

AID AND DEVELOPMENT COOPERATION: THE IMPACT OF THE BRICS AND RISING POWERS

–MATSHEDISO MOILWA AND NEISSAN
BESHARATI, SOUTH AFRICAN INSTITUTE OF
INTERNATIONAL AFFAIRS

INTRODUCTION

The rise of the BRICS (Brazil, Russia, India, China and South Africa) and other emerging economies have challenged the traditional workings of global governance. For instance, the formation of the BRICS Development Bank in 2014 has emerged as a direct response to discontent with failing economic reforms imposed by the World Bank and International Monetary Fund (IMF). The Bank, and the actions of the BRICS club, represent an alternative source of funding for development in the global south, and also the gradual introduction of diverging forms of international governance. Belonging to the global south, and having been recipients of developmental aid, the BRICS alliance are reconfiguring the use of aid and development strategies for effective national growth and social-economic advancement. This has, however, sometimes come at the expense of global political norms of democracy, good governance and human rights that have informed the foreign policy of traditional donors, and underpinned global governance institutions.

DEFINING FEATURES OF BRICS DEVELOPMENT COOPERATION

Though different in its approaches, and modalities for development, south-south cooperation (SSC) does not necessarily seek to challenge north-south Cooperation

(NSC). Instead, SSC should be seen as complementary to the efforts of the global north, and is similarly aligned to internationally agreed development goals, including the Millennium Development Goals (MDGs) and the upcoming Sustainable Development Goals (SDGs).¹ The shift in approach to SSC rather comes with emerging donors placing a particular focus on self-reliance and independence as means to give developing countries the tools and capacities to achieve their own development success. Support from the BRICS places increasing emphasis on infrastructure building, industrialisation, social welfare, technical support and capacity building.

The Russian Deputy Minister of Finance, Sergey Storchak, captured the basic essence of self-reliance, in explaining the Russian Development Assistance Concept, in 2006:

“...The governments of developing countries must shoulder primary responsibility for overcoming poverty and underdevelopment of their nations but a radical improvement of socioeconomic conditions in these countries will be possible only if the international community takes resolute and concerted action to facilitate their development.”²

The Russian government has continued to acknowledge and promote the belief that developing countries should carry the onus of forging their own development paths and should be engaged in shaping the necessary policies.³

Russia, whose development cooperation has historically been based on Cold War politics,⁴ is the only global northern counterpart in the BRICS club. Brazil, China, India and South Africa, in comparison, have a historical and cultural affinity with SSC, evolving over the years and applying key principles that emerged out of the 1955 Bandung Conference (also known as the Asian-African conference) and the 1978 Global South conference on Technical Cooperation amongst Developing Countries in Buenos Aires.⁵ In supporting tenets of national ownership and the strengthening of national capacities, Brazil, China, India and South Africa affirm that they operate on the premise of mutual benefit, collaboration through horizontal partnership, project alignment with the recipient’s national objectives, and cooperating through trust, respect, equality, solidarity and partnership. They see themselves as development partners, in contrast to the traditional discourse of donor-recipient relations. Their own experiences as recipients of development assistance create sensitivity around the use of the term ‘aid’, and the debates that surround it. Russia’s exception as a non-southern nation is justified by its common critical attitude towards aid conditionality, and its claim to share the same objectives of preserving sovereignty, horizontality and non-interference that are embodied in SSC.⁶

A distinctive feature of the BRICS’ influence in development cooperation, beyond the additional sources of resources made available, stems from the member countries’ experiences of successful economic development.⁷ SSC has enriching characteristics for the aid effectiveness agenda, which brings a refreshing approach to development

Though different in its approaches, and modalities for development, south-south cooperation (SSC) does not necessarily seek to challenge north-south Cooperation.

cooperation policy. With similar experiences and trajectories of development, emerging economies have rich know-how about good practices and development solutions that are more adaptable to the similar economic and social conditions of other developing countries. Likewise, the emphasis on equality and horizontal collaborations creates heightened trust levels amongst partners, with formal and informal linkages being established and strengthened.⁸

Discontent with the ideologies and practices of the world's financial institutions has brewed over decades among countries of the global south. Resistance to the international financial architecture started to come from emerging donors in the early 2000s. In 2003, during the Indian budget speech, it was declared that the Indian Government would provide debt relief packages to Heavily Indebted Poor Countries for overdue debts, and the government also linked grants and concessions with trade. The Indian Development Compact package, offering a mix of lines of credit, concessional loans, debt relief, subsidised credit and technical assistance, all without conditionality, came as a result of the Indian government's response to the approach of Western financial institutions, and acted as a counter-narrative to hegemonic global governance regimes.⁹ As was stated by Indian finance minister, Jaswant Singh, in 2003:10

“Having fought against poverty as a country and a people, we know the pain and the challenge that this burden imposes.”

SSC aligns itself with demand-driven assistance, tailored to the recipient's needs. It is in the same vein

of thinking that southern donors do not necessarily attach political or economic conditionalities to their assistance. The Bandung Principles highlight the importance of respect for sovereignty and non-interference in national policies. This is an obvious contrast to the use of development aid as a soft power tool to push reforms in the interest of good governance, democracy and human rights, and to promote economic liberalisation, which characterises NSC.¹¹

The impact of conditionality is visible in developing countries' "loss of independence and autonomous capacity to choose their development course, which becomes overwhelmingly determined by the development path pushed by the West."¹² China's government has always taken a strong stance on conditionality, and Brazil's shares the same sentiments. Resonating with its own historical experiences as an aid recipient, Brazil's guiding principles on technical cooperation are based on horizontal relations and non-conditionality, and also reflect its foreign policy principles of mainly non-intervention, autonomy, non-violence and universalism, which can be seen as ideals consistent with the country's southern identity.¹³

In comparison, South Africa's government has not always been consistent with the southern rhetoric of non-conditionality, which is often at odds with the country's progressive constitution and history of promoting democratic freedom and human rights. In repairing its apartheid hegemonic image and relationship with other African states, South Africa has included, as part of its development assistance, debt forgiveness initiatives for countries such as Mozambique, Swaziland and Namibia.¹⁴ Complications

A distinctive feature of the BRICS' influence in development cooperation, beyond the additional sources of resources made available, stems from the member countries' experiences of successful economic development.

Discontent with the ideologies and practices of the world's financial institutions has brewed over decades among countries of the global south.

and contradictions raise questions about South African dualism in upholding good governance practices, while also subscribing to SSC principles of non-intervention and respect for national sovereignty.

For example, during its neighbour Swaziland's 2011 financial crisis, South Africa offered Swaziland a US\$355m bailout loan, on condition that the government fulfil financial reform and accountability requirements, and other conditionalities related to political freedoms and human rights reforms.¹⁵ South Africa and Swaziland signed a Joint Bilateral Commission agreement in 2004, which aimed to promote economic and social development, democracy, human rights and good governance, and the development of a strong civil society presence. As part of the loan guarantee, the Swazi government was urged to further commit to the agreement and initiate further engagement with Swazi stakeholders and citizens to participate in the process of Swazi development. Swaziland's king eventually rejected the loan, casting the impoverished country further into economic crisis.¹⁶ South Africa's government nevertheless remains Afro-centric, committed to promoting accountable leadership on the continent, and supporting democracy and good governance practices, but using a soft power approach of 'quiet diplomacy' towards its neighbouring countries. South Africa thus slightly differs in southern ideology, and can be understood to be taking a bridging role between traditional donors and its African peers on matters such as good governance and institutional building.

THE BRICS SUPPORT TO AFRICA'S DEVELOPMENT

The rise of the BRICS means that the governance discourse has to change to understand their perspectives. Emerging economies emphasise the need for infrastructure building as a means to stimulate foreign direct investment and spur economic growth. The BRICS are themselves still trying to address their own socio-economic hurdles, for example, by improving health care systems, creating sustainable food security systems, expanding transportation networks and strengthening information and communication technologies. These types of investments have resulted in a form of economic growth that more closely addresses a developing society's needs.¹⁷

In 2012, China and the African Union Commission signed an agreement in support of the Programme for Infrastructure Development in Africa (PIDA), a strategic framework that will run through to 2040. PIDA makes commitments to build much-needed continental infrastructure across key areas such as energy, transport, trans-boundary water resources and information and communications technologies. The objectives are clear: extensive infrastructure building is expected to create a catalyst for growth and develop human capital, but also decrease transaction costs for cross border trade and contribute towards regional integration. With an estimated cost of US\$360bn for the entire

The impact of conditionality is visible in developing countries' "loss of independence and autonomous capacity to choose their development course, which becomes overwhelmingly determined by the development path pushed by the West."

South Africa's government has not always been consistent with the southern rhetoric of non-conditionality, which is often at odds with the country's progressive constitution and history of promoting democratic freedom and human rights.

programme, PIDA has been welcomed as providing a new development stimulus for the African continent.¹⁸

Similarly, in collaboration with the New Partnership for Africa's Development (NEPAD), a regional intergovernmental initiative, the government of India has pledged to invest in energy, transportation and industrial development in the region, in the form of hydroelectric plants in Burundi and the Democratic Republic of Congo, a power transmission project in Mali and a trans-border railway to link Djibouti and Ethiopia. The Indian government has also signed an agreement with Chad to revive its textile industry. Accordingly, South Africa has set aside ZAR4.5bn (approx. US\$380m) in consolidated resources for key infrastructure projects that would strengthen its position as a regional hub in Southern Africa.¹⁹ Russia has called for further economic investment in Africa through a series of exchanges. Through the Russian-African Business Forum and Coordinating Committee on Economic Cooperation with Sub-Saharan Africa, Russia has offered to share technology in military, energy and geographical exploration sectors.²⁰

THE DARKER SIDE OF THE BRICS COOPERATION

This is not to say that the efforts of the BRICS countries are entirely altruistic. Notwithstanding SSC principles, power politics are part and parcel of international relations. While it has received some praise as a positive southern grouping that other

developing countries can relate to, there is also a broad critique of the BRICS, particularly from a civil society perspective, which points out that, despite their non-interventionist, solidarity and mutual benefit rhetoric, cooperation from the BRICS club has been marked by similar challenges to those that characterise NSC. Fluctuating public opinion about the new club ranges from optimism for a changing world order to concerns over a new post-colonialist hegemony. The BRICS club has been condemned for being “neo-liberalist with southern characteristics.”²¹ Civil society concerns lie in the challenges to human rights and development brought by the alternative economic agenda, particularly because of the absence of clear human rights frameworks to guide southern development cooperation, trade and investment.²²

The scope of the large infrastructure projects and other development initiatives that are a significant part of BRICS-led development cooperation can be expected to have significant implications in developing countries, particularly in Africa, on contested issues such as the exploitation of natural resources, land grabs and land displacement, labour practices, environmental concerns, agriculture and food security, to name a few.²³ Infrastructure investments in the past have seen positive outcomes in the transfer of resources and technology, but have also introduced sector specific reforms and had policy implications for recipient countries. Further, human rights, public accountability and environmental concerns are rarely addressed in government-to-government relations.²⁴

Donor assistance from emerging economies may be more attractive to developing country governments than that from northern donors, as assistance is

Fluctuating public opinion about the new club ranges from optimism for a changing world order to concerns over a new post-colonialist hegemony. The BRICS club has been condemned for being “neo-liberalist with southern characteristics.”

Donor assistance from emerging economies may be more attractive to developing country governments than that from northern donors, as assistance is provided in a much faster, cheaper and more flexible manner.

provided in a much faster, cheaper and more flexible manner. With developing countries opting for southern aid, it is not surprising that northern donors question the quality of the services, for example by asking whether labour, safety and environmental standards are being upheld. Northern critics have called attention to southern donors' lack of transparency and have accused emerging Asian economies of being "rapacious and mercantilist"²⁵ in extracting African natural resources. The term 'rouge aid' is often used to refer to Chinese support to corrupt and autocratic regimes, which undermines the emphasis on good governance practices that traditional donors have tried to establish in their international development policies.²⁶

BRICS investment in developing countries has largely concentrated on the manufacturing and extractive industries. Labour activists have raised concerns about inequality, including disparate wages, unregulated working conditions and the restriction of economic democracy²⁷ for the large majority of the working poor in developing countries.²⁸ Chinese private sector investment has come under the spotlight, including in a 2011 report by Human Rights Watch, which raised fears over the poor working conditions of workers in Chinese-led enterprises, and Chinese non-compliance with environmental safety regulations.²⁹

THE BRICS AND CIVIL SOCIETY

Further, despite their increasing international development clout, the reluctance of the BRICS club

to acknowledge the significance of civil society is a reflection of wider difficulties in civil society-state engagement in BRICS countries. The legal frameworks and policy contexts for such engagement are highly restrictive, with adverse political and regulatory environments.³⁰ For example, the Chinese domestic institutional framework is so dysfunctional that the Minister of Finance need not report to the Chinese legislature on Chinese aid expenditure, or whether it has been used effectively and accordingly, as assessed against both China's strategic purposes and the recipient's national development objectives.³¹

Civil society organisations (CSOs) in the global south have the advantage of understanding and being able to address issues relating to the interests of aid recipients, and contribute immensely to development effectiveness dialogue. Civil society-led SSC for development, between CSOs in emerging powers and CSOs in other global south countries, has been proven to produce innovative practices in fostering social accountability, and in promoting and scaling up innovations in participatory development practices.³² Civil society has also gained increasing international importance. Since the Third High Level Forum on Aid Effectiveness, held in Accra, Ghana, in September 2008, civil society has been more actively engaged as part of the development effectiveness debate, including by campaigning for the inclusion of issues of human rights, gender equality, environmental sustainability, social justice and broad-based democratic ownership in development priorities.³³

Unfortunately, the BRICS club is yet to recognise these efforts. Due to the state-to-state nature of their development cooperation, there is very little space

Due to the state-to-state nature of their development cooperation, there is very little space for civil society's participation. This is the case in the majority of the BRICS governments' development partnerships, with some exceptions in the cases of Brazil and South Africa.

is for civil society's participation. This is the case in the majority of the BRICS governments' development partnerships, with some exceptions in the cases of Brazil and South Africa.

South Africa's government has been quite progressive in reaching out to civil society. South Africa's Department of International Relations and Cooperation has sought out opportunities to invite CSOs, think tanks and businesses through a series of lectures and imbizos (discussion gatherings) to seek to connect non-state actors with South African foreign policy. South Africa also advocates for various partner forums, such as the China-Africa Cooperation, India-Africa Forum and Brazil-South Africa think tank cooperation for academic exchanges.³⁴

The Russian government has also established the Consultative Group of Russian Civil Society Organisations to engage CSOs on development issues, and as a strategic measure to communicate how Russia can benefit from foreign development activities. The Russian government has been active in encouraging the development of civil society institutions internationally to contribute in development assistance activities.³⁵ Nevertheless, similar to its other BRICS counterparts, domestic civil society participation within Russia remains restricted. Critics have raised concerns about Putin's repression of civil society after a series of repressive laws were adopted in 2012 that entailed the curbing of civil society's independence from the state.³⁶

CONCLUSION

In conclusion, the rise of the BRICS has created policy shifts in global governance. Their influence on the global financial system and their south-south cooperation with developing countries has had positive effects, with increasing developmental impacts. Yet at the same time, this policy shift has had direct implications on the politics of good governance, human rights and development effectiveness. SSC has created a new shared understanding of non-interference in international development cooperation, whereby development partners affirm that they respect state sovereignty and merely assist in building the capacity of countries to realise their own developmental path. As part of this, infrastructure development is prioritised as a mechanism for stimulating growth. However, the non-interference policy raises concerns about weakening good governance practices, reducing accountability and threatening human rights values.

In order for the BRICS alliance to retain its legitimacy and be accepted in international development cooperation, the emerging donors will need to restructure their CSO engagement. In the international development cooperation dialogue, CSOs act as strategic actors in bridging the gap between socio-economic progress and the safeguarding of human rights. Development should not come at the expense of basic human rights and tenets of social justice. The BRICS club and emerging donors will have to work more closely with their own civil society to strengthen engagement with their national and foreign policies.

BIBLIOGRAPHY

- N Alexandra and H Loschmann (2014), *BRICS Summit Reader: The Club in the G20 Club*. Berlin: Heinrich Boll Stiftung
- N Besharati (2013), *South African Development Partnership Agency (SADPA): Strategic Aid or Development Packages for Africa?* Johannesburg: South African Institute of International Affairs
- S Chaturvedi, A Chenoy, D Chopra, A Joshi and K Ladhyan (2014), *Indian Development Cooperation: The State of the Debate*. Brighton: Institute of Development Studies
- Y Chen, J Gu and Y Zhang (February 2015) 'China's Engagement in International Development Cooperation: The State of the Debate', *Rising Powers in International Development*. Brighton: Institute of Development Studies
- J Constantine, C Leite, L Navas-Aleman, A Shankland and M Younis (May 2014), 'Brazil's Engagement in International Development Cooperation: The State of the Debate', *Rising Powers in International Development*, p1-88. Brighton: Institute of Development Studies
- S Griffith-Jones (January 2015), 'A BRICS Development Banks: A Dream Coming True?', *United Nations Conference on Trade and Development* (215), p1-21, http://unctad.org/en/PublicationsLibrary/osgdp20141_en.pdf
- N Grobbelaar (2014), *Rising Powers in International Development: the State of the Debate in South Africa*. Brighton: Institute of Development Studies
- N Grobbelaar and Y Chen (2014), 'Understanding South Africa's Role in Achieving Regional and Global Development Progress', *Institute of Development Studies*, p1-4
- J Holslag (2006), 'China's new mercantilism in Central Africa', *African and Asian Studies*, Vol. 5, No. 2, p133-169
- L John (2012), *Oxfam India Working Papers Series*. Oxfam India
- M Larionova, M Rakhmangulov and M Berenson (2014), 'The Russian Federations International Development Assistance Programme: The State of the Debate Report', *Institute of Development Studies*, p1-40
- T Moolwa (2015), *Realising the Potential of Civil-Society-led South-South Development Cooperation*. Brighton: Institute of Development Studies
- T Mushwana (December 2014), *BRICS and the New Development Bank: An alternative model of development for Africa*, Consultancy Africa Intelligence, http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=1740:brics-and-the-new-development-bank-an-alternative-model-of-development-for-africa&catid=57:africa-watch-discussion-papers&Itemid=263
- N Mwase and Y Yongzheng (March 2012), 'BRICS' Philosophies for Development Financing and Their Implications for LICs', *IMF Working Paper*, p1-19
- OECD (July 2011), *Unlocking the Potential of South-South Cooperation: Policy Recommendations from the Task Team on South-South Cooperation*. OECD Task Team on South-South Cooperation, p1-7
- U Sarkar (2013), 'BRICS: Opportunity for a Transformative South?' *Reimagining Global Orders: Perspectives from the Global South*. Delhi: Annual International Studies Convention
- United Nations (2014), *High-Level Event of the General Assembly on the Contributions of North-South, South-South, Triangular Cooperation, and ICT for Development to the implementation of the Post-2015 Development Agenda*. Background Note, p.1-2
- B Vickers (2012), 'Towards a new aid paradigm: South Africa as African development partner', *Cambridge Review of International Affairs*, Vol. 25, No. 4, p535-556.

- 1 N Besharati, *South African Development Partnership Agency (SADPA): Strategic Aid or Development Packages for Africa?*, 2013 (Johannesburg: South African Institute of International Affairs).
- 2 M Larionova, M Rakhmangulov and M Berenson, *The Russian Federation's International Development Assistance Programme: The State of the Debate Report*, 2014, (Brighton: Institute of Development Studies), p13.
- 3 Ibid.
- 4 N Mwase and Y Yongzheng, *BRICS' Philosophies for Development Financing and Their Implications for LICs*, March 2012, IMF Working Paper, p4.
- 5 For more information, see the Buenos Aires Plan of Action (BAPA) outcome document, <http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/Buenos%20Aires%20Plan%20of%20Action.pdf>.
- 6 Ibid, p5.
- 7 M Larionova, M Rakhmangulov and M Berenson, op. cit., p22.
- 8 OECD Task Team on South-South Cooperation, *Unlocking the Potential of South-South Cooperation: Policy Recommendations from the Task Team on South-South Cooperation*, July 2011, p1.
- 9 S Chaturvedi, A Chenoy, D Chopra, A Joshi and K Ladhyan, *Indian Development Cooperation: The State of the Debate* (Brighton: Institute of Development Studies), p8.
- 10 Ibid, p9.
- 11 Besharati op. cit., p19.
- 12 Y Chen, J Gu, and Y Zhang, *China's Engagement in International Development Cooperation: The State of the Debate. Rising Powers in International Development*, February 2015 (Brighton: Institute of Development Studies), p9.
- 13 J Constantine, C Leite, L Navas-Aleman, A Shankland and M Younis, *Brazil's Engagement in International Development Cooperation: The State of the Debate. Rising Powers in International Development*, May 2014 (Brighton: Institute of Development Studies), p17.
- 14 N Grobbelaar and Y Chen, *Understanding South Africa's Role in Achieving Regional and Global Development Progress*, 2014 (Brighton: Institute of Development Studies), p1-4.
- 15 Besharati op. cit., p17.
- 16 B Vickers, *Towards a new aid paradigm: South Africa as African development partner*, 2012, Cambridge Review of International Affairs, Vol. 25, No. 4, p535-556.
- 17 T Mushwana, *BRICS and the New Development Bank: An alternative model of development for Africa*, December 2014, Consultancy Africa Intelligence, http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=1740:brics-and-the-new-development-bank-an-alternative-model-of-development-for-africa&catid=57:africa-watch-discussion-papers&Itemid=263.
- 18 N Alexandra and H Loschmann, *BRICS Summit Reader: The Club in the G20 Club*, 2014 (Berlin: Heinrich Boll Stiftung).
- 19 L John, *Oxfam India Working Papers Series*, 2012, Oxfam India, p17.
- 20 Ibid.
- 21 U Sarkar, *BRICS: Opportunity for a Transformative South? Reimagining Global Orders: Perspectives from the Global South*, 2013 (Delhi: Annual International Studies Convention).
- 22 Sarkar op. cit.
- 23 John op. cit., p17.
- 24 John op. cit., p17.
- 25 J Holslag, *China's new mercantilism in Central Africa*, African and Asian Studies, 2006, Vol. 5, No. 2, p133-169.
- 26 Besharati op. cit., p20.
- 27 The term 'economic democracy' refers to the economic empowerment of all citizens and local communities, with the aim of preventing the concentration of economic power that undermines the power and authority of political and economic empowerment.
- 28 John op. cit., p20.
- 29 Human Rights Watch, *You'll Be Fired If You Refuse*, 2011, <http://www.hrw.org/reports/2011/11/03/you-ll-be-fired-if-you-refuse-0>.
- 30 T Moilwa, *Realising the Potential of Civil-Society-led South-South Development Cooperation*, 2015 (Brighton: Institute of Development Studies).
- 31 Y Chen, J Gu and Y Zhang op. cit.
- 32 T Moilwa op. cit.
- 33 OECD, *Aid Effectiveness 2011: Progress in Implementing the Paris Declaration*, 2012, Better Aid, OECD Publishing, <http://dx.doi.org/10.1787/9789264125780-en>.
- 34 N Grobbelaar, *Rising Powers in International Development: the State of the Debate in South Africa*, 2014 (Brighton: Institute of Development Studies).
- 35 M Larionova, M Rakhmangulov and M Berenson op. cit.
- 36 For more information on public discourse of Russian civil society representation see 'Vladimir Putin's goal is to destroy Russian civil society', The Guardian, 24 May 2013, <http://www.theguardian.com/commentisfree/2013/may/24/vladimir-putin-goal-russian-civil-society>.