money, among others, are also shown to be hallmarks of SSC efforts. While there has been considerable progress in infrastructure and interregional trade and productive-sector development towards achieving SDGs due to SSC, gaps still exist which, if addressed, can accelerate sustainable development. For instance, through the agricultural technical cooperation implemented through the China-Uganda South-South Cooperation Project, China has supported Uganda to move from subsistence agriculture to sustainable agriculture. The country-supported projects include Kibimba and Doho rice schemes, the Wakawaka fish landing site, the Kajjansi Aquaculture Training Centre, hydropower stations and road construction. Trade has included leather, coffee, fish and food products (Ssekandi, 2019).

Some countries, however, do not have interest in SSC or a clear assignment of responsibilities regarding SSC owing to institutional weaknesses and lack of an institutional set-up for SSC tasks. Others lack capacity to manage and participate in South-South and triangular cooperation; they therefore cannot coordinate SSC activities effectively. The top-down management system used by some countries where national governments and particularly the executive branch micromanage the SSC projects does not deliver results. For instance, responsibility for SSC in China used to



It is imperative that SSC partners vigorously and strategically develop deep partnerships while sharing experiences and resources to facilitate the building of technical, regulatory and institutional capacities in various sectors to deepen SDG achievement.

be scattered in different ministries, making coordination difficult and unplanned. The new African Union Development Agency (AUDA)-NEPAD initiated by NEPAD is a positive case in the right direction. Started in 2001, AUDA-NEPAD aims to boost science, technology and innovation initiatives, and to develop a stronger African position on climate change and adopting African medicines. AUDA-NEPAD entails building stronger learning networks across Africa by sharing ideas and knowledge on development with one another as well as with developing countries around the world. It has yet to help to address streamlining SSC activities.

It is imperative that SSC partners vigorously and strategically develop deep partnerships while sharing experiences and resources to facilitate the building of technical, regulatory and institutional capacities in various sectors to deepen SDG achievement. Countries should relate SDGs to their national development plans. "Human resources, expertise, technical skills and experiences are essential in developing the capacities for running SSC projects and programmes" (Li, 2018, p. 28). There is also a need for continuous research on institutional weakness of grassroots organizations, who are the project beneficiaries of appropriate solutions to the local needs. Progress can be achieved with research bringing out a critical assessment of SSC and its local and global narrative, taking into account the growing diversity among the Southern countries as partners in SSC.

It has been noted that some SSC partners have a partial understanding of the benefits, with retrogressive mindsets. That led to the marginalization of partners opting for alternative products and services from elsewhere, thus jeopardizing the benefits of SSC. This is probably caused by cultural differences. For instance, the China-Australia-Cambodia Trilateral Cooperation on Irrigation Dialogue (CACID) nearly collapsed at the start owing to a misunderstanding of the project intent by the Cambodian Minister of Water Resources and Meteorology. CACID promotes the exchange of ideas and expertise on agricultural irrigation among the three countries and improved agricultural irrigation in Cambodia. An official in that Ministry had thought that it was "another large-investment bilateral project in irrigation. This occasioned a delay and the cancellation of the planned first Chinese visit to the CACID delegation" (Mulakala, 2015, p. 87). Then the Minister was received the explanation that "the trilateral cooperation would not compromise existing bilateral efforts but would focus on both investment sustainability and the incorporation of Chinese and Australian experiences. The timely communication paid off, and the project proceeded well thereafter." (Ibid.).

In many parts of Africa, people opt for second-hand clothes or shoes from Europe rather than buying new ones from their or a neighbouring country even when those are cheaper. Similarly, there is massive importation of rice in Africa due to the marginalization of the local rice sector. Diversity can be exploited for marketing and trade where differentiated products and services are demanded. Retrogressive mindsets can be improved with information that points to the ultimate goal of SDG achievement. China has consistently exploited diversity in its South-South trade, by for instance introducing different varieties of rice in differing local conditions. Indeed, in SSC arrangements, every country has something to offer and to receive, stretching from knowledge and products to services. Countries need to develop capacity in specific areas of strength so as to avoid marginalization. At the same time, strategies must be developed to improve communication in order to share ideas and experiences of good SSC practices. China has strengthened its capacity in information

technology and electronics manufacturing, for example. It has invested heavily in on research and development in technology. This means that it was the world's second-largest spender on research and development with \$293 billion in 2018 (Woetzel and others, 2019, p. 27).

There is a need to develop strategic local, regional and international partnerships. While each country has something to offer to partners, there are also those that have what is needed most. Countries need to undertake strategic initiatives and do the matchmaking at the local, regional and international levels to partner with countries that contribute critically to their efforts in achieving SDGs. Political will should be garnered for actions beyond words. The local interests and innovation should be exploited, integrated and utilized in SSC programmes to meet local conditions and needs and develop socially appropriate technologies. To illustrate these issues, the following three examples are relevant (see UNOSSC, 2016). Cuba, for instance, has placed itself strategically in SSC as a provider of healthcare. In the More Doctors project initiated in 2013, the Governments of Brazil and Cuba signed an SSC agreement to help them to facilitate the large-scale participation of Cuban doctors because of the need for a significant number of foreign doctors to meet the demands of Brazil's poorest municipalities. As a result, 11,429 Cuban doctors were engaged in improving healthcare to specific communities in Brazil, benefiting approximately 63 million people in 4,058 municipalities. Second, between 2011 and 2015, South Sudan implemented the Regional Initiative for Civil Service Capacity Enhancement project established by the Intergovernmental Authority on Development. In that project, three neighbouring countries – Ethiopia, Kenya and Uganda – seconded to South Sudan 200 civil servants in key functions identified by the Government of South Sudan to engage in peer-to-peer coaching partnerships. The deployed civil servants remained on the payroll of their own countries throughout the project, making these individual contributions among the largest of any South-South assistance for post-conflict state-building to date. Third, between 2007 and 2012, Benin, Bhutan and Costa Rica created and implemented the Programme of South-South Cooperation for Sustainable Development that focused on reciprocal projects of common interest and mutual benefit. The programme had 36 projects that promoted the exchange of knowledge and experiences among countries and communities. For example, experts of the National Mushroom Centre in Bhutan provided technical support and monitored the progress of mushroom microenterprises in Costa Rica. Experts at the University of Costa Rica in turn shared skills in marketing mushrooms and mushroom products while the country's National Biodiversity Institute gave technical assistance to Bhutan on how to turn traditional knowledge into scientific knowledge (and develop a biodiversity information system). Farmers from Benin learned from their Costa Rican counterparts how to grow organic pineapples three times larger and to market them. Benin ensured local-community involvement in the project, in particular women. The joint efforts of farmers and experts in both countries benefited small-scale producers in Benin and Costa Rica. The activities emphasized local interests, projects that meet local conditions and needs, appropriate technology, mutual needs and interests, reciprocity, equality between members, and participation not only of government but also of civil society, academia and the private sector.

The main conclusion that can be drawn in this paper is that SSC contributes to partners' economic progress in the changing global order. The Global South needs to exploit its population as markets and human capital for further socioeconomic progress in the implementation of the 2030 Agenda for Sustainable Development. However, interconnected bottlenecks are hindering the full potential of South-South and triangular cooperation. They can be avoided by exploiting technology, innovation, renewed partnerships, intraregional trade, improved transport and logistics; digitalizing supply chains; and taking advantage of the opportunities that SSC provides to share expertise and experiences. This paper provides a basis for strengthening SSC ties and activities in order to accelerate the achievement of the SDGs.

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