

DYNAMICS OF

IBSA

**DEVELOPMENT
COOPERATION**



RIS

Research and Information System
for Developing Countries

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Dynamics of IBSA Development Cooperation



RIS

**Research and Information System
for Developing Countries**

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Copyright © RIS, 2019

ISBN: 81-7122-144-0

Published in 2019 by:



RIS

**Research and Information System
for Developing Countries**

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor, India Habitat Centre

Lodhi Road, New Delhi-110 003, India

Ph.: +91-11-24682177-80, Fax: +91-11-24682173-74

E-mail: dgoffice@ris.org.in

Website: www.ris.org.in

CONTENTS

| | |
|-------------------------------------------------------------------------------------------------------|------------|
| <i>Message by Ambassador (Dr) Mohan Kumar, Chairman, RIS</i> | <i>vii</i> |
| <i>Foreword by Shri T. S. Tirumurti, Secretary (ER), Ministry of External Affairs, Govt. of India</i> | <i>ix</i> |
| <i>Preface by Prof. Sachin Chaturvedi, Director General, RIS</i> | <i>xi</i> |

Framework for New Development Paradigm

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------|----|
| 1. Moving South-South Cooperation for Development Forward: Perspectives from India, Brazil and South Africa <i>Daniel Martins Silva</i> | 1 |
| 2. IBSA Forum: A New Southern Cooperation Paradigm <i>Camila Amorim Jardim</i> | 19 |

Agriculture, Trade and Economy

| | |
|--------------------------------------------------------------------------------------------------------------|----|
| 3. Participation Potential of IBSA Countries in Global Production Networks <i>Garima Dhir</i> | 51 |
| 4. Agricultural Trade among IBSA Countries <i>Shaikh Mohd Mouzam</i> | 81 |
| 5. FDI, Trade, Economic Growth: An Empirical Analysis of India, Brazil and South Africa <i>S. Dingela</i> | 95 |

IBSA Fund

| | |
|---------------------------------------------------------------------------------------------------------------------------------|-----|
| 6. IBSA Fund and the Role of Southern Diplomacy in the United Nations <i>Camila Amorim Jardim & Daniel Martins Silva</i> | 119 |
| 7. Review of IBSA Fund: Way Forward <i>Beena Pandey</i> | 131 |

MESSAGE



Ambassador (Dr) Mohan Kumar

Chairman, RIS

Since the inception of IBSA, RIS has been contributing to its work programme and had brought out two publications, viz., “Trinity of the South” and “Trinity for Development, Democracy and Sustainability”. I am immensely glad that RIS is bringing out the highly interesting and useful volume on “Dynamics of IBSA Development Cooperation Partnership”. It contains the valuable contributions by the participants of the IBSA Visiting Fellowship Programme at RIS. We are extremely grateful to the Ministry of External Affairs, Government of India for giving RIS, the opportunity of conducting this programme for exploring new frontiers of sharing knowledge for mutual benefit of the member countries.

I convey my compliments to RIS team for bringing out this volume elegantly. I am sure it will be found useful by all those who are working in the area of strengthening the IBSA development cooperation process.

A handwritten signature in black ink that reads "Mohan Kumar". The signature is written in a cursive style with a horizontal line underneath.

Mohan Kumar

T.S. Tirumurti
Secretary (Economic Relations)



विदेश मंत्रालय, नई दिल्ली
MINISTRY OF EXTERNAL AFFAIRS
NEW DELHI

FOREWORD

I am happy to know that RIS is bringing out a publication "Dynamics of IBSA Development Cooperation".

IBSA is a unique Forum which brings together **India, Brazil and South Africa**, three large democracies and major economies from three different continents. The principles, norms and values underpinning the IBSA Dialogue Forum are participatory democracy, respect for human rights, the Rule of Law and the strengthening of multilateralism.

IBSA as a grouping has undertaken a remarkable journey from 2003 onwards. As a purely South-South grouping of like-minded countries, it is committed to inclusive sustainable development, in pursuit of the well-being for their peoples and those of the developing world.

IBSA Fund for Alleviation of Poverty and Hunger, established in 2004, is a unique Fund through which development projects are executed in fellow developing countries. IBSA's success demonstrates, most vividly, the desirability and feasibility of South-South cooperation beyond the conventional areas of exchange of experts and training.

To promote a greater understanding of IBSA and for enhancing people to people connect, IBSA Visiting Fellowship Programme for two research scholars each from India, Brazil, and South Africa has been initiated by India. The first round of fellowships was launched in 2017-18 at RIS, which was very successful. Based on success of first round of Fellowships, India has launched the next phase of IBSA Fellowships at RIS.

The IBSA scholars developed specialised papers in the areas of agriculture, global production networks, South-South Cooperation, IBSA foreign policy and IBSA Fund, and trade & investment. I am happy that RIS has decided to bring out this collection of papers, by IBSA fellows. These papers provide an overview of some of the most urgent and important issues of relevance and significance to IBSA. I am sure that scholars, students and others who wish to follow developments in IBSA cooperation will benefit from this publication.

(T.S. Tirumurti)

PREFACE



Prof. Sachin Chaturvedi

Director General, RIS

The IBSA brings together three emerging economies of the South to explore the potential for cooperation for a fair, equitable and inclusive global order. IBSA emerged as a dynamic forum in the developing world with the aim of tapping natural complementarities and collectively pushing for reforms at the global and multilateral institutions. Strong democratic foundations of domestic polity offer IBSA unique strength in terms of leadership in taking up global issues of concern. However, the IBSA countries are also faced with multiple development and sustainability challenges owing to various barriers imposed by existing global governance architecture in trade, finance, and climate change etc., which and also true for other developing countries as well.

The IBSA countries have a long development journey to be undertaken and IBSA cooperation should legitimise aspirations for an inclusive global order facilitating emergence along with sustainable and inclusive development. However, there is imminent need to revisit the foundations of the IBSA partnership and explore new and emerging contours of collaboration towards building a future roadmap for the partnership. This would also reinforce the continued relevance of this unique trilateral partnership for global governance and development cooperation. RIS was privileged to have been associated with the IBSA since its inception through the organisation and participation in IBSA Academic Forum meetings and has produced well researched publications on various themes of IBSA cooperation.

The IBSA Visiting Fellowship Programme at RIS was instituted with the financial support of the Ministry of External Affairs, Government of India in 2016. Under the programme, the Fellowships are given to two research scholars each from the three IBSA partner countries for a period ranging between three to six months. The programme was formally launched on 28 November 2016 at a special event attended by the representatives of IBSA member States, including diplomats from Brazil, South Africa and other developing countries.

The first batch of IBSA Fellows was resident at RIS during August 2017 to July 2018. The batch comprised of highly capable and meritorious young scholars from IBSA. It is a matter of great satisfaction that they were able to undertake rigorous research on specific issues like future of IBSA cooperation, IBSA and South-South Cooperation, IBSA and Global Value Chains, Agriculture Trade in IBSA, and Trade and Investment linkages in IBSA. RIS also facilitated

their field visits and participation in key meetings like the 1st Meeting of IBSA Sherpas/ Sous Sherpas held at Chennai on 1-3 April, 2018 and in the Workshop on 'Development Finance in South Asia and Emerging Development Experiences: Way Forward for South-South Cooperation' held at Thiruvananthapuram on 17-18 December 2017 and other RIS forums.

The present publication is a compilation of the outcome of the research studies undertaken by the visiting IBSA Fellows on the above mentioned themes alongwith the work at RIS by our own researchers. The additional chapter is on the progress and way forward for the IBSA Trust Fund that stand as the hallmark of this trilateral partnership and strengthens the conviction in the potential for South-South Cooperation in the field of global public goods and the SDGs.

We are grateful to Ambassador (Dr) Mohan Kumar, Chairman, RIS for his guidance and encouragement to bring out this volume. Thanks are also due to Dr Sabyasachi Saha, Assistant Professor; Mr Mahesh C. Arora, Director (F&A); and RIS Publication Team for their intense efforts to bring out this volume in time.

I am sure this publication would be found useful by academics and policymakers alike. However, RIS may not be responsible for the views expressed by the authors.



Sachin Chaturvedi

Framework for New Development Paradigm



Moving South-South Cooperation for Development Forward: Perspectives from India, Brazil and South Africa



Daniel Martins Silva*



I. Introduction

After two decades of relative demobilisation and stagnation in the 1980s and 1990s, the beginning of 2000 saw the re-emergence of South-South cooperation (SSC). Concerned with the failures of Washington Consensus, economic neoliberal policies and the asymmetric global governance structure, governments of Brazil, India and South Africa have been contributing to development cooperation exploring different principles and practices.

Through exchanging experiences and knowledge in different strategic areas to development, these countries are supporting capacity building and technology transfer processes in the Southern world. Even pursuing distinct strategies, cooperation initiatives based on self-reliance (increasing local capacity), demand-driven, national ownership and horizontality characterise most of Indian, Brazilian and South African development cooperation.

Despite the fact that a broad concept of SSC¹ is well accepted between developing countries and international organisations, the discussion about modalities and axis in terms of what should be considered or not, has reached no consensus between Southern partners. At the same time, their wide notion of

* IBSA Fellow, Brazil.

international cooperation for development does not fit in what is called as the “Official Development Assistance”, concept established by Development Assistance Committee within the Organization for Economic Cooperation and Development (OECD-DAC) in 1969, a political forum comprising developed countries (traditional donors). In general, Southern countries are not convinced if DAC represents an efficient and equal development partnership.

Since 2003, the political dialogue between Brazil, India and South Africa became more intense, optimised and powerful with the creation of IBSA Dialogue Forum. In terms of development cooperation, IBSA Facility for Hunger and Poverty Alleviation (also known as IBSA Fund), a financial mechanism led by the three countries and managed by United Nations Office for South-South Cooperation (UNOSSC), is one the most significant structured initiative from Southern countries in this field. It was launched as a forward looking experience to back, by grants, technical assistance to developing countries. Putting principles of South-South cooperation into practice was something new in the existing funds for

development until then. Through a semi-formal organisation, IBSA Fund has proved that SSC could be applied on regions where poverty and hunger are major concerns, resulting impactful outcomes.

Joint initiatives to promote SSC has been increasing; however, global governance of South-South cooperation is not concentrated in one political forum. Instead, it is conducted as parallel intergovernmental processes being held at global, regional, and sub-regional levels. Latin America is a region where Southern countries have done important advances in order to establish understandings or common proceedings around the provision of South-South and triangular cooperation. Some of the current arenas created in the region and abroad are the *Programa IberoAmericano para el Fortalecimiento de la Cooperacion Sur Sur* (PIFCSS-SEGIB) (created in 2008), International Cooperation Group at CELAC (*Grupo de Cooperacion Internacional*) (created in 2013), Working Group for Measuring SSC (*Grupo de Tareas para Medicion de la Cooperacion Sur Sur*) (created in 2015) and Delhi Process (started in 2013).

Box 1: The IBSA Fund

On IBSA Fund, the support of projects is required by beneficiary countries; however, demand-driven basis is not the rule for other trust funds to development cooperation. (Also see chapter 6 and 7 for further details) In some trust funds, the grants are disbursed once the beneficiaries are selected or earmarked by donors. Beyond that, IBSA Fund also work through development partnership, thus recipient countries are also on the driver-seat of project’s formulation and implementation, ensuring that technologies and expertise being shared are filling the local development gaps and needs.

Apart of this features, on the institutional dimension, IBSA Fund has a structure that differs from other trust funds. There is an active role of the country’s diplomacy on its governance model, through the Board of Directors. High involvement of ambassadors from the donor countries on decision making (as project selection and formulation, financial execution and choosing local partners) and implementation is not common in other trust funds framework, like those led by Northeast countries, where the trusted organisations (World Bank, for example) have a major role.

Aiming to produce incremental changes on the way United Nations handles development cooperation, the IBSA Fund also have a political role on multilateral system. Spreading Southern solutions through innovative and cost-effective cooperation approach, it converge with the achievement of internationally agreed development goals, first the Millennium Development Goals (MDGs) and nowadays, the Sustainable Development Goals (SDGs).

Differently from developing countries, donors from the North are pressed for institutional isophormism between its members, thus valuing similar practices and bureaucratic structures. However, choosing to flexible arrangements, without centralised international organisation, South-South Cooperation in various countries is implemented independently from rigid patterns and formats (Abdenur, 2016). The fact that national backgrounds vary significantly allows opportunities to creative management proceedings and solutions (Milani, Conceição, Mbunde, 2016).

In the very beginning of IBSA Dialogue Forum, there was a strong stress on exchanging notes between Ministries of Foreign Affairs from the countries on topics of development cooperation.² Since 2011, IBSA countries have been decreasing their engagement as a political grouping. In this context, there were few opportunities where India, Brazil and South Africa were discussing and coordinating their role as Southern partners. One of them was the recent “Meeting of Development Partnership Administrators of BRICS Member States” in 2016, allowing the exchange of ideas on key issues of the field. However, the talks were in the initial stage and the forum has not been continued in the BRICS Summit of 2017.

Under the multilateral system, India, Brazil and South Africa are engaged in the Sustainable Development Goals (SDGs).³ This initiative advocates the importance of 17 objectives to achieve a decline in national and international economic and social inequalities. The SDG 17 relates to the means of implementing global partnerships for sustainable development. The target 17.9 concerns the idea of enhancing support for “effective and targeted” capacity building in developing countries, in accordance with national plans, including through North-South, South-South, triangular, regional and international cooperation focused on access to science, technology and innovation and enhance knowledge-sharing on mutually agreed terms.

Considering the role of capacity building initiatives led by small, medium and large SSC projects and activities by IBSA countries, this paper presents and analyses the present status as well as the main obstacles to improving development cooperation policies in the three countries. This debate touches in an outstanding issue: the need for evidence-informed cooperation and efficient management mechanisms in order to provide resilient South-South development policies.

Box 2 : Ibero-american Programme to Stregthening South-South Cooperation (PIFCSS-SEGIB)

PIFCSS was launched in 2008 within the SEGIB, a sub-regional organisation with 18 countries from Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay) and 2 countries from Europe (Portugal and Spain). It is organised by a Technical Intergovernmental Committee, an Executive Committee, an Executive Secretariat (represented by the national cooperation authority of the PIFCSS’ host country) and a Technical Unit (represented by a manager and a technical team). PIFCSS promotes capacity building and training between national cooperation institutions, also liaisons and strategic dialogue with other actors and regions. Beyond it, PIFCSS also support the recording, analysis and generation of knowledge on South-South and triangular cooperation in Ibero-America, through studies on different dimensions, including measuring indicators, diagnosis of regulatory and institutional framework, management methodologies, systematisation of experiences, etc.

Soruce: PIFCSS is greater when Knowledge it is shared (<https://www.cooperacionsursur.org/images/Folleto-ingles.pdf>).

Box 3 : The Delhi Process

Delhi Process is a series of conferences organised by RIS and the Network of Southern Think Tanks (NeST) with the support of Indian Ministry of External Affairs (MEA) and international cooperation agencies, since 2013. The initiative consists of discussions that would be catalysed to move forward some degree of integration between Southern partners on issues related to SSC and triangular cooperation approach. It assembled a wide range of perspectives on South-South and Triangular Cooperation from civil society organisations, academia and government experts. Among the main topics raised at Delhi Conferences are: finance for development, the interlink between SSC and SDGs, the impact of SSC in social and economic national development and the role of United Nations in SSC. The Delhi V is being organised in August 2019.

Source: RIS.

India, Brazil and South Africa have been emphasising on special approach to SSC, pointing out that the impact of social protection policies and human rights principles and a systematised discussion on policies and institutional framework would be useful once it gives an overview of common challenges as well as points of intersection where dialogue between official institutions could narrow.

The next section brings some brief discussion about the South-South cooperation for development in India, Brazil and South Africa. Then, it presents the conceptual and institutional framework of development cooperation from each of the countries, focusing on the capacity building⁴ initiatives. The section also addresses some of the main current challenges and gaps that should be filled in regarding the efficiency and, in a less extent the effectiveness of the South-South cooperation policies. Thereafter, the chapter discusses key trends on this issue, pointing out synergies and potentialities of these countries as partners seeking to improve their development cooperation policies and strategies, through strengthening institutions and best management practices.

II. South-South Cooperation in Capacity Building and IBSA

According to different IBSA Forums' official documents, produced during 2003 and 2011 SSC is seen as special means of promoting "the exchange of ideas, experience, knowledge,

technical advances, skills and expertise across a broad range of sectors" (IBSA, 2006). Summit declarations used to point out the importance of technical cooperation amongst developing countries in its full potential. Also they understand SSC as an "essential and fundamental component of international cooperation for development" (IBSA, 2007).

This view is fully convergent with main multilateral milestones of SSC. Buenos Aires Plan of Action from 1978, for example, stressed the importance of self-reliance of developing countries "through the enhancement of their creative capacity to find solutions to other development problems in keeping with their own aspirations, values and individual needs" (BAPA, 1978).

In Nairobi Outcome Document 2009, countries recognised the need to enhance local capacity in developing countries, supporting "(...) local capabilities, institutions, expertise and human resources and national systems, where appropriate, in contribution to national development priorities, at the request of developing countries" (Nairobi Outcome Document, 2009).

Therefore, regarding the role of skill development and technical knowledge transfer, initiatives from capacity building is a key feature of emerging powers approach to development cooperation. While their initiatives are based on national experiences and aim to promote joint benefits (once it is a bidirectional relation

Table1: Select Capacity Building Programme in India, Brazil and South Africa

| Country | Coordination institution | Practices in capacity building | Examples of initiatives |
|--------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| India | Development Partnership Administration (DPA) | Fellowships trainings, deputation of Indian experts, scholarships, setting up vocational, educational institutes and research centers of excellence in Southern partners, in-kind donation, knowledge sharing programmes; projects | <ul style="list-style-type: none"> • ITEC Programme • Technical Assistance Cotton Programme (TAP) • India-Africa Fellowship Programme • International Crop Research Institute for the Semi-arid Tropics (ICRISAT) in sub-Saharan Africa • Pan Africa e-network |
| Brazil | Brazilian Agency of Cooperation (ABC) | Bilateral and trilateral technical assistance programmes or projects, setting up educational and vocational centers, in-kind donation (equipments mostly), fellowships | <ul style="list-style-type: none"> • Cotton 4 • Mais Alimento Internacional (More Food International) • PAA Africa (Purchase from Africans for Africa) • PEC-G and PEC-PG • SENAI Vocational Training Centers in Africa and Latin America countries |
| South Africa | South African Development Partnership Agency (prospected) | Bilateral and trilateral technical assistance programmes or projects supported by African Renaissance Fund (ARF) or government department's budget trainings | <ul style="list-style-type: none"> • DPSA DRC Census Project • DST African Very Long Baseline Interferometer Network • Improvement of veterinary laboratory capacities in South Saharan African countries – DIRCO: International Atomic Energy Agency (IAEA) • Training by Public Administration Leadership and Management Academy (PALAMA) to Rwanda, Burundi and South Sudan (trilateral cooperation with Canada) |

Source: Information based on documents on DIRCO; ABC and MEA website, 2017.

where both countries learn with each other and achieve economic and social development together), their practices in this modality might be very different. Table 1 presents a summary on the main capacity building and other practices in IBSA countries, as well as some examples of those initiatives.

Although some available data and analysis strongly indicate relevance of Indian, Brazilian and South African engagement with Southern countries,⁵ South-South cooperation (SSC) policies still have some limitations to overcome domestically. In respect to this, the most

important issues have been the lack of public institutionalisation. Ensuring quality, deep capacity building impacts and remarkable changes in partners countries through SSC approach, is a notable topic in an age of SDGs.

Changing of government at the center in Brazil, India and South Africa can pressure for more or less engagement with the global South, including the technical cooperation for development. From 2018 up to 2030, political representatives would change in all the three countries. However, one question remains: will South-South cooperation for development

policies survive from party dynamic system, pressures from domestic groups, ideological preferences or political will ?

Dialogue between Northern agencies and multilateral organisations to improve the work and capabilities of developing countries in providing development assistance should not be excluded. However, through the logic of South-South partnerships - sharing best managerial, organisational, technological and political practices and seeking solutions that are adaptive to each national context - IBSA countries would be benefited by their synergies as Southern providers. Shared values and visions might direct them to frequent meetings, joint projects, learning platforms,

Brazil

Brazilian Development Cooperation Framework

Brazil has specific contours of its international cooperation, which started around the decade of 1970. Official documents state that it includes “the totality of invested federal government resources, totally in non-refundable grants, in governments abroad, in nationals of other countries in Brazilian territory, or in international organisation aiming to contribute to international development, understood as strengthening capacities of international organisations and groups or populations abroad to the improvement of its socio-economic condition” (Brazil, 2010).

They also affirm that Brazilian international cooperation use the “mobilisation of knowledge, practices, experiences and available technologies in institutions and national government or private entities, mobilisation of goods, materials and equipment linked to training initiatives; and identification of new partnerships with governments abroad and international organisation to execute trilateral projects” (ABC, 2017).

The country refuses to use the term “aid” to describe its development cooperation. Brazilian strategy seeks a horizontal assistance, where technical cooperation is one of the main modalities. A special innovative strategy pursued by Brazilian South-South cooperation is called the “groundwork” or “structuring” approach (*cooperação estruturante*), that puts emphasis on the strengthening of humans, organisational and institutional development, exploring endogenous resources of partners countries seeking long-term impacts (Almeida et. al, 2010). It is different from short capacity building projects, as well as passive and unidirectional transfer of knowledge or technologies.

Since 1950, Brazil has followed a planned approach to institutionalising international technical cooperation. In that year, government created the “National Committee of Technical Cooperation”, aiming to coordinate priorities on technical cooperation received from developed countries. Between 1969 and 1984 new arrangements for management mechanisms were needed to handle cooperation offered by Brazil to other developing countries. In 1987, the Brazilian Agency of Cooperation⁶. (ABC, in Portuguese) was launched as an institution within the Ministry of Foreign Affairs (MRE, in Portuguese) not only as in charge of received assistance but also Brazilian South-South technical and humanitarian cooperation.

Despite the role of ABC in coordinating and monitoring some part of Brazilian South-South cooperation policies and activities, these practices are taken up not only by different government actors, including national agencies - Executive, judiciary and legislature, but also non-governmental organisations (NGOs), universities and local governments. Due to this, there are several concurring strategies pursued by these different actors because they are not necessarily working under the same legal and conceptual framework of Brazilian Ministry

of Foreign Affairs or ABC (Suyama; Waisbich; Leite, 2016).

However, this format complicates the coordination between diverse stakeholders, because national agencies are partially independent. This dynamic also allows that South-South initiatives are being provided by professionals with direct experience on formulation and implementation of the national programme shared, especially in health, agriculture and education sectors.

In this context, there is no internal legal framework that regulates the provision of development cooperation activities done by Brazil in other countries. The Decree 5.151, from 2004⁷ and the Ordinance n. 8, from 4 of January of 2017 (that replaced the Ministry of Foreign Affairs' ordinance n. 717 from 2006), govern the proceedings of aid in-flows received from developed countries and international organisations. There are no legal texts about the Brazilian cooperation provided abroad. Many dimensions are impacted because of the absence of juridical gap.

National public procurement for South-South cooperation projects, for example, is prevented because Constitution does not allow expenditures made abroad. In face of this challenge, two ways are possible, the approval of resources case by case in the Brazilian Congress or partnerships with multilateral organisations, using them as intermediates. Most part of Brazilian cooperation has been channeled by United Nations Development Programme (UNDP).⁸ Through its national office in Brazil, UNDP makes payments, purchases and hires staff for ABC projects, charging administrative fee varying between 5 per cent and 13 per cent under the total budget.

Challenges and future paths

Without a proper legal and administrative framework to implement technical cooperation, Brazil may miss opportunities in delivering a

better and expanded development assistance to Southern partners. The operational directives stated by the National Execution of Projects Guidelines (2006),⁹ ensure benefits to ABC's work, but it also generates some disadvantages, as excessive bureaucracy, or frequent parameters changing (Abreu, 2013).

Some examples of limits posed by the regulatory issue was seen in Brazilian engagement in Africa. The implementation of an antiretroviral drugs factory in Mozambique (*Sociedade Moçambicana de Medicamentos*) between 2008 and 2012, faced some difficulties due to legal issues. According to official representative of Oswaldo Cruz Foundation, *Fiocruz* (national agency in charge of this project), the workers dedicated to the factory's construction couldn't receive salaries, so they were being paid through *per diems* (Senado Federal, 2012). Open University of Brazil (*Universidade Aberta do Brasil, UAB*), a US\$ 32 million project, which focused on distance learning, also in Mozambique curtailed had its expansion. The project planned scholarships to Mozambican tutors, but it was not allowed in due to Brazilian legislation (Rossi, 2013).

However, Brasilia has advanced in institutionalising specific programme. This is the case of PEC-G and PEC-PG programme, a national-based and continued educational South-South cooperation. They were created respectively in 1965 and 1981, during Brazilian dictatorial regime. Since then, both programmes support students of developing countries (mostly in Africa) to undertake free studies in public and private universities in Brazil. During Lula da Silva government, the Presidential Decree 7948 (approved in 2013, during Dilma Rousseff administration) changed the legal status of these programme and reviewed its legislation. Among other modifications it enlarged the rights of Southern foreign students, expanding some of their benefits in Brazil during the programme (including housing assistance grant, for example).

Brazilian development cooperation framework in capacity building also lacks a regular system of monitoring and evaluation. The Ministry of Foreign Affairs has been concerned with the use of monitoring and evaluation, since these practices are commonly associated with OECD agenda. Meanwhile, since 2016, ABC has been discussing the possibility to develop its own M&E practices (Abdenur; Call, 2017). Last year, the Brazilian agency supported dialogue processes¹⁰ between academics, civil society and governments in order to discuss criteria, methodologies, indicators and the objectives while using these mechanisms to assess South-South cooperation.

In respect to civil society participation on SSC decision-making and implementation of Brazilian initiatives, there is limited access. The lack of permanent and formal forums, where social actors from Brazil can engage in foreign policy issues, is one of the main reasons. The Private Sector Advisory Council (CONEX),¹¹ Executive Secretary of the Foreign Trade Chamber (CAMEX), and National Council on Food and Nutrition Security (CONSEA),¹² are rare exceptions of participatory domestic forums that discuss about the international dimension.

Brazilian legislation does not allow ABC or other official institutions to finance international cooperation initiatives conducted by civil society. So, the compensation to non-government organisations or other groups could not be done, under the current national legal system (Santos, 2014). However, some NGOs have participated in projects monitored by ABC, as Viva Rio, Alfasol, Gol de Letra Foundation and others. Grassroots movements,¹³ in turn, did not have the same opportunities in SSC. Furthermore, because of loose participatory channels in foreign policy, official dialogue with national civil society in Brazilian SSC has no selection criterion and does not provide consistent information about the agenda of meetings, when they occur (Pomeroy; Silva, 2017).

Although different ways were established to cope with the challenges in implementing SSC, in general, improvisations and temporary arrangements are impacting broad possibilities. In this context, in the last five years, academics and practitioners have opened the debate not only on reforming ABC, creating civil positions with public managers (in addition to diplomats) who could work full-time with technical cooperation policy management, but also on the need to reduce the dependence of ABC on the Ministry of Foreign Affairs' budget (Milani, 2017; Krause, 2017). Frequent moving of civil servants allocated in ABC (the Chancery Officers and Chancery Assistant) to different diplomatic or consular post resulted to some extent in loss of experienced staff and institutional memory rupture (Abreu, 2013).

Since 2015, ABC has been working on a law project to be sent to Congress, which, between other measures, would regulate a specific fund for international cooperation and a professional position in charge of international cooperation (MILANI, CONCEIÇÃO; MBUNDE, 2016). There is no information whether this initiative would move forward.

South Africa

South African Development Cooperation Framework

In respect of development cooperation, South Africa has been engaging in different modalities as humanitarian cooperation, peacekeeping operations, support to refugees, contributions to international organisations and also projects related to capacity building (Grobbelaar, 2014). Up to now, there is no official documents defining what SSC should entail to South Africa and how principles related to SSC are applied in implementing its initiatives (Lucey, 2015; Naidu, 2016).

South African governments presented critique to ODA and OECD-DAC system. Its development cooperation is much more defined in terms of the interpretations articulated in

the United Nations Buenos Aires Plan (BAPA) of 1978 and the High Level United Nations Conference on South-South Cooperation on Nairobi in 2009. It reflects its South-South diplomacy which aims to reform the asymmetrical global governance, including the international forums that discuss development cooperation, as the High Level Forums of Aid Effectiveness.

However, the country does not have a specific policy that states its main objectives and priorities of recipients. Initiatives of capacity building carried out by South Africa are mainly focused within the region. Key partners are generally those who are making political transition from conflict to peace. A significant amount of South African development cooperation grant not only to Southern African Development Community (as Democratic Republic of Congo, Lesotho and Botswana) but also to other African countries such as Sudan and Burundi (Braude *et al.* 2008).

Capacity building is carried out at three tracks: a) projects managed by government Departments (as Defence, Agriculture, Education, Trade and Industry, Minerals and Energy, etc.);¹⁴ b) cooperation initiatives carried out by parastatals government agencies and other statutory bodies (such as Industrial Development Corporation, National Research Fund, South Africa Management Development Institute); and c) the African Renaissance and International Cooperation Fund (ARF).

ARF is a structured financing mechanism created by the African Renaissance and International Co-operation Fund Act (Act n. 51 of 2000). It was designed as a bilateral cooperation tool used by different government departments to support its projects abroad, including civil capacities on public administration. The ARF was established in 2001¹⁵, replacing the Economic Cooperation and Promotion Loan Fund (from 1968 and also set up by a legislative act). Differently from its predecessor, the modern fund has clear focus and targets

(in terms of sectors and countries benefited). Also, the previous experience in development assistance fund didn't foresee a mechanism where third party funds could be channeled to recipients and/or joint tripartite projects (Bhattachanyay, 2017).

The ARF was built as a financial source to enhance cooperation between South Africa and African countries in five areas (promotion of democracy, conflict prevention and resolution, socioeconomic development, humanitarian assistance and human resource development). It provides mostly grants not only to implement development cooperation projects, but also extend concessional loans. Governance of ARF is conducted under the Advisory Committee, comprising the Department of International Relations and Cooperation (DIRCO) and Ministry of Finance. There is secretariat as well, in charge of managing and monitoring projects.

Challenges and future paths

Official reports from DIRCO and literature review pointed out two key elements in relation to ARF. The absence of monitoring and evaluation (M&E) of projects supported by the fund is one of them (Braude *et al.* 2008). There is a lack of dedicated personnel in government to work on this task and setting of standard criteria is also a challenge to assess and evaluate initiatives. According to different ARF reports, this is leading to "fruitless" and "wasteful" disbursements, if they were not utilised for intended purposes. Pursuant to Minister Maite Nkoana-Mashabane, in 2015 "(...) in light of our previous contribution to the continent, it will be prudent that our efforts are more geared towards strengthening programme monitoring and evaluation mechanisms" (DIRCO, 2015; 2012).

Beyond M&E, irregular expenditures has also been incurred due to the lack of proper operational policies and procedures in ARF, including the non-existence of standard project proposal template (DIRCO, 2015). This is also an issue in South African trilateral

cooperation management, which does not have a specific framework. At least three different coordination schemes have been in place: 1) joint/steering committees, 2) South Africa or recipient country management initiatives, or 3) multiple/plural management structures. In this dynamic, there is no clear guidelines to proceed and the two main official institutions in charge of development cooperation (DIRCO and Treasury) have limited involvement (Chiwandamira; Smith, 2014).

In face of the difficulty to coordinate the various capacity building projects being implemented by government departments, since 2007, South African has been discussing the establishment of an autonomous institution that could manage development cooperation: the "South African Development Partnership Agency" (SAPDA). This process started with the proposal of the African National Congress.¹⁶ However, inter-bureaucratic conflicts have come up concerning the department that the new agency should report to, the National Treasury or DIRCO.

SADPA would direct country's development cooperation. Among its core programme are and "Human Resource Capacity Building", "Good governance - Building Capacity for Elections", "Trilateral or Multi-partner cooperation". It would also facilitate outgoing development cooperation partnerships for the different institutions of state, aiming to produce more cohesion, alignment and harmonisation of activities and projects (DIRCO, 2016).

Given the high level of decentralisation of South African SSC, SADPA won't be the only institution implementing activities or projects. However, for some authors, SADPA will be important as information hub to SSC. It would also coordinate response and set common standards and guidelines to design, implement, manage, monitoring and evaluate South African SSC, (Besharati, 2015:192).

Government is also finalising the Partnership Fund for Development Bill that would repeal

the African Renaissance and International Cooperation Fund Act (Act 51 of 2000). According to the current legislative debates, the operationalisation of SAPDA would come into effect soon. The delay in implementing the agency is due the unresolved issues of governance between National Treasury and DIRCO, but also with the complexity of negotiations that now started afresh to include the new Ministry of Finance (PMG, 2017).

Participation of social actors (private sector and civil society organisations) in South African technical cooperation is still weak. NGOs like Gift of the Givers, Islamic Relief, South African Women in Dialogue and think tanks like Institute for Security Studies and African Centre of the Constructive Resolution of Disputes were some of the partners in SSC projects. Representatives of South African civil society stress the lack of appropriate structures and systems oriented to include these groups on the SSC policy-making (SAIIA, 2015).

In 2015, DIRCO launched the South African Council of International Relations (SACOIR), an advisory board joining 25 members from academia, civil society organisations, business and labour representatives. It provides advice to Executive on issues related to South African foreign policy through plenary and thematic working group sessions (South Africa, 2015). It could be seen as a relevant participatory instrument in South African development cooperation policies. However, Lack of sufficient information about this forum doesn't allow an assessment of its relevance.

India

Indian Development Cooperation Framework

Indian South-South cooperation has a very specific framework. Its strategy seeks the promotion of partnerships, solidarity and mutual respect in international relations. The Indian model has theoretical and institutional bases linked with the "structuralist" approach of macroeconomic growth. Based on the idea

of a new “Development Compact”,¹⁷ Indian mission works in five different dimensions: trade and investment; technology transfer; skills upgradation; lines of credit; and grants (Mohanty 2016). This notion argues that exchanges between actors from the South have been substantially different from North-South relations. Lack of conditionality for recipient countries, mutual gains and collective growth opportunities are main principles behind the current context (Chaturverdi, 2016).

There is no specific legal background or some declared and clearly official policy to Indian development cooperation, through official documents, clarifying objectives, modalities, intended outcomes, scale or geographic distribution (Aneja; Ngangom, 2017). The country also does not adhere to any standard definitions. But, its policies are based on principles stated in Bandung Conference and Panchsheel (The Five Principles of Peaceful Coexistence), which could be summarised as non-interference and mutual respect to national sovereignty.

Institutional framework for development cooperation in India, specifically for capacity-building initiatives, started in 1954, with the creation of “Indian Aid Mission”, to coordinate and monitor the implementation of Indian projects in Nepal, years later called “Indian Cooperation Mission”. The Ministry of External Affairs (MEA) also established joint-commissions gathering ministerial departments to identify resources and capabilities for development cooperation projects in Afghanistan, Sri Lanka and Czechoslovakia. The Economic Coordination Division, created in 1961 within MEA, also had dealt with international cooperation (Chaturverdi, 2012).

During his budget speech in 2003, the Indian Minister of Finance, Jaswant Singh, declared desire to create an aid agency, called “India Development Assistance”, located within the MEA. Four years later, the new Minister of Finance in the period announced the India

International Development Cooperation Agency (IIDCA), which faced delay and lack of consensus between government actors. In 2012, MEA decided to create a division within the Ministry called Development Partnership Administration (DPA).

DPA is in charge of the coordination and implementation of capacity building initiatives, but it also manages project appraisal, lines of credit and disaster relief (MEA, 2017). The DPA-I handles the lines of credit and some grant projects. DPA-II is the nodal point for handling all activities under ITEC, SCAAP and TSC, but is also responsible to manage grant projects in specific global regions. DPA-III handles the implementation of assistance projects in nearby countries.

Related to South-South capacity-building initiatives, India has been providing different modalities, as training programmes in host countries, sending experts to partners countries, scholarships, engaging in regional training programmes, deploying volunteers, conducting feasibility studies and prototype production, and setting up training institutions or centers of excellence (Chaturverdi, 2016).

Most part of fellowships and training programmes provided by India are part of Indian Technical and Economic Cooperation (ITEC), Special Commonwealth Assistance for Africa Programme (SCAAP) and Technical Cooperation Scheme (TCS) of Colombo Plan, these two last are multilateral initiatives. ITEC, the most important programme is focused on student training covering different sectors (agriculture, government function, international trade, small and mediums enterprises, etc.).

ITEC comprises six parts: 1) civilian trainings in India given by Indian experts; 2) deputation of Indian experts abroad; 3) projects and project-related activities such as feasibility studies and consultancy services; 4) study tours, and 5) donations of equipment at the request of partners countries and 6) aid for

disaster relief. During 2016 and part of 2017, 10469 civilian training scholarships from 161 countries were offered by Indian government under this programme (ITEC, 2017).

Apart of this structured programmes, India is also involved in other knowledge sharing initiatives in African countries, in partnership with Africa Union and under the Indo Africa Forum Summit. One of them is the Pan African e-Network created in 2009, that provides expertise in information and communication technology, education and health services through e-learning and tele-education. Moreover, India has been supporting capacity building and human resources development through creating training and research institutes. In agriculture, for example, the country built two institutions: the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), which established agri-business incubators, and the International Livestock Research Institute (ILRI), focused on sustainable use of livestock.

Challenges and future paths

Recent studies have mentioned the lack of coordination mechanisms as the big challenge in Indian technical cooperation. Specialised ministries handle different initiatives of South-South cooperation policies. Decreasing bureaucratic hurdles, the imperative of transparency, and accountability call the need for a stronger role of DPA as a coordinating department (Samuel; George, 2016; Bawa, 2017). Despite the recognition that data coordination has improved since DPA was created, still it is a long way to establish as a coherent structure. There is still important gaps in streamlining all projects managed by different government institutions (Singh, 2017).

Adequate investments in human resources and institutional capacity in Indian SSC has a relevant role, including hiring specialists to support the work of DPA in processes such as project review or monitoring and evaluation. DPA staff and head office are allocated in that

division for a period of three years, then they move to another Ministry's institution. Also, there is lack of specialised knowledge on development cooperation and training about this field in DPA.¹⁸

In the Indian perspective the idea of bringing monitoring and evaluation to assess South-South cooperation initiatives could represent a problem, as singularities of that approach might be overshadowed by "hegemonic" methodologies. There are fears that elements of "partnership" and "political commitment" will not be addressed in evaluation reports.

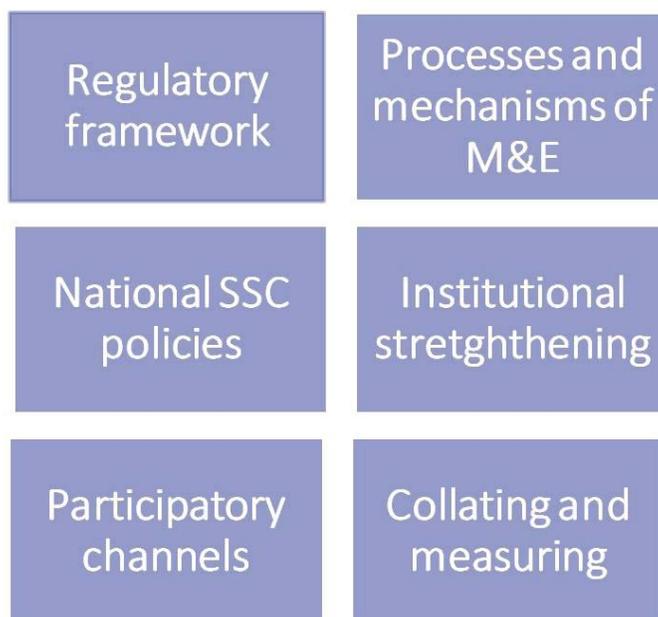
Concerning civil society participation, in the last years, except in few cases, these actors weren't part of most of Indian SSC initiatives. Beyond NGOs and training or educational institutions engaged as service-delivery partners in official cooperation (as implementing partners on Small Development Projects), there haven't been too much involvement of other social actors in SSC initiatives recently (Mawdsley; Roychoudhury, 2016).

However, the launching of the Forum on Indian Development Cooperation (FIDC)¹⁹, represented a significant advance in participatory channels on Indian SSC decision-making process. It was created as multi-stakeholder forum, comprising civil society, academia and policy-makers. As a gradual progression over time and upon growing in experience and confidence, FIDC as a platform has embarked upon regional consultations in different parts of India. As of now five regional consultations have taken place in different geographical locations of India (RIS, 2017).

II. IBSA countries as Southern partners: lessons and ways to future

As it was shown, domestic challenges on development cooperation in India, Brazil and South Africa have from different dimensions. Figure 1 shows the main issues which the countries should address to improve their engagement as Southern partners.

Figure 1: Main elements to move SSC policies forward in IBSA countries



Source: Based on evidences collated by the author.

Regulatory framework means administrative norms and/or legal milestones, as well as standard proceedings to support selection, formulation and implementation of capacity building projects, including in the trilateral cooperation. In some cases (for example projects implemented by Brazil in Mozambique) lack of legal provisions and formal mechanisms caused serious limitations in providing or expanding Brazilian South-South cooperation initiatives. Significant cuts in Indian Union budget to overseas development assistance programme, some years ago, also called to the establishment of more consistent legal and institutional framework which could consolidate an uninterrupted SSC policy.²⁰

Considering that in the three countries, there are different state players implementing SSC with medium or low coordination, norms and standards to manage this policies must be addressed. In Brazilian case, government ministries and sometimes units within ministries

don't have same regulation concerning its staff, also the scenario in which the public servants can be posted in missions overseas. This has conflicted with the growing importance of the Brazil as a Southern partner in capacity building projects (Mawdsley, Marcondes, 2017). Although more autonomous dynamic between agencies provides some scale of agility in delivering international cooperation, in the long term, if coordination and coherence fail, this can undermine the efficiency, effectiveness and impact of policies.

None of the countries has established any formal policies defining country's vision, priorities, commitments, strategies, clear objectives, goals or projects/activities in their development cooperation engagement. Such documents are important to ensure the policy coherence in programmes and initiatives in different dimensions of development (trade, investment, humanitarian assistance, scientific and technologic cooperation, debt reliefs, etc).

These official texts can stand alone or part of a wider national plan.

Beyond the facilitation of intra-government coordination, it could also support government leadership transitions, avoiding the loss of diplomatic and financial resources already mobilised, as well as ensuring strategic directions during political changing. Governments also should review these policies in two or three years in order to coincide with their medium-term planning, budgeting cycles, their national SDGs plan and or involvement with 2030 Agenda (ECOSOC, 2015). Brazil²¹ and South Africa have been discussing the establishment of a formally national development cooperation policy at least since 2015, but up to now, there is no prospect of such advance.

The absence of a declared monitoring development cooperation policy hinder monitoring public budget towards targeted development assistance for Southern countries in its different modalities. Once budget allocation is accessible to society, it allows the understanding of continuity and rupture in development cooperation policies. This is also crucial to promote national support and legitimacy of expenditures on SSC initiatives, which are distributed in different budgetary lines on the three countries union budget (Waisbich; Silva and Suyama, 2017; Braude *et al.* 2008).

Institutional strengthening is also key issue to streamline IBSA countries policies on development cooperation, including the improvement of human resources. However countries have similar institutional design in this field (DPA, ABC and SADPA), located as coordination bodies attached to the Ministry of Foreign Affairs, these are institutions have different degrees of knowledge and accumulated experience. While Brazil has established Brazilian Agency of Cooperation thirty years ago, India has recently launched its coordination mechanism and South Africa are still discussing the implementation of SADPA.

Processes and mechanisms of monitoring and assessment have also gaps to be filled in. Projects under IBSA countries are not covered by a rigorous evaluations of results and impact on beneficiaries groups of partners countries. Among other reasons that explain the weakness of M&E management, is the fact that countries have relatively short time to develop and consolidate complex and expensive M&E systems of their own (SAIIA, 2015).

Though, the fears around the Northern model to assess a different type of cooperation are legitimate, countries should invest in joint dialogue to deepen debates that already exist on this issue; advancing from accumulation, once these tools brings visibility and greater awareness on the value added of SSC approach.

As multi-stakeholder forums in SSC decision-making of the countries are being established, these platforms must work frequently and continuously. DIRCO and MEA have institutional forums, which could in theory allow the influence of civil society, academia, business and other actors in decision-making; Brazil does not have any permanent civil society or academic advisory council, these actors are involved in this agenda on ad hoc basis.

As a consequence of the weak coordination between different official institutions implementing SSC, there is another big gap: the collecting and measuring qualitative and quantitative information. Some noticeable progress was made in Brazil (through the COBRADI reports, carried out by ABC and IPEA since 2011²²), India (through MEA Annual Reports, which brings broad financial and qualitative data)²³, and South Africa (through DIRCO official documents, as ARF Annual Performance Plans reports).²⁴ But these countries didn't advance in implementing methodologies to measure the contribution of its SSC policies in development landscape, especially concerning capacity-building.

III. Conclusions

This chapter brings some light on the challenges and advances made by Brazil, India and South Africa in order to rationalise and institutionalise their South-South cooperation policies, especially those related to technical and knowledge sharing. However, innovative mechanisms have been done to overcome the lack of formal policies, proper legal provisions, efficient coordination between implementing agencies and truly participatory channels in SSC, in the long term provisory arrangements seems insufficient to address unfilled gaps.

The importance of institution-building for qualified initiatives in development cooperation has been stressed on multilateral arenas like the Development Cooperation Forum of ECOSOC in 2012 (ECOSOC, 2013). In this sense, frequent dialogue not only between governments officials in charge of management of development cooperation (as ABC, DPA and DIRCO), but also with other main implementing agencies in each of the countries would enlarge the understanding and the visions for joint solutions to efficient and effective SSC policies.

In view of its singular characteristics (as democratic regimes which play pre-eminent role and also countries committed to achievement of SDGs and development partnerships for global South), Brazil, India and South Africa have wider opportunities to improve the delivering of SSC if they undertake this process together.

Endnotes

1. According to United Nations, SSC is “a broad framework of collaboration among countries of the South”. They “share knowledge, skills, expertise and resources to meet their development goals through concerted efforts” (UNOSSC, 2017). Available at: <https://www.unsouthsouth.org/about/about-sstc/>
2. Interview with Indian former diplomat conducted in January of 2018.
3. The Sustainable Development Goals is an intergovernmental initiative within United Nations that adopted an action plan for all signatures countries of UN General Assembly. It defined 17 objectives and 169 goals, which are not legally binding. See more at: <https://sustainabledevelopment.un.org/>
4. In this chapter, we understand capacity building as processes of mobilisation, exchange and expansion of knowledge and skills available in a partner country in order to achieve social, technological and economic autonomy.
5. See Luijkx; Benn, 2017
6. ABC is the Brazilian governmental agency in charge of was created by the decree 94.973 on 25 September, 1987. Its mandate include the coordination of technical provided to developing countries and received by developed countries.
7. This decree rule about proceedings for federal public administration related to conclusion of technical cooperation agreements received by international organisations and approval and management of projects linked with these instruments. Available at: http://www.planalto.gov.br/ccivil_03/_ato2004-2006/2004/decreto/d5151.htm
8. In 2012 Brazilian UNDP Office and Brazilian Ministry of Foreign Affairs have signed the document “Strategic Alliance between UNDP and Brazil”, which facilitated the implementation of SSC activities and initiatives led by ABC (UNDP Annual Report, 2012). Available at: <https://nacoesunidas.org/pnud-em-acao-relatorio-anual-2012/>
9. Available in Portuguese at: http://www.mds.gov.br/webarquivos/arquivo/ acesso_informacao/internacional/pnud/PNUD%20-%20Manual%20de%20Execu%C3%A7%C3%A3o%20Nacional%20de%20Projetos.pdf
10. The event “Dialogue in South-South Cooperation” was held in 2017 in Rio de Janeiro (RJ). It resulted in a fruitful document, “Paths for Developing South-South Cooperation Monitoring and Evaluation Systems”. See the publication in English here: <http://www.abc.gov.br/imprensa/mostrarconteudo/724>
11. Private Sector Advisory Council (*Conselho Consultivo do Setor Privado*) comprises 20 members of national business representatives associations.
12. The National Council on Food and Nutrition Security (*Conselho Nacional de Segurança Alimentar e Nutricional*) join social movements, unions, non-government organisations and academic forums.
13. The “Community Native Seeds Banks in Family Farming Areas”, started in 2011, was one of the rare official South-South cooperation projects where a grassroots movement participated in the implementation. Women’s Peasant Movement (MMC) and Popular Peasant Movement (MPC) and carried out the capacity building in establishing seed banks. See more in: Suyama, Bianca; Pomeroy, Melissa. Supporting Autonomy and Resistance, 2014. Available at: <https://opendocs.ids.ac.uk/>

- opendocs/bitstream/handle/123456789/12720/CaseStudy%234_Web.pdf?sequence=1&isAllowed=y
14. Cabinet ministers are allowed to sign cooperation agreement with countries, which are channeled by the Department of Justice and Constitutional Development, also by the legal department of DIRCO to ensure that the agreements are consistent with South African legislation and foreign policy framework (Besharati, 2013)
 15. African National Congress (ANC) is the dominant political party in South Africa since post-apartheid, founded in 1912.
 16. The earlier Development Compact is understood as contract between Southern and Northern countries where conventional approaches to achieve growth were “exported” to developing world. In this context, international aid was accompanied by the Structural Adjustment Programme (SAP). SAP was formulated by International Monetary Fund as a programme solution to growth. In that frame, macroeconomic stability (control of inflation and other economically stable conditions) was fundamental to achieve growth. Aid policies from OECD-DAC draw on monetarist view, where conditionality, budgetary support or macro targeting, for example, are important issues (Mohanty, 2015; Chatuverdi 2016) .
 17. Interview with RIS researcher, 2017.
 18. Since its inception in 2013, the FIDC had the mandate of conducting out seminars, consultations, policy dialogues and conferences on various facets of Indian development cooperation. It has been publishing reports and producing analytical research on all the broad constituents of India’s development partnership spectrum.
 19. In 2013, Indian Foreign Minister announced a significant cut on India’s 2013-2014 budget to overseas development assistance programmes. Government official recognised that the impact would affect ongoing projects in Buthan and Afghanistan (Roche, 2013).
 20. At least since 2015 ABC has been discussing the elaboration of a law project to establish a national policy of international cooperation. However, there is no information about the progress of this initiative (ABC, 2017).
 21. COBRADI Reports are available at: http://www.ipea.gov.br/portal/index.php?option=com_content&view=article&id=28436:relatorios-odmods-e-cobradi&catid=110:dinte&directory=1
 22. MEA Reports are available at: <http://mea.gov.in/annual-report-2016-17.htm>
 23. ARF Reports are available at: http://www.dirco.gov.za/departament/african_renaissance/index.htm
 24. In 2017, ABC officially released a proposal: “Reference Platform for Measurement of Cooperation and Development Related Exchange Flows between

Developing Countries”. Up to now, the methodology has not been implemented. See more in: http://unctad.org/meetings/en/Contribution/gds_stats_2015d06_Contribution_Brazil2_en.pdf

References

- Abdenur, Adriana. 2016. Organisation and Politics in South-South cooperation: Brazil’s technical cooperation in Africa. In: Vieira, Marco; Grix, Jonathan (ed). Challenges to Emerging and Established Powers: Brazil, the United Kingdom and global order. New York: Routledge.
- Abreu, Fernando José Marroni. 2013. A evolução da cooperação técnica internacional no Brasil. *Mural Internacional*, v. 4, n. 2.
- Agência Brasileira de Cooperação. Documento de Estratégia da Agencia Brasileira de Cooperação, 2017. Available at: <http://www.abc.gov.br/impressa/mostrarConteudo/684>
- Alden, Chris. Changing roles in South-South Cooperation in the Global Development System. 2017. Finance Center for South-South Cooperation, Available at: <https://www.unsouthsouth.org/2017/10/10/changing-roles-of-south-south-cooperation-in-the-global-development-system-towards-2030-fcsc-2017/>
- Almeida, Celia; Campos, Rodrigo Pires de; Buss, Paulo; Ferreira, Jose Roberto; Fonseca, Luiz Eduardo. 2010. A concepção brasileira de cooperação Sul-Sul estruturante em saúde. *Revista Eletrônica de Com. Inf. Inov.Saúde*, v. 4 n. 1. Available at: <http://www6.enp.fiocruz.br/radis/sites/default/files/pdf/a-concepcao-brasileira-de-cooperacao-sul-sul-estruturante-em-saude.pdf>
- Aneja, Urvashi; and Ngangom, Tanoubi. 2017. Learning from the old, preparing for the new: Designing an institutional architecture for India’s development partnerships. ORF Working Paper, March. Available at: http://cf.orfonline.org/wp-content/uploads/2017/03/ORF_WorkingPaper_DevPartnerships.pdf
- Bawa, Amika. 2017. Indian Development Cooperation: as we move forward. CALACS Policy Brief Series Beyond Aid and the Future of Development Cooperation. August. Available at: <http://www.jgu.edu.in/public/calacs-pdf/5-INDIA-DEVELOPMENT.pdf>
- Beshairati, Neissan Alessandro. 2013. South African Development Partnership Agency (SADPA): Strategic aid or development packages for Africa. SAIIA Report n. 12. Available at: <http://www.saiia.org.za/research-reports/south-african-development-partnership-agency-sadpa-strategic-aid-or-development-packages-for-africa>

- Besharati, Neissan Alessandro. 2015. The case of South African Development Partnership Agency (SADPA) In: Sidiropoulos, Elizabeth; Pineda, Jorge A. Pérez; Chatuverdi, Sachin; Fues, Thomas. Institutional Architecture & Development Responses from Emerging Powers. SAIIA.
- Brasil. 2010. *Cooperação Brasileira para o Desenvolvimento Internacional: 2005-2009*, Brasília: IPEA/ABC. 2010.
- Braude, Wolfe; Thandrayan, Pearl; Sidiropoulos, Elizabeth. 2008. The South African Case. SAIIA. Available at: <https://www.idrc.ca/sites/default/files/sp/Documents%20EN/Case-of-South-Africa.pdf>
- Chaturvedi, Sachin; Kumar, Sushil; and Mendiratta, Shashank. Balancing State and Community Participation in Development Partnership Projects: Emerging Evidence from Indian SDPs in Nepal. RIS Discussion Papers, No. 183. Available at: <https://www.ris.org.in/balancing-state-and-community-participation-development-partnership-projects-emerging-evidence>
- Chaturvedi, Sachin. 2016. The Development Compact: a theoretical construction for South-South Cooperation. RIS. Available at: <http://www.ris.org.in/development-compact-theoretical-construct-south-south-cooperation>
- Chatuverdi, Sachin. 2013. India's Development Partnership: key political shifts and institutional evolution. Cambridge Review of International Affairs.
- Chiwandara, Daniel and Smith, Matthew. Review of South Africa's Trilateral Development Cooperation Activities 2004-2014. AECOM, Proman, 2014. Available at: <http://igd.org.za/all>
- Department of International Relations and Cooperation. Annual Report. 2016-2017. African Renaissance and International Cooperation Fund. 2017. Available at: http://pmg-assets.s3-website-eu-west-1.amazonaws.com/1/ARF_ANNUAL_REPORT_201617_FOR_tabling.pdf
- _____. African Renaissance and International Cooperation Fund (ARF) Strategic Plan 2015 - 2020 and Annual Performance Plan, 2016 - 2017. Available at: http://www.dirco.gov.za/department/african_renaissance2015_2020/arf_2015_2020.pdf
- _____. 2016. African Renaissance and International Cooperation Fund (ARF) Strategic Plan 2014 - 2017 and Annual Performance Plan, 2014 - 2015 . Available at: http://www.dirco.gov.za/department/african_renaissance/arf_2014_2015.pdf
- _____. 2017. African Renaissance and International Cooperation Fund (ARF) Strategic Plan 2015 - 2018 and Annual Performance Plan, 2015 - 2016. Available at: http://www.dirco.gov.za/department/african_renaissance2015_2018/arf_2015_2018.pdf
- _____. 2018. Revised African Renaissance and International Cooperation Fund Strategic Plan 2015-2020 and Annual Performance Plan 2017-2018. Available at: http://www.dirco.gov.za/department/african_renaissance2015_2020/arf_revised_2015_2020.pdf
- Grimm, Sven. 2011. South Africa as a Development Partner in Africa. EDC 2020, Policy Brief n. 11, March 2011. Available at: https://www.die-gdi.de/uploads/media/EDC2020_Policy_Brief_No_11_-_South_Africa_as_a_Development_Partner_in_Africa_v3.pdf
- Grobbelaar, Neuma. Rising powers in International Development: the State of Debate in South Africa. Evidence Report, n. 91, IDS. Available at: <https://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/4305/ER91%20Rising%20Powers%20in%20International%20Development%20The%20State%20of%20the%20Debate%20in%20South%20Africa.pdf;jsessionid=CC0E3921EECFB203-EDD648214169061?sequence=1>
- India. 2017. Ministry of External Affairs. Development Partnership Administration. Available at: <http://www.mea.gov.in/development-partnership-administration.htm>
- Indian Technical and Economic Cooperation Programme. 2017. Available at: <https://www.itecgoi.in/index.php>
- Krause, Felipe. Cooperação para o desenvolvimento: O Brasil precisa de uma agência para o desenvolvimento internacional? In: Westmann, Gustavo. Novos olhares sobre a política externa brasileira. Editora Contexto
- Lucey, Amanda. South Africa's Development: Opportunities in the Global Arena. United Nations University Centre for Policy Research. 2015. Available at: <https://www.saiia.org.za/speeches-presentations-other-events-materials/920-2015-11-24-nest-ssc-event-paper-amanda-lucey-iss/file>
- Luijkx, Willem; Benn, Julia. 2017. Emerging providers' international cooperation for development. OECD Development Cooperation Working Paper 33. OECD, April.
- Marcondes, Danilo; Mawdsley, Emma. 2017. South-South in retreat? The transitions from Lula to Rousseff to Temer and Brazilian development cooperation. *International Affairs* v. 93, n. 3.
- Mawdsley, Emma; Roychoudhuri, Supriya. 2016. Civil society organizations and Indian development assistance: emerging roles for commentators, collaborators, and critics. In: Chatuverdi, Sachin; Mulakala, Anthea. New York: Routledge.
- Milani, Carlos R. S. 2017. ABC 30 anos: Histórias e Desafios Futuros. Agência Brasileira de Cooperação.

- Milani, Carlos R. S., Conceição, Francisco Carlos da and M'Bunde, Timóteo Saba. 2016. *Cooperação Sul-Sul em educação e relações Brasil-PALOP*. Cad. CRH, v. 29, n. 76.
- Mohanty, Saroj Kumar. 2016. Shaping Indian development cooperation: India's mission approach in a theoretical framework. In: Chatuverdi, Sachin; Mulakala, Anthea. *India's Approach to Development Cooperation*. New York: Routledge.
- Naidu, Sanusha. 2013. South Africa's Development Diplomacy and South-South Cooperations: Issues of Institutionalization and Formalization? In: Bergamaschi, I. et al, *South-South Cooperation Beyond the Myths*, International Political Economy Series.
- Parliamentary Monitoring Group. ATC171018: Budgetary Review and Recommendation Report of the Portfolio Committee on International Relations and Cooperation. Available at: <https://pmg.org.za/tables/committee-report/3139/>
- Pomeroy, Melissa; Silva, Daniel Martins. 2017. *Articulating Resistances at Global South: experiences from peasant movements, rural unions and non-governmental organizations*. São Paulo: Oxfam Brazil.
- Research and Information System for Developing Countries (RIS). About FIDC. 2017 Available at: <https://fidc.ris.org.in/about-fidc>
- Roche, Elizabeth. India may reduce overseas development assistance. Live Mint, Feb. 2013. Available at: <http://www.livemint.com/Specials/ZZny0NRkgnEL4Nve3tAhuN/India-may-reduce-overseas-development-assistance.html>
- Rossi, Amanda. 2013. *Projetos do Brasil ajudam países africanos mas enfrentam dificuldades*. Estadão, 30/10/2013. Available at: <http://brasil.estadao.com.br/noticias/geral,projetos-do-brasil-ajudam-paises-africanos-mas-enfrentam-dificuldades,1091357>
- Samuel, John and George, Abraham. 2016. *Future of Development Cooperation Policy Priorities for an Emerging India*. July. New Delhi: Oxfam India. Available at: <https://www.oxfamindia.org/sites/default/files/WP-Future-of-Development-Cooperation-Policy-Priorities-for-an-Emerging-India-12072016.pdf>
- Santos, Tacilla da Costa Sá Siqueira. 2014. *Entre o Norte e o Sul: um estudo sobre o papel das organizações da sociedade civil brasileira na cooperação internacional para o desenvolvimento*. Federal University of Bahia, 2014. Available at: <http://www.adm.ufba.br/pt-br/publicacao/entre-norte-sul-estudo-sobre-papel-organizacoes-sociedade-civil-brasileira-cooperacao>
- Senado Federal. 2012. *Cooperação internacional brasileira avança sem marco legal revela debate na CMA*. 11/07/2012. Available at: <https://www12.senado.leg.br/noticias/materias/2012/07/11/cooperacao-internacional-brasileira-avanca-sem-marco-legal-revela-debate-na-cma>
- Singh, P.K. *Peacebuilding through development partnership: an Indian perspective*. In: Call, Charles T.; Coning, Cedric de. (ed) *Rising powers and peacebuilding Breaking the Mold?* Palgrave Macmillan
- South African Institute of International Affairs (SAIIA). 2015. *South African Reference Group (Draft Report of Launch Meeting)*. 2015. Available at: <https://www.saiia.org.za/speeches-presentations-other-events-materials/782-2015-01-28-nest-south-africa-launch-report/file>
- Suyama, Bianca; Waisbich, Laura Trajber; Leite, Iara Costa. 2016. *Brazil as development partner under Lula and Rousseff: shifts and continuities*. In: Gu, Jing; Shankland, Alex; Chenoy, Anuradha. *The BRICS in international development*. International Political Economy Series. Palgrave Macmillan.
- United Nations Economic and Social Council (ECOSOC). 2015. *Making use of National Development Cooperation Policies for the 2030 Agenda*. Workshop 2 Concept note and programme for policy makers and practitioners at the DCF Uganda High-level Symposium. Available at: http://www.un.org/en/ecosoc/newfunct/pdf15/DCFuganda_ws2_ndcps_cn_prog.pdf
- Waisbich, Laura; Silva, Daniel Martins; Suyama, Bianca. *Monitoring and measuring of South-South cooperation flows in Brazil*. Briefing, march 2017. São Paulo: Articulação Sul. Available at: <http://articulacaosul.org/wp-content/uploads/2017/04/Briefing-1.pdf>

IBSA Forum: A New Southern Cooperation Paradigm[^]



Camila Amorim Jardim*



I. Introduction

Despite having had very little bilateral diplomatic relations previously to the 2000s, being far located from each other - in three different continents - and having very particular cultural and social constructions, India, Brazil and South Africa share many commonalities that make their articulation as a group, if not obvious at least, full of potentialities.

India, Brazil and South Africa are three countries that have experienced colonial domain are still struggle with the subjective, cultural, political and economic scars that such exploitative insertion in the international system have left. They have a peculiar experience of capitalism, liberalism and the Western order, and, currently, are not radically against it, but are willing to promote reforms in a way to strengthen multilateral forums, making international institutions more compatible to the current international scenario of an increasingly multipolar world order - in which they are considered prominent actors and without which no important decisions can be taken in most of international regimes. Those countries also advocate for an international agenda more sensitive to development issues, with common but differentiated responsibilities, improving their own participation as contributors to the provision of international public goods and reinforcing their positions as developing countries that are, at the same time, development partners.

In that regard, India, Brazil and South Africa, historically in their foreign policy, have seen themselves as promoters of bridges between the North and the South, representing

* IBSA Fellow, Brazil

Part of the empirical research described in this work are results of the author's Master dissertation, further referenced as Jardim (2016).

normative leaderships and placing their respective regions as the center of their foreign policy agenda. Cooperation with other developing countries also holds great importance for the sake of greater autonomy, national development and the plain realisation of their great manifest future.

IBSA countries, social thinkers and political fights contributed to an international understanding of development that goes much beyond economic growth, and a liberal democracy perspective that is much more complex than just universal voting, including social justice. Those countries are also three very complex democracies, as they encompass multiethnic and multicultural societies. Two of them have very recent experiences of democratic establishment with a rather traumatic recent past: Brazil approved its current democratic constitution post-military right-wing dictatorship in 1988, and South Africa transitioned from a racial segregation regime in 1994.

With a very high number of various ethnicities, South Africa and India have respectively 11 and 22 official recognised languages. Even in Brazil, considered relatively cohesive, given its territorial length, has Portuguese as its only national recognised language; nevertheless, the most recent national study (IBGE, 2011) estimates the existence of 305 ethnicities (mostly indigenous peoples), speaking approximately 274 different languages. When it comes to political and economic diversities and interests groups the situation does not get simpler and, in all countries, issues such as race/ethnicity, social classes, gender, sexual orientation, between others, are part of central issues that need to be tackled by the public power in the context of the 2030 agenda and the sought for an organic development of their societies.

As a diplomatic tool, IBSA can be regarded as a paradigm change in Southern groupings,

here called as cooperation in multiple fronts. It consists of a cooperation tripod (as coalition, as sectoral cooperation and cooperation with third parties), across a wide range of levels, institutions and regimes. As a small like-minded grouping (Narlikar, 2003), there are potentialities and incentives for coordination both intra- and extra-bloc, seeking reforms in the International system, the improvement of international public goods provision and their consolidation as development partners to other developing countries. It can be considered a change of paradigm because previous groupings were usually bigger (G15, G7), restricted to specific regimes/institutions (as G20+ in WTO), and did not usually include larger ministerial cooperation and cooperation with third parties.

Considering that IBSA has lost part of its dynamism after 2011 – what culminated in the absence of a summit in 2013 –, having a historic-sociological look is always important to put things in perspective and contextualise their reason of being at that very specific moment of history and in that very specific way. Historically also helps it to (re)signify the objective of our study at the present time, as we are always narrating from the present and, in that regard, the reader might notice that even though many contextual changes took place, both nationally in IBSA countries and internationally since 2003, the core elements that inspired the creation of the Forum are still there. Further, IBSA keeps being relevant and is a potential international normative and developmental power.

Thus, the historical-sociological narrative in the following Section 2 was selectively constructed in a very panoramic way, highlighting some of the main moments of South-South articulation and thinking in the respective foreign policies of India, Brazil and South Africa since the 1950s and how they culminated in the creation of this very innovative diplomatic tool in the 2000s. Section

3 describes and debates the main elements of IBSA's agenda (regarding it as political coalition, inter-ministerial cooperation and South-South cooperation for development tool), pointing out some elements that could help to understand its lost of dynamism in the most recent years. Finally, Section 4 lists some lessons learned and some elements that could be taken into consideration to take IBSA forward.

II. India, Brazil and South Africa from 1950s to 2000s: Southern countries, interceptive histories

India, Brazil and South Africa historically have held very important place in discussions on the central issues related to the South. They have been active part of the main ideas and institutions dealing with development cooperation since the end of the Cold War. The idea of South here is dealt with in a non-geographical way, in a perspective that considers the facing of common development challenges in the present and a common past in which those countries were inserted in the international system through colonial and imperialist exploitation.

Thus, in a broad and simplified way, South-South cooperation (SSC) is an effort towards dialogue, coordination, cooperation, knowledge or personal exchange between developing countries, both in multilateral forums, acting as coalitions; or through interstate cooperation, mainly - but not solely - through technical cooperation for development. South-South cooperation initiatives are historically marked by their low institutionalisation level, with no fixed headquarters or secretariat and no bidding rules, which create an environment of low additional costs in comparison to higher possible gains. On the other hand, SSC initiatives might require extra political will, as they are learning process in themselves and do not have consolidated procedures and institutions.

Despite their geographic distance and not being traditional diplomatic and economic partners between each other, a historical perspective can indicate that those countries have had interceptive histories long back and that the potentialities for cooperation are much more profound than any contextual change. Hence, historicising India, Brazil and South Africa relations to the South, their diplomatic thought and their insertion in the development debate will illustrate the process that culminated to the creation of the IBSA Forum in 2003.

Awakening of the South: political developments after the Second World War

The term South-South cooperation dates back to the beginning of the 1950s, when recently independent countries, mainly in Asia, started articulating themselves in conferences that sought to deal with common challenges and interests regarding their shared past as colonies, their common present as peripheral states in the international arena and their willingness to achieve economic, political and social development in the future. This continuous process of political coordination culminated into the Bandung Conference, in April 1955, which is considered the turning point of the awakening of South-South cooperation in multilateral arenas, promoting the recognition of possible common identities between developing countries. Hence, the Bandung Conference was the first summit held only with Third World countries, excluding Europeans and the two major powers. (Leite, 2011)

In the same period, International Technical Aid was formally instituted at the United Nations General Assembly (UNGA), in 1948, primarily motivated by strategic and economic interests in the post-Second World War period, formation of the bipolar system and competition for influence zones. The term aid

(or assistance) began to be questioned in the 1970s as it put the recipient country in a inferior and passive position, and was replaced by the term “cooperation” (Cervo; 1994, Puente; 2010, Leite; 2011) In that sense, it is important to highlight that international aid is an inherently political act, as there is no consensus on what development is and how it should be achieved. (Mawdsley, 2012)

After the end of the Second World War, the United Nations Economic and Social Council (Ecosoc) was created with two special commissions to reconstruct respectively Europe and Asia - Far East. After demands and joint action, Latin America and Africa also managed to create special commissions to think about the development of their respective regions, as their societies and economies also suffered directly with the war, colonialism, exploitation and low commodities prices since 1930s, which had put them in a position of deep trade debt. (NERY, 2014)

International Relations thought in Latin America - including Brazil - were, then, deeply influenced by the studies and thought of the United Nations Economic Commission for Latin America and Caribe (ECLAC), consolidated around the 1950s, having some of their main exponents: Felipe Herrera, José Carlos Mariatégui, Aníbal Pinto, Raúl Prebisch, e Celso Furtado. ECLAC calls into attention the binary relationship between the center and the periphery in the international political economy system, in which the Latin America (and other peripheral economies) are inserted in an international division of labour as providers of primary goods and the deteriorating terms of trade in that scenario is the main reason for their underdevelopment. Considering that diagnosis, ECLAC proposes an inward looking development strategy, seeking national industrialisation and autonomy, as well as regional integration - as a country cannot develop independently of its region (Roy,

2000; Eclac, 2016; Cervo 2008; Nery, 2014). ECLAC's thought has influenced autonomous development policies much beyond Latin America, also resonating in the Gandhian and Nehruvian thoughts in India, for example.

In the context of late decolonisation and the need for fighting for its on space in a tight East-West agenda, the Non-Alignment Movement was born in 1961 after the first summit of the Non-aligned countries, composed by 23 Afro-Asian countries, Cuba and Yugoslavia. The movement stood for the right of nations not to subordinate themselves to any ideological bloc in the Cold War, the right for a world system based on just and multilateral rules (supporting the NIEO) and the peaceful resolution of conflicts (Mawdsley, 2012).

While India was a central leadership in the NAM, Brazil was not a direct participant of the movement due to its close relationship with the United States - being a signatory of the Inter-American Treaty of Reciprocal Assistance (IATR) - which was an impediment to call itself non-aligned to the western bloc. Nevertheless, the 1960s was a period of close interaction between India and Brazil in multilateral arenas as their sustained an important partnership in negotiations, such as their strong positions against the Treaty on Non-Proliferation of Nuclear Weapons (NPT). (Lima, 2005; Saraiva, 2007).

The international economic order, structured after the developments of the Bretton Woods agreements, had very little contributions of developing countries in its framework. In this sense, India and Brazil were important actors demanding the inclusion of the development issue in the international agenda. Those Southern articulations culminated towards the creation of the United Nations Conference on Trade and Development (UNCTAD), one of the big landmarks of South-South cooperation, as it is the first international conference to deal with the relationship between trade and

economic development, engaging developed and developing countries in discussions seeking economic development.

UNCTAD dialogues originated the G-77 coalition, a group integrated only by developing countries and in which India and Brazil played a central role. G-77 demanded, at that time, a New International Economic Order (NIEO), by revealing that North-South trade patterns favoured underdevelopment and, instead, international trade should be consisted of a new logic, favouring developing countries' industrialisation (Ramanzini Júnior; Mariano; Almeida, 2015; Mawdsley, 2012). Even though having a low institutionalisation level, it started having periodic group consultations and developed joint projects – such as Perez Guerrero Trust Fund (created in 1983) – and can be considered a relevant institutional advancement to what is currently known by South-South cooperation.

In general, 1970s represent the climax of South-South cooperation in the 20th century. The development theme, previously involving a discussion centered in trade and official aid, becomes more ambitious, and the discussions around the building of a NIEO become central. This movement represents a reformist approach towards the international system and, even though it lost momentum in the following decades, it did contribute to the understanding that developing countries need a differentiated treatment in international regimes. Regarding technical development cooperation, the 1970s also had the Buenos Aires Plan of Action (BAPA) in 1978, which, through UNDP, systematised the modalities, possibilities and mechanisms for technical cooperation for development between developing countries. BAPA created the concept of “horizontal cooperation” and also added creates a momentum to cooperation for development (Leite, 2011; Puente, 2010).

Brazil, India and South Africa's diplomatic and social thought: autonomy, development and a great future

The Brazilian strategy of international insertion has put the United States as its main ally in most of its history of foreign policy after the independence. Nevertheless, after not obtaining the expected results of such strategy, the end of the Second World War highlighted the end of a large period of Americanism, in which Brazilian foreign policy was developed under a specific realm of hemispheric alignment; towards a more globalist/universalist approach, tendency for a more multilateral and universal discursive approach, mostly regarding an approximation towards non-traditional partners in the Third World. (Pineiro, 2000)¹

The years of 1961 to 1964 (presidents Jânio Quadros and João Goulart) are known by Brazilian foreign policy specialists as a period Independent Foreign Policy. Brazil's external conduct in this period is marked by principles of universalism and autonomy in relation to the American power, amid an action relatively free of the ideological constraints that plagued the period of the Cold War. At that time, the official discourse began to give greater relevance to the countries of the South, and the principles of autonomy and universalism were translated, for example, through the intensification of relations with Africa, Asia and the socialist bloc, also favouring the expansion of exports and dialogues for world peace. Brazil has also approached other countries of the region, seeking for Latin American integration through the strengthening of the Latin American Free Trade Association (Leite, 2011).

In this sense, the Independent Foreign Policy seems to be a landmark of change in Brazil's external performance, abandoning the United States as the main axis of foreign policy, in a context in which the national

developmentalism was the main development strategy, mainly focused on industrialisation by import substitution inspired by ECLAC's thought (Leite, 2011; Vizentini, 1998; Vlizzentini, 2004).

Independent since 1947, India's Foreign Policy in the 1950s and 1960s was deeply influenced by two main personalities and their social thinking: Gandhi and Nehru. Gandhi was the leader of India's independence movement and represents three main principles: non-violence (*ahimsa*), truth-power (*satyagraha*) and economic equity. On the one hand, Gandhian thought represents India as a moral force in the international arena, a defender of the peace, being able to act as mediator and integrator. On the other hand, under a Gandhian perspective, India should play also a revisionist role, standing up against the injustices in the international system. (Husar, 2016)

Gandhi rejected the western obsession with material progress and the classic liberal capitalist policies, believing that India should restrain its international economic interactions at the lowest possible, reducing its vulnerabilities created by mercantilist international economic interactions. Furthermore, Gandhian thought can be used to understand India as a development promoter as, under that perspective, economic equality can only be achieved:

[...] through voluntary redistribution by all members of the international community, regardless of their development status. Such redistribution is not only argued for on moral grounds, but it is in fact regarded as a fundamental prerequisite to the persistence of any order." (Husar, p.78, 2016)

Gandhi became a worldwide figure of civil disobedience and pacifism in the fights against colonialism and racial discrimination. He spent many years of his life in South Africa, where he went to work as a lawyer at his younger age. In South Africa, he fought peacefully and incited civil disobedience against the Apartheid

regime, being considered one of the main inspiring figures to Nelson Mandela (Husar, 2016). Gandhi was even imprisoned in the same jail in which Mandela was held – the Old Fort Prison -, a place in which today there is the Constitutional Court of South Africa (The Economist, 2017). In this regard and considering India's anticolonial legacy, Sikri describes that:

At a conceptual and intellectual level, India's freedom struggle was not just about gaining India's freedom from British rule, but part of a wider global anti-colonial movement. This internationalist aspect of India's movement for independence emanated from Gandhi's own encounters with racism in South Africa, which contributed to the understanding among Congress leaders that India's own freedom was linked to that of people suffering under colonial rule elsewhere in the world. (Sikri, 2009, p. 259)

On its turn, the Nehruvian framing on Indian international relations advocates the greatness of the Indian civilisation and its destiny to be a great nation in the international system. A defender of South-South solidarity, Nehru was India's first Prime Minister – ruling the nation for 17 years – and Ministry of External Affairs since India's independence, playing the main role in shaping the country's foreign policy after independence and its first generation of leaders. Nehru also trained and inspired a generation of Indian diplomats who shaped India's foreign policy during the remaining part of the 20th century. (Sikri, 2009).

Thus, India has a very early engagement in South-South Cooperation (early 1950s) and, "[...] even before independence, Indian nationalists offered solidarity and support to anti-colonial liberation movements in Africa. After independence, this solidified into various forms of development cooperation." (Mawdsley, 2012, p.71)

Nehru is considered to be the first non-African that worked to drive world's attention towards Africa, mainly against the Apartheid

regime in South Africa and the British colonial regime in Kenya (Chhabra, 1989). He is also regarded as one of the founding fathers of the Non-Alignment movement (NAM), the main instrument of India's global role during the Cold War (Husar, 2016). According to Mazumdar (2015) "The term 'non-alignment' itself was coined by Nehru in 1954. He established 'non-alignment' and '*Panshsheel*' (peaceful coexistence) as the twin pillars of Indian Foreign Policy" (Mazumdar, 2015, p.20). Hence, anti-colonialism, Third World solidarity and South-South cooperation - with India playing a central role as a Southern leadership - are the main elements of Nehruvian thought.

By its turn, South Africa was under the Apartheid since 1948, a racial segregationist regime led by the white minority of the population. The African National Congress (ANC) was the main national actor in the fight against Apartheid, and became recognised internationally, with a "foreign policy" that advocated to discredit, de-legitimise and isolate the segregationist regime in South Africa. ANC had in its foundation a concept of National Democratic Revolution to some extent inspired on the stages of revolution of the Marxist-Leninist theory. Nevertheless, they presented an ambiguous project in their "Freedom Charter" of 1955, as it mixed elements of democracy and nationalisation of banks, natural resources and industrial monopoly, mixing Marxism, social-democracy, religious dogmas, Gandhian principles, Enlightenment and utopian socialism. (Husar, 2016, p.120)

In Brazil, a military dictatorship was established in 1964 and, even though the country had presented again a more autonomist foreign policy between 1974 and 1979, period known as Responsible and Ecumenical Pragmatism, it did not sustain radical positions against the international economic order anymore (Lessa, Couto, Farias, 2010). Nevertheless, Brazil was still a central actor in G-77, UNCTAD and GATT and, alongside India, acted towards

reforms in the international trade system and increased access to developed markets by developing countries' exports. In this period, South-South cooperation also presented an increased pragmatic approach in the context of rapid growth of the Brazilian economy, highly pushed by the dictatorship regime, which sought to stimulate industrialisation and development through imports substitution. (Ramazini Junior; Mariano; Almeida, 2015; Cervo, 1994).

Indira Gandhi, Prime Minister of India, also kept non-alignment as a central element of India's foreign policy, but building a closer relationship with the Soviet Union. Thus, non-alignment "[...] allowed India to receive foreign aid from the West and political, diplomatic and military assistance from the Soviet Union" (Mazumdar, 2015, p.22). In some similar way to Brazil, the country adopted a planned economic development model, with high import tariffs, restrictions on foreign investment and state interventionism. Those elements show how India, as well as Brazil, and, to some extent South Africa, have experienced a different capitalist experience. According to Mazumdar (2015):

Although a democracy, India was hesitant to join the US-led alliance because of its tendency to link capitalism with imperialism. In contrast, India's shared history of colonial struggle with other Third World countries facilitated cooperation with these newly independent countries. (Mazumdar, 2015, p.21)

In the beginning of the 1970s the amount of external financing to cooperation decreased, as the petrol chocks increased economic uncertainty. In this scenario Brazil abandoned the position as uniquely recipient of international cooperation, starting also its own programmes of technical cooperation (Lopes, 2008). This movement occurs through the accumulation of cooperation experiences and the expansion of diplomatic relations with other developing countries. According

to Puente (2010) development cooperation, which earlier was used only as tool for national development, also started to be used as a foreign policy strategy.

Nevertheless, technical cooperation between developing countries faced many difficulties, especially regarding financing. The issue became even more relevant when in the 1980s external debts crises struck developing world. On the other hand, developing countries multilateralism kept its importance in the international Arena. Nevertheless, in deep crisis situation, most developing countries adopted a more inward looking approach, as it will be discussed in the next subsection.

The Post-Cold War scenario

In Brazil, the democratisation process – starting in 1985 - took most of the attention in the political scenario, alongside the economic instability context of high inflation, international debt and stagnation of the economy after the collapse of imports substitution development strategy. According to Lessa, Couto and Farias (2010), the democratisation is an extremely relevant landmark of Brazil's Foreign Policy, promoting more changes in the Brazilian Foreign Policy discourse than the end of the Cold War in itself.

The case of India was different as the end of the Cold War affected directly its economic and political stability. With the collapse of the Soviet Union and the transformation of the global dynamics, India lost preferential access to Eastern European and Central Asian markets, also suffering a balance of payment crisis, which was precipitated by oil price spike due to the first Gulf War. (Mazumdar, 2015, p.23) This environment led to the necessity to implement market oriented reforms in India in 1991, as well as a reorientation of the foreign policy towards a more pragmatic and less idealist tone.

Thus, particularly according to Dubey (2013), to cope with the Post-Cold War situation, was in the most relevant change the policy towards Western powers, towards the US: "India tried

to discard the ideological baggage of the past in dealing with these countries and explore new avenues of convergence of interest." (Dubey, 2013, p.13) In this regard, Mawdsley (2012) describes that:

Until the later 1980s and 1990s, economic incentives played a relatively limited role in India's development cooperation decisions. Ideological and political agendas were dominant, while India's rather inward-looking economy meant that there was not in any case a strong export drive. However, the accelerated neoliberalisation of the economy in the 1990s and the new millennium, ongoing competition with China and sea-changes in foreign policy approaches to India's own diaspora to the United States have all encouraged a much more pragmatic and economically oriented approach to foreign policy more broadly, including development cooperation. (Mawdsley, 2012, p. 73)

In South Africa, by the end of the Apartheid regime, unemployment was around 40 per cent and social and economic indicators were at a very poor level, even more when regarding black and rural populations, as Whites had a per capita income 9.5 times higher than Africans (Mandela, 1993). The economic crisis and uncertain economic environment of the 1980s also affected South Africa and, according to Mandela (1993), ANC inherited an open South African economy, dependent on imports, with high external debt and with no competitive national industries. In that scenario, the country was mostly dependent on economic high growth to be able to sustain fiscal stability. Hence, Mandela presented also a cautious vision towards the Uruguay round of the GATT and international liberal trade regime:

We cannot be expected to reintegrate our trade regime into the global system overnight, and we will resist any attempt by the GATT to force us to do so. While we will be enthusiastic supporters of free

trade, we ask our trading partners and the GATT to understand that we cannot put thousands of jobs at risk by embarking on a speedy and uncoordinated revision of our total tariff regime. (Mandela, 1993, p.10)

Mandela inaugurated a foreign policy orientation and discourse in South Africa that was deeply contrasting to the one conducted during apartheid years, and according to himself (Mandela, 1993), was based on the following pillars: a) human rights as a central element, embracing not just political, but economic, social and environmental dimensions; b) promotion of worldwide democracy; c) justice and respect for international law; d) peace as the main humanity goal through internationally agreed and nonviolent mechanisms (such as arms-control); e) Africa as the main priority in South Africa's foreign policy; and f) economic development depending on regional and global economic cooperation in an interdependent world.

After the collapse of the imports substitution system, and in the context of the Washington Consensus towards liberalisation of markets, Brazil also followed a liberalising path and many macroeconomic reforms in the 1990s, willing both to stabilise its economy. Similarly, South Africa adhered to international regimes and rules as means to regain international community's trust. In this movement of adherence to international regimes, Brazil became signatory of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), against which it had sustained strong positions in the past alongside India. (Altemani, 2005; Lima, 2005; Saraiva 2007)

Brazil is said to have always sought autonomy and development as the core goals of its foreign policy since the beginning of its professionalisation (early 1900s). In this regard, previous period, marked by the Cold War conflict, is known as "autonomy through distance" by Brazilian foreign policy analysts and, even the 1990s (mainly Fernando

Henrique Cardoso's government - 1995 to 2002), which was a period of opening to the international markets and adherence to the main international economic regimes' demands, seeking for macroeconomic stability and international economic legitimisation, and is known as the "autonomy through participation" period, as the idea of autonomy in that period involved necessarily the adhesion of international regimes and the Washington Consensus (Vigevani; Cepaluni, 2007).

Post-2000s: Empowerment of the South

The end of the Cold War created the expectation of consolidation of a liberal and democratic international order, which would have the hegemony of United States. According to Lima and Castelan (2012, p.176), the emergence of developing countries as major players in the international order introduces complex elements to the scenario that was being coined in the 1990s, putting into check the hegemony of an ultraliberal order. The relative decline of the United States started being reinforced by the rapid ascension of countries such as China, India and, later, Brazil (LIMA and CASTELAN, 2012). This created a scenario in the end of the 1990s and beginning of the 2000s in which, according to Fonseca Júnior (2012) even though there was a demand for international order and international public goods, it was not clear who was going to be the provider. In this sense, the author highlights that the traditional powers face a hard time providing new paradigms of international order, opening space for emerging countries to seek space to support the design of a new order. (Fonesca Junior, 2012, p. 16).

At the end of the 1990s, popular manifestations during the WTO meeting in Seattle and economic instabilities in Asia and Latin America, between others, signaled a contextual change. The articulation of India, Brazil and South Africa as the G3 coalition in the drug patents litigation in 2001 (to be discussed in section 3.1) was a preview of the consolidation

of the IBSA forum, the commercial G-20 and an indicative of scenario transition. (Ramazini Junior ; Mariano; Almeida, 2015)

International cooperation for development also incorporated new elements on the 2000s, to some extent in response to the critics to international aid for development and how it has been conducted by the traditional donors. The paradigm of aid efficiency began to become a reality, being centered on two main elements: recipient countries assuming greater ownership of their development strategies, which should be followed by the donor; as well as the global commitment for tangible results, mainly the Millennium Development Goals. (Mawdsley, 2012)

Thus, the end of the Cold War and the emergence of development economies and new development partners created, in the 2000s, space for a shifting of the international agenda, previously mainly located in the East-West axis, to a more North-South and development sensitive issues. Even after terrorist attacks in the United States in 2001 and the following securitisation of international agenda, India, Brazil and South Africa managed to sustain international demanding positions advocating the deep relationship between economic development and security. (Mawdsley, 2012; Ramazini Junior; Mariano; Almeida, 2015)

Thabo Mbeki, ANC president in South Africa after Mandela, from 2000 to 2009, had a very active foreign policy, expanding South Africa's international relevance through active multilateralism, managing to become the only African country member in the financial G20 and co-creating IBSA. On the other hand, Mbeki also recognised that South Africa was intimately dependent on the Western global system. Thus, on a broad perspective, it could be said that South Africa acted as an intermediary between the developed and the developing world and engaged itself in a high variety of issues in Africa – under the *African Renaissance* concept – reforming the

Organisation of African Unity, which became the African Union, establishing also the New Partnership for Africa's Development (NEPAD) and conceptualising the African Peer Review Mechanism (APRM), which was eventually joined by the Pan African Parliament. Those institutions were a counter initiative against Bretton Woods authoritative framework towards Africa: NEPAD and APRM sought to give African states ownership and self-regulation over their development policies, attract investments and development cooperation financing. (ISS, 2017)

Regarding Mbeki's relation to the construction of the African renaissance concept, Husar (2016) describes that:

[...] South Africa under Thabo Mbeki has sought to legitimise the speaker for region role with reference to the concept of African renaissance. First, this entails a strong focus on the upholding of a common African identity and heritage, which is to be reconstructed. One important instance of this is the revitalisation of the concept of "Ubuntu" as one of the principles of South African foreign policy. Ubuntu stems from traditional Zulu aphorism, *Umuntu ngumuntu ngabantu* – 'a person is a person through other persons' [...]. Secondly the African renaissance concept includes the demand for a better positioning of Africa within the global political economy and aims at mobilising foreign resources as well as Africa's for the continent's development. Both dimensions of the African renaissance built on Pan-Africanism [...]. (HUSAR, 2016, p.125)

Political instabilities in the ANC party created a rather turbulent transition from Mbeki to Jacob Zuma in 2007-2008, affecting also the foreign policy conduction. Instead of high focus on the UN – a central element of Mbeki's government –, Zuma restructured the Department of International Relations and Cooperation (DIRCO), giving to it greater

autonomy of action, prioritising mainly Africa. Beyond that, Zuma had a deep interest in joining the BRICS grouping and acted very actively pursuing this goal, as it would increase South Africa's status as an emerging country. (ISS, 2017) Furthermore, the president invested directly in bilateral relations with China and Russia and, mainly after the 2008 crisis, also with India, which is an important market for South Africa's exports, mainly composed by commodities.

South African IBSA Focal Point, Ambassador Anil Sooklal² has pointed out the following main pillars of contemporary South Africa's foreign policy: a) regional integration (SACU), considering that there is no development detached from its immediate neighborhood; b) the African Union and the sought for a prosperous African continent; c) consolidating South-South relations; d) continuing with North-South relations; e) reinforcing multilateralism and the multilateral system: the rule of law, good governance systems and a democratic international system.

Those pillars seem to be congruent to Mandela's elements and are also in accordance with the idea of the existence of concentric circles in South Africa's foreign policy developed by Landsberg (2014), in which the immediate neighborhood is the most central circle, African continent is the intermediate and the relationships with other developing countries are the third circle (followed by North-South relations, participation in global governance and strengthening of political and economic relations with the rest of the world). (Landsberg, 2014)

Lula da Silva's election as Brazil's president in 2003 highlights a change in Brazilian foreign policy strategy to most of analysts towards a resumption of placing cooperation with developing countries (or South-South cooperation) as a priority agenda.³ According to Vigevani and Cepaluni (2007), despite continued traditional objectives of economic

development and autonomy that characterise Brazil's external action throughout history, the means adopted during the previous administration (president Cardoso, from 1995-2002) were characterised as "autonomy through participation", defined by the authors as the accession to international regimes with neoliberal agenda through a convergent position to the interest of great powers.

On the other hand, Lula da Silva's foreign policy strategy was characterised by Vigevani and Cepaluni (2007:283), as "autonomy through diversification", defined as the accession to international norms and principles through South-South alliances, either regional or with non-traditional partners, motivated by the belief that South-South partnerships reduce asymmetries in the relations with powerful states and increase Brazil's bargaining power (Vigevani and Cepaluni, 2007).

The period is also peculiar in relation to previous Globalist/Universalist ones (in the 1960s and 1970s) mainly because of external variables of empowerment of developing countries and relative decline of the United States, as this section has been discussing. However, it also has some of noteworthy internal relevant components, Brazilian economic growth (in some points also positively influenced by China's growth) and implementation of some public policies that became reference between developing countries regarding food and water security, health and combat against poverty, taking millions of people out of the line of poverty and including them in the consumption markets; and, last but not least, the pair Lula da Silva (president) and Celso Amorim (chancellor) was central to the constitution of a foreign policy focused in South-South relations, presenting a great activism in foreign policy initiatives towards the South and sustaining demanding positions willing to promote reforms in international institutions. Lula-Amorim period is also known as "Active and Lofty" foreign policy. (Amorim, 2015)

In this sense, Brazil's, India's and South Africa's (through ANC party) engagement with the South in the 2000s can be differentiated from its engagement with 1960s and 1970s third world movements, considering its relation to occidental economic and political institutions. According to Lima and Hirst (2009:11-12), traditional third world groupings such as G-77 and Non-Aligned Movement had a strong idealist component, sustaining discourses and demands of profound change in favor of more equitable international regimes, willing to achieve a NIEO. Nonetheless, the centrality of East-West and security agendas left little room for development issues. Then, those spaces of dialogue and coordination between developing countries presented a massive heterogeneity of realities and interests while retaining small power capabilities. Those elements made it difficult to deepen cooperation and made those agendas restricted to vague issues regarding development and international trade regimes. Thus, a central element of those groups was its critical position towards liberal international order, with not much of a propositional behavior.

Differently from post-Second World War international order, in which the multilateral system was instituted by the great powers, post-Cold War order seems to present more space for developing countries to offer international public goods. That happens because, according to Lima and Hirst (2009:15), developed countries do not profit from the most from multilateral negotiations. Alternatively, IBSA countries seek the fortification of multilateral organisms and developing countries coordination because they are, currently, great beneficiaries of an order based on multilateral rules as multilateral arenas work as constrains to great power's unilateral impulses (Lima, 2005).

Further, India and Brazil have passed through a relevant economic growth in the 2000s and progressively acquired more political influence. For the first time, those countries

can actually present themselves as possible contributors to international institutional order and international public goods. IBSA countries have been pointed out as emerging economies and emerging development cooperation partners (Narlikar, 2010; Besharati and Esteves, 2015; Vaz and Inoue, 2012; Hurrell, 2013; Mawdsley, 2012); have contributed to the creation of new international institutions; and participated as important leaderships demanding reforms in international institutions and regimes such as the IMF, the Security Council, WTO (considering the international trade regime) and FAO.

In this sense, India, Brazil and South Africa foreign policies in the 2000s can be understood to a great extent as: more reformist and less revolutionary (not seeking the disruption of the contemporary order; but having a particular experience of capitalism, with strong components of pragmatism and acquiescence towards the international liberal order (since the 1990s); while presenting a more specific agenda and a greater capacity of real contribution to the international institutional order, regarding both the vacuum left by the Great Powers as major order sponsors and emerging countries' recent acquirement of higher political and economic status (with emerging middle classes and consumption markets).

III. The IBSA Dialogue Forum

IBSA Antecedents: the G3 coalition against the tightening of drug patent laws

Even though the IBSA Forum was created only in 2003, explicit coordination between India, Brazil and South Africa can be observed since 2001, when they acted together as G3, a coalition against the strengthening of intellectual property rights at the WTO drug patent dispute between United States and Brazil. The coalition was essential to Brazil's win at the dispute and to the understanding that the TRIPS agreement

does not have precedence over issues regarding emergency public health situations, as Brazil applied compulsory licenses to the production of generic medicines regarding AIDS and other infirmities.

Convergent results were also obtained at WHO in 2001 through resolutions regarding the fight against AIDS, establishing the access to HIV medicines as a fundamental human right, supporting the consolidation of pharmaceutical politics of generic medicines under intellectual property rights, and encouraging the national production of generics and reduction of medicine prices in Least Developed Countries. In 2003, G3 also influenced WTO decision allowing generic medicine exports to countries facing public health crises (Stuenkel, 2014).

The fight against HIV/AIDS and issues related to generic medicines and intellectual property rights are sensitive issues to all IBSA countries. While India has one of the biggest national industry exporting medicines and pharmaceutical products, Brazil has public policies in that area that are considered a role model in the treatment of HIV/AIDS, exporting its know-how to other countries facing high levels of infection; and South Africa is the country with the highest absolute number of HIV infections in the world. Thus, this matter is regarded not only as a public health issue, but also something that has direct impact towards national development and security in IBSA and other developing countries (Bueno, 2009).

Likewise, it is essential to mention that the WTO patent dispute is an important precedent to the launching of Doha round, negotiations in which IBSA countries played a determinant role as key actors of the G20 commercial coalition.

The IBSA Forum

In 2003, India, Brazil and South Africa were invited as observers to G8's meeting in Evian (France) at the beginning of June, occasion in which the South African President Thabo Mbeki would have proposed the creation of a G8 of the

Global South. According to Stuenkel (2014: 24), the South African president contacted Brazil, China, Egypt, India, Mexico, Nigeria and Saudi Arabia to integrate the group. However, only Brazil and India have shown strong interest to the initiative. According to the IBSA Focal Point in South Africa, Ambassador Anil Sooklal, the idea had been brought up by Mbeki much earlier, in 2000, but the 09/11 attacks changed the dynamics of the international agenda for a while, making such negotiations more difficult.

According to Celso Amorim, Brazil's foreign minister from 2003 to 2010, the South African Foreign Minister Nkosazana Zuma presented the idea already in the beginning of 2003 and, since then, Amorim claims to have argued for it to be: "[...] a group composed of only three Nations with affinities in their democratic processes and multicultural societies, each on a continent of the developing world." (Amorim, 2013:112, our translation). Thus, the South African chancellor at the time contacted the Indian chancellor Yashwant Sinha, who very much welcomed the idea and, then, IBSA Forum started to be designed.

The first trilateral meeting took place on 6 June 2003 (shortly after the G8 meeting), and launched the idea through the Brasilia Declaration. The first formal trilateral meeting would take place in New Delhi a few months later (Amorim, 2013:114). Celso Amorim mentions that, at that time, there was already a consideration of a G3 + 2 meeting (or IBSA meeting + Russia and China), countries that currently integrate the BRICS group. In that regard, Ambassador Sooklal mentioned that China approached the group willing to become an integrant, what would transform IBSA into CHIBSA, but got its request denied as the democratic credentials are considered the essence of IBSA.

Amorim mentions that maintaining IBSA's identity was a diplomatic priority since the beginning and, thus, there were efforts to keep the dialogues with other nations with

the structure “IBSA + others” as the three countries have singular synergies that unite them and which its idealisers did not want to be diluted in a larger grouping. Even after the consolidation of the BRICS grouping there were important initiatives of trying to keep both groups as independent initiatives, as both are equally relevant and represent different group identities, agendas and possibilities. Different identities between IBSA and BRICS were also mentioned by Indian and South African focal points, ambassadors Alok Dimri and Anil Sooklal⁵, one core element to understand the differences between the two.

The Brasilia Declaration, document that officially launches the Forum in 2003, places as the main factors of approximation among the IBSA countries the fact that they are democratic, multiethnic and developing nations that are able to act at the global level. IBSA members are also prominent countries in their respective regions, have developed industrial parks, a similar pattern of performance in international organisations and an analogous profile among their societies.

Given the context, one can also observe the fact that internal social questions, as well as unilateral positions of the great powers, are equally sensitive points between them, and, therefore, factors with potential for cooperation. These elements contribute - from the perspective adopted by Alden, Morphet and Vieira (2010) - to the perception of common identities between these countries, an element considered as a facilitator of cooperation since it highlights elements of potential convergence between the members of a coalition and makes them less resistant to cooperate even before negotiations take place.

Hence, the recognition of such political, ideological and socioeconomic identities, in addition to complementarities in the economic field, made cooperation between those countries a possibility to seek common

solutions for similar problems and cooperation in various subjects, both through the political coordination in international organisations and through intra-bloc sectoral cooperation. Alongside political will, these factors are capable of overcoming the geographical distance that separates the three countries, one of the main difficulties faced to operationalise the Forum (Moura, 2008).

IBSA forum can be understood as a diplomatic tool with many possibilities as well as many motivating reasons. Its creation is somewhat inspired by the Southern groupings of the 1960s and 1970s and the Third World spirit, which sought to transform the international institutions - at that time stuck in a East-West and highly securitised perspective - into a development sensitive agenda. Nevertheless, it represents less of an idealist vision - incorporating some pragmatism - and, instead of demanding of a NIEO, is more representative of a new moment of empowerment of the developing world, in which almost no important decision in multilateral institutions can be taken without developing countries support. Furthermore, for the first time, developing countries are actually capable of and willing to directly contribute to the provision of international public goods and shape the international agenda, which the major powers cannot sustain only by themselves anymore. Thus, IBSA represents a unique space of coordination of Southern countries and institutionalisation of South-South cooperation, which, historically, has been marked by low institutionalisation levels.

As mentioned earlier, in this work, South-South cooperation is understood - in a broad and simplified way - as any efforts of rapprochement and cooperation between developing countries, both in multilateral forums through coalitions at the systemic level (Narlikar, 2003); and at interstate level, especially through technical cooperation for development (Mawdsley, 2012).

To analyze, firstly, IBSA as coalition, the article follows Narlikar's (2003) definition of the term. As she presents it, an international coalition is any type of explicit coordination activity that involves cooperation between states seeking to achieve well-defined objectives. In this sense, she differentiates two types of international coalitions: the alliance type, which present concrete and specific manifestations of mutual concessions, foreseen by most rationalist theories; and block type, which combine likeminded states, that is, have certain identities and common perceptions (Narlikar, 2003:31). In this perspective, alliance coalitions would be less durable and formed regarding specific aspects of the international agenda, while block-type coalitions would tend to cover diverse themes under a shared identity or ideas – something IBSA group could be more closely related to - in order to have a greater perspective of continuity.

Another important terminology to analyze the IBSA group is that of Lima (2010), which differentiates the term “coalition” from the term “cooperative arrangement”. Describing that the IBSA behaves in the two ways, she defines that co-operative arrangement involves the exchange of material, symbolic, and ideational goods. A coalition implies the articulation of common positions in negotiating arenas at the global or regional level.

In addition to the South-South coalitions, there is a growing participation of Brazil, India and South Africa in development cooperation with other Southern countries (especially since 1970s and also with some intensification in the 2000s). Those countries are often singled out as part of the ‘emerging donors’ group, which would be represented by markets, economies or even emerging powers. According to Besharati and Esteves (2015) despite South-South cooperation among developing countries, even among the poorest, is not a historically new phenomenon. In the 2000s countries that used

to be among the traditional recipients of aid, such as Brazil, India and China, provide large amounts, contributing at the systemic level of development assistance. IBSA conducts projects of development cooperation between their own countries – mainly through ministerial technical cooperation – and with least developed countries, through the IBSA Fund Against Hunger and Poverty.

IBSA Fund presents itself, at least in its conception, as a horizontal cooperation initiative that seeks to develop projects based on the demand of the recipient country and through partnerships with local government, national institutions and partners (UNOSSC, 2017). Although some analysts consider it has no systemic impact (Stuenkel, 2013), South-South cooperation for development established by the IBSA Fund is considered to differ itself from traditional North-South cooperation, which is associated with a vertical relationship between donor and recipients, since they are at very different levels of economic, social and technical-scientific development.

Thus, as a South-South initiative, IBSA's agenda can be divided in three main areas: as coalition in multilateral negotiations and international organisations; as an initiative of development cooperation intra-group, mainly through sectorial ministerial cooperation, but also through civil society forums; and as a South-South initiative of development cooperation towards least developed and developing countries (through the IBSA Fund), as it will be discussed in the following section. This cooperation tripod is conceptualised here as a strategy of “cooperation in multiple fronts”, considered innovative, complex and full of potentialities.

Hence, the following chart systematises the main characteristics and singularities of the IBSA Forum:

Table 1: Key elements of the IBSA Forum

| |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Democratic and multiethnic countries: common challenges and coordination opportunities in sensitive topics such as human rights and civil society participation</p> |
| <p>Regional prominence in three southern regions of the world: Asia, Latin America and Africa</p> |
| <p>Small number of participants: different from main Southern groupings such as G77 and G15</p> |
| <p>Middle-income, like-minded countries: facing similar development challenges, willing to share common policies and solutions</p> |
| <p>Cooperation in multiple fronts: cooperation tripod: a) coordination in multilateral organisations; b) sectoral cooperation in WG and civil society forums; c) development partners in other developing countries through IBSA Fund.</p> |

Source: Author's compilation.

The IBSA Agenda: cooperation in multiple fronts

Since its launching in 2003, the continuous dialogue between India, Brazil and South Africa gave rise to an IBSA agenda of its own, with a wide range of issues. Unlike the main Southern groupings existing during that context (such as G15 and G20, which are issue-based), the Forum's agenda is divided in a wide cooperation tripod, comprising extra-bloc and intra-bloc cooperation.

The first area is political coordination in the various multilateral international bodies, on a variety of topics, such as the reform of the UN and its Security Council; the WTO - including as a leading group in the G20+ developing nations; World Intellectual Property Organisation (WIPO), in negotiations on climate change the International Atomic Energy Agency (IAEA); and at the United Nations Human Rights Council (UNHRC). In general, IBSA group's present positions is in favor of incorporating the development dimension into international

regimes and multilateral organisations agenda. Furthermore, the three countries are an important core of dialogue and coordination in many other groups, such as the G20 (group of the world's biggest economies), BRICS, BASIC (on climate negotiations), G-77+China.

The second area is sectoral cooperation, which primarily comprises the narrowing of intra-IBSA relations through ministerial level working groups meetings. Through close dialogue and signing memoranda of understanding (MoUs), IBSA countries seek to promote cooperation in common challenges and share of best practices, which also facilitates extra-bloc coordination in specific issue-areas and promotes confidence building. It is currently divided into fourteen working groups, namely Public Administration; Revenue Administration; Agriculture; Health; Human Settlements; Science, Technology and Information Society; Trade, Investment and Tourism; Culture; Defense, Social Development, Education, Energy, Environment, Transportation. Sectoral cooperation is presently facing a slowdown phase due to issues that will be further discussed, but mainly, the absence of summit meetings since 2011 could be mentioned as one of the core explanatory variables.

The sectoral cooperation happens also through civil society forums meetings, noteworthy: Academic Forum; Business Council; Editors' Forum; Intergovernmental Relations and Local Government; Parliamentary Forum; Tri-nations Summit on Small Business; Women's Forum. Civil society forums are an important way to integrate peoples that, even though have much to share and learn from each other, would hardly have the opportunity to interact otherwise. They are also central in the sense that they represent the democratic brightness of IBSA societies and contribute to improve democracy in those countries, creating connections between their peoples. Such forums need to be valued and improved,

as they promote the de-centralising of IBSA cooperation and create important societal spillovers, which are much needed to take IBSA further.

Finally, the third area of cooperation is the IBSA Fund Against Hunger and Poverty, to which, at the II Ministerial Meeting, its members committed to donate US\$ 1 million per year for the development of projects in areas of public priority in less favored nations. The United Nations Office of South-South Cooperation (UNOSSC), established in New York, administrates the Fund.

Each of the above mentioned areas will be further explained and detailed in the following subsections.

Extra-bloc cooperation: political coordination in multilateral forums

United Nations Reform

In addition to its performance as the G3 coalition at WTO patents dispute, IBSA group has a well-known coordination for the reform of the United Nations, especially its Security Council, and has met periodically to discuss the issue at the margins the United Nations General Assembly (UNGA). The issue is also mentioned in all ministerial and summit declarations, since IBSA's launching in 2003. In that regard, it is important to mention that after the brief historical study presented in the section 2, the United Nations could be considered to be the main preferred instrument of global foreign policy action of those countries.

The UN reform agenda is central for the three countries, but on different perspectives. On the one hand, Brazil and India are part of the G4 coalition, which, alongside with Germany and Japan, have put forward pro-reform positions in the Security Council (UNSC) and direct presenting themselves as candidates for permanent seats. On the other hand, South Africa does not officially name itself as such

a candidate in a reformed UNSC, as it avoids calling itself an African leader, mainly due to its political alignment to the African Union, as Africa is the main foreign policy priority in South Africa's international strategy (Naidu, 2017; Landsberg, 2014; Mandela, 1993). At IBSA declarations, however, the countries declare support for each other's candidatures for permanent seats at the mentioned committee, agreeing to work for the extension of permanent and non-permanent seats, which should include countries from Africa, Asia and Latin America in order to make the institution more democratic and compatible with contemporary reality.

Human Rights Council: the Palestinian state and the access to medicines as a fundamental human right

Other well-know performance as a coalition was in the Arab-Israeli conflict, especially in what concerns the defense of the constitution of the Palestinian State. In this regard, IBSA acted as a coalition in the United Nations Human Rights Council (HRC), in March 2009, for the protection of human rights in the Palestinian occupied territories; hence, the group constantly presents statements supportive of the Palestinian State, both in its summits and at the sidelines of the UNGA. It is worth remembering that the IBSA countries were the only non-Arabian countries invited to attend the Annapolis Conference, as well as were sought by the Palestinian minister in 2010 for political support dealing with the crisis in the occupied Palestinian territories, which culminated in a joint pronouncement of the IBSA countries at the United Nations (Amorim, 2015).

Still at the United Nations Human Rights Council, in 2009, the group was able to approve by consensus a project of its own initiative, which establishes the access to medicines as a fundamental element to the fulfillment of the right to health.

United Nations Security Council

The group maintained close dialogues at the United Nations Security Council (UNSC) in 2011, when they were all occupying non-permanent seats. The year is also an interesting study object as all the BRICS countries – which are known for defending the inviolability of national sovereignty – have shown that the participation of emerging countries in the council does not necessarily increase disagreement levels or limits the council’s capacity of action when issues such as human rights and democracy are at stake (Oliveira, Uziel, Rocha, 2015). The year was key to analyse the issue because the council approved resolutions that made direct reference to the R2P – Responsibility to Protect concept – which questions national government’s sovereignty in case of its incapacity to protect its population from situations such as generalised violence and genocide. This element contradicts the image of emerging countries as irresponsible defenders of absolute sovereignty at all cost or opposites to the international western order in security regimes (Stuenkel, 2015).

Focusing the analysis only in IBSA – the democratic core of the BRICS – those statements become even clearer, considering both the level of convergence between the countries and a supposed limiting of the council’s action. Observing the non-unanimous votings in the UNSC in 2011, there is a bigger convergence between IBSA countries than if China and

Russia are included in the analysis, as can be observed in the following chart:

The chart, inspired in Oliveira, *et al.* (2015) work, shows BRICS countries’ positions in the most controversial sessions of UNSC in 2011. As the highlights show, IBSA countries had the same voting pattern in four of the five non-consensual votings at the CSNU (80 per cent of full convergence), also not presenting divergent positions at the resolution 1973 regarding the Libyan case (0 per cent divergence), to which their votes were different. On the other hand, BRICS voted together only in two of the five occasions (40 per cent of full convergence), presenting also divergent positioning at the Syria voting (20 per cent of divergence). South Africa’s different voting in the Libyan case shows the country’s alignment with African Union positioning, not composing a coalition either with IBSA or BRICS.

Nuclear Suppliers Group (NSG)

The nuclear agenda holds great importance to the Indian foreign policy and was one of the main elements of the International Agenda of the then government, mainly regarding the US-Indian nuclear deal (Sikri, 2009). The United States is part of the Nuclear Suppliers Group (NSG), a group of nuclear supplier countries that seek to contribute to the non-proliferation of nuclear weapons. As a nuclear state non-signatory of the Treaty on the Non-

Table 2: BRICS countries in non-unanimous votings at the Security Council in 2011

| Country\ Resolution | Resolution 1973 (2011) Libya | Resolution 1984 (2011) Iran | Resolution 2023 (2011) Eritrea | S/2011/24 Israel - Palestine | S/2011/612 - Syria |
|---------------------|------------------------------|-----------------------------|--------------------------------|------------------------------|--------------------|
| China | Abstention | Affirmative | Abstention | Affirmative | Negative |
| Russia | Abstention | Affirmative | Abstention | Affirmative | Negative |
| Brazil | Abstention | Affirmative | Affirmative | Affirmative | Abstention |
| India | Abstention | Affirmative | Affirmative | Affirmative | Abstention |
| South Africa | Affirmative | Affirmative | Affirmative | Affirmative | Abstention |

Source: United Nations Oliveira *et al.* (2015) highlights and on translation.

Proliferation of Nuclear Weapons (NPT), India needed the group's legitimating of the US-India nuclear deal. Brazil and South Africa both unilaterally abandoned their respective nuclear programmes and are part of the NSG, thus, positions regarding the nuclear regime in IBSA could be not only non-convergent, but also divergent (Flemes, Vaz, 2011).

Nevertheless, the approximation between the three countries and the confidence building provided by IBSA Forum created a favorable environment for cooperation on that matter and promoted a shift on South Africa's traditional position. South Africa is a very influential member of the NSG and, alongside with Brazil, played an important role supporting India's nuclear deal with the US in 2006 (Flemes, Vaz, 2011). Considering the right of pacific use of nuclear technology on civilian nuclear energy programmes, such dialogues created positive spillovers and also influenced the intra-bloc cooperation when, in the following year, IBSA foreign ministers agreed to cooperate on that area.

Intra-bloc cooperation: sectoral cooperation at the ministerial level and civil society forums

Intra-bloc cooperation was responsible for the realisation workshops, technical visits, capacity building trainings, signing of memoranda of understanding (MoU) and civil society forums in a varied range of topics. Working Groups' discussions were responsible for the signing of 14 memoranda of understanding on the following topics: Public Administration and Governance; Customs and Tax Administrations; Human Settlements; Biofuels; Cultural Cooperation; Cooperation between Diplomatic Institutes; Women's Development and Gender Equality; College education; Wind Energy; Trade Facilitation; Environment; Health and Medicine; Social Issues; and Air Transportation. In addition, instruments that were still in ratification in the areas of Merchant Shipping and Maritime Transport, Information Society, Agriculture, Tourism, Science and Technology,

Solar energy, of which the two the last ones were signed at the IV IBSA Summit in 2010. Also deserving to be mentioned, there were two documents launched on April 2010 on Agriculture and Social Development subjects, respectively: "The Future of Agricultural Cooperation in IBSA" and "Social Development Strategies". (IBSA, 2012)

It can be stated that the signing of MoUs constitutes the first step to consolidate concrete intra-bloc cooperation initiatives as the joint studies carried out by issue specific institutions and qualified personnel in the three countries are essential to identify the exact possibilities of cooperation amongst IBSA countries, allowing the subsequent creation of a plan of action through which cooperation will be put into action.

The memorandum on civil aviation, for example, acknowledges the lack of connection in terms of air transport between the IBSA countries, which makes the vast majority of other interactions difficult, such as trade. In this sense, it urges for the establishment of regular air services linking Brazil, South Africa and India, what was indeed improved due to cooperation between IBSA countries. Analyzed in isolation, technical meetings and signings of MoUs might seem low profit activities. However, the research showed that - if there is political will to take the cooperation forward - the sectoral study of areas for cooperation allows for continuous, qualitative and integrated growth in the coordination of countries, even if it starts modestly. Thus, the advance of intra-bloc cooperation is an initiative that would have its main results achieved in the long term, after constant and systematic meetings, depending, at least at the first stages, on the political will of its leaders, frequent summits and ministerial meetings, as it starts as a top-down initiative and takes effort to gain momentum and generate spillovers.

Regarding that, it becomes easier to understand some of the reasons that led to

a reduction of sectoral cooperation activities after 2013 and, even until then, why not many tangible results came out. Thus, some sectoral initiatives and the main cooperation challenges in the post-2011 scenario will be discussed in the following sections.

Working Group on Defence and IBSAMAR

The empirical research has shown that one of the most successful working groups (WG) was the one of defence, which has gained a momentum of its own and is one of the few groups that kept its activities regardless the non-realisation of IBSA summits since 2011. Initiated in 2004, the WG had six meetings until 2015, the most recent held in November 2014 (Jardim, 2016).

Among the issues on the agenda of IBSA's defence WG, it could be mentioned: peacekeeping exercises and exchanges of lessons learned on that area; training exercises of special forces; the exchange of strategic defense studies through the promotion of contacts between the respective study centers; collaboration in science, technology and defense engineering; and IBSAMAR, an initiative of cooperation between the respective navies. The most recent IBSA ministerial meeting in October 2017 also added "blue economy" and "marine patrol" as themes for further cooperation under the IBSA framework.

IBSAMAR is, in itself, a very well acknowledged concrete initiative of sectoral cooperation between IBSA countries. Its exercises initiated in 2008 and, until now, were held five times, the last one being the first to happen in Indian waters, in Goa, 2016. The complexity and scope of the exercises increased progressively and, the most recent one involved the participation of ships, aircrafts and Special Forces from the three countries. IBSAMAR has as its main objectives to increase interoperability amongst the respective navies, developing a common understanding and procedures for maritime security operations.

The exercise promotes the sharing of best practices, strengthening of mutual confidence, enhanced maritime security in the respective regions.

WG on Science and Technology and Information Society

Active since 2004, the WG has its activities based on thematic workshops, exploratory scientific missions, research projects predominantly in the areas of health sciences, advanced materials sciences including nanoscience and technology, oceanography, space science and technology, including microsatellites. In 2010, an MoU was signed, which established the following areas of activity: a) biotechnology; b) nanotechnology; c) health sciences; d) indigenous knowledge; e) alternative and renewable energies; f) oceanography and research in Antarctica; g) information and communication technologies.

In addition, the memorandum indicated the following forms of cooperation: a) short-term exchange of scientists, researchers, technical specialists and fellows; b) organisation of scientific and technological trilateral workshops, seminars and conferences in areas of mutual interest; c) exchange of scientific and technological information; d) formulation and implementation of trilateral research and development programme and exchange of resulting knowledge; and e) organisation of IBSA Technology Days in the agreed areas.

The working group had nine meetings, the last one occurring in 2013. This most recent meeting had decided that, considering the need of simplifying cooperation under IBSA, the WG of Information Society would be unified to that of science and technology. Among the WG initiatives, the Nanotechnology project was highlighted, which had 1 million dollars in investments and financed 300 researchers, academics and professors in laboratories and universities in IBSA in the following subjects: related to energy (by Brazil), health (by South Africa) and water (by India). Despite

asymmetries in research funding systems, scientific progress has taken place. In April 2013, the Second Call for Research Proposals was launched under the IBSA (the first was in 2011), which would have co-investments in areas such as health, renewable energy sources and alternatives, traditional knowledge system, information and biotechnology. The projects proposed by the researchers, however, were not taken forward. (Jardim, 2016)⁴

The group reported on the meeting of the Oceanography Working Group which identified common research interests in the area, such as climate change and ecosystem response to climate change. The WG also discussed possibilities for cooperation in health sciences, especially in less studied areas such as malaria and health biotechnology; they also considered the possibility of collaborating in Communication and Information Technology and decided to revitalise the IBSA website. Further, India volunteered to promote training to IBSA professionals in the area of internet governance and standardisation. (Jardim, 2016)⁵

Extra-bloc Cooperation: IBSA Fund against Hunger and Poverty

Between all the initiatives under the tripod, IBSA Fund is frequently mentioned to be the most successful one, mainly in regard to its singular political meaning of being an initiative of three democratic and multiethnic southern countries, operationalised under the United Nations multilateral framework. According to Lyal White (2010), the IBSA Fund Against Hunger and Poverty was an unexpected success, including because the initiative was a direct consequence of the dialogue between the members of the Forum. The primary intention to create such a mechanism can be observed since the Brasilia Declaration, when ministers commit themselves to studying the possibility of a trilateral food assistance programme. The launch of the idea occurs in September 2003 and is already quoted by the New Delhi Action Plan in 2004. The first project was in Guinea Bissau in 2005.

The choice to run it as a trust fund under the UN framework is interpreted by some as a political statement in defense of multilateralism and South-South cooperation principles, being open to the demand of any Southern UN member state facing development challenges that can, in some way, be alleviated through the sharing of solutions to similar problems faced by the IBSA countries. In that regard, the IBSA Fund mandate framework is supposed to conduct demand-driven projects with southern counterparts, paying attention to local ownership by involving local institutions and capacities from the elaboration to the implementation and evaluation of projects. According to the IBSA Fund Guidelines document, the proposals must be submitted to IBSA Focal points in the respective capitals (Brasilia, Pretoria and New Delhi) and will be analyzed by the Focal Points in accordance to principles such as: reduction of poverty and hunger; national ownership and leadership; South-South cooperation; use of IBSA country capacities; strengthening of local capacities; ownership; sustainability; identifiable impacts; replicability; innovation.

In fact, it is important to emphasise the political conception that is in the foundations of the IBSA Fund: it represents an empirical example of the search for the insertion of development on issues on the international agenda previously closed to developed countries, which are traditional donors through OECD. Thus, academic efforts have been taken and are still needed to assess if or to what extent South-South and triangular cooperation presents different aspects from traditional North-South cooperation in terms of horizontality, ownership and demand-driven initiatives (Souza, 2012; Binder, Meier, Steets, 2010).

Thus, the IBSA fund presents itself, at least in its conception, as a horizontal cooperation initiative, which seeks to develop projects based on the recipients and through partnerships with

local government, national and international institutions and partners (UNOSSC, 2017). Although in practical figures it represents a very small fund and does not create systemic impacts (Stuenkel, 2013), South-South cooperation for development established by the IBSA Fund would therefore differ from traditional North-South cooperation, which is associated with a markedly vertical relationship between donor and recipients, since they are at very different levels of economic, social and technical-scientific development.

According to UNOSSC 2017 report on IBSA fund, until now, the fund received \$35 million in contributions from India, Brazil and South Africa and 27 projects have been developed in 21 partner countries in Africa, Asia, Latin America and Arab States, representing a tangible Southern initiative to tackle the aforementioned Sustainable Development Goals (SDGs). Figure 1 shows IBSA Fund has had most of its projects in agriculture, health care and livelihoods; it also has gone beyond IBSA countries respective regions – a remarkable indicative of lack of parochial interests; and has acted mostly on Least Developed Countries.

With regard to that and the renewed energy recently dedicated to the IBSA Forum, the Foreign Affairs ministers of the three countries signed an agreement renewing and ensuring the continuity of the activities of the Fund during the 8th IBSA Ministerial Trilateral Commission, on October 2017.

The Post-2013 vacuum and IBSA's strategic review

Even though it presents relevant gains, the model of cooperation in multiple fronts coined under IBSA and followed by BRICS, has some inherent challenges to overcome and, then, promote higher cooperation results. After empirical research (Jardim, 2016) it was possible to conclude that cooperation initiatives under this paradigm are still strongly top-down

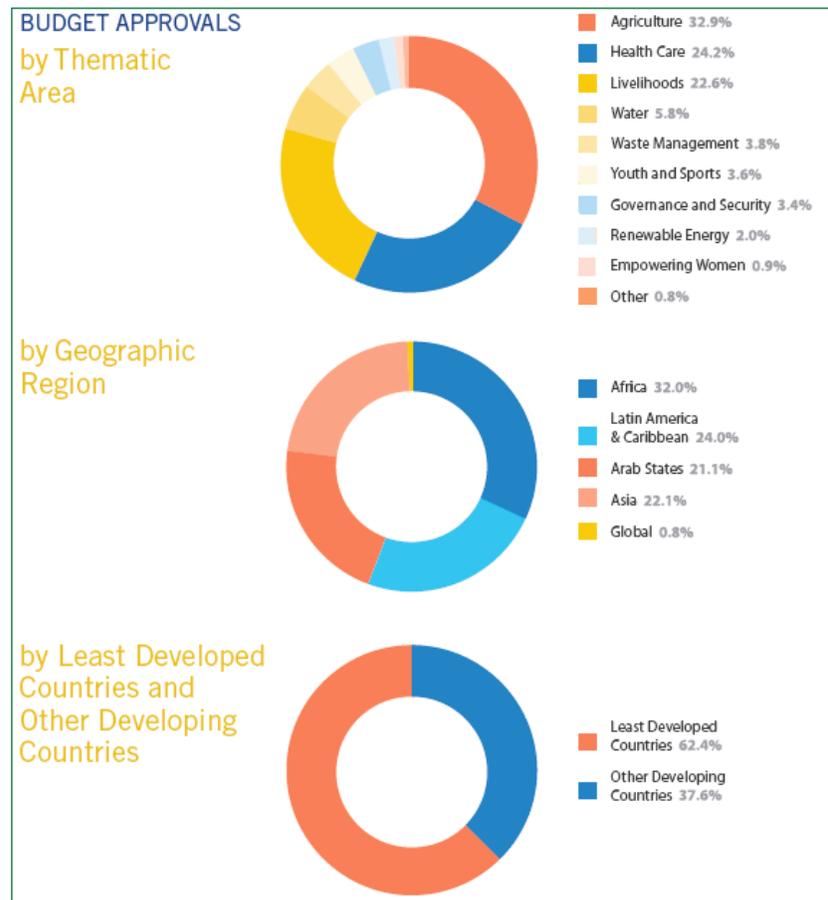
oriented, which means that it depends on political will and demands from the higher hierarchical levels to take place. What results from this fact that many initiatives taken under IBSA have not gained autonomy and momentum yet, mainly when talking about cross-sector ministerial cooperation.

This diagnosis is important because initiatives that rely too much on political will and personal leaderships make the initiative vulnerable to contextual and government changes. The synergy between its respective leaders until 2008 and the visible reduction of enthusiasm around it after 2011 even made Stuenkel (2014) wonder whether IBSA was, to some extent, a gentleman's agreement. In some cases, some areas of cooperation appeared to have been created at the request of the chancellors or the presidents, there being no a priori need on the part of societies or ministries that would be able to encourage implementation and maintenance of the area. This led some IBSA WGs to conclude that there were overlapping initiatives and that the cooperation activities conducted in the group could be conducted in other multilateral fora or through bilateral cooperation. (Jardim, 2016; Stuenkel, 2014; Soule-Kohdou, 2013)

In this context, it would have been proposed by Brazil, at the 2011 summit, to reduce the IBSA working groups only to issues in which IBSA would have comparative advantages and would not overlap with the BRICS. Soule-Kohdou (2013) points out, however, that reducing the number of working groups in the IBSA would be experiencing resistance as it could convey an image of IBSA's decline and considering that the impression that there is South-South cooperation and dialogue in such a varied range of subjects still has strong political appeal.

Current discussions appear to be leading towards the reorientation of the WGs under the framework of the SDGs, which reinforces IBSA and South-South cooperation as major tools to

Figure 1: Budget Approvals



Source: UNOSSC (2017).

achieve the 2030 agenda. Even though this is still under discussion, one of the main proposals is to cluster the working groups under the three main sustainable development pillars:

- **Environmental development:** Environment Working Group
- **Social development:** Social Development Working Group/Human Settlements Working Group/Education Working Group/Arts and Culture Working Group
- **Economic development:** Tourism Working Group/Trade and Investment and Infrastructure Working Group/Agriculture Working Group/Science, Technology, Innovation and Health Working Group / Energy Working Group/Blue Economy

Working Group⁶/Transport Working Group.

Despite being considered a low cost initiative, due to its low institutionalisation and no bidding rules, cooperation in multiple fronts demands inputs that are sometimes scarce to the State, such as: political will, budget for holding meetings and joint projects, trained personnel, organisation and bureaucratic structuring that allow follow-up activities. The lack of some of these elements was observed mostly in the Brazilian and South African foreign policies towards cooperation in IBSA after 2011, being pointed as factors that made a more effective cooperation difficult in the three different scopes. (Jardim, 2016, Naidu, 2017)

Furthermore, low tangible results and growing number of WGs made sectoral cooperation a target for critics and inquiries on whether the resources being applied were showing enough results. The realisation and financing of periodic travel by specialists and bureaucrats does not seem to be trivial, and distance and time zone differences further increase the difficulties of cooperation, such as when setting up of videoconferences is needed. In addition, funding for such activities must come from the responsible ministries themselves, which can act as a limiting factor for cooperation. (Jardim, 2016, Soule-Kohndou, 2013, Stuenkel, 2015)

The Brazilian case of sectoral cooperation (and considering that India and South Africa have similar institutional solutions) illustrates some coordination and continuity problems that might occur. In Brazil, the nodal points entitled of coordinating sectoral ministerial cooperation are usually placed at the International Relations section in the Ministry, being either a diplomat of a ministry's nominee. The person who heads the international relations section in a ministry in Brazil is responsible for the coordination of all the international initiatives under the Ministry, either on IBSA, BRICS, Mercosur, or technical cooperation projects. This scenario creates a very tight agenda, guided by deadlines and can occur in loss of institutional memory and institutional mechanisms during transition of ministers of government changes.

Hence, talking about the Brazilian case, Marcondes and Mawdsley (2017) describe that coordination problems should be sorted out: "In almost all cases, the direct institutional relationship is handled by the offices of international affairs of the ministries. These offices tend to be headed by Brazilian diplomats who are seconded to each specific ministry. However, they can be handed by political appointees." (Marcondes and Mawdsley, 2017, p.694) Even though the authors are talking mostly about technical development

cooperation, the same elements were found as contributors to cooperation stagnation in IBSA, mainly regarding ministerial cross-sectorial. (Jardim, 2016)

Regarding national political scenarios in IBSA countries, as mentioned earlier, the political transition from Mbeki to Zuma in South Africa in 2009 was relatively turbulent, even though both of them belong to ANC. Zuma is also known by its active politics to join the BRIC, which was one of its central foreign policy goals beyond Africa (ISS, 2017; Naidu, 2017; Husar, 2016)

Interviews with diplomats showed that Mbeki was an enthusiast of IBSA, being an important bond in the Forum, what contributed for great synergy between the three leaders: Singh, Lula and Mbeki. The three leaders and the Forum in itself had great international fame and reputation during that time, what created curiosity and international furor around IBSA, mainly from other developing countries willing to understand and to be part of the Forum. Once Zuma was elected, the IBSA bond was somehow weakened, as the South African did not keep the Forum between its foreign policy priorities, while suffering political pressure from China to facilitate its participation on IBSA. Indian and Brazilian foreign ministers kept a firm position against the creation of CHIBSA, affirming the democratic profile of the Forum. Coincidentally or not, the political movement after the denial of China joining IBSA was the inclusion of South Africa in the BRIC and, to some extent, subsuming IBSA into BRICS.

Considering the Brazilian perspective, there seems to be a common perception among Diplomats interviewed (Jardim, 2016) and the revised academic analyzes that the country's foreign policy of the first Dilma Rousseff government (2011-2014) also prioritised cooperation in BRICS. Furthermore, Brazil is facing a major political crisis since 2013 due to generalised corruption scandals, many of them related to the Worker's Party (in power

from 2003 to 2016, when Rousseff was actually impeached in a opposition's political move due to fiscal irresponsibility accusations), and bad economic performance – culminating in one of the most serious economic crises of the country's history. In 2013, president Rousseff could not attend IBSA summit alleging health issues and the summit did not take place. During June 2013, the country was also burbling with massive popular protests, which created a very delicate domestic scenario. The current interim government in Brazil is presenting a liberal lurch, implementing reforms in many economic sectors trying to contain the economic crisis and please the international market. On foreign policy matters, trade and finance agendas occupy the center of interest after the impeachment.

Nevertheless, as Marcondes and Mawdsley (2017) argue, personalisms should not be blamed for South-South cooperation discontinuities. The lack of institutionalised mechanisms of SSC might be the main reason for such significant oscillations. Considering the Brazilian case, they describe that: “[...] Lula's and Amorim's political support for SSC as a foreign policy tool did not translate into efforts to formulate specific legislation that would provide the necessary legal backing and sustainability to those initiatives.” (Marcondes and Mawdsley, 2017, p. 690)

Interviews have shown that all three parts agree that there is no individual actor to blame and all actors part of IBSA, including bureaucrats, politicians, practitioners and civil society, have their share of responsibility of this cooperation slow-down and that renewed energy should and will be dedicated to it from now on.

IV. Final considerations: lessons learned to take IBSA further

IBSA cooperation proved to be diverse and still with much unexploited potential. Even though no summits took place since 2011, IBSA

ministers continued meeting in many occasions, such as the sidelines of the UNGA, BASIC and BRICS. The confidence building is clear and the relations between those countries have acquired some gains that would not be lost. Further, the multiple fronts cooperation strategy inaugurated by IBSA allows: diversifying their economic and political partnerships, favoring countries' autonomy; increasing their bargaining power in international organisations, creating greater permeability in issues of their interest in the international agenda; actively contributing to the international order, with normative influence, capacity of promote reforms and create new institutions, as well as being international public goods suppliers and inducing development in third countries; favoring their own internal development.

Personal leaderships are very important in IBSA countries' foreign policy formulation and were essential until this point of time to the Forum's creation and growth, while its low institutionalisation level was both an advantage and a challenge. Nevertheless, an innovative Southern paradigm might require innovative institutionalisation mechanisms that both respects IBSA's dynamic and flexibility but also guarantees its sustained continuity regardless contextual changes. Institutionalisation might be the main challenge to be faced by South-South cooperation in the current times, mainly regarding sectoral ministerial cooperation and the need to ensure continuity in the initiatives and the consolidation of institutional memory.

Another relevant element is that IBSA is not about commerce and hard power/economic agendas and, even though common interests of industrialisation and increase of trade and investment exchanges are very important to the Forum's agenda, they are not its core. Looking only by those lenses might be dangerous, as IBSA might not make sense under a very pragmatic or economic look. As the former minister Amorim mentioned in interview (Jardim, 2016) the natural/ less strenuous way – a pragmatic calculation of cost vs. benefit – might lead us to the central countries, a way

that was already built by colonial and imperial exploitation and to which we might, in many cases, have a very unfavourable North-South relationship pattern. Regarding the very important trade and investment topics, there are still many challenges in the commercial and FDI agendas that should be dealt with, and the apparent barriers and challenges of cooperation should not take IBSA out of its path.

Even though BRICS includes all IBSA countries, IBSA should not be subsumed by the first, as both are equally relevant diplomatic tools and present different possibilities of cooperation agenda. Even though BRICS is much more internationally prominent in terms of hard power (both economic and political), IBSA countries have shown to have a wider range of synergies and complementarities and to represent a unique soft power and like-mindedness space, as IBSA countries can consolidate themselves as major partners of Least Developed/Low Income countries and of the SDGs agenda, tackling poverty, democracy and human rights agendas both inside and outside its borders.

But foremost, a strong and renewed IBSA will make a much more balanced and dynamic BRICS. Interviews with diplomats have shown that the last BRICS summit, held in China, was marketed by a very haughty China and, on the other hand, very unassertive Brazil and South Africa participations, which would have made the discussions turn almost into a RIC (Russia, India and China) dynamic. Political intra-BRICS dynamics are complex due to China's economic prominence and active leadership. Articulating IBSA would, then, allow to a more horizontal debate under BRICS, as they are not competing, but complementary initiatives. In that regard, and also considering political and economic scenario both in Brazil and South Africa, India's leadership will be essential to revive and restructure IBSA. It is worth remembering that the next BRICS chairs are South Africa and Brazil, what represents an interesting political moment to rearticulate those respective actors as active players in those groupings.

Recommendations

- **A strong IBSA is a more balanced and dynamic BRICS:** Articulating IBSA would allow to a more horizontal debate under BRICS, as they are not competing, but complementary initiatives. Even though BRICS represents much more hard power (both economic and political), IBSA have shown to have a wider range of synergies and complementarities and to represent a unique soft power and like-mindedness space, as IBSA can consolidate itself as an important diplomatic tool for the 2030 agenda both inside and outside their countries borders, an ally of LDCs, a normative and soft power leadership, influencing UN reforms, development cooperation debates, tackling many agendas, such as poverty, democracy, development, climate change and human rights.
- **Organising an IBSA Summit:** IBSA active cooperation depends, to a large extent, on the realisation of summits. This is an important political moment, where the respective political leaderships in IBSA countries can make history and leave up a foreign policy legacy by reviving IBSA forum and making it strong again.
- **Consider mechanisms of increasing institutionalisation of IBSA Working Groups:** Working groups need to be less dependent on summits and on personal leaderships and become more institutionalised and project oriented. Some new institutional design should still be flexible, but guaranteeing that progress made is not lost in case of change of leaderships or absence of summits. This is the main challenge to be faced and should gather together minds of bureaucrats, academics, politicians, civil society and entrepreneurs in IBSA countries to develop a suitable model.
- **Sectoral initiatives:** Restart discussions on sectoral initiatives in a thematic-oriented way, such as:

- a) The Preferential Trade Agreement (PTA) between India-Mercosur-Sacu⁹, mainly advancing India-SACU PTA negotiations.
 - b) The IBSA Satellite;
 - c) IBSA B2B¹⁰,
 - d) Implement a liberal visa scheme to improve tourism, business and people mobility;
 - e) Improve maritime and civil aviation connectivity.
- **Improve people-to-people forums and use IBSA as a platform of improving democratic experience in its respective countries:** Until now, civil society forums have been largely state-oriented. Considering that democracy is one of the key normative elements of IBSA, mechanisms of social participation, public accountability, democratisation of foreign policy formulation, between others, should be even more debated and interchanged. Improving people-to-people fora also helps to decentralise cooperation under IBSA, changing its top-down structure to a more bottom-up one.
 - **Improve accountability of IBSA activities and initiatives:** IBSA website needs to be regularly updated. Documents, discourses, reports, MoUs, Working Groups' agenda and schedule should be fully accessible online and regularly updated.
 - **Increase contributions to IBSA Fund:** IBSA fund is considered the most successful initiative under IBSA, with real positive impact on all SDGs in many developing countries around the world. The initiative has received lots of international prizes as genuine South-South initiative but, nevertheless, represents a very small amount of the development cooperation investments from India, Brazil and South Africa. Hence, IBSA Fund has lots of potential to grow and an increase on its contributions should be taken into consideration.
 - **Improve accountability of the IBSA Fund projects:** Information on IBSA fund projects is still very scarce and needs to be improved.

Endnotes

1. Even though a historical analysis can identify that cooperation with other developing countries has always been important in Brazilian international strategy during the second half of the twentieth century, there is a common perception between Brazilian Foreign Policy analysts that there were three specific moments in which South-South relations have been a priority: 1) from 1961 to 1964, during Jânio Quadros and João Goulart administration, in which the foreign policy strategy was known as "Independent Foreign Policy"; 2) during Geisel's "Responsible and Ecumenical Pragmatism", from 1974-1978; 3) and during Lula's (2003-2010) "Active and Lofty foreign policy" - period in which IBSA was launched and had its most vibrant articulation. (Leite, 2011; Amorim, 2015).
2. Panel discussion on South Africa's Presidency of IORA and Forthcoming BRICS Summit on 20th January 2018. RIS, New Delhi, India.
3. Nevertheless, South-South relations do not replace North-South relations, as developing countries are still very dependent on great powers. (Lima, 2005; Vigevani and Cepaluni, 2007).
4. A technical meeting was held to address the IBSA Satellite in 2012 in India. The proposal of launching an IBSA satellite was in the Forum's agenda since 2008. The meeting allowed the 131 countries to exchange proposals for the realisation of the project and its objectives, but despite the referrals, the project did not present any subsequent results.
5. For further references on WG activities, MoUs and agendas, refer to Soule-Kohndou (2013), Stuenkel (2014), Jardim (2016) and <http://ibsa.nic.in/>.
6. Working group recently included to IBSA agenda due to Blue Economy's centrality to the three countries and high cooperation potential.
7. A Preferential Trade Agreement (PTA) between the Common Market of the South (MERCOSUR) and The Southern African Customs Union (SACU) was ratified in 2016. India-Mercosur ratified their PTA in 2009, with around 450 products; the parts are currently negotiating an expansion to around 2500 lines. A SACU-India PTA dialogue have started in 2000 and appears to have no tangible results until this moment.
8. Online platform launched by the IBSA Small, Micro and Medium Enterprises forum in collaboration with the IBSA WG on Trade and Investment which

launched an online platform to present investment opportunities, contacts, events, trade statistics, and best practices among the three IBSA countries. According to Stuenkel (2014, b), Brazilian and Indian companies have registered, but none from South Africa. <http://www.ibsab2b.com/>

References

- Alden, Chris; Morphet Sally; Vieira, Marco A. 2010. *The South in World Politics*. Basingstoke: Palgrave Macmillan.
- Altemani, H. 2005. *Política Externa Brasileira*. São Paulo: Saraiva, . 289 p.
- Amorim, C. 2015. Teerã, Ramalá e Doha: Memórias da política externa ativa e altiva. Benvirá: 520p.
- Amorim C. 2013. *Breves Narrativas Diplomáticas*. São Paulo: Benvirá. 168p.
- Besharati, N.; Esteves, P. Os BRICS, a Cooperação Sul-Sul e o Campo da Cooperação para o Desenvolvimento Internacional. In: *Contexto Internacional*. Rio de Janeiro, v.37,n.1 jan/abr, 2012. pp.289-330.
- Binder A.; Mier C.; and Steets, J. 2010. *Humanitarian Assistance: Truly Universal?* GPPi. Berlin, n.12. Available at: < http://www.gppi.net/fileadmin/user_upload/media/pub/2010/Binder_Meier_Steets_2010__T_ruly_Universal_-_Mapping_Study_GPPi_RP_12.pdf >
- Bueno, A. M. C. Os .2009. antecedentes políticos, estratégicos e econômicos do Fórum IBAS: um exame do papel do HIV/Aids nesta coalizão. In: HIRST, M.; LIMA, M. R. S.; VIEIRA, M. A. (Org.). *Vozes do Sul e agenda global: África do Sul, Brasil e Índia*. 1ed.São Paulo: Hucitec,v. , p. 252-283.
- Cervo, A. 1994. Socializando o desenvolvimento: uma história da cooperação técnica internacional do Brasil. *Revista Brasileira de Política Internacional*, v.37, n.1, 1994, pp.37- 63.
- Cervo, A. L. 2008. *Inserção internacional: formação dos conceitos brasileiros*. 1. ed. São Paulo: Saraiva, v. 1. 297p.
- Chhabra, H. S. 1989. *Nehru and Resurgent Africa*. Africa Publications (India). New Delhi, 172p.
- Dubey, M. 2013. *India's Foreign Policy: coping with the changing world*. Orient Black Swan. 445p.
- Debiel, T. Wulf, H. 2017. More than a Rule Taker: The Indian way of Multilateralism. In: Hansel, M.; Khan, R. And Levaillant, M.(editors). *Theorizing Indian Foreign Policy: Rethinking Asia and International Relations*. New York and London: Routledge. Chapter 3, pp.49-68.
- Eclac. 2016. *ECLAC Thinking: Selected texts (1948-1998)*. Ricardo Bielschowsky (compiler). Available at: [file:///C:/Users/RISC-180P/Downloads/S1501407_en%20\(1\).pdf](file:///C:/Users/RISC-180P/Downloads/S1501407_en%20(1).pdf)
- Flemes, D.; and Vaz, A.C. 2011. *Security Policies of India, Brazil and South Africa*. Giga Working Papers. Available at: https://www.giga-hamburg.de/de/system/files/publications/wp160_flemes-vaz.pdf
- Fonesca Junior, G. BRICS: notas e questões. Mesa-redonda: O Brasil os BRICS e a agenda internacional. Apresentação do Embaixador José Vicente de Sá Pimentel. Brasília:
- Hurrel, A. 2013. Narratives of emergence: rising powers and the end of the Third World? *Brazilian Journal of Political Economy*, V. 33, no. 2 (131). pp. 203- 221, April-June.
- Husar, J .2016. *Framing Foreign Policy in India, Brazil and South Africa: Contributions to Political Science*. Springer, 257p.
- Ibge. 2011. *Censo Demográfico .2010. Características da População e dos Domicílios. Resultados do Universo*. Instituto Brasileiro de Geografia e Estatística (IBGE). Rio de Janeiro, 270p. Available at: https://biblioteca.ibge.gov.br/visualizacao/periodicos/93/cd_2010_caracteristicas_populacao_domicilios.pdf
- IBSA Trilateral Official Website. Available at: < http://www.ibsatrilateral.org/index.php?option=com_content&view=article&id=87&Itemid=64>
- India .2017. *India, Brazil and South Africa website*. Government of India. Available at: <http://ibsa.nic.in/>
- Indian Navy .2017. *Exercise IBSAMAR-V between India, Brazil and South Africa*. India Navy Website. Government of India. Available at: <https://www.indiannavy.nic.in/content/exercise-ibsamar-v-between-india-brazil-and-south-africa>
- ISS. 2017. *Life beyond BRICS? South Africa's future foreign policy interests*. Southern Africa Report 9, by CILLIERS, JAKKIE. Institute for Security Studies. Available at: <https://issafrica.s3.amazonaws.com/site/uploads/sar9.pdf>
- Jardim, C. A .2016. *A estratégia brasileira de cooperação Sul-Sul em múltiplas frentes: os casos IBAS e BRICS (2003-2014)*. Master's dissertation. Universidade de Brasília, Brazil. Available at: http://repositorio.unb.br/bitstream/10482/20287/1/2016_CamilaAmorimJardim.pdf
- Landsberg, C. 2014. *The cocentric Circles of South Africa's Foreign Policy under Jacob Zuma*. *India Quarterly*. Indian Council of World Affairs (ICWA). New Delhi: Sage, pp.153-172
- Leite, P. S. .2011. *O Brasil e a cooperação Sul - Sul em três momentos: os governos Jânio Quadros/João Goulart, Ernesto Geisel e Luiz Inácio Lula da Silva*. Brasília: Funag, 2011.
- Lessa, A.C.; Couto L.F; Farias, R.S. *Distanciamento versus Engajamento: Alguns Aportes Conceituas para a Análise da Inserção do Multilateralismo Brasileiro (1945-1990)*. *Contexto Internacional*. v.32, n.2, jul/dez 2010. pp.333-365

- Lima, M. R. S. A. .2005. Política externa brasileira e os desafios da cooperação Sul-Sul. *Revista Brasileira de Política Internacional*, v. 48, n.1. 2005. p. 24-59.
- Lima, MRS; Hirst, M. .2009. A iniciativa IBAS e a cooperação Sul-Sul: desafios intelectuais e possibilidades políticas. In: LIMA, MRS; HIRST, M. (orgs.) *Brasil, Índia e África do Sul: desafios e oportunidades para novas parcerias*. São Paulo: Paz e Terra. p.7-28.
- Lima, M. R. S; Castelan D. R. .2012. Os grandes países periféricos na política externa brasileira. *Boletim de economia e política internacional/Instituto de Pesquisa Econômica Aplicada. Diretoria de Estudos e Relações Econômicas e Políticas Internacionais*. – n.1, jan./mar. 2010. Brasília: Ipea. Dinte, 2012.
- Lopes, L. L. A. .2008. *A Cooperação Técnica entre Países em Desenvolvimento (CTPD) da Agência Brasileira de Cooperação (ABC-MRE): o Brasil como doador*. Dissertação. Programa de Pós-Graduação em Relações Internacionais, San Tiago Dantas/UNESP, UNICAMP, PUC-SP.
- Mandela, N .1993. *South Africa's Future Foreign Policy*. *Foreign Affairs*, essay November/December. Av ailable at: <https://www.foreignaffairs.com/articles/south-africa/1993-12-01/south-africas-future-foreign-policy>
- Marcondes, D. Mawdsley, E. .2017. *South-South in retreat? The transition from Lula to Rousseff to Temer and Brazilian development cooperation*. *International Affairs*. n.93:3.pp:681-699.
- Mawdsley, W .2012. *From Recipients to Donors: Emerging Powers and the changing development landscape*. London: Zed Books, 2012. 270p.
- Mazumdar, A .2015. *Indian Foreign Policy in Transition*. Routledge contemporary South Asia Series. London and New York: Routledge, 224p.
- Mourga, G. F. G .2008. *O Diálogo Índia, Brasil, África do Sul – IBAS: Balanço e Perspectivas*. In: III CNPEPI: *O Brasil no mundo que vem aí: Seminário IBAS*. Brasília: FUNAG, 2008, p. 15-39.
- Naidu, S. 2017. *South Africa's Development Diplomacy and South-South Cooperation: Issues of Institutionalization and Formalization?* In: Bergamaschi et al. (eds.), *South-South Cooperation Beyond the Myths*, *International Political Economy Series*. Chapter 6, pp.137-169
- Narlikar A. 2003. *Developing Countries: Bargaining coalitions in the GATT & WTO*. Londres: Routledge, 2003. 235 p.
- Narlikar, A. 2010. *New Powers: How to Become One and How to Manage Them*. Nova Iorque: Columbia University Press, 2010. 191 p.
- Nery, T. A. 2014. *contribuição do pensamento da cepal para o conceito de desenvolvimento*. In: Kraychete, E.S.; Milani, C.R.S (orgs.). *Desenvolvimento e Cooperação Internacional: relação de poder e política dos Estados*. Salvador: EDUFBA, 2014. p. 61-76.
- Oliveira, A.P.; Uziel, E.; Rocha, R. 2015. *A atuação dos BRICS no Conselho de Segurança das Nações Unidas no ano de 2011*. *Política Externa*. v.23 n4, abr-jun 2015. Available at: <<http://politicaexterna.com.br/2750/atuacao-dos-brics-conselho-de-seguranca-das-nacoesunidas-ano-de-2011/>>
- Pinheiro L. 2000. *Traídos pelo desejo: um ensaio sobre a teoria ea prática da política externa brasileira contemporânea*. *Contexto internacional*, n 22.2. 2000. p.305-335.
- Puente, C. A. I. 2010. *A cooperação técnica horizontal brasileira como instrumento da política externa: a evolução da cooperação técnica com países em desenvolvimento – CTPD – no período 1995-2005*. Brasília: Fundação Alexandre de Gusmão, 2010. 340p.
- Ramazini Junior , H.; Mariano, M.P.; Almeida , R.A. 2015. *As diferentes dimensões da cooperação Sul-Sul na política externa brasileira*. In: RAMANZINI JUNIOR, H.; AYERBE (orgs.) *L.F. Política Externa Brasileira, Cooperação Sul-Sul e Negociações Internacionais*. São Paulo: Cultura Acadêmica, p. 15-52
- Roy, A.N. 2000. *The Third World in the Age of Globalization: Requiem or new agenda*. Zed books, 160p.
- Saraiva, M. G. 2007. *As estratégias de cooperação Sul-Sul nos marcos da política externa brasileira de 1993 a 2007*. *Revista Brasileira de Política Internacional*. [S.l.], v. 50, n.2. 2007. p. 42-59. Available at: <<http://www.scielo.br/pdf/rbpi/v50n2/a04v50n2.pdf>>. Acesso em: 27 jun. 2015.
- Sikri R. 2009. *Challenge and strategy: rethinking India's Foreign Policy*. Sage publications. 2009. 317p.
- Soule-Khoundou, F. 2013. *The India-Brazil-South Africa Forum a decade on: mismatched partners or the Rise of the South?* GEG Working Paper. Oxford: nov. 2013. 35p.
- Souza, A. M. A. 2012. *Cooperação para o Desenvolvimento Sul-Sul: Os casos do Brasil, da Índia e da China*. *Boletim de economia e política internacional/ Instituto de Pesquisa Econômica Aplicada. Diretoria de Estudos e Relações Econômicas e Políticas Internacionais*. – n.1, (jan./mar. 2010 -). – Brasília: Ipea. Dinte, 2012.
- Stuenkel, O. 2013. *Institutionalizing South-South Cooperation: Towards a New Paradigm?* High Level Panel on the Post-2015 Development Agenda. maio/2013, 25p.
- Stuenkel, O. 2014. *India-Brazil-South Africa Dialogue Forum (IBSA): The Rise of the Global South?* Londres: Routledge. 174p
- Stuenkel, O. 2014. *b) South-South Cooperation: Do the IBSA working groups make a difference? Post-Western World*. Available at: <http://www.postwesternworld.com/2014/02/13/cooperation-working-matter/>

- Stuenkel, O. 2015. *The BRICS and the Future of Global Order*. Londres: Lexington. 213p.
- The Economist. 2017. *The choice that could save South Africa, or wreck it*. Dec 9th 2017. Available at: <https://www.economist.com/news/leaders/21732114-avoid-dire-two-decade-dynasty-dysfunction-south-africas-ruling-anc-should-ditch>.
- UNOSSC. 2017. *IBSA Fund. Overview of Project Portfolio 2017*. Available at: <https://drive.google.com/file/d/0B-buqyoV0jpSMDZsNEhNR2YxS2s/view>
- Vaz, A.C; Inoue, C.Y.A. 2012. *Brazil as "Southern donor": beyond hierarchy and national interests in development cooperation?* *Cambridge Review of International Affairs*,
- Vigevani T. Cepaluni, G. 2007. *A Política Externa de Lula da Silva: A Estratégia da Autonomia pela Diversificação*. *Contexto Internacional*. Rio de Janeiro, v. 29, n.2. p.273- 335, jul./dez. 2007.
- Vizentini, P. F. 1998. *A política externa do regime militar brasileiro: multilateralização, desenvolvimento e construção de uma potencia média (1964-1985)*. Porto Alegre: UFRGS, 409p
- Vizentini, P. F. 2004. *Relações Exteriores do Brasil (1945-1964): O nacionalismo e a política externa independente*. Petrópolis: Vozes, 279p.
- White L. 2010. *O IBAS Depois de Sete Anos: Cooperação em uma Nova Ordem Global*. In: *Poverty in Focus: O que o IBAS pode oferecer para a comunidade global?* Centro Internacional de Políticas para o Crescimento Inclusivo. Grupo de Pobreza, Escritório de Políticas para o Desenvolvimento - UNDP. Available at: <http://www.ipc-undp.org/pub/port/IPCPovertyInFocus21.pdf>

Agriculture, Trade and Economy



Participation Potential of IBSA Countries in Global Production Networks



Garima Dhir*



I. Introduction

The IBSA (India, Brazil and South Africa) Dialogue Forum is a grouping of three like minded large, emerging economies, hailing from three different continents, namely, Asia, South America and Africa, respectively. This forum brings together three developing countries with the aim to stimulate South-South cooperation and to counter their marginalisation. IBSA is an umbrella of various initiatives with the objective of exchanging information, technology, skills and promoting cooperation in the areas of trade, agriculture, climate and social development, to name a few.

The three IBSA countries acquire an important position in their respective regions. Brazil is the largest economy in the Latin American region; similarly, India, which is one of the biggest South Asian nations, has experienced substantial economic and trade growth in the last few years. Likewise, South Africa is amongst the most important trading countries from the African region. The IBSA forum aims to integrate these economies by not only enhancing their respective position in world trade but also by increasing trade amongst the three nations.

The emergence of IBSA group holds significant importance in terms of international trade as it could greatly influence the prospect of global trade, investment flows and have a notable impact on multilateral negotiations. However, over the years,

*IBSA Fellow, India

commitment of IBSA nations to take this forum forward has become weaker. This is essentially due to the overlap between IBSA and the BRICS grouping, which includes Brazil, Russia, India, China and South Africa. Despite this overlap, it has been argued that the IBSA group, though a subset of BRICS, has a number of characteristics which differ considerably from that of Russia and China. These characteristics include economic development, market size, level of industrialisation and other socio-economic features. The shared interests of these economies provide them with ample arenas to cooperate with each other.

One such area where IBSA countries have shown huge potential is that of trade. Trade of IBSA countries with the rest of the world has increased nearly 4.5 times from US\$259 in 2000 to US\$1,167 in 2015.¹ However, the current level of trade, particularly in the manufacturing sector is lesser than what these countries aim to achieve. One of the ways to boost trade and to lift up the manufacturing sector could be to participate in Global Production Networks (GPNs).

Global production networks and Global value chains (GVCs) form an important part of international economy today.² A decline in cost of transportation and communication has made it possible to segregate the production process across countries in a way that countries (and firms) undertake those processes of production which are in sync with their comparative advantage. For instance, skill intensive countries undertake activities related to research and development and countries that are labour abundant participate in labour intensive process of production. As a result of this, countries now specialise in a particular stage or production process rather than the entire commodity. In such a scenario, the lead firm conceptualises the idea and firms located in other countries as well enter into the supply chain by participating in the production process. The process of producing a good

involves not only manufacturing it but also activities related to packaging & distributing the product and customer services. This type of trade is described under various terminologies such as trade in value added, fragmentation trade, trade in middle products, task trade and vertical specialisation trade.

With production fragmentation, intermediate products cross borders several times which has resulted in a much faster growth of trade in parts and components (P&C) as compared to trade in final goods.³ Production fragmentation is observed mostly in electronics and automobiles where technology has made it possible subdivide the production process into different stages. Some examples include Apple's i-pod, HP notebook computer, Nokia phones or the German car, Porsche Cayenne.

Different agencies like OECD and WTO have released data with the specific aim of measuring the participation level of different countries in global value chains. Estimates of countries participation in production sharing have also been made by different individual researchers. In one such seminal work, Athukorala (2011) identified specific product categories in which fragmentation trade is heavily concentrated. They are as follows: office machines and automatic data processing machines (SITC 75), telecommunication and sound recording equipment (SITC 76), electrical machinery (SITC 77), road vehicles (SITC 78), professional and scientific equipment (SITC 87), and photographic apparatus (SITC 88). Athukorala argues that these product groups, referred to as "network products" (NPs), generally do not contain any end product produced from start to finish in a given country. NPs have a significant share in world trade. In 2015, share of NPs in world merchandise exports was 28 per cent and their share in world manufacturing exports was 40 per cent.⁴ In the section below, we briefly discuss the opportunities and challenges of participating in GPNs.

Opportunities and challenges of participating in GPNs

Participation in GPNs leads to a number of opportunities, especially for developing countries. GPNs could lead to rapid development by fostering knowledge flows, providing prospects for quick learning and skill acquisition. Firms in developing countries gain access to better information, new technologies and large markets by participating in GPNs. Since domestic firms are required to maintain international standards, it pushes the firms to acquire better quality control mechanism thus helping them adopt global standards domestically as well.

Many researchers have also pointed towards the drawbacks of participating in GPNs. The most important downside which is often discussed is the “low value added trap”, which is to say, that if a country specialises in low value added activities, it might get stuck there and gains from participation might be limited. Further, learning might be rapid in the beginning but may soon taper off.⁵ However, experience of South East Asian countries like Singapore, Korea and China has shown that even when countries enter into the value chain at the lower end, over the years, they move up the ladder by acquiring greater knowledge base and proceed towards more sophisticated production processes.

Motivation

In contrast to other nations, India, Brazil and South Africa have been locked out of the vertically integrated global and regional supply chains in manufacturing industries. Cumulative share of IBSA countries in world NP export was merely 1 per cent in 2015. In terms of trade with the world, though India’s share in world merchandise export tripled between 1990 and 2015, it was less than 2 per cent in 2015. Similarly, share of Brazil and South Africa in world merchandise exports, in 2015, was merely 1.2 per cent and 0.4 per cent, respectively.

Further, contribution of manufacturing sector in total merchandise trade has been below par for all the three nations. India, particularly, aims to promote its manufacturing sector. For example, “Make in India” programme launched by the India government, intends to create 100 million new jobs by 2020 by promoting manufacturing exports. Unemployment rates are also high in South Africa, reaching 25 per cent in 2015 (World Bank, World Development Indicators).

Previous studies have shown that participation in GPNs have helped developing countries in boosting the manufacturing sector and creating employment opportunities, especially for the low-skilled workers.⁶ Looking at the experience of East and South East Asian countries, one can say that participation in production networks has played an important role in economic growth, boosting the industrial sector and in creating jobs. Keeping this background in mind, this study aims to examine the extent and potential of IBSA nations in GPNs. This is done by analyzing their trade in NPs, its P&C and assembled end products (AEPs).⁷

Rest of the chapter is organised in the following manner: Section II briefly discusses the overall macro-economic conditions of the three IBSA countries, in Section III we provide details on the extent of participation of IBSA nations in GPNs, section IV examines their relative position in terms of participation in GPNs vis-à-vis other developing countries, section V evaluates the export potential in NPs for IBSA countries, section VI gives an overall trade policy brief and section VII concludes the chapter.

II. Macro-economic conditions and Nature of Industrialisation in IBSA Countries

Economic indicators

Table 1 shows the broad economic indicators

Table 1: Basic Economic Indicators

| Country | 2000 | | | 2015 | | |
|--------------|---------------------|--------------------------------|---------------------|---------------------|--------------------------------|---------------------|
| | GDP (Current Bn \$) | Per-Capita Income (Current \$) | Total Trade (Bn \$) | GDP (Current Bn \$) | Per-Capita Income (Current \$) | Total Trade (Bn \$) |
| Brazil | 655.4 | 3,739.1 | 111.0 | 1,803.7 | 8,757.2 | 362.6 |
| India | 462.1 | 438.9 | 95.3 | 2,111.8 | 1,613.2 | 655.1 |
| South Africa | 136.4 | 3,037.2 | 53.1 | 317.4 | 5,769.8 | 149.2 |

Source: World Bank WDI Indicators.

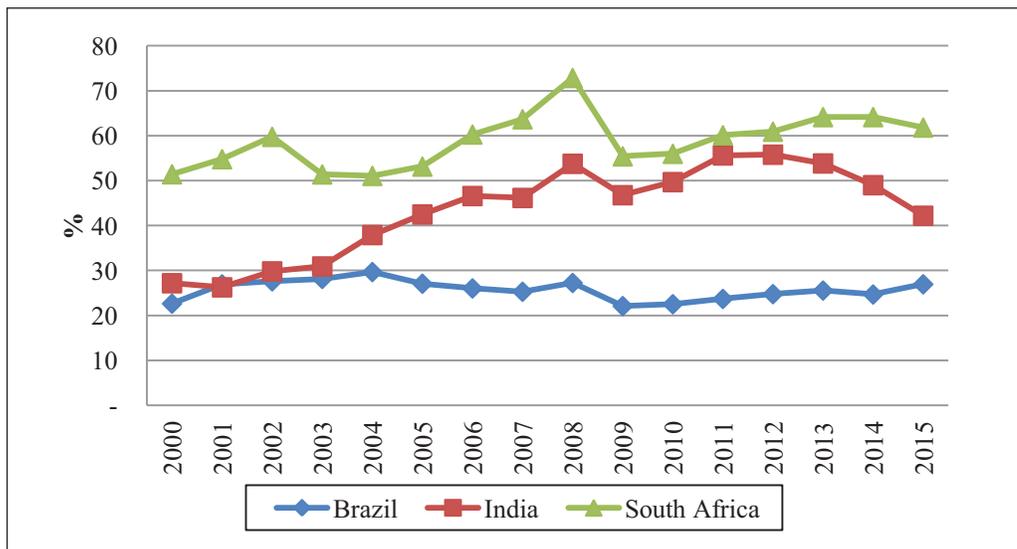
of the IBSA countries in 2000 and 2015. Both GDP and per-capita income of the three nations witnessed a significant increase in the last 15 years. Per-capita income of India in 2015 was nearly 4 times as that in 2000, rising from \$462 in 2000 to \$1,613 in 2015. Per-capita income of Brazil reached \$8,757 and that of South Africa rose to \$5,770 in 2015. At this level of income, the two countries lie in the list of upper middle income countries whereas India continues to be in the range of lower middle income countries. Along with this, India’s total trade increased 7 folds and reached \$655 billion in 2015. Between the three countries, we find that total trade of South Africa is the lowest at \$150 billion. It is interesting to note that the gap between South

Africa and the other two countries with respect to total trade has widened over the years.

However, looking at the degree of trade openness, i.e. the ratio of total trade (exports plus imports) to total GDP, we find that South Africa shows maximum outward orientation with the highest trade to GDP ratio at around 60 per cent in 2015 (Figure 1).

Degree of trade openness for Brazil, at 26 per cent, is the lowest amongst the three IBSA nations. In case of India we see that trade openness index fell from 55 per cent in 2011 to nearly 42 per cent in 2015, indicating a decline in relative importance of international trade in the Indian economy.

Figure 1: Degree of Trade Openness



Source: Author’s estimation using data extracted from World Bank WDI Indicators and CO MTRADE-WITS

In terms of type of commodities traded, it is seen that Brazil and South Africa are fairly similar in relation to the products exported and imported, whereas export and import pattern of India somewhat differs from the other two countries. On the export side, we find that primary products and resource based manufactures capture the bulk of export for Brazil and South Africa, capturing 66 per cent and 54 per cent of their respective export (Refer Figure 2). However, South Africa also exports a bulk of medium technology manufactures, with a share of 30 per cent in its total exports. On the other hand, for India, we find that low and medium tech manufactures together have a majority share of 45 per cent. Resource based manufactures also feature in India's export basket with a share of nearly 30 per cent. On the import side, we find that Brazil and South Africa primarily import high and medium technology manufactures whereas 50 per cent of India's import basket comprises of resource based manufactures and primary products.

Nature of Industrialisation

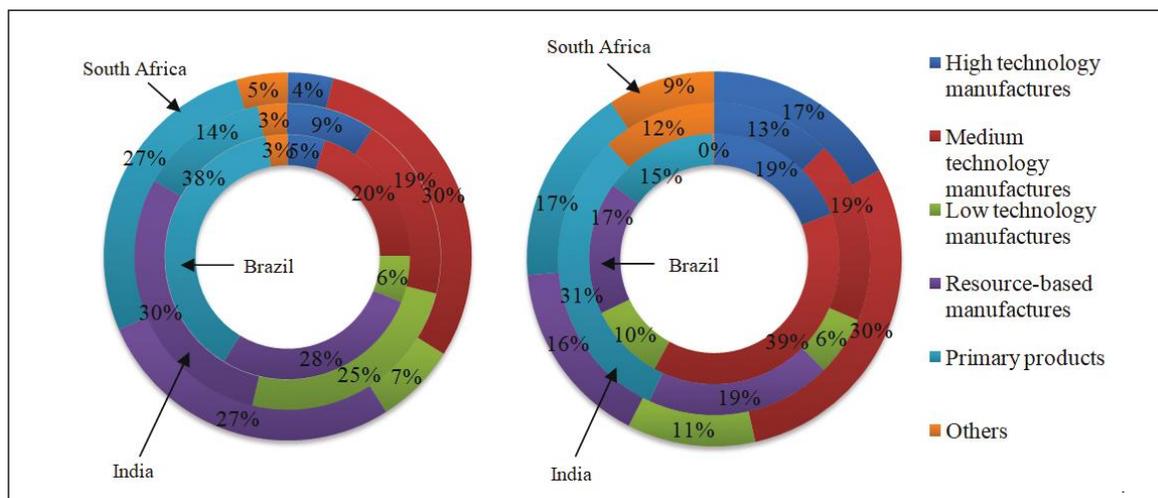
Having looked at the overall trade patterns of IBSA countries, this section focuses on the

importance of manufacturing sector in the economies of IBSA countries. Figure 3 shows the share of primary, industry (within that manufacturing) and service sector in Brazil's total value added.⁸ A sharp rise in the share of service sector was observed in 1995, along with a decline in manufacturing value added⁹. From then on, the gap between value addition by service sector and manufacturing sector has increased over the years. The share of agriculture has remained more or less the same since 1995.

Along with an increase in value added share, share of services in Brazil's total employment has also risen over the years. Service sector has been attracting more labour force as compared to both manufacturing and agriculture. Share of service sector employment increased from 54 per cent in 1990 to 77 per cent by 2015 where as that of agriculture more than halved from 23 per cent in 1990 to 10 per cent in 2015.¹⁰

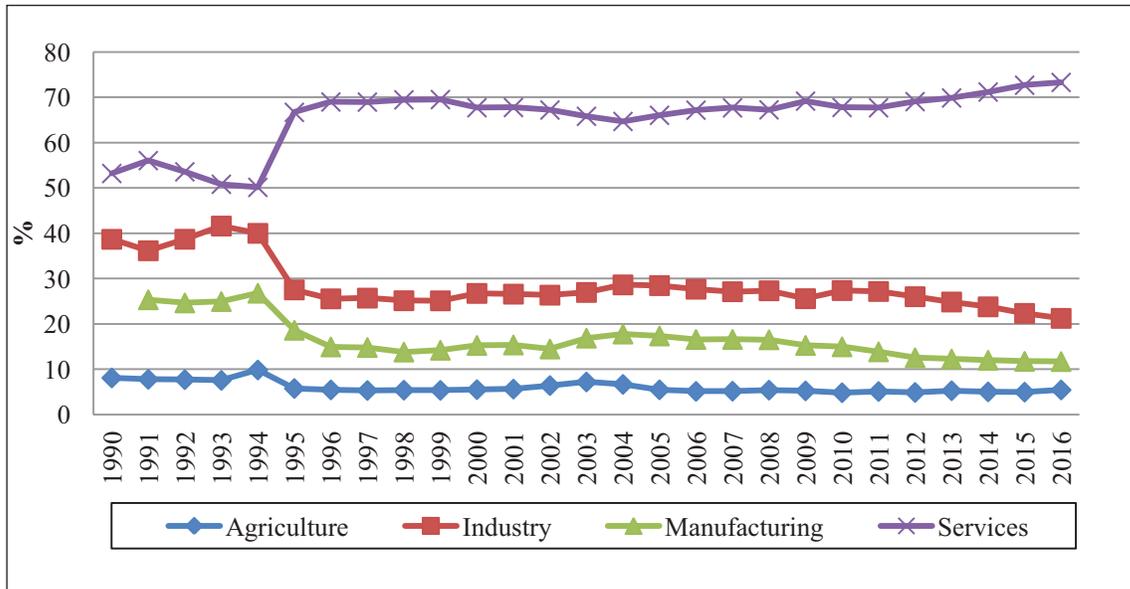
In terms of trade, share of manufacturing in Brazil's total exports has shown a downward trend, whereas its share in total imports has been rising (refer Figure 4). In 2015, 85 per cent of merchandise imports comprised of manufacturing commodities whereas share of

Figure 2: Share of Broad Categories in Total Exports, 2015



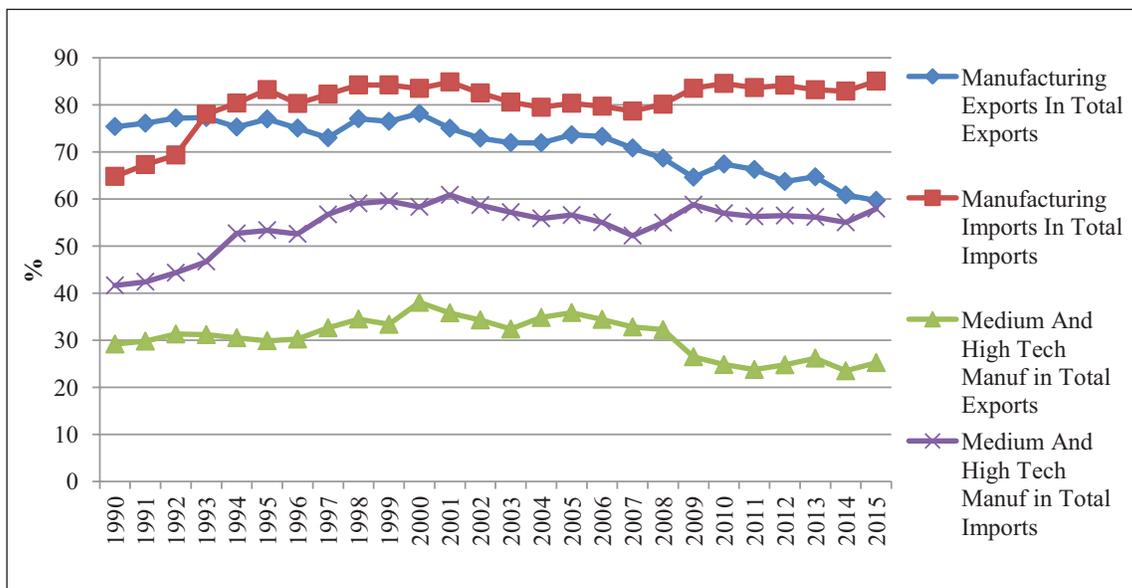
Source: Author's estimation using data extracted from CO MTRADE-WITS.

Figure 3: Share of Agriculture, Industry and Service Sectors in Brazil's Total Value Added



Source: Author's estimation using data extracted from World Bank's World Development Indicators.

Figure 4: Share of Manufacturing in Brazil's Total Exports and Imports



Source: Author's estimation using data extracted from CO MTRADE-WITS.

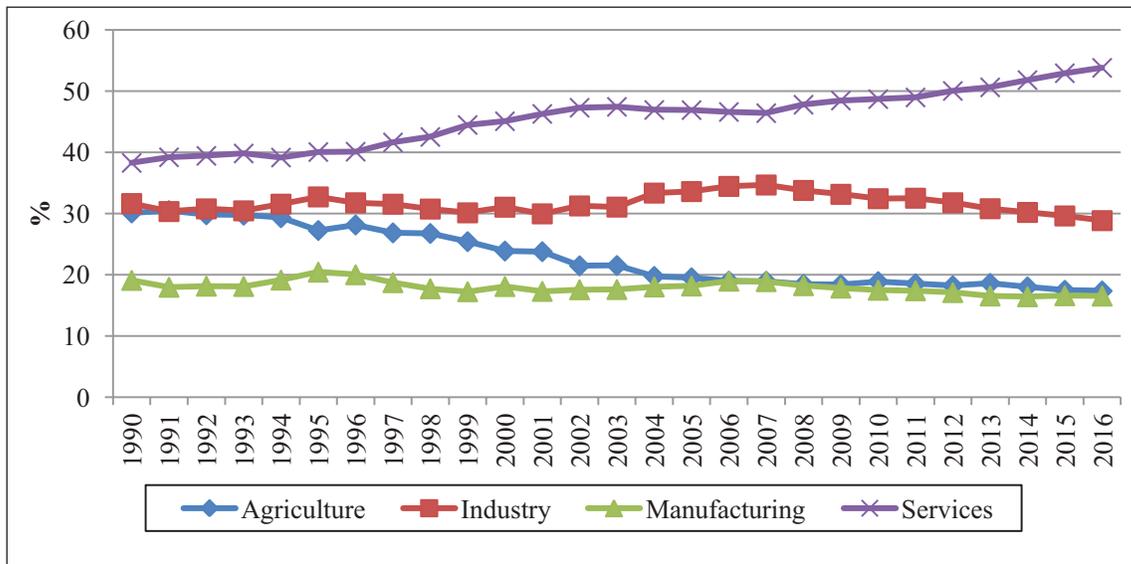
manufacturing in total exports was much lesser, at 60 per cent. This gap was seen to be more pronounced in case of medium-tech and high-tech manufacturing commodities. On the other hand, share of agriculture and allied activities in Brazil's total exports stood at around 39 per cent in 2015 (not shown in the figure).

Furthermore, average annual growth rate of medium-tech and high-tech manufacturing commodities after the global financial crisis of 2008-09 declined from 19.2 per cent in the period 2000 to 2008, to 2.4 per cent between 2009 and 2015. These changes are indicative of the fact that share of industrial sector in Brazil's economy has been declining whereas the share of service sector has been on a rise. This phenomenon, particularly in the case of developing countries, is called early de-industrialisation. Early de-industrialisation refers to the acceleration of the service sector at the cost of the industrial sector, before the economy reaches a desirable per-capita income. This is usually categorised by a reduction in employment share of manufacturing sector

along with a decline in its value added share. The analysis above shows that the Brazilian economy is showing signs of early de-industrialisation.

Moving on to the Indian economy, Figure 5 gives the share of agriculture, industry and service sector in India's total value added. Here we find that value added share of service sector has increased over the years from 38 per cent in 1990 to 54 per cent in 2016.¹¹ Along with this, value added share of agriculture sector has declined substantially from 30 per cent in 1990 to 17 per cent in 2016 and that of manufacturing has also declined, albeit slightly, from 17.5 per cent in 2010 to 16.4 per cent in 2016. However, on the export side, we find that share of manufacturing, in total merchandise exports, has increased from 52.6 per cent in 2010 to 60.5 per cent in 2015.¹² Export share of agriculture and allied activities, which witnessed an increasing trend between 2000 and 2012, started declining in the last few years; share of agriculture and allied activities in total merchandise exports increased from 9.1 per

Figure 5: Share of Primary, Industry and Service Sectors in India's Total Value Added



Source: World Bank's World Development Indicators.

cent in 2009 to 14.7 per cent in 2012, after which it declining and reached 12.8 per cent in 2015.¹³

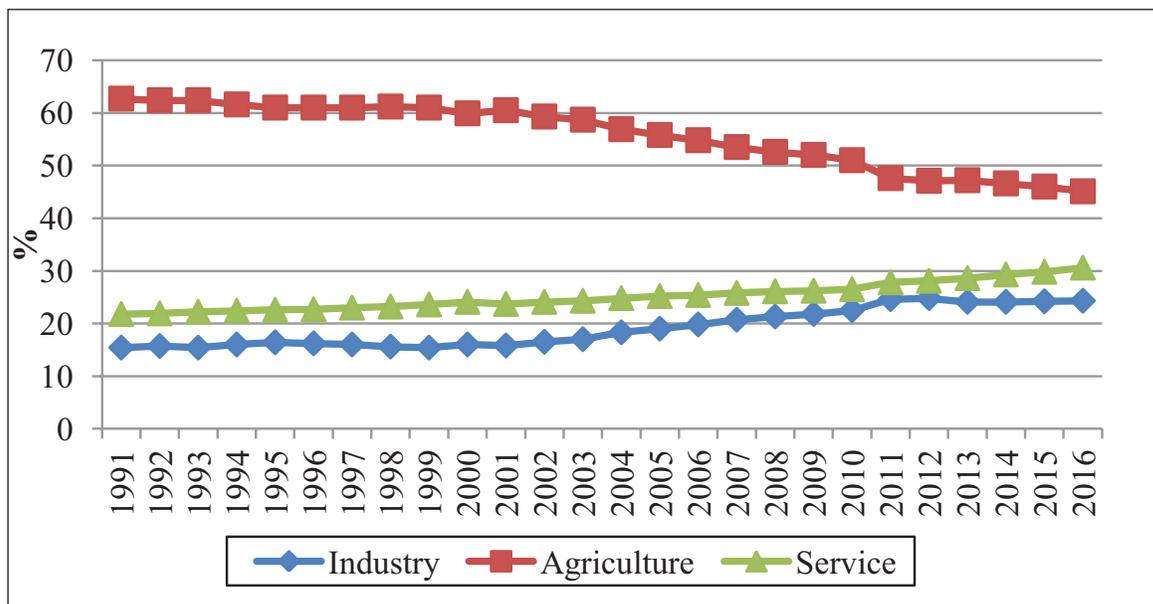
At the employment side, Figure 6 shows that, over the years, share of agriculture in total employment has decreased whereas the share of service and industrial sector has gone up. Despite this decrease, agriculture continues to employ the maximum share of population, even though its share in value added is the minimum. Share of agriculture in total employment has declined from 63 per cent in 1991 to around 45 per cent in 2016.¹⁴ This is accompanied by an increase in the share of service and industrial sector. As of 2016, share of these sectors in total employment 31 per cent and 25 per cent, respectively, much lesser than the agriculture sector.

It must be noted that unemployment rate in India stood at around 4.9 per cent in 2014. It also projected that by 2020, India would be the youngest nation in the world, with the average population age being 29. These trends indicate that creation of jobs would be of utmost priority for the policy makers.

Looking at South Africa, we find that value added and employment trends are similar to what was observed in case of Brazil. Not only is the share of service sector in value added and employment significantly higher than industry (and manufacturing), the gap between the two is also widening. This can be seen in Figure 7 which shows the share of agriculture, industry (and manufacturing) and service sector in total value added and employment of South Africa.¹⁵

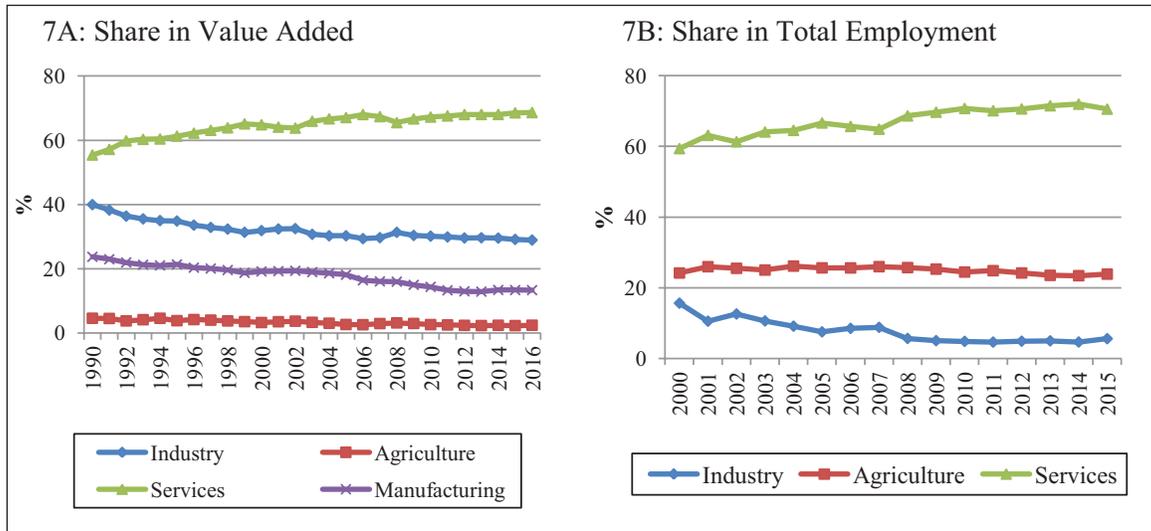
Figure 8 gives the export pattern of South Africa. Here, we find that share of manufacturing in total exports has risen from 40 per cent in 2013 to 45 per cent in 2015. However, despite this rise, share of manufacturing in total imports (and absolute value of manufacturing imports) have remained higher than manufacturing exports. It is interesting to note here that, in contrast with Brazil, share of agriculture & allied activities in South Africa's exports is only at 12 per cent, where as share of agriculture in Brazil's total exports stands at 40 per cent in 2015.

Figure 6: Share of Agriculture, Industry and Service Sector in India's Total Employment



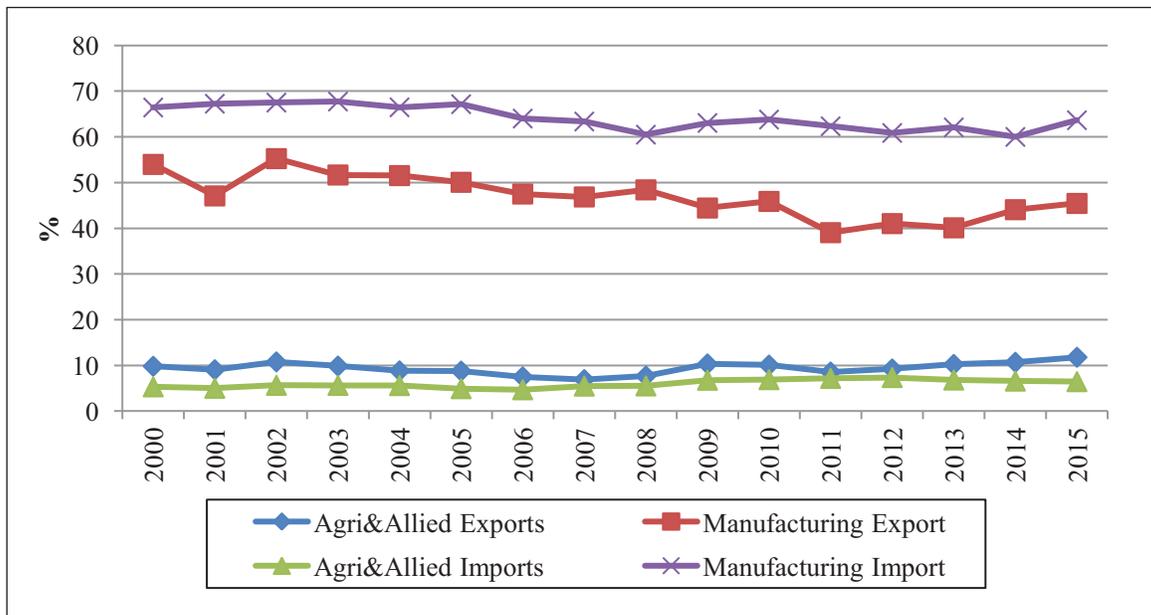
Source: World Bank's World Development Indicators

Figure 7: Share of Agriculture, Industry (and manufacturing) and Service sector in South Africa's Total Value Added and Employment



Source: World Bank, World Development Indicators

Figure 8: Share of Agriculture & allied activities and Manufacturing in South Africa's Total Exports and Import

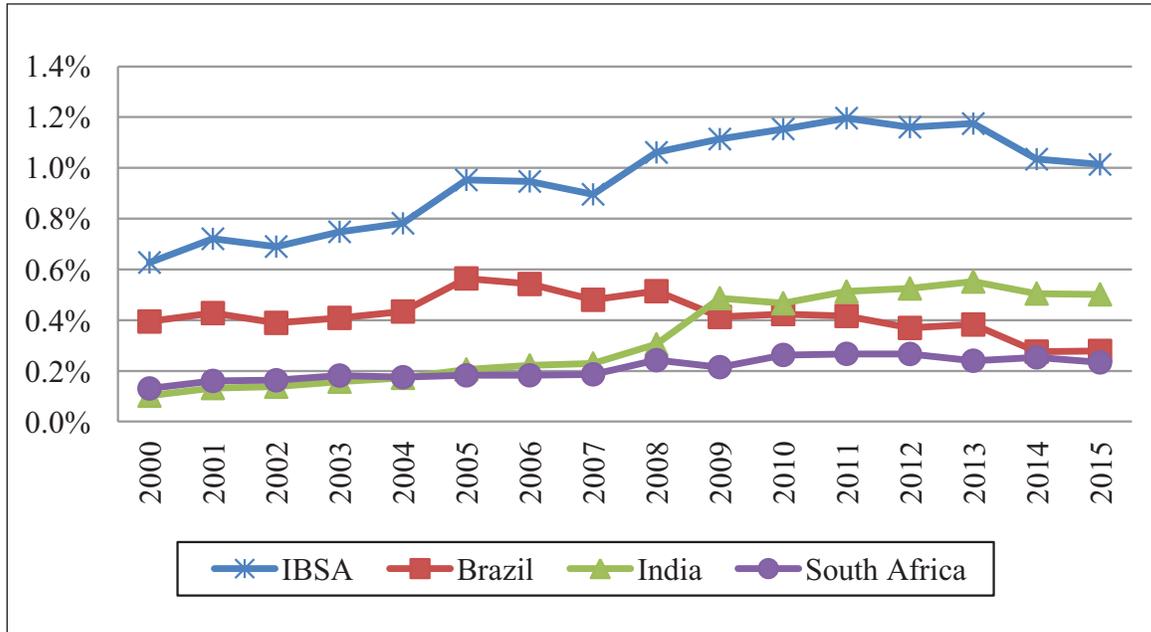


Source: Author's estimation using data extracted from COMTRADE-WITS.

The analysis above shows that all the three IBSA countries face economic conditions which are not exactly the same. The share of the industrial sector in value added, employment and trade says a different story for the three countries. On one side, Brazil shows signs of

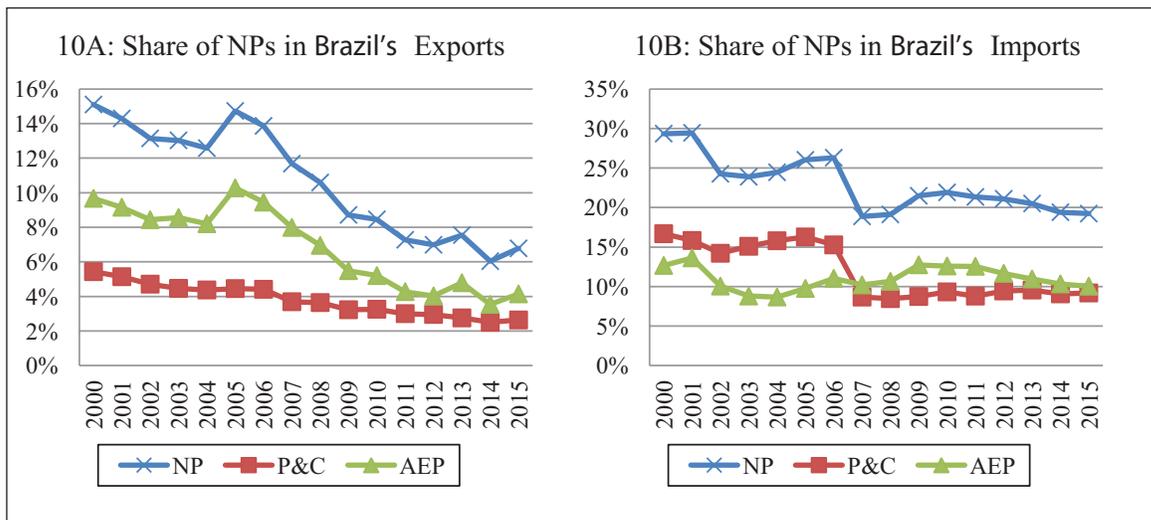
early de-industrialisation, whereas on the other side, manufacturing sector in India has been giving positive indications. In between the two lies South Africa, that is the most outward oriented country in terms of trade to GDP ratio but shows a gradual decline in industry's share

Figure 9: Share in World Export of Network Products



Source: Author's estimation using data extracted from CO MTRADE-WITS

Figure 10: Share of Network Products in Brazil's Total Merchandise Exports/Imports



Source: Author's estimation using data extracted from CO MTRADE-WITS.

in value added and employment. However, despite these variations, all three nations aspire to boost the production and trade of their manufacturing sector, albeit for different reasons. One of the ways of achieving this is by participating more rigorously in production networks. Keeping this in mind, the next section looks at the trends and patterns of network product exports by the three IBSA countries.

III. Trends and Patterns of Trade in Network Products (NP)

In this section, we analyze the participation of IBSA nations in GPNs. As mentioned before, this is done by examining their trade in network products. Figure 9 shows the share of IBSA countries in world NP exports. We find that between 2007 and 2012, share of IBSA in world exports of NP rose slightly from 0.9 per cent to 1.2 per cent; however, shortly after, this started falling and reached around 1 per cent in 2015. This drop is mainly because of a decline in the share of Brazil in world NP exports.

To further analyze the nature of NP trade, we decompose NPs into its parts and components and assembled end products for each of the IBSA member countries. This helps us in understanding whether a country specialised more in assembly related activities or processing of P&Cs. Trends and patterns of NP export and import for Brazil, India and South Africa are discussed below.

Brazil

Figure 10 shows the export and import pattern of network products, their P&Cs and AEPs for Brazil. Figure 10A depicts the share of these three product categories in Brazil's overall exports. It is visible from the graph below that share of NPs in Brazil's total exports has consistently declined from 2005 onwards. Share of NPs in total exports stood at around 15 per cent in 2005 and came down to merely 7 per cent by 2015. We also find that this fall is guided primarily by the decline in export

share of AEPs. Brazil also witnessed a fall in the export share of P&Cs, however, this decline has been more subtle than that of overall NPs. It must be noted here that Brazil's participation in GVCs is mainly through downstream links¹⁶ arising from its export of natural resources, agricultural products, mining, basic metals and to some extent chemical products (Refer OECD Synthesis Report, 2013). Participation of Brazil in GVCs through manufacturing goods and particularly NPs is minimal. Most of the value added embodied in final consumption of manufacturing products is generated domestically. Share of foreign value added in Brazil's total final demand was only 26 per cent in 2011.¹⁷

Figure 10B shows the share of NP imports in total imports. Brazil observed two substantial declines in the share of NP imports. The first decline occurred in 2002, where the share of network imports fell from 29 per cent in 2001 to 24 per cent in 2002 after which it remained stable till 2006. 2007 witnessed a more severe decline, from 26 per cent to 19 per cent. Post this fall, share of NPs in total imports has remained more or less stable at 20 per cent.

Despite this decline, we find that the share of NPs in total imports has remained higher than their share in total exports throughout our period of analysis. In 2015, share of NP imports was nearly thrice the share of NPs in total exports. High import share of NPs as compared to exports, reflects that these commodities are used more for domestic consumption instead of being utilised to participate in the GPNs.

At the broad product level, we find that nearly 73 per cent of Brazil's exports of NPs are constituted by road vehicles. Brazil has become the assembly center for the Latin American region; 74 per cent of road vehicles exported by Brazil remain within this region, with a majority share of 54 per cent going to Argentina. This shows that though Brazil is exporting road vehicles intensively to its neighboring countries, it is yet to utilise the opportunities

that exist in markets outside the Latin American region. On the import side, we find that, Road Vehicles followed by electrical machinery have the highest share of 33 per cent and 28 per cent respectively (Refer Appendix Table A1).

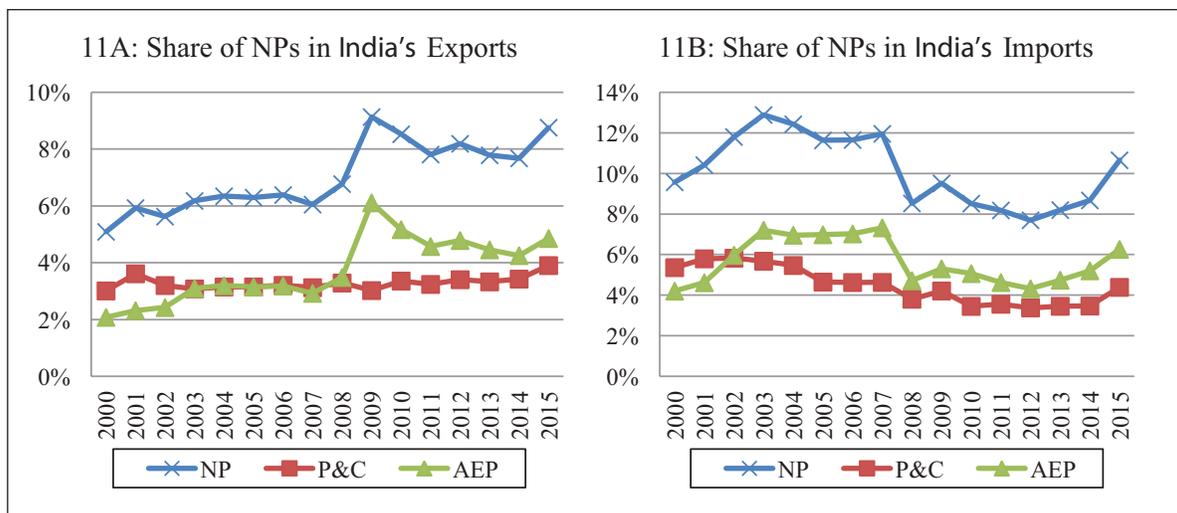
It has been observed that exports of Brazil, over the years, have been dominated by primary commodities. Importance of medium and high technology exports for Brazil has reduced with time. On the other hand, Brazilian imports comprise primarily of technology and knowledge intensive sectors. Further, in terms of domestic production, we saw earlier that Brazil is showing signs of early de-industrialisation. Which to say that the importance of manufacturing in Brazil's total value added and employment has declined where as that of service sector has gone up. In order to correct both, the lop-sided trade pattern and the trend of early de-industrialisation, Brazil should strengthen its participation in GPNs. As discussed earlier, GPNs provide opportunities to the participating countries to increase their knowledge base and thus help them in industrial up-gradation. Countries involved in GPNs not only gain access to larger markets but also have improved access to information which in turn leads to faster technological

learning and skill acquisition. Since GPNs are predominant in the manufacturing sector, it helps the participating countries to strengthen their manufacturing base leading further to rapid development.

India

Importance of network products in India's exports and imports is given in Figure 11. Looking at the export side, we find that, overall, share of network products in India's exports have seen a modest rise from 5 per cent in 2000 to around 9 per cent in 2015. After the global financial crisis, share of network exports fell slightly till 2011, nevertheless, it became stable from 2012 onwards, increasing slightly in 2015. At the broad product level, we find that the share of Road Vehicles in India's export of network products has consistently remained higher than the share of any other sub-category; 57 per cent of network product exports in 2015 are made up of 'Road Vehicles'. Unlike both Brazil and South Africa (refer next section for discussion on South Africa), India exports extensively exports road vehicles, covering markets across different continents. India exports 9 per cent of its road vehicles

Figure 11: Share of Network Products in India's Total Merchandise Exports/Imports



Source: Author's estimation using data extracted from CO MTRADE-WITS.

to Mexico and USA each; individually, 6 per cent to Sri Lanka and South Africa and 4 per cent to Bangladesh, United Kingdom and Turkey respectively. Overall, 64 per cent of road vehicles exported from India comprise of assembled end products. India also exports ‘Electric machinery’, with its share in network exports being nearly 26 per cent in 2015 (Refer Appendix Table A1).

Further, looking at the nature of NP exports, it is seen that between 2003 and 2008, share of P&Cs and AEPs remained nearly the same. After 2008, share of assembled products became slightly greater than that of P&Cs. It is interesting to note that in the recent years, share of both P&C exports and AEP exports seem to be converging again.

On the import side, we find that share of NPs in total imports was higher than their corresponding share in exports till 2009. From 2010 onwards, share of NPs in imports and exports became nearly equal, with a slight divergence in 2015. Imports of AEPs have been only slightly higher than P&Cs, especially from 2008 onwards.

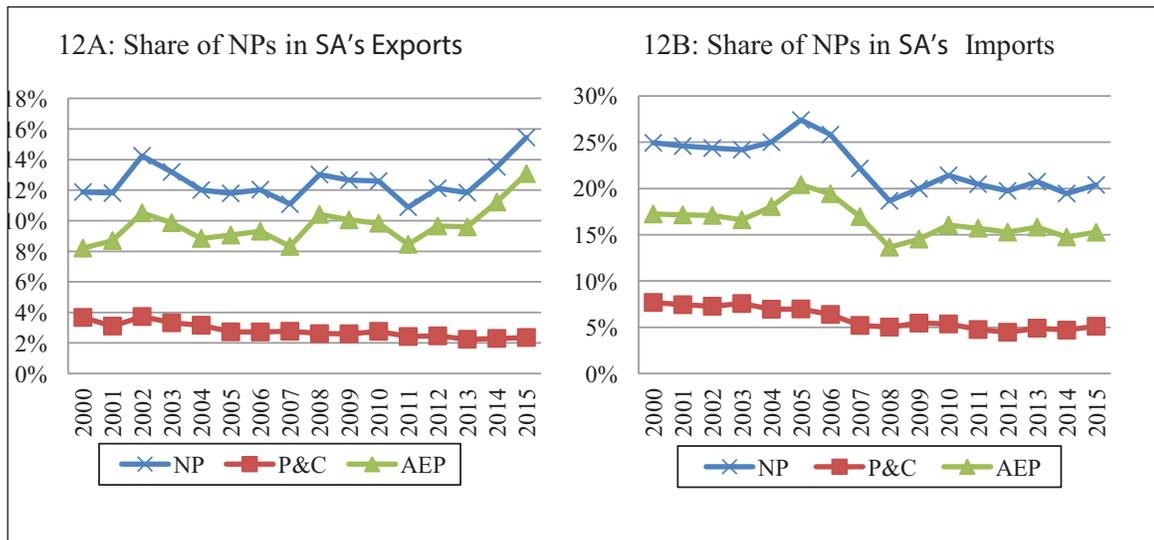
According to an OECD report on India’s participation in GVCs, India participates in

international production networks mainly through sourcing of intermediates from abroad. Use of Indian intermediates in foreign exports is restricted primarily to the service sector. Despite India’s efforts to integrate with global production networks, its participation in both global and regional value chains is one of the lowest among developing countries (Refer Section IV for more details). In order to improve India’s performance in production networks, not only is there a need to reduce transactional and trade cost, it is also important to simplify and streamline labour laws. To match the pace with which the world trade scenario is changing, India should work on lowering its non-trade barriers. Focus should be on those measures that have the greatest potential to impact trade in network products like easing the border procedures, lowering related fees and charges, better governance laws, avoiding shipping delays, preventing power failures etc.

South Africa

Participation of South Africa in NPs is shown in Figure 12. Panel A shows share of network products in South Africa’s total exports and Panel B shows share of NP imports in South Africa’s total imports. By looking at Figure 12A

Figure 12: Share of Network Products in South Africa’s Total Merchandise Exports/Imports



Source: Authors’ estimation using data extracted from CO MTRADE-WITS.

it is evident that South Africa's exports of NPs have been cyclical in nature. Between 2000 and 2002, network exports rose slightly, after which they witnessed a decline till 2007. Participation in NPs rose again in 2008 but started declining henceforth. This decline continued till 2011, post which NP exports started rising again. It is also apparent that this pattern of export is guided primarily by AEPs. Share of P&C exports has remained much lower, around 5 per cent throughout our period of analysis. This shows that South Africa's pattern of exports is biased towards the export of end products. At the broad product level, it is interesting to note that nearly 75 per cent of NP exports from South Africa comprise of 'Road Vehicles' alone (Appendix Table A1).

Though NP exports from both Brazil and South Africa are dominated by road vehicles, the export pattern of both the countries are not the same. On one hand, Brazil's exports are mainly regional, but on the other, South Africa exports a bulk of road vehicles to the European countries (42 per cent of its total exports of road vehicles). Germany and Belgium import 17 per cent and 16 per cent of road vehicles exported from South Africa, respectively. South Africa exports nearly 13 per cent of its road vehicles to the SACU region, of which 7.3 per cent goes to Namibia alone. Also, over 90 per cent of what South Africa exports constitutes of assembled end products, much higher than that of Brazil and India.

Looking at the import pattern, given in Figure 12B, we find that share of South Africa's imports of network products rose slightly from 25 per cent in 2000 to 27 per cent in 2005, after which it declined steeply and reached 18 per cent in 2008. From 2009 onwards, share of imports have remained steady at around 20 per cent. Despite these changes in the share of network imports, it can be seen that imports have consistently remained higher than the exports of network products. Further, looking at the nature of imports, we again find AEPs

to be the driving force. Share of P&Cs imports have remained between 4 per cent and 5 per cent in the last 10 years.

For South Africa, backward participation i.e. use of foreign inputs in production and exports has been higher than forward participation, which is use of South Africa's intermediates in exports by other countries (OECD Synthesis Report, 2013). Though both forward and backward linkages are important, backward linkages are more important for developing countries as it helps them gain technical knowledge. However, excess of foreign input sourcing should also be checked as it may lead to crowding out of local production.

In case of South Africa, earlier research has pointed towards the importance and the potential of regional value chains. Given the heterogeneity that exists within South African Customs Union (SACU) countries, it gives them the opportunity to participate heavily in GVCs.¹⁸ However, the region is limited by high wages, deficiency of skilled labour and lack of superior infrastructure facilities. It is imperative for not only South Africa but also for other SACU countries to upgrade and improve their position continuously in order to gain a more significant position in GVCs.

IV. Relative Perspective

In this section, we compare the performance of IBSA countries with other participants of GPNs. In order to do so, we take into consideration China, Vietnam, Malaysia, Philippines and Thailand. Starting from 2000 onwards, China has emerged as a major player in the trade of NP exports. On the other hand, Vietnam has also started showing promising results in terms of its degree of involvement in GPNs. Malaysia, Philippines and Thailand are other South East Asian economies that have been involved in the trade of NPs. The rationale behind comparing these countries with the IBSA group is that these are developing countries that participate heavily in GPNs. Considering these countries

enables us to make a fair judgment of IBSA countries involvement in production networks.

Table 2 shows the relative size, relative merchandise exports and relative NP exports of IBSA group as a whole with respect to China, Vietnam, Malaysia, Philippines and Vietnam.¹⁹ Size of IBSA group is 0.6 times that of China where as its merchandise exports are only 0.23 times, with exports of NPs being merely 0.06 times that of China. On comparing with Vietnam, we find that even though the size of IBSA group is nearly 33 times that of Vietnam, its merchandise exports are only 3 times that of Vietnam and NP exports are as much as that of Vietnam. In comparison to Malaysia, IBSA is 31 times as large; however, its NP exports are only 0.9 times that of Malaysia. Similar results are obtained when we contrast IBSA group with Philippines and Thailand.

Looking at the growth rate experienced by IBSA nations in terms of NP exports, given in Figure 13, we find that NP exports from India grew at an average annual rate of 20 per cent between 2000 and 2015; highest amongst the three IBSA nations. NP exports from South Africa grew at 11 per cent and from Brazil at about 4.4 per cent between 2000 and 2015.

Growth rate experienced by Brazil's NP exports is seen to be lower than of the world average which stands at 6.6 per cent. NP exports from Vietnam grew at a phenomenal 30 per cent, much higher than any of the IBSA nations. Since China has been long participating in GPNs, its trajectory has matured as compared to the newer entrants like Vietnam. As a result, NP exports from China recorded a growth rate lesser than of Vietnam and India, at 16.5 per cent, between 2000 and 2015.²⁰ NP exports from Thailand grew at a rate of almost 7.6 per cent whereas exports of NPs from Philippines experienced only a slight growth of 0.76 per cent. It is interesting to note that Malaysia experienced a negative growth rate of -0.89 per cent, which suggests that exports of NPs from Malaysia have been going down²¹.

Growth rates in the exports of NPs, particularly experienced by India and South Africa are indicative of the fact that these economies are aspiring to participate more heavily in GPNs. Other Asian economies like Malaysia and Philippines, which were deeply engaged earlier, have not been able to cope up mainly after the financial crisis. This gives way for new countries to enter the market of NP exports. As seen above, Vietnam has been

Table 2: Relative Network Product Exports of IBSA, 2015

| | GDP, 2015 (constant 2010 Bn US\$) | Relative Size of IBSA | Merchandise Exports (Bn US\$) | NP Exports (Bn US\$) | Relative Merchandise Exports of IBSA | Relative NP Exports of IBSA |
|--------------|--------------------------------------------|-----------------------------|-------------------------------------|----------------------------|-----------------------------------------------|-----------------------------------|
| Brazil | 2,331.93 | | 188.12 | 12.75 | | |
| India | 2,301.37 | | 262.07 | 22.96 | | |
| South Africa | 418.39 | | 69.22 | 10.69 | | |
| IBSA | 5,051.69 | 1.00 | 519.41 | 46.40 | 1.00 | 1.00 |
| China | 8,908.30 | 0.57 | 2273.47 | 729.37 | 0.23 | 0.06 |
| Vietnam | 154.51 | 32.70 | 162.02 | 46.05 | 3.21 | 1.01 |
| Malaysia | 162.52 | 31.08 | 200.21 | 50.24 | 2.59 | 0.92 |
| Philippines | 125.35 | 40.30 | 58.65 | 36.52 | 8.86 | 1.27 |
| Thailand | 217.71 | 23.20 | 210.88 | 68.11 | 2.46 | 0.68 |

Source: Author's estimation using data extracted from World Bank WDI Indicators and CO MTRADE-WITS.

one such nation which has been able to utilise this opportunity well. Thus, there also exists potential for IBSA countries to enhance their participation in GPNs by making the most of their comparative advantage. However, IBSA nations need to cover a long road in order to reach the standards achieved by other successful economies in terms of participation in GPNs. To check the scope of NP exports from IBSA countries, the next section identifies products in which IBSA countries have a potential to export to the rest of the world.

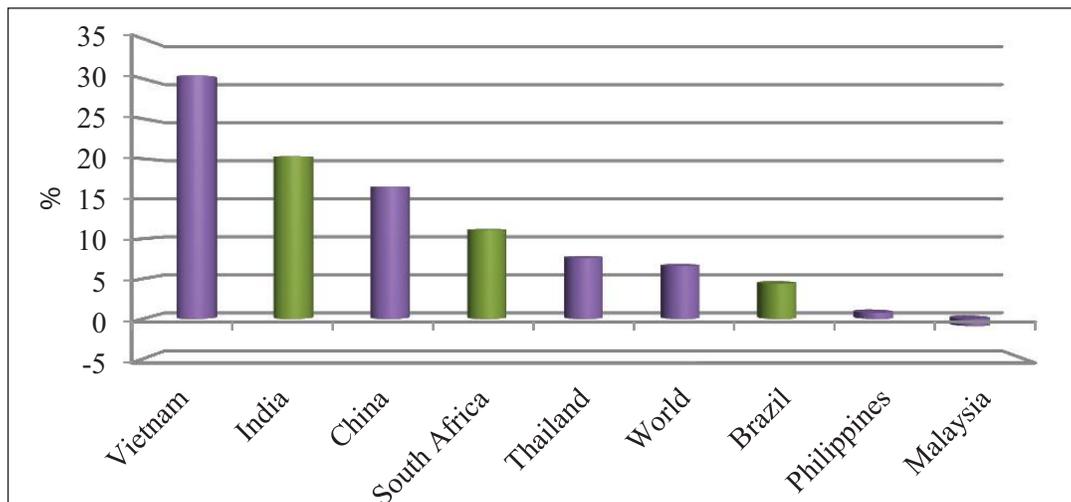
V. Export Potential in Network Products

As seen above, participation of IBSA countries in global production networks has been below optimal. Keeping this in mind, this section aims to analyze those products in which IBSA countries have a potential to export. This exercise is undertaken to analyze opportunities that continue to remain unexplored by the IBSA countries. The main question addressed is - How does the export of NPs by IBSA countries to the world compare with that of other developing countries' exports (to the world)? To identify the products (p) where

India, Brazil and South Africa, respectively, have unexploited export potential, we estimate the export intensity indices for each of these countries. Export intensity index is a widely used tool that provides simple understanding of export potential of a particular country²². If the value of this index is lesser than 1, then it is suggestive of unexploited export potential for the respective country in product p . A value greater than 1 suggests that export potential has already been utilised by the exporting country. In order to ensure that relevant products are selected, we include only those NPs, at HS 6-digit level, with share greater than 0.05 per cent in total world export of NPs in 2015²³.

Figure 14 shows the unexploited export potential of India, Brazil and South Africa in the export of NPs. The graph shows that, within each broad SITC category, the per cent share of products (at HS 6 digit), where the potential to export exists for all the three IBSA countries respectively. It is evident from this graph that there is potential, for all the three nations, to export across all the NP categories. Amongst the different SITC groups, maximum unexploited potential exists in office machines

Figure 13: Average Annual Growth Rate of Network Product Exports, 2000 to 2015



Source: Author's estimation using data extracted from CO MTRADE-WITS.

Table 3: Export Potential in the export of NP, Parts & Components and Assembled End Products

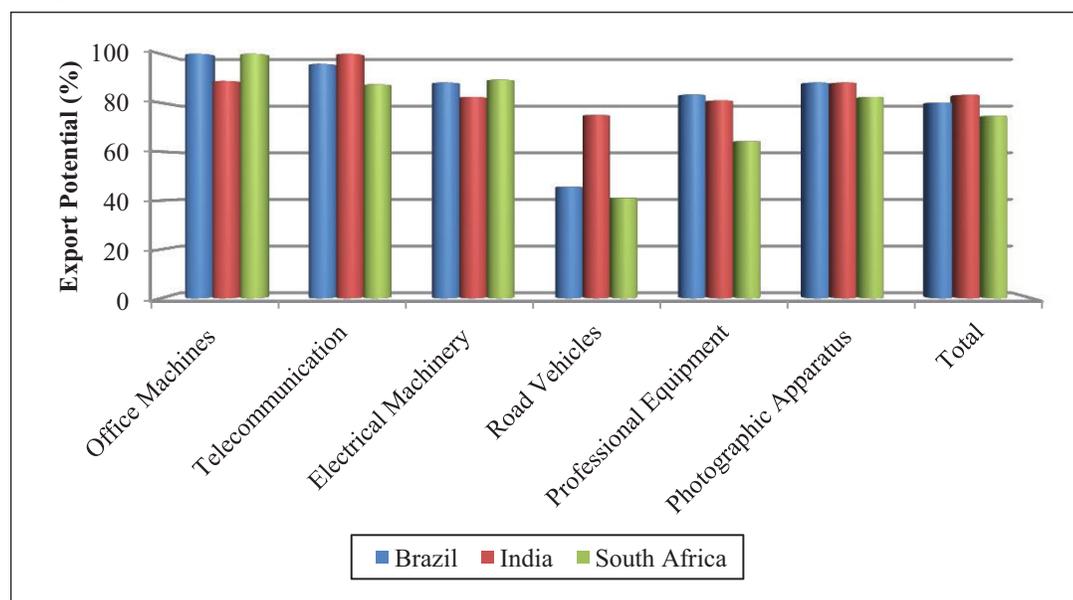
| Broad SITC Product Group | Parts and Components | | | | AEP | | | |
|-----------------------------|----------------------|------------|------------|--------------|----------------|------------|------------|--------------|
| | Total Products | Brazil | India | South Africa | Total Products | Brazil | India | South Africa |
| Office Machines (75) | 2 | 2 | 1 | 2 | 7 | 7 | 7 | 7 |
| Telecommunication (76) | 5 | 5 | 5 | 4 | 19 | 18 | 19 | 17 |
| Electrical Machinery (77) | 50 | 42 | 38 | 43 | 35 | 33 | 32 | 33 |
| Road Vehicles (78) | 19 | 6 | 14 | 12 | 25 | 14 | 19 | 6 |
| Professional Equipment (87) | 10 | 10 | 8 | 8 | 32 | 25 | 26 | 19 |
| Photographic Apparatus (88) | 7 | 5 | 7 | 5 | 10 | 10 | 8 | 9 |
| Total | 93 | 70 | 73 | 74 | 128 | 107 | 111 | 91 |
| Potential to Export | | 75% | 78% | 80% | | 84% | 87% | 71% |

and automatic data processing machines (SITC 75) and telecommunication and sound recording equipment (SITC 76), followed by electrical machinery (SITC 77).

Table 3 shows this break-up for P&Cs and AEPs. Of the 93 product codes that fall into P&Cs, Brazil has an unexploited potential in 75 per cent of the products and India and South Africa, each show 80 per cent unexploited potential. In comparison to other developing

countries, share of P&Cs of office machines and automatic data processing machines (SITC 75), telecommunication and sound recording equipment (SITC 76) and professional and scientific equipment (SITC 87) in Brazil’s total manufacturing exports is much smaller. In case of India, maximum potential lies in telecommunication and sound recording equipment (SITC 76), professional and scientific equipment (SITC 87), and photographic apparatus (SITC 88). Similarly, South Africa

Figure 14: Overall Export Potential of Network Products for IBSA countries



Source: Author’s estimation using data extracted from CO MTRADE-WITS.

should ideally strive to export P&Cs of office machines and automatic data processing machines (SITC 75) and electrical machinery (SITC 77); as is done by other developing countries.

Looking at AEPs, we find greater potential to export assembly related NPs. There is nearly 100 per cent potential in office machines and automatic data processing machines (SITC 75), telecommunication and sound recording equipment (SITC 76) and photographic apparatus (SITC 88) for all the three countries. Appendix Tables A2 gives a complete list of products at HS 6 digit level where the three IBSA countries have a potential to export.

VI. Trade Policies

It is evident from the analysis above that the manufacturing sector and its exports have been lagging behind for all the three economies, especially for Brazil and South Africa. Within, manufacturing, we also find that the participation of these three countries in production networks, as measured by their export of NPs has been much lesser than their contemporaries. To increase the share of manufacturing sector, one way is to participate more rigorously in global production networks. The present study shows that all the three IBSA countries are exporting less than their potential with respect to NPs and should ideally be participating more in production networks. However, for that to take place, it is essential for these countries to adopt policies and implement programmes that are conducive to foreign investment and trade. Given this background, this section aims to analyze the trade policies adopted by the three IBSA nations to promote exports and investment. This is done to critically analyze the efforts made by these countries to strengthen their position in world market and to ascertain whether the policy initiatives undertaken are sufficient to boost their participation in production networks.

General Overview of Brazil's Foreign Trade Policy

Brazilian economy underwent a serious recession starting in around 2014. GDP growth rate turned negative in 2015 and 2016. This was accompanied by high inflation (8.6 per cent) and unemployment rates (11.3 per cent) in 2016. During this period, to boost growth, some trade related reforms were commenced that covered areas like trade facilitation, anti-dumping, production and trade incentives, energy, manufacturing, transport infrastructure etc. Brazilian Trade and Investment Promotion Agency (Apex-Brasil), is the prime agency involved in promoting Brazilian goods and services across the world.

Brazil has been actively involved in making its trade and trade policies simple and up to date.²⁴ In this respect, Brazil improved on its WTO commitments and ratified the Trade Facilitation Agreement (TFA). It now also grants preferential treatment to service providers from Least Developed Countries (LDCs). Within the framework of Latin American Integration Association (LAIA) and MERCOSUR, Brazil has concluded a number of FTAs/RTAs. Brazil also has bilateral agreements on custom issues with several countries, namely, France, India, Israel, the Netherlands, the Russian Federation, South Africa, the United Kingdom, and the United States. Brazil is also a participant in Global System of Trade Preferences among Developing Countries (GSTP) and continues to remain a beneficiary of Generalized System of Preferences (GSP) schemes of Australia, Belarus (since 2015), Japan, Kazakhstan, New Zealand, Norway, the Russian Federation, Switzerland (since 2014), and the United States.

In terms of FDI, Brazil has been open to inward FDI, with some sector specific foreign ownership prohibitions and limitations. FDIs constituted to 2 per cent to 3 per cent of Brazil's GDP. Brazil, in its effort to attract foreign investment, has also opened certain

healthcare services to FDI. It has observed that EU region has been the biggest source of FDI for Brazil. Major sectors which received FDI were commerce, oil and gas extraction, financial services and transport equipment.

Through Brazil's revenue from tariff's is declining, tariff still continues to remain one of the most significant trade policy instrument for Brazil. Seasonal or variable import duties are not applied by Brazil. Amongst the major sectors, manufacturing faces the highest level of protection, particularly, fully processed products, followed by semi-processed goods and raw materials. Brazil also continues to use anti-dumping measures, with 163 definitive anti dumping measures being implemented.

Infrastructure bottlenecks have been regarded as the primary roadblock in Brazil's export promotion. To tackle this problem and to strengthen its infrastructure, Brazil launched a number of infrastructure investment projects, as part of Growth Acceleration Programme. These programmes not only cover roadways and railways but also construction and renovation of ports and airports. In a recent initiative, President Michel Temer, launched an infrastructure concession programme, with an aim of raising \$14.43 billion for investment in roads, ports, railways and power transmission.

However, it has been observed that, infrastructure projects have not been implemented effectively and there lies more scope for definite action in this regard. Despite these efforts, the Brazilian economy has remained inwards with total trade to GDP ratio at about 25 per cent.

General Overview of India's Foreign Trade Policy

In its effort to liberalise and facilitate trade, Indian government, over the time, introduced various schemes and provisions of concession.²⁵ Foremost amongst them are two new schemes, namely "Merchandise Exports from India

Scheme (MEIS)" for export of specified goods to specified markets and "Service Exports from India Scheme (SEIS)" for increasing exports of notified services. MEIS merges five different schemes that existed earlier and covers 7,914 tariff lines at 8 digits, encompassing a wide variety of products, ranging from agricultural products, handicraft and handloom goods, textiles, electrical and electronics products and transportation equipment to name a few. On the other hand, SEIS rewards all service providers that provide services in India, irrespective of their profile. It offers reward at the rate 3 per cent or 5 per cent of net foreign exchange earned. Services covered under SEIS include legal, accounting, architectural, engineering, educational, hospital services (at 5 per cent reward) and hotels and restaurants, travel agencies & tour operators and other business services (at 3 per cent reward).

To boost the manufacturing sector, Indian government launched the 'Make in India' campaign. A number of provisions were introduced to make this initiative a success, some of them are, reduction of the export obligation, in case of capital goods from 90 per cent to 75 per cent, giving greater rewards under MEIS to those export items with higher share of domestic value added. Further, with the purpose of giving trade and investment a boost and for making it an engine of economic growth, Special Economic Zones (SEZs) were set up under the Special Economic Zones Act, 2005, spread across 19 States and three Union Territories in the country. Their main aim was promotion of exports, increase of FDI inflows, creation of employment for the youth and development of state of the art infrastructure facilities. However, the SEZs were facing a number of challenges ranging from under utilisation of land, lack of flexibility in using the land for different sectors and multiple models of operation to name a few. Keeping these challenges in mind, the government has proposed to revamp the SEZs so that it fits the

framework of Make in India. This would be done by realigning the incentives and by doing away with minimum alternate tax (MAT).

Various steps have been taken to make India more conducive for starting and operating a business. For example, number of mandatory documents required for exports and imports, respectively, has come down from 7 to 3 in the new Foreign Trade Policy (FTP) report, 2015-20. Some IT initiatives that have been undertaken in this regard include simplification of applications for Importer Exporter Code (IEC), initiation of online inter-ministerial consultations for chemicals, organisms, materials, equipment and technologies to reduce the processing time of applications and the use of electronic bank realisation certificate (eBRC) to take into account the information on foreign exchange received by exporters.

In order to integrate itself with the world economy, India has signed many free trade agreements (FTAs) in the recent past. One of the most significant amongst these is the India-ASEAN FTA signed in 2009 and implemented in 2010 under India's 'Look East Policy' and presently under 'Act East Policy' which aims to increase India's engagement with the East Asian region. India also aims to integrate with the Oceania region, in this respect, it is negotiating with Australia and New Zealand, respectively, a Comprehensive Economic Cooperation Agreement (CECA) that covers not only trade in goods, services but also investment and related issues. With an aim to become truly globalised, India has signed and proposed FTAs with many countries and blocs across the globe.

General Overview of South Africa's Foreign Trade Policy

Trade is an important channel for South Africa's growth and forms nearly 65 per cent of its GDP. South African government has launched various programme and formed

policies to facilitate trade and to promote the manufacturing sector. The Department of Trade and Industry (DTI) is the major agency that formulates trade policies for South Africa.

To strengthen trade and investment links with other countries of the world and to boost its growth, South Africa launched the International Trade and Economic Development Programme.²⁶ Special Economic Zones and Economic Transformation Programme were introduced with the aim of stimulating the industrial sector by deploying new technologies and enhancing skills. Other similar programme that were launched were Industrial Development Programme and Trade Export South Africa Programme. Investment South Africa Programme was launched to enhance FDI inflows and domestic investment in the country. The sub-programmes within this also provide special advisory services, aim to reduce red tape and offer aftercare support for investors.

South Africa is an original member of WTO and has participated rigorously in negotiations on Trade Facilitation Agreement (TFA). With respect to regional integration, since South Africa is a member of SACU, it is also a signatory in all the RTAs signed by it. South Africa has also signed the Southern African Development Community FTA. Further, it has concluded an FTA with European Union (called Trade, Development and Cooperation Agreement (TDCA)) and the European Free Trade Association (EFTA). Though SACU was not able to negotiate an FTA with United States, it was able to sign a co-operative trade arrangement, called Trade, Investment and Development Co-operation Agreement (TIDCA) with an aim to negotiate and sign agreements relating to sanitary and phytosanitary measures (SPS), customs cooperation and technical barriers to trade (TBT).

South Africa's SPS regime has been making continuous efforts to satisfy the requirements

of WTO SPS Agreement. Under the Foodstuffs, Cosmetics, and Disinfectants Act, imported food products are made to go through a number of regulations, which covers issues in the areas of contaminants, microbiological standards, hazard analysis and critical control point systems. South Africa's SPS requirements are applied to all imported animal, plant, and food products, whether from the SACU region or outside.

South African Revenue Service (SARS) undertook reform in the area of customs procedures. The Customs and Excise Act was upgraded in accordance to the Revised Kyoto Convention. It consists of three different legal instruments, namely, the Customs Control Act, the Customs Duty Act and the Excise Duty Bill.

South Africa, in its efforts to enhance the manufacturing sector, has undertaken two primary policy initiatives. These are New Growth Path (NGP) and the Industrial Policy Action Plan (IPAP). IPAP is implemented on a three-year basis, with the current policy period being 2014-17. It offers incentive packages to those industries with high expansion potential. To boost the manufacturing sector, Industrial Development Zones (IDZs) were setup with an aim to attract investments, enhance the level of exports and create employment opportunities for the workforce. Currently, five IDZs are operational, namely, Port Elizabeth (Coega), East London, Richards Bay, Gauteng (Tambo International Airport), and the Dube Trade Port.

Even with these initiatives in place, South Africa's manufacturing sector continues to remain highly protected. The average tariff rate in manufacturing stood at 8.7 per cent in 2015 and textiles, wearing apparel, and leather industries were subjected to the highest tariffs. Additionally, FDI inflows in South Africa have been erratic in the last few years, reflecting low investor confidence.

VII. Conclusion

Global production networks have gained significant importance in world trade scenario. On the other hand, IBSA cooperation, which is a subset of south-south cooperation, has also acquired a new dynamism. These two occurrences are of great importance for the global economy. Keeping these changes in mind, this study aims to analyze the level of participation of IBSA nations in global production networks or global value chains. We find that participation of all three IBSA countries in GPNs has been below par. For all the three countries, use of foreign inputs in total production and export has not been very substantial. Network Products, those commodities where production fragmentation is most prevalent, do not have a significant share in total merchandise export of these countries. In case of Brazil, we find that share of network exports in total exports was merely 6 per cent in 2015; this share was 9 per cent for India and 16 per cent for South Africa. It was also seen that IBSA countries imports of network products was higher than their exports.

The share of these three countries combined, in world network product exports was only 1 per cent in 2015. However, the analysis above shows that all the three countries have huge potential to export network products. Since participation in GVCs has a number of positive externalities like skill acquisition, access to world markets, global quality standards, these countries should strive to increase their participation in GPNs. Given that all the three countries have a huge labour force, participation in GVCs could help increase productivity and create employment opportunities for their work force. It is also known that manufacturing sector has the highest backward linkages, that is, when a manufacturing commodity is exported, not only does it create value added and employment in its own sector but also generates value and jobs in other upstream sectors. Thus, participation in GPNs by exporting network products would

be beneficial for the entire economy and not just one particular sector.

In order to make a mark in world trade of network products, the three countries need to reduce their transactional and trade cost. Trade cost refers to the cost of doing business in a country, this includes the cost of communication and transportation, custom duties, labour laws, government policies etc. According to the latest report by World Bank on Ease of Doing Business, 2017, Brazil ranks 125th out of the 190 economies considered in the report. Paying taxes, starting a business, dealing with construction permits and registering properties are some of the criteria where Brazil fares poorly in relation to all other countries. Despite this we see a surge in the business sentiment especially in the agro processing sector. This was reflected in the latest visit of Mr. Marcos Jank, CEO, Asia-Brazil Agro Alliance (ABAA),²⁷ to India with the idea of exploring the dynamics and opportunities in agribusiness and food processing between Brazil and India. In terms of trade policies, though Brazil has undertaken a number of initiatives, especially to upgrade its infrastructure, these projects have not been implemented effectively and Brazil continues to face huge infrastructure bottlenecks.

Overall, India has jumped up 30 ranks in 2017 as compared to the previous year and now ranks 100 out of the 190 economies compared; however, it ranks 181 in the category of 'Dealing with Construction Permits' and 164 in 'Enforcing Contracts'. In relation to Brazil and India, South Africa performs much better on this index, with a world ranking of 82. However; other countries that have been successful in integrating with the GPNs, rank much above IBSA countries. Korea and Japan which are major participants in GPNs, rank 4th and 34th respectively. In terms of developing countries, China and now Vietnam participate heavily in GPNs and their respective ranking is 78 and 68.

In terms of competitiveness, Brazil ranks 80th out of the 137 economies surveyed. Brazil went up one place as compared to the last year, with the 'Institution' pillar going up 11 positions as compared to the last year (refer The Global Competitiveness Report, 2017–2018). Despite this, the biggest roadblocks of doing business in Brazil include tax rates, restrictive labour regimes, corruption, bureaucracy and infrastructure bottlenecks.

On the other hand, India holds the 40th position. Though India has slipped one place in comparison to the last year, its score has improved across most measures of competitiveness, for example, it has gone up two place in infrastructure (now at 66th position), six places up in higher education and training (now at 75th position) and three place up in technological readiness (now at 107th position). In terms of innovation and sophistication factors, India ranks much above its contemporaries. India's ranking in 'Business Sophistication' and 'Innovation' was 39 and 29, respectively. These changes are reflective of government's investment in infrastructure and its efforts in upgrading India's human capital.

In terms of competitiveness ranking, South Africa lies between India and Brazil, at the 61st place. However, South Africa has seen a major downgrading of its ranking, falling 14 places in 2016, as compared to the previous year. According to the competitiveness report, the main reason for this declining macroeconomic environment of South Africa with factors like country's institutional environment, financial markets and goods market efficiency playing the lead role.

These indicators reflect that IBSA countries need to focus on reducing trade costs on order to effectively integrate with world production networks. It is important that these countries adopt policies that attract foreign investment and make trade with IBSA countries more lucrative.

Endnotes

1. Authors' estimation using data extracted from CO MTRADE-WITS
2. Refer Veeramani and Dhir, 2017a
3. See, for example, Feenstra, 1998, Hummels *et. al.*, 2001, Athukorala, 2012, Baldwin and Lopez-Gonzalez, 2013
4. Authors' estimation using data extracted from CO MTRADE-WITS
5. Refer Sturgeon, 2016
6. Refer Veeramani and Dhir, 2017c
7. The United Nations (UN) Comtrade database was concorded with the UN-Broad Economic Categories (BEC) system to separate out P&C from AEPs. To build this dataset, we first identified codes at the six-digit level of the Harmonised System (HS) of trade classification that corresponded with the group of NPs. This yielded a total of 576 product codes at the six-digit HS level. We next identified and separated about 241 codes related to P&C within NP using the BEC system of classification. The value of assembly trade (that is, AEP) was approximated as the difference between the total value of trade in NP and the value of trade in P&C within this category.
8. Agriculture corresponds to ISIC divisions 1-5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Industry corresponds to ISIC divisions 10-45 and includes manufacturing (ISIC divisions 15-37); it comprises value added in mining, manufacturing (also reported as a separate subgroup), construction, electricity, water, and gas. Manufacturing refers to industries belonging to ISIC divisions 15-37. Services correspond to ISIC divisions 50-99 and they include value added in wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services.
9. A sudden drop in 1995 was observed due to the changes that the Brazilian economy experienced in the late 1980s and early 1990s. These included, over-valuation of the real exchange rate, trade liberalisation and financial openness which not only increased competition from abroad but also favored those sectors in the economy that were consolidated (Refer Figueiredo and Oliveira, 2016) and most importantly implementation of the 'Real Plan' in 1994 which led to privatisation of banks thus giving a boost to the share of services in total value added.
10. Based on Author's calculations using data extracted from World Bank World Development Indicators
11. Service sector in the Indian economy witnessed rapid growth because of the following reasons: increase in the necessity for basic services like education, hospitals, communication and transportation services, increased demand for tourism and hospitality services with rise in income, greater use of service sector as inputs in production of agricultural commodities and manufactured goods and liberalisation of trade regime which contributed in development of finance and IT sectors.
12. Share of manufacturing in India's total imports declined from 42.4 per cent in 2007 to 33.6 per cent in 2013. 2015 witnessed a steep rise in import share of manufacturing from 35.4 per cent in 2014 to 43 per cent in 2015.
13. Author's estimation using data extracted from CO MTRADE-WITS
14. These are based on modeled ILO estimates taken from the World Bank database (<https://data.worldbank.org/indicator/SL.IND.EMPL.ZS>). The most recent year for which national estimates are available is 2009-10. According to the national estimates, share of agriculture in total employment was 53 per cent, that of service sector was 25 per cent and industrial employment share was 22 per cent. (Refer <https://data.gov.in/catalog/employment-sector-industries>)
15. Data on employment share for South Africa is not present for years before 2000 in the World Bank, World Development Indicators.
16. Downstream links refer to the use of a country's intermediates in the production and export by other nations. Upstream links on the other hand, mean use of foreign input for domestic production and exports.
17. OECD TiVA Database.
18. Refer "Factory Southern Africa? SACU in Global Value Chains", World Bank Summary Report.
19. Size of IBSA group refers to the sum of GDP of the three IBSA nations, which totals up to \$5,051 Bn in 2015. Relative size of IBSA group with respect to country x is computed as the ratio of cumulative GDP of IBSA nations to the GDP of x .
20. Note that NP exports from China grew at a rate of nearly 32 per cent between 2000 and 2007. After the global financial crises, NP exports from China witnessed a sluggish growth.
21. This was witnessed more severely after the global financial crisis of 2008.
22. Export Intensity index is given as follows $EI = S_{IPW}/S_{DPW}$ where S_{IPW} stands for the share of each NP in total manufacturing exports of each India, Brazil and South Africa, respectively and S_{DPW} stands for the share of each NP in total manufacturing exports of the entire set of developing countries. Developing countries include all low and middle income countries, based on World Bank's income classification. Note that while computing this index for India, we have excluded India from the set of developing countries and similarly for Brazil and South Africa. Refer Veermani and Dhir, 2018 for more details on the export intensity index.

23. Note that, to start with, there are 576 products at HS 6-digit level that lie within the category of NPs. After excluding the products with share less than 0.05 per cent in world exports of NPs, we are left with 221 products. The total share of these products in world NP exports was 96 per cent in 2015. Of these 221 products, 93 product codes belong to P&Cs whereas 128 belong to AEPs.
 24. Refer Brazil, Trade Policy Review, World Trade Organization, 2017 (WT/TPR/S/358/Rev.1).
 25. Refer "Towards Sustainable Development and Lasting Growth", Annual Report, Ministry of Commerce and Industry, Govt. of India, 2016-17.
 26. Refer South Africa, Trade Policy Review, World Trade Organization, 2016 (WT/TPR/S/324/Rev.1).
 27. ABAA is a partnership that brings together select agri-food trade associations and the Brazilian Export and Investment Promotion Agency (Apex Brasil). The objective of the organisation is to enhance the profile of Brazilian agribusiness in Asian economies by expanding relations with governments and stakeholders in the region.
- Reference**
- Annual Report. 2016. "Towards Sustainable Development and Lasting Growth". Ministry of Commerce and Industry, Govt. of India.
- Athukorala, P. & Yamashita, N. 2006. "Production Fragmentation and Trade Integration: East Asia in a global context". *North American Journal of Economics and Finance* 17, 233-256
- Athukorala, P. 2011. "Production Networks and Trade Patterns in East Asia: Regionalization or Globalization?". *Asian Economic Papers*, MIT Press, 10(1), 65-95
- Athukorala, P. 2012. "Asian Trade Flows: Trends, Patterns and Prospects". *Japan and the World Economy*, 24, 150-162.
- Baldwin, Richard, and Javier Lopez-Gonzalez. 2013. "Supply-Chain Trade: A Portrait of Global Patterns and Several Testable Hypotheses". NBER Working Paper 18957.
- C. Veeramani and Dhir, G. 2017. "Domestic Value Added Content of India's Exports: Estimates for 112 Sectors, 1999-2000 to 2012-13". IGIDR Working Paper, WP-2017-008
- C. Veeramani and Dhir, G. 2017. "Make What In India?". India Development Report
- C. Veeramani and Dhir, G. 2017c. "Reaping Gains from Global Production Sharing: Domestic Value Addition and Job Creation by Indian Exports". IARIW-ICIER Conference paper
- Feenstra, R.C. 1998. "Integration of Trade and Disintegration of Production in the Global Economy". *The Journal of Economic Perspectives*. 12, 31-50.
- Hummels, D., Ishii, J. and Yi, K.M. 2001. "The Nature and Growth of Vertical Specialization in World Trade", *Journal of International Economics*, 54, 75-96.
- OECD Synthesis Report. 2013. "Interconnected Economies: Benefiting From Global Value Chains"
- Puri, L. 2008. "IBSA: An Emerging Trinity in the New Geography of International Trade", Trade Analysis Branch DITC, UNCTAD Working Paper No. 35
- RIS. 2016. "Trinity for Development, Democracy and Sustainability". New Delhi.
- Sturgeon, T.J. 2016. "Brazil in Global Value Chains", MIT-IPC Working Paper 16-001.
- Trade Policy Review. 2016. "South Africa", World Trade Organization (WT/TPR/S/324/Rev.1)
- Trade Policy Review. 2017. "Brazil", World Trade Organization (WT/TPR/S/358/Rev.1)
- World Bank Summary Report. 2016. "Factory Southern Africa? SACU in Global Value Chains"

Appendix**A1: Share of Product Groups in Total Network Product Exports and Imports, 2015**

| SITC Product Group | Product Description | Share in Exports | | | Share in Imports | | |
|--------------------|-------------------------------------|------------------|-------------|--------------|------------------|-------------|--------------|
| | | Brazil | India | South Africa | Brazil | India | South Africa |
| 75 | Office machines | 1.8% | 2.6% | 3.1% | 9.2% | 15.5% | 15.0% |
| 76 | Telecommunications | 3.4% | 5.7% | 5.7% | 18.4% | 37.3% | 21.9% |
| 77 | Electric machinery | 16.4% | 26.0% | 11.1% | 28.3% | 25.9% | 19.0% |
| 78 | Road vehicles | 72.7% | 56.8% | 75.1% | 32.8% | 9.2% | 34.6% |
| 87 | Professional & scientific equipment | 4.9% | 6.7% | 4.4% | 9.5% | 10.2% | 7.6% |
| 88 | Photographic equipment | 0.8% | 2.2% | 0.7% | 1.8% | 1.9% | 1.9% |
| Total | | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Author's estimation using data extracted from CO MTRADE-WITS.

A2: List of Network Products for Potential to Export, 2015

| HS Code | Product Description | SITC Code | Share in World NP Exports | Brazil | India | South Africa |
|---------|----------------------------------------------------|-----------|---------------------------|--------|-------|--------------|
| 854219 | Monolithic integrated circuits, nes | 77 | 10.14% | 0.05 | 0.01 | 0.01 |
| 870323 | Automobiles with reciprocating piston engine di | 78 | 6.17% | . | 0.48 | . |
| 852520 | Transmission apparatus, for radioteleph incorpo | 76 | 5.11% | 0.01 | 0.03 | 0.17 |
| 870332 | Automobiles with diesel engine displacing more | 78 | 2.96% | 0.01 | 0.19 | . |
| 847120 | Digital auto data process mach cntg in the same | 75 | 2.94% | 0.01 | 0.02 | 0.07 |
| 851790 | Parts of electrical apparatus for line telephone | 76 | 2.90% | 0.09 | 0.12 | 0.06 |
| 870324 | Automobiles with reciprocating piston engine | 78 | 2.78% | 0.06 | 0.02 | . |
| 851782 | Telegraphic apparatus, nes | 76 | 2.72% | 0.05 | 0.12 | 0.16 |
| 847330 | Parts and accessories of automatic data processors | 75 | 2.40% | 0.06 | 0.07 | 0.15 |
| 852810 | Television receivers including video monitors | 76 | 1.76% | 0.03 | 0.08 | 0.15 |
| 847191 | Digital process units whether or not presented | 75 | 1.45% | 0.02 | 0.01 | 0.08 |
| 847193 | Storage units, whether or not presented with th | 75 | 1.43% | 0.03 | 0.03 | 0.07 |
| 901380 | Optical devices, appliances and instruments, ne | 87 | 1.39% | 0.00 | 0.01 | 0.01 |
| 870829 | Parts and accessories of bodies nes for motor v | 78 | 1.35% | . | 0.12 | 0.79 |
| 870840 | Transmissions for motor vehicles | 78 | 1.25% | . | . | 0.26 |
| 847192 | Input or output units, whether or not presented | 75 | 1.22% | 0.07 | 0.02 | 0.15 |
| 854140 | Photosensitive semiconductor devices, | 77 | 1.21% | 0.00 | 0.11 | 0.34 |

Source: Author's estimation using data extracted from CO MTRADE-WITS.

| | | | | | | |
|--------|-------------------------------------------------|----|-------|------|------|------|
| 850440 | Static converters, nes | 77 | 1.14% | 0.19 | 0.50 | 0.30 |
| 853710 | Boards, panels, including numerical control pan | 77 | 1.07% | 0.45 | 0.55 | 0.57 |
| 901890 | Instruments and appliances used in medical or v | 87 | 1.05% | 0.22 | 0.58 | . |
| 852990 | Parts suitable for use solely or princ with the | 76 | 1.00% | 0.20 | 0.16 | 0.20 |
| 870421 | Diesel powered trucks with a GVW not exceeding | 78 | 0.99% | 0.62 | 0.35 | . |
| 853400 | Printed circuits | 77 | 0.98% | 0.02 | 0.16 | 0.02 |
| 870333 | Automobiles with diesel engine displacing more | 78 | 0.88% | 0.06 | 0.10 | . |
| 853690 | Electrical app for switching or protec elec cir | 77 | 0.77% | 0.18 | 0.43 | 0.84 |
| 870120 | Road tractors for semi-trailers (truck tractors | 78 | 0.76% | . | 0.08 | 0.69 |
| 852110 | Video recording or reproducing apparatus magnet | 76 | 0.74% | 0.04 | 0.04 | 0.09 |
| 854430 | Ignition wiring sets&oth wiring sets of a kind | 77 | 0.71% | 0.26 | 0.17 | 0.09 |
| 853890 | Parts for use with the apparatus of heading no. | 77 | 0.69% | 0.19 | . | 0.81 |
| 870839 | Brake system parts nes for motor vehicles | 78 | 0.63% | . | 0.71 | 0.38 |
| 854380 | Electrical machines and apparatus, having indiv | 77 | 0.60% | 0.10 | 0.08 | 0.30 |
| 901839 | Needles, catheters, cannulae and the like, nes | 87 | 0.60% | 0.15 | 0.81 | 0.09 |
| 901020 | Apparatus and equipment for photographic (incl | 88 | 0.59% | 0.01 | 0.04 | 0.45 |
| 854441 | Electric conductors,for a voltage not exceeding | 77 | 0.59% | 0.08 | 0.07 | 0.26 |
| 870431 | Gas powered trucks with a GVW not exceeding fiv | 78 | 0.59% | . | 0.01 | 0.97 |
| 854459 | Electric conductors, for a voltage >80V but not | 77 | 0.58% | 0.59 | 0.13 | 0.46 |
| 847199 | Automatic data processing machines and units th | 75 | 0.53% | 0.13 | 0.05 | 0.78 |
| 870331 | Automobiles with diesel engine displacing not m | 78 | 0.53% | 0.29 | . | . |
| 870850 | Drive axles with differential for motor vehicle | 78 | 0.47% | . | 0.69 | 0.74 |
| 903180 | Measuring or checking instruments, appliances a | 87 | 0.45% | 0.75 | 0.47 | . |
| 870894 | Steering wheels, steering columns and steering | 78 | 0.44% | . | 0.17 | 0.14 |
| 870422 | Diesel powered trucks with a GVW exc five tonne | 78 | 0.44% | . | 0.82 | . |
| 901819 | Electro-diagnostic apparatus, nes | 77 | 0.44% | 0.30 | . | 1.00 |
| 903289 | Automatic regulating or controlling instruments | 87 | 0.43% | . | 0.84 | 0.60 |
| 850780 | Electric accumulators, nes | 77 | 0.40% | 0.04 | 0.01 | 0.14 |
| 853650 | Electrical switches for a voltage not exceeding | 77 | 0.40% | 0.74 | 0.55 | 0.31 |
| 854211 | Monolithic integrated circuits, digital | 77 | 0.39% | 0.27 | 0.16 | 0.03 |
| 870870 | Wheels including parts and accessories for moto | 78 | 0.38% | 0.69 | 0.24 | 0.48 |
| 851220 | Lighting or visual signalling equipment nes | 77 | 0.37% | 0.92 | 0.30 | 0.16 |
| 870880 | Shock absorbers for motor vehicles | 78 | 0.36% | . | 0.45 | . |
| 853669 | Electrical plugs and sockets, for a voltage not | 77 | 0.36% | 0.11 | 0.24 | 0.17 |
| 854129 | Transistors, other than photosensitive transist | 77 | 0.34% | 0.03 | 0.01 | 0.02 |
| 870423 | Diesel powered trucks with a GVW exceeding twen | 78 | 0.34% | . | 0.54 | . |
| 853224 | Electrical capacitors, fixed, ceramic dielectri | 77 | 0.32% | 0.01 | 0.00 | 0.00 |
| 870210 | Diesel powered buses with a seating capacity of | 78 | 0.29% | . | . | 0.85 |
| 854290 | Parts of electronic integrated circuits and mic | 77 | 0.28% | 0.01 | 0.02 | 0.18 |
| 901390 | Parts and accessories of optical appliances and | 87 | 0.28% | 0.00 | 0.01 | 0.06 |
| 910221 | Wrist-watches with automatic winding nes | 88 | 0.27% | 0.10 | 0.07 | 0.19 |
| 854390 | Parts of electrical machines & apparatus having | 77 | 0.26% | 0.16 | 0.78 | 0.43 |
| 852691 | Radio navigational aid apparatus | 76 | 0.25% | 0.14 | 0.02 | . |

| | | | | | | |
|--------|-------------------------------------------------|----|-------|------|------|------|
| 841810 | Combined refrigerator-freezers, fitted with sep | 77 | 0.25% | 0.22 | 0.09 | 0.18 |
| 910211 | Wrist-watches,battery or accumulator powered wi | 88 | 0.25% | 0.04 | 0.32 | 0.18 |
| 902780 | Instruments and apparatus for physical or chemi | 87 | 0.25% | 0.31 | 0.54 | . |
| 854110 | Diodes, other than photosensitive or light emit | 77 | 0.24% | 0.13 | 0.01 | 0.48 |
| 902790 | Microtomes; parts & access of inst and app for | 87 | 0.24% | 0.62 | 0.58 | . |
| 850490 | Parts of electrical transformers, static conver | 77 | 0.24% | 0.15 | . | 0.34 |
| 851660 | Ovens; cookers,cooking plates,boiling rings,gri | 77 | 0.23% | 0.11 | 0.04 | 0.47 |
| 902211 | Apparatus based on the use of X-rays for medica | 77 | 0.22% | 0.48 | 0.86 | 0.80 |
| 860900 | Cargo containers designed to be carried by one | 78 | 0.22% | 0.07 | 0.02 | . |
| 850450 | Inductors, electric | 77 | 0.22% | 0.60 | 0.11 | 0.20 |
| 870893 | Clutches and parts for motor vehicles | 78 | 0.22% | . | 0.56 | . |
| 851740 | Apparatus, for carrier-current line systems, ne | 76 | 0.21% | . | 0.02 | 0.06 |
| 853190 | Parts of electric sound or visual signalling ap | 77 | 0.21% | 0.10 | 0.20 | 0.79 |
| 851830 | Headphones, earphones and combined microphone/s | 76 | 0.20% | 0.01 | 0.00 | 0.04 |
| 871200 | Bicycles and other cycles (including delivery t | 78 | 0.20% | 0.00 | 0.23 | 0.16 |
| 871639 | Trailers nes for the transport of goods | 78 | 0.19% | . | 0.02 | . |
| 903140 | Optical instruments and appliances, nes | 87 | 0.19% | 0.18 | 0.18 | 0.37 |
| 870892 | Mufflers and exhaust pipes for motor vehicles | 78 | 0.19% | 0.80 | 0.63 | . |
| 902620 | Instruments and apparatus for measuring or chec | 87 | 0.19% | . | 0.41 | 0.41 |
| 871120 | Motorcycles with reciprocating piston engine di | 78 | 0.18% | 0.94 | . | 0.16 |
| 850710 | Lead-acid electric accumulators of a kind used | 77 | 0.18% | . | 0.64 | . |
| 910121 | Wrist-watches,with automatic winding and with c | 88 | 0.18% | 0.10 | 0.00 | 0.27 |
| 852721 | Radio rece not capable of op w/o ext source of | 76 | 0.18% | 0.28 | 0.03 | 0.01 |
| 854190 | Parts of mounted piezo-electric crystals and se | 77 | 0.18% | 0.00 | 0.05 | 0.02 |
| 852190 | Video recording or reproducing apparatus nes | 76 | 0.17% | 0.01 | 0.02 | 0.16 |
| 900190 | Prisms, mirrors & other optical elements of any | 87 | 0.17% | 0.00 | 0.04 | 0.05 |
| 902290 | Parts and accessories for app based on the use | 77 | 0.17% | 0.27 | . | 0.96 |
| 845011 | Automatic washing machines, of a dry linen capa | 77 | 0.17% | 0.02 | 0.12 | 0.13 |
| 871419 | Motorcycle parts nes | 78 | 0.17% | 0.13 | 0.87 | 0.06 |
| 850880 | Tools, nes, hand-held, with self-contained elec | 77 | 0.16% | 0.27 | 0.01 | 0.13 |
| 850910 | Domestic vacuum cleaners | 77 | 0.16% | 0.01 | 0.00 | 0.06 |
| 903190 | Parts and accessories for measuring or checking | 87 | 0.16% | 0.22 | 0.57 | 0.57 |
| 850720 | Lead-acid electric accumulators nes | 77 | 0.16% | 0.09 | 0.59 | 0.28 |
| 902750 | Instruments and apparatus using optical radiati | 87 | 0.16% | 0.48 | 0.37 | . |
| 870390 | Automobiles nes including gas turbine powered | 78 | 0.16% | . | 0.03 | . |
| 900120 | Sheets and plates of polarising material | 87 | 0.15% | 0.00 | 0.00 | 0.00 |
| 851290 | Parts of electrical lighting, signalling and de | 77 | 0.15% | 0.41 | 0.07 | 0.09 |
| 853120 | Indicator panels incorporating liquid crystal d | 77 | 0.15% | 0.63 | 0.05 | 0.22 |
| 854460 | Electric conductors, for a voltage exceeding 1, | 77 | 0.15% | 0.47 | . | . |
| 871690 | Trailer and other vehicle parts nes | 78 | 0.15% | 0.71 | 0.51 | . |
| 851822 | Multiple loudspeakers, mounted in the same encl | 76 | 0.15% | 0.00 | 0.00 | 0.06 |
| 847290 | Office machines, nes | 75 | 0.15% | 0.35 | 0.71 | 0.72 |

| | | | | | | |
|--------|-------------------------------------------------|----|-------|------|------|------|
| 900410 | Sunglasses | 88 | 0.15% | 0.17 | 0.02 | 0.28 |
| 870891 | Radiators for motor vehicles | 78 | 0.14% | . | 0.46 | 0.81 |
| 903090 | Parts & access for inst & app for meas or check | 87 | 0.14% | 0.05 | 0.19 | 0.39 |
| 870590 | Special purpose motor vehicles nes | 78 | 0.14% | 0.18 | 0.32 | . |
| 854160 | Mounted piezo-electric crystals | 77 | 0.14% | 0.05 | 0.22 | 0.04 |
| 903290 | Parts & access for automatic regulating or cont | 87 | 0.14% | 0.35 | 0.71 | 0.16 |
| 901920 | Oxygen therapy, artificial respiration or oth t | 87 | 0.13% | 0.39 | 0.10 | 0.20 |
| 370790 | Chemical preparations for photographic use, nes | 88 | 0.13% | 0.17 | 0.42 | . |
| 900130 | Contact lenses | 88 | 0.13% | . | 0.48 | . |
| 871150 | Motorcycles with reciprocating piston engine di | 78 | 0.13% | 0.38 | 0.00 | . |
| 850423 | Liq dielectric transf having a power handling c | 77 | 0.13% | . | . | 0.39 |
| 852910 | Aerials and aerial reflectors of all kinds; par | 76 | 0.13% | 0.10 | 0.83 | . |
| 851710 | Telephone sets | 76 | 0.12% | 0.07 | 0.37 | 0.22 |
| 901110 | Stereoscopic microscopes | 87 | 0.12% | 0.04 | 0.01 | 0.04 |
| 854420 | Co-axial cable and other co-axial electric cond | 77 | 0.12% | 0.26 | 0.45 | . |
| 850940 | Domestic food grinders and mixers; fruit or veg | 77 | 0.12% | 0.13 | 0.20 | 0.15 |
| 854121 | Transistors,oth than photosensitive,with a diss | 77 | 0.12% | 0.01 | 0.01 | 0.00 |
| 854800 | Electrical parts of machinery or apparatus, nes | 77 | 0.12% | 0.14 | 0.01 | 0.03 |
| 900211 | Objective lenses for cameras,projectors or phot | 88 | 0.12% | 0.02 | 0.08 | 0.02 |
| 854411 | Insulated (including enamelled or anodised) win | 77 | 0.11% | . | 0.84 | 0.48 |
| 851150 | Generators and alternators | 77 | 0.11% | 0.99 | . | 0.34 |
| 901831 | Syringes, with or without needles | 87 | 0.11% | 0.36 | 0.38 | 0.26 |
| 901320 | Lasers, other than laser diodes | 87 | 0.11% | 0.02 | 0.08 | 0.16 |
| 900219 | Objective lenses, nes | 88 | 0.11% | 0.00 | 0.21 | 0.01 |
| 903089 | Instruments and apparatus for measuring or chec | 87 | 0.11% | 0.12 | 0.30 | 0.80 |
| 850431 | Transformers electric power handling capacity n | 77 | 0.11% | 0.20 | 0.47 | 0.04 |
| 900150 | Spectacle lenses of other materials | 87 | 0.11% | 0.14 | 0.92 | 0.10 |
| 902710 | Gas or smoke analysis apparatus | 87 | 0.11% | . | 0.51 | . |
| 853110 | Burglar or fire alarms and similar apparatus | 77 | 0.11% | 0.23 | 0.36 | 0.39 |
| 853649 | Electrical relays for a voltage exceed 60 V but | 77 | 0.11% | . | . | 0.70 |
| 850980 | Electro-mechanical domestic appliances,with sel | 77 | 0.11% | 0.01 | 0.03 | 0.13 |
| 851829 | Loudspeakers, nes | 76 | 0.11% | 0.12 | 0.30 | 0.16 |
| 851671 | Electro-thermic coffee or tea makers, domestic, | 77 | 0.10% | 0.00 | 0.00 | 0.12 |
| 901580 | Surveying,hydrographic,oceanographic,meteorolog | 87 | 0.10% | 0.24 | . | . |
| 851679 | Electro-thermic appliances, domestic, nes | 77 | 0.10% | 0.03 | 0.05 | 0.20 |
| 852290 | Parts and accessories of apparatus of heading N | 76 | 0.10% | 0.01 | 0.01 | 0.01 |
| 854150 | Semiconductor devices, nes | 77 | 0.10% | 0.01 | 0.17 | 0.01 |
| 903040 | Instruments and apparatus, specially designed f | 87 | 0.10% | 0.03 | 0.37 | 0.40 |
| 851140 | Starter motors | 77 | 0.10% | 0.72 | . | 0.60 |
| 852610 | Radar aparatus | 76 | 0.10% | 0.30 | 0.04 | . |
| 853641 | Electrical relays for a voltage not exceeding 6 | 77 | 0.10% | 0.88 | 0.28 | 0.19 |
| 870790 | Bodies for tractors, buses, trucks and special | 78 | 0.10% | . | 0.63 | 0.72 |

| | | | | | | |
|--------|--------------------------------------------------|----|-------|------|------|------|
| 850810 | Drills, hand-held, with self-contained electric | 77 | 0.09% | 0.24 | 0.00 | 0.14 |
| 853222 | Electrical capacitors, fixed, aluminium electro | 77 | 0.09% | . | 0.01 | 0.00 |
| 841821 | Refrigerators, household type, compression-type | 77 | 0.09% | 0.13 | 0.89 | 0.42 |
| 870510 | Mobile cranes | 78 | 0.09% | 0.77 | 0.03 | . |
| 902690 | Parts of inst and app for measure/checking vari | 87 | 0.09% | 0.48 | 0.88 | 0.46 |
| 871499 | Bicycle parts nes | 78 | 0.09% | 0.03 | . | 0.23 |
| 901850 | Ophthalmic instruments and appliances, nes | 87 | 0.09% | 0.07 | . | 0.35 |
| 902730 | Spectrometers,spectrophotometers and spectrogra | 87 | 0.09% | 0.07 | 0.52 | . |
| 847340 | Parts and accessories of other office machines, | 75 | 0.09% | 0.29 | . | 0.25 |
| 853321 | Electrical resistors fixed for a power handling | 77 | 0.09% | 0.10 | 0.04 | 0.00 |
| 902920 | Speed indicators and tachometers; stroboscopes | 87 | 0.09% | . | 0.19 | 0.67 |
| 901910 | Mechano-therapy appl; massage app; psychologica | 87 | 0.09% | 0.03 | 0.01 | 0.06 |
| 851890 | Parts of microphones,loudspeakers,headphones,ea | 76 | 0.09% | 0.02 | 0.22 | 0.05 |
| 853630 | Electrical app for protecting electric circuits | 77 | 0.09% | 0.16 | 0.27 | 0.71 |
| 853931 | Fluorescent lamps, hot cathode | 77 | 0.08% | 0.02 | 0.11 | 0.09 |
| 854720 | Insulating fittings of plastics for elec machin | 77 | 0.08% | . | 0.68 | 0.22 |
| 851650 | Microwave ovens | 77 | 0.08% | 0.01 | 0.02 | 0.24 |
| 851680 | Electric heating resistors | 77 | 0.08% | 0.26 | 0.28 | 0.88 |
| 842211 | Dish washing machines of the HH type | 77 | 0.08% | 0.00 | 0.00 | 0.09 |
| 851690 | Parts of electro-thermic apparatus of heading N | 77 | 0.08% | 0.04 | 0.10 | 0.13 |
| 903210 | Thermostats | 87 | 0.08% | 0.37 | 0.15 | 0.13 |
| 841451 | Fans: table,roof etc with a self-cont elec mtr | 77 | 0.08% | 0.01 | 0.34 | 0.16 |
| 850611 | Manganese dioxide primary cells&batt of an exte | 77 | 0.08% | 0.32 | 0.03 | 0.22 |
| 902300 | Instruments, apparatus and models, designed for | 87 | 0.08% | 0.40 | . | . |
| 850619 | Primary cells and primary batteries of an exter | 77 | 0.08% | 0.02 | 0.16 | . |
| 851840 | Audio-frequency electric amplifiers | 76 | 0.08% | 0.08 | 0.11 | 0.10 |
| 870600 | Chassis fitted with engines for the vehicles of | 78 | 0.08% | . | . | 0.05 |
| 902680 | Instruments & apparatus for measure/checking va | 87 | 0.08% | 0.16 | . | . |
| 850790 | Parts of electric accumulators, including separ | 77 | 0.07% | 0.54 | 0.20 | 0.22 |
| 903300 | Parts & access nes for machines, appliances, in | 87 | 0.07% | 0.14 | . | . |
| 853810 | Boards,panels,etc for gds of heading 85.37, not | 77 | 0.07% | 0.34 | . | 0.40 |
| 910111 | Wrist-watches with mech display,battery powered | 88 | 0.07% | 0.01 | . | . |
| 870710 | Bodies for passenger carrying vehicles | 78 | 0.07% | 0.15 | 0.21 | . |
| 852692 | Radio remote control apparatus | 76 | 0.07% | 0.07 | 0.03 | 0.13 |
| 853340 | Variable resistors, including rheostats and pot | 77 | 0.07% | 0.15 | 0.19 | 0.04 |
| 851821 | Single loudspeakers, mounted in the same enclos | 76 | 0.07% | 0.06 | 0.19 | 0.06 |
| 850511 | Permanent magnets and art. intended to become p | 77 | 0.07% | 0.01 | 0.23 | 0.01 |
| 910129 | Wrist-watches, with a case of precious metal, n | 88 | 0.07% | 0.05 | . | 0.54 |
| 900691 | Parts and accessories for photographic cameras | 88 | 0.07% | 0.00 | 0.02 | 0.01 |
| 851999 | Sound reproducing apparatus, not incorporating | 76 | 0.07% | 0.01 | 0.01 | 0.20 |
| 901590 | Parts and accessories for use with the apparatus | 87 | 0.07% | 0.29 | . | . |
| 370130 | Plates and film, in the flat with any side >255 | 88 | 0.07% | . | 0.03 | 0.13 |

| | | | | | | |
|--------|-------------------------------------------------|----|-------|------|------|------|
| 900490 | Spectacles, goggles and the like, corrective, p | 88 | 0.06% | 0.03 | 0.02 | 0.31 |
| 851190 | Parts of electrical ignition or starting equipm | 77 | 0.06% | 0.46 | . | 0.21 |
| 901420 | Instruments&appl for aeronautical or space navi | 87 | 0.06% | . | 0.20 | . |
| 850590 | Electro-magnets nes and parts of heading No 85. | 77 | 0.06% | 0.29 | 0.22 | 0.15 |
| 900311 | Frames and mountings for spectacles, goggles or | 88 | 0.06% | 0.05 | 0.03 | 0.12 |
| 851629 | Electric space heating apparatus and electric s | 77 | 0.06% | 0.00 | 0.17 | 0.28 |
| 852731 | Radio broad rece combined with sound record/rep | 76 | 0.06% | 0.00 | 0.00 | 0.07 |
| 902519 | Thermometers&pyrometers,not combined with other | 87 | 0.06% | 0.10 | 0.16 | 0.33 |
| 853921 | Filament lamps, tungsten halogen | 77 | 0.06% | 0.04 | 0.57 | 0.34 |
| 851810 | Microphones and stands therefor | 76 | 0.06% | 0.03 | 0.15 | 0.27 |
| 870821 | Safety seat belts for motor vehicles | 78 | 0.06% | . | 0.41 | 0.09 |
| 902830 | Electricity supply, production and calibrating | 87 | 0.06% | 0.35 | . | . |
| 902219 | Apparatus based on the use of X-rays for other | 77 | 0.06% | 0.08 | 0.08 | . |
| 871680 | Wheelbarrows, hand-carts, rickshaws and other h | 78 | 0.06% | 0.23 | 0.04 | . |
| 902720 | Chromatographs and electrophoresis instruments | 87 | 0.06% | 0.33 | 0.85 | 0.51 |
| 850410 | Ballasts for discharge lamps or tubes | 77 | 0.06% | 0.13 | 0.46 | 0.10 |
| 901832 | Tubular metal needles and needles for sutures | 87 | 0.06% | . | 0.89 | 0.13 |
| 851110 | Spark plugs | 77 | 0.06% | . | 0.35 | . |
| 903081 | Inst&app for measuring or checking elec qty,wit | 87 | 0.05% | 0.37 | 0.18 | 0.85 |
| 847050 | Cash registers | 75 | 0.05% | 0.37 | 0.00 | 0.58 |
| 853610 | Electrical fuses, for a voltage not exceeding 1 | 77 | 0.05% | 0.13 | . | 0.33 |
| 871190 | Motorcycles with other than a reciprocating pis | 78 | 0.05% | 0.00 | 0.02 | 0.37 |
| 853180 | Electric sound or visual signalling apparatus, | 77 | 0.05% | 0.22 | 0.18 | 0.98 |
| 870290 | Buses with a seating capacity of more than nine | 78 | 0.05% | 0.06 | 0.06 | . |
| 911490 | Clock or watch parts, nes | 88 | 0.05% | 0.00 | 0.74 | 0.01 |
| 900319 | Frames and mountings for spectacles,goggles or | 88 | 0.05% | 0.04 | 0.04 | 0.25 |

Source: Author's estimation using data extracted from COMTRADE-WITS.

Agricultural Trade among IBSA Countries



Shaikh Mohd Mouzam*



I. Introduction

The largest agricultural economies of three different continents such as Asia, Africa and South America came together in June 2003 to form an India, Brazil and South Africa (IBSA) dialogue forum. This forum aims to encourage South-South cooperation among developing countries. It also aspires at increasing the trade opportunities among the three countries, as well as to explore avenues to promote cooperation in a wide range of areas, which include agriculture, climate change, culture, etc (Arkhangelskaya and Khamasthin, 2013). Since its inception, IBSA has taken various initiatives through sectoral cooperation in priority areas in different Working Groups. Among these working groups, there is an IBSA Joint Working Group (JWG) on Agriculture. This working group was formed mainly to build on the existing capabilities of member countries in the agriculture sector through identifying and tapping the synergies relating to trade and food safety aspects. The JWG on Agriculture had conducted several meetings and different initiatives have been taken to enhance cooperation among IBSA countries. The last meeting of JWG on Agriculture was held in India in May, 2013 (IBSA, 2010).

Agriculture plays an important role in all the IBSA countries as these countries are basically agrarian economies and major agricultural exporters (Brazil (3rd), India (21st) and South Africa (28th) (Sandrey *et al.* 2013). Liberalisation and globalisation have led to rapid changes in agricultural sector in developing countries in general and in India, Brazil and South Africa in

* IBSA Fellow, India.

particular. In response to these changes, there has been a change in cropping pattern as well as consumption pattern from staple food grains like rice and wheat to high value food commodities like fruits, vegetables, etc (Gehlhar and Coyle, 2001). Further, with increasing globalisation a shift is being observed in agricultural exports of developing countries with increasing share of high value and processed products (IBSA, 2010).

Agricultural and allied sector is complex but it can be a promising area for IBSA economic cooperation. IBSA members are substantial agricultural producers in the world but their participation in agricultural trade is different, i.e., Brazil and South Africa exports agricultural products significantly whereas India with its growing population has experienced a steady rise in its imports. These differences among IBSA countries throws up possibilities for increasing trade flows in existing commodities and also in exploring trade in new products with IBSA and rest of the world (Puri, 2008).

Against this background, the broader objective of this chapter is to make an assessment of the dynamics of agricultural trade among IBSA countries and to assess the extent to which

agricultural trade is significant in maintaining trade balance and food security in this region. The specific objectives with which this study will be carried are.

- To examine the trends in intra-IBSA agricultural trade (i.e. exports and imports) from 2002 to 2016 and to analyse the trends in intra regional agricultural exports and imports as a per centage of total agricultural exports and imports of IBSA countries.
- To analyse the trends in structure of agricultural trade among IBSA countries which includes product categorised into raw material, intermediate goods and consumer goods.

Section one the chapter is focused on applied data and methodology. The next section discusses the Intra IBSA agricultural trade followed by structure of agricultural trade among IBSA countries.

Time series data on merchandise trade of agricultural and allied sector goods (Nomenclature HS 2002) was obtained from World Integrated Trade Solution (WITS) - United Nations Commodity Trade (UN Comtrade) and International Trade Centre

Table 1: Major Product Group Wise Agricultural Trade of IBSA

| HS Sections / major product groups | Triennium ending (TE) 2004-05 | Triennium ending (TE) 2010-11 | Triennium ending (TE) 2016-17 |
|------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Section I | 0.07 | 0.19 | 0.16 |
| Animal Products | (14.5) | (11.8) | (8.4) |
| Section II & III | 0.24 | 0.34 | 0.80 |
| Vegetable product | (49.3) | (21.4) | (42.1) |
| Section IV | 0.16 | 1.00 | 0.88 |
| Food products | (31.5) | (63.6) | (46.3) |
| Section VI | 0.01 | 0.02 | 0.04 |
| Chemical products | (2.3) | (1.5) | (2) |
| Section VIII | 0.00082 | 0.0011 | 0.00069 |
| Hides and Skin | (0.2) | (0.1) | (0.01) |
| Section XI | 0.01 | 0.02 | 0.02 |
| Textiles | (2.3) | (1.6) | (1.2) |
| Total Trade (Billion USD) | 0.49 (100) | 1.57 (100) | 1.9 (100) |

Source: Author's Calculation using data from WITS-COMTRADE.

(ITC) trade map databases. The study period for the assessment was defined from 2002 to 2016 (i.e. fifteen years). The year 2002 was chosen as starting point because IBSA forum came into existence after this year. The methods of analysis employed in the present study are descriptive statistics. The analysis was done for six-digit HS level and aggregated to chapter level. For analysis of the structure of agricultural trade among IBSA countries, we have used UNCTAD’s classification of goods based on stages of processing (SOP), i.e. Raw materials, intermediate (semi processed), consumer (processed) and capital goods. To analyse the share of different product groups in total agricultural exports, we have used three year trade value averages (i.e. Triennium ending) as agricultural production is exposed to vagaries of monsoon.

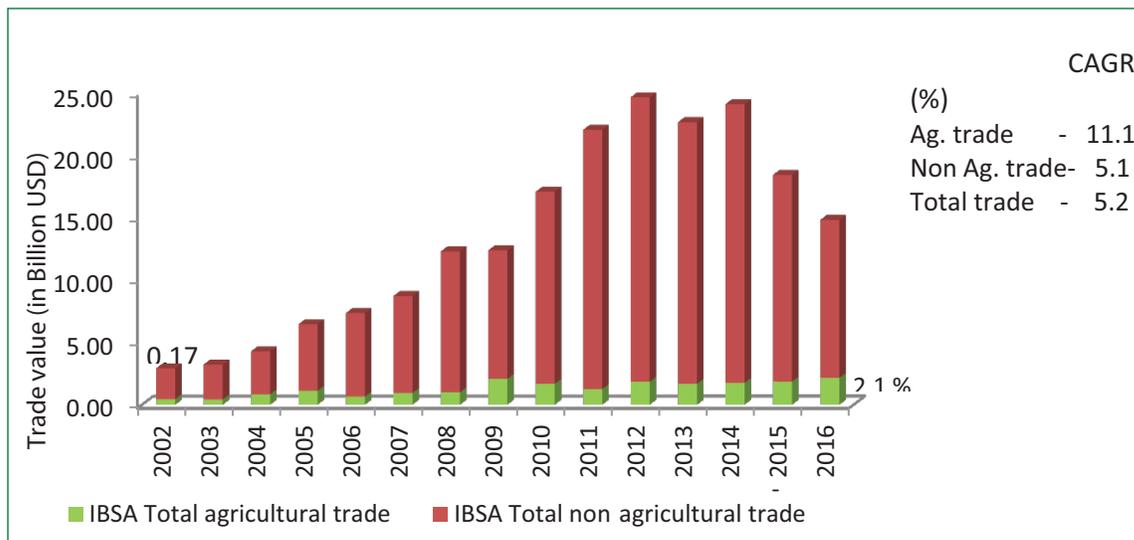
The main focus of the study is to assess the dynamics of agricultural trade among IBSA countries. The salient findings that emerged from the analysis of data are that share of total IBSA agricultural trade in total merchandise trade has increased multifold from a mere 0.17 per cent of total trade in 2002 to 2.1 per cent

in 2016. This shows the growing importance of trade in agricultural commodities in IBSA region with an annual growth rate of 11 per cent. However its share is very less when compared with trade in non agricultural commodities.

Most of the agricultural trade between IBSA countries takes place in vegetable and food products (i.e. 42 and 46 per cent of total agricultural trade in TE 2016-17). Trade in animal products and hides & skins was very less and it has been decreasing over the years because of export restricting policies of Brazil (i.e. import taxes) and of South Africa (i.e. special regulation required for importation of hide & skins and other animal products) (Table 1). Though there is an increasing trend in trade of textiles and chemical products but its share in total trade is very minimal (TPR, 2016 & 2017).

The share of agricultural trade in total merchandise trade highlights the importance of agricultural trade in total trade. The share of agricultural exports in total merchandise exports is decreasing in IBSA members’ trade with its regions such as SAARC and SACU

Figure 1: Share of Agricultural Trade in Total Merchandise Trade of IBSA



Source: Author’s calculation using data from WITS-COMTRADE.

except in case of MERCOSUR and BRICS where their share has increased, which shows that the importance of agricultural trade in these regions is increasing. However, the growth of actual agricultural exports to all the regions has increased with a high growth rates except in the case of South Africa's agricultural exports to SACU region where it recorded a negative growth (Table 2).

Growth rate of India's agricultural exports to regions/country like MERCOSUR, USA, BRICS and SAARC showed a highest growth rate which signifies the importance of agricultural exports potential in these regions. The growth of agricultural exports from Brazil to regions like SAARC, BRICS and MERCOSUR showed a highest growth rate. Brazil as a major agricultural exporter of world has recently started exploring its markets into Asian countries which can be observed from its

growth in exports to SAARC and BRICS regions (Table 2) and also the recent visit of Dr. Marcos Jank, CEO, Asia-Brazil Agro Alliance (ABAA) to India with the aim of exploring the opportunities in agribusiness and food processing in Asia with special focus on India in products like sugar, ethanol and protein (which include dairy, oilseeds and meat protein).

As observed in case of share of agricultural exports in total merchandise exports of IBSA to its major regions like SAARC and SACU, the same trend has been observed in share of agricultural imports to these regions except in SACU, EU and USA where agricultural import share has increased (Table 3).

Share of major trading regions in total agricultural trade of IBSA gives how IBSA's agricultural trade is important in different regions and where it concentrates more. The

Table 2: Share of Agricultural Exports in Total Merchandise Exports and its Growth (2002-16)

| | EU | USA | SAARC | MERCOSUR | SACU | BRICS | IBSA |
|---------------------|-------|-------|-------|----------|-------|-------|-------|
| IBSA | | | | | | | |
| TE 05-06 | 25.34 | 8.57 | 26.75 | 7.04 | 21.11 | 29.71 | 18.80 |
| TE 10-11 | 22.27 | 9.96 | 27.43 | 10.66 | 15.99 | 26.28 | 14.13 |
| TE 16-17 | 21.79 | 11.43 | 22.88 | 11.44 | 15.43 | 33.24 | 11.61 |
| CAGR*(%) | 5.79 | 11.6 | 17.52 | 15.29 | 23.65 | 17.98 | 11.81 |
| India | | | | | | | |
| TE 05-06 | 9.09 | 8.25 | 24.13 | 2.50 | 14.52 | 9.28 | 9.69 |
| TE 10-11 | 7.20 | 6.85 | 25.60 | 2.25 | 5.07 | 10.38 | 3.61 |
| TE 16-17 | 9.37 | 9.63 | 19.92 | 2.31 | 6.42 | 10.51 | 4.32 |
| CAGR* (%) | 10.38 | 15.01 | 11.04 | 17.83 | 8.74 | 14.21 | 9.81 |
| Brazil | | | | | | | |
| TE 05-06 | 44.84 | 9.66 | 54.03 | 7.51 | 27.34 | 49.42 | 34.79 |
| TE 10-11 | 41.04 | 15.27 | 50.56 | 12.11 | 30.80 | 43.11 | 35.41 |
| TE 16-17 | 41.15 | 15.91 | 47.92 | 13.93 | 25.15 | 50.49 | 30.17 |
| CAGR* (%) | 4.56 | 7.73 | 17.53 | 15.22 | 5.07 | 17.71 | 11.26 |
| South Africa | | | | | | | |
| TE 05-06 | 12.95 | 4.70 | 3.72 | 4.32 | NA | 5.41 | 2.78 |
| TE 10-11 | 12.95 | 4.20 | 2.57 | 2.96 | 18.92 | 3.55 | 1.60 |
| TE 16-17 | 14.75 | 5.30 | 2.58 | 3.02 | 17.89 | 4.88 | 1.17 |
| CAGR* (%) | 3.98 | 3.84 | 13.75 | 5.26 | -3.44 | 18.41 | 10.58 |

Note: * indicates CAGR for the period 2002-2016.

Source: Author's calculation using data from WITS-COMTRADE.

share of agricultural exports of IBSA in its total agricultural exports to world was highest with EU region in TE 2005-06 but its share decreased in TE 2016-17 as IBSA's exports to BRICS region has taken over EU and also because of high standards imposed by EU on IBSA countries agricultural products.

There is also an increasing trend in agricultural exports to SAARC and SACU region from TE 2005-06 to TE 2016-17. Agricultural imports from other regions such as SAARC, SACU, BRICS, EU and USA more or less remained same from TE 2005-06 to TE 2016-17 (Figure 3).

II. Intra-regional agricultural trade

An important trend in foreign trade has been the growth of intra-regional trade. Intra-regional trade refers to economic exchange of goods and services primarily between countries of the same region or economic zone.

Figure 4 indicates that, there is an increase in intra-IBSA agricultural exports among its members from 0.51 billion USD in 2002 to 2.04 billion USD in 2016. Brazil being a resource endowed country, its share of agricultural exports in intra-IBSA agricultural exports has increased fivefold (i.e. from 0.31 billion USD to 1.72 billion USD) representing 85 per cent of total intra IBSA agricultural exports, whereas share of Indian and South African agricultural exports in intra IBSA agricultural exports increased gradually during this period.

Figure 5 shows that, there is an increase in intra-IBSA agricultural imports from 0.37 billion USD in 2002 to 2.19 billion USD in 2016. India with its steadily increasing population, its share of agricultural imports in intra-IBSA imports has increased from 0.19 billion USD to 1.56 billion USD) representing 71 per cent of total intra-IBSA agricultural imports, whereas share

Table 3: Share of Agricultural Exports in Total Merchandise Imports and its Growth (2002-16)

| | EU | USA | SAARC | MERCOSUR | SACU | BRICS | IBSA |
|---------------------|-------|-------|-------|----------|--------|-------|-------|
| IBSA | | | | | | | |
| TE 05-06 | 2.57 | 3.54 | 17.05 | 38.26 | 1.22 | 5.26 | 13.08 |
| TE 10-11 | 2.96 | 2.87 | 9.95 | 26.90 | 3.31 | 2.97 | 9.05 |
| TE 16-17 | 4.49 | 5.04 | 11.93 | 29.26 | 6.77 | 2.86 | 9.91 |
| CAGR* (%) | 13.59 | 14.28 | 15.26 | 9.67 | 45.86 | 16.48 | 14.08 |
| India | | | | | | | |
| TE 05-06 | 1.26 | 4.24 | 31.62 | 72.18 | 1.08 | 5.64 | 13.23 |
| TE 10-11 | 1.02 | 3.44 | 26.91 | 20.69 | 0.76 | 2.80 | 9.05 |
| TE 16-17 | 2.28 | 6.30 | 36.11 | 24.82 | 0.54 | 2.69 | 12.69 |
| CAGR* (%) | 14.58 | 15.64 | 10.81 | 13.48 | 8.25 | 12.50 | 15.53 |
| Brazil | | | | | | | |
| TE 05-06 | 3.74 | 2.66 | 1.96 | 31.68 | 2.69 | 1.25 | 2.10 |
| TE 10-11 | 3.86 | 2.15 | 2.31 | 26.73 | 1.70 | 1.60 | 2.28 |
| TE 16-17 | 5.27 | 4.21 | 1.88 | 32.00 | 3.27 | 2.06 | 2.09 |
| CAGR* (%) | 12.14 | 14.44 | 18.28 | 7.72 | 10.48 | 26.63 | 16.48 |
| South Africa | | | | | | | |
| TE 05-06 | 2.88 | 4.96 | 13.89 | 39.57 | 12.80 | 8.57 | 19.61 |
| TE 10-11 | 5.01 | 4.17 | 7.42 | 44.10 | 11.76 | 6.01 | 15.27 |
| TE 16-17 | 7.26 | 4.34 | 7.00 | 42.94 | 26.69 | 5.04 | 11.29 |
| CAGR* (%) | 13.36 | 3.62 | 11.01 | 6.62 | 115.27 | 10.63 | 8.17 |

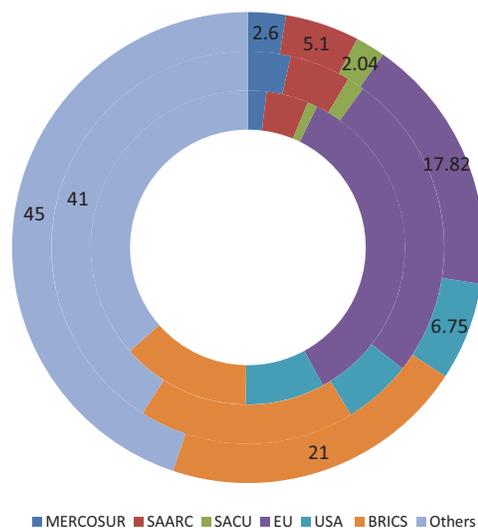
Note: * indicates CAGR for the period 2002-2016.

Source: Author's calculation using data from WITS-COMTRADE.

of South African agricultural imports in intra-IBSA agricultural imports increased gradually during this period. Brazil being one of the largest exporters of agricultural commodities in world, its intra-IBSA agricultural imports is low compared to other members. If India has to sustain its growing domestic food demand due to increasing population pressures it has to either improve productivity levels through technology breakthrough (World Bank, 2012) or it has to make ties with reliable and major food suppliers (Stuenkel, 2013). In this case, Brazil can be a reliable supplier of food products as it has vast resource endowments to produce more food and export. However, Brazil is having 90 per cent of crop acreage under GM crops and on other hand India's policy of not allowing GM food crops to be cultivated then how trade will increase between members is the biggest question to be answered.

Intra-regional agricultural exports as a per centage of total agricultural exports of IBSA members found to be very low (Figure.6) indicating that the extra-IBSA trade in agricultural commodities is more and the

Figure. 2: IBSA Agricultural Exports to Major Regions (as Share of IBSA Global Exports)

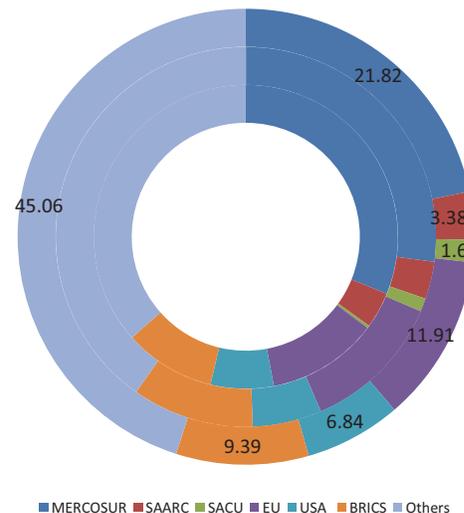


possibilities of increasing agricultural trade among IBSA members is immense as can be observed from (Figure 6), the Intra IBSA agricultural imports are also very low.

As seen in Figure 6 agricultural exports to IBSA as a per centage of total world agricultural exports of Brazil was the highest in the year 2009 but later its per centage has decreased mainly because of low commodity prices (TPR, 2017) but in recent years there is an increasing trend in its exports. The agricultural exports to IBSA as a per centage of total world agricultural exports of India in the year 2002 (Fig.5) was the highest among IBSA members as it was having surplus produce to export but later its per centage has decreased due to increasing demand at domestic market which lead to net importer of agricultural commodity in IBSA region (Figure 7).

As reflected from Figures 6 and 7, South Africa's agricultural imports from IBSA as a per centage of total world agricultural imports were found to be more than its exports in the region indicating that as a resource scarce country its food demand is met from imports and only 8

Figure. 3: IBSA Agricultural Imports from Major Regions (as Share of IBSA Global Imports)



Note: Inner circle shows figures for TE-2005-06; middle circle – TE 2010-11; Outer circle – TE 2016-17

Source: Author's calculation using data from WITS-COMTRADE.

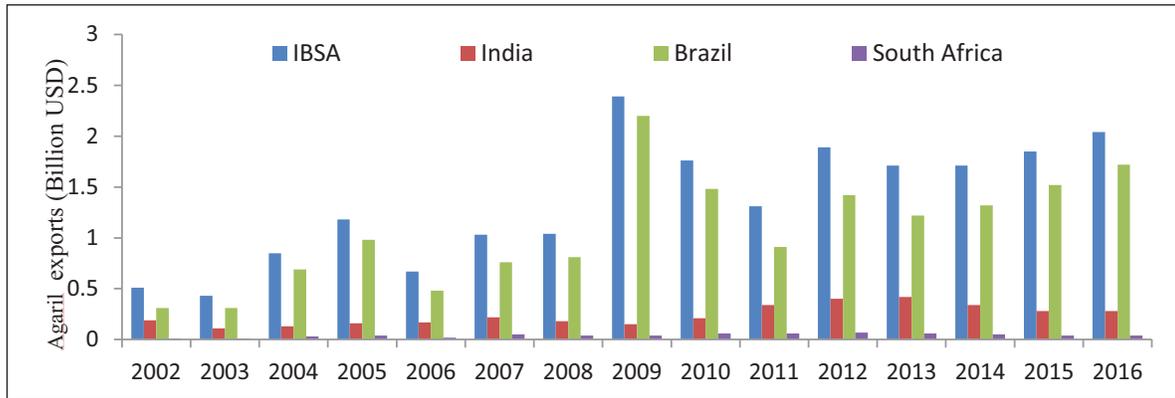
to 10 per cent of total imports is sourced from IBSA countries. Therefore for Brazil, being a major exporter of agricultural commodities in the world has enormous opportunities to direct its exports towards India and South Africa and can increase intra-IBSA agricultural trade.

Table 4 presents the compound annual growth of intra-IBSA agricultural trade during the period 2002 to 2016. It is observed that intra-IBSA agricultural exports as wells as total agricultural exports from IBSA countries to world recorded almost similar growth rate during study period but the intra-IBSA imports

shown a huge growth rate compared to IBSA global imports during the study period. This increase in intra-IBSA imports were mainly observed in imports of Brazil and India (i.e. 17 and 15 per cent, respectively). In case of South Africa growth of imports from world has higher growth rate compared to intra-IBSA imports.

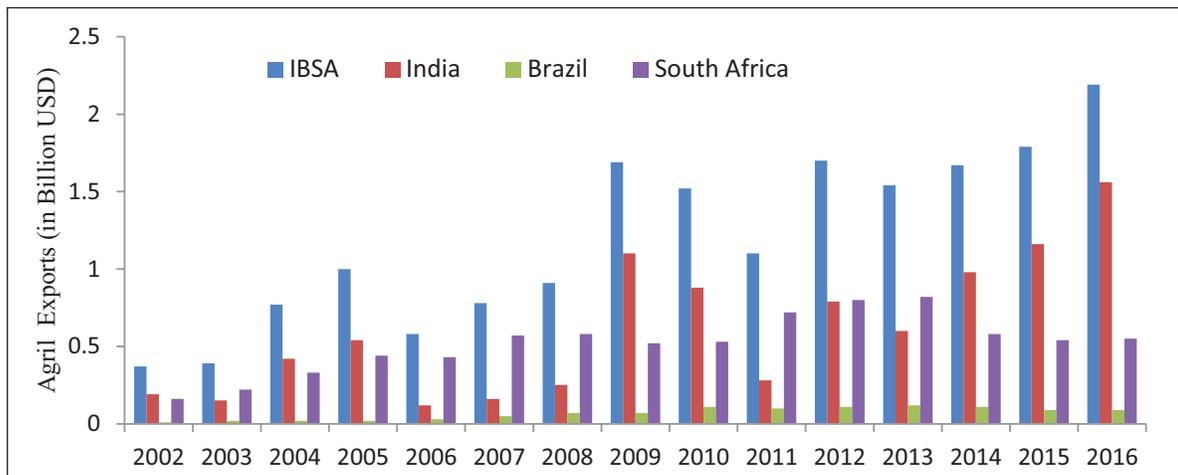
Intra-IBSA export growth rate (i.e. 7.6 per cent) is lower than the global exports (i.e. 15.6 per cent) during the study period. Growth rates of intra-IBSA and global exports from Brazil and South Africa more or less recorded similar growth but the decomposition of growth rates

Figure. 4: IBSA and individual country total agricultural exports to IBSA (in Billion USD)



Source: Author's calculation using data from WITS-COMTRADE.

Figure. 5: IBSA and individual country total agricultural imports from IBSA (in Billion USD)



Source: Author's calculation using data from WITS-COMTRADE

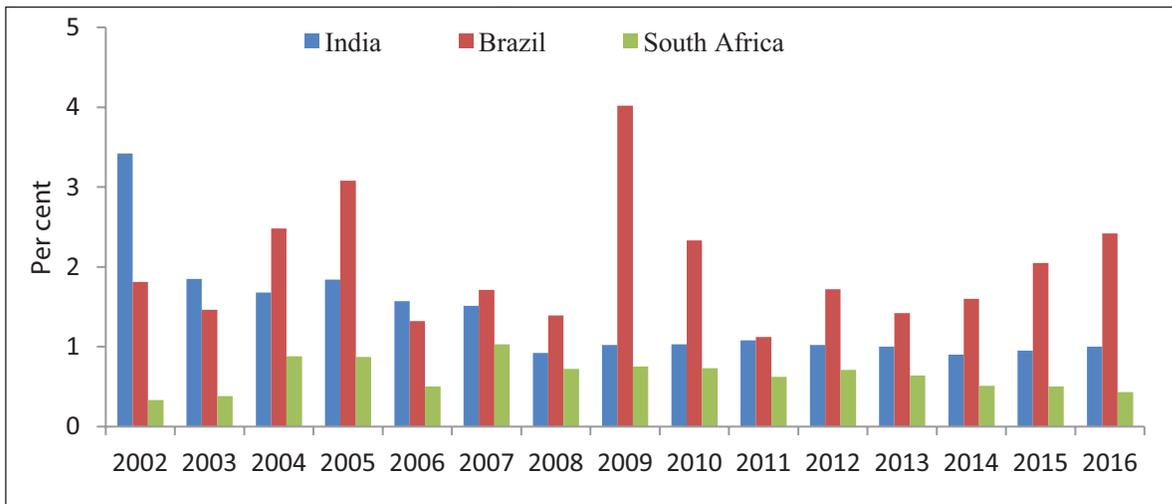
into pre- and post- global recession period shows a different scenario that, there has been a negative growth in Intra-IBSA export growth rate of Brazil and South African agricultural exports. Even the intra-IBSA imports of South Africa recorded a negative growth during post recession period which calls for immediate attention of world’s largest exporters of agricultural commodities, i.e. India and Brazil should diversify its agricultural exports to its member to increase its intra regional agricultural trade.

III. Structure of agricultural trade among IBSA countries:

India

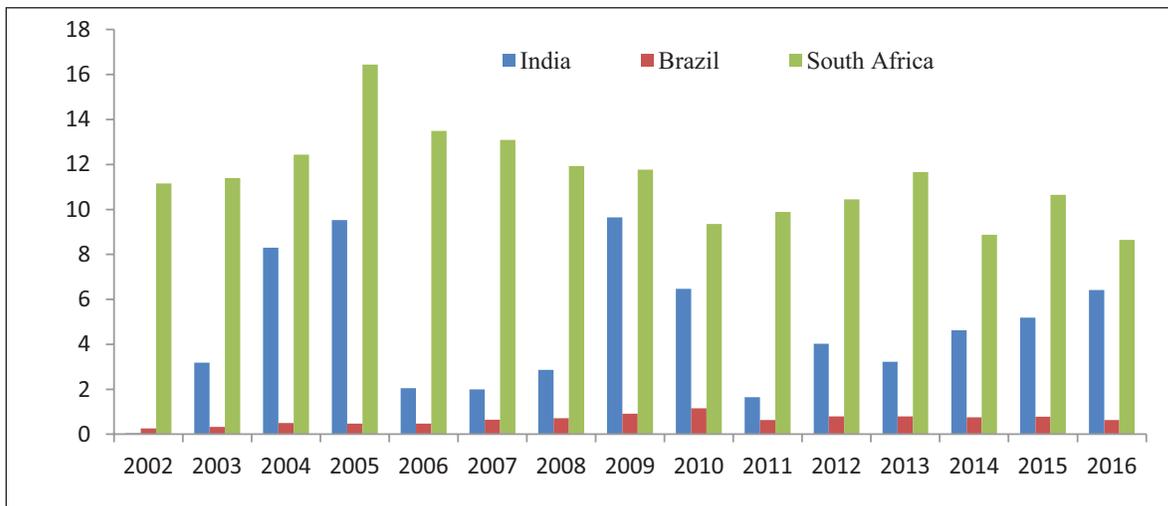
Table 5 and Figure 8 show category wise export structure of India to both Brazil and South Africa. The share of intermediate goods and raw materials occupies a significant position in India’s export basket to Brazil till triennium ending (TE) 2010-11 but after that the share of consumer goods in exports from Brazil has

Figure. 6: Share of Individual country agricultural exports in their total agricultural exports to the World



Source: Author’s calculation using data from WITS-COMTRADE.

Figure. 7: Share of Individual country agricultural imports in their total agricultural imports from the World



Source: Author’s calculation using data from WITS-COMTRADE.

increased (i.e. growth in exports was increased by 25 per cent) and that of raw materials has decreased. Consumer goods such as cumin seeds (HS- 90930) and animal feed (HS 230990) have the lion share in total agricultural exports to Brazil (Appendix-I).

In TE 2004-05, the share of consumer goods in total agricultural exports of India to South Africa was highest (i.e., 79 per cent) but lost its share to raw materials during TE 2010-11. During TE 2016-17, its share in total agricultural exports from India to South Africa increased. It means most of the exports to South Africa are in

processed products followed by raw materials. Processed products (consumer goods) like roasted chicory and spices have highest share in total exports from India to South Africa (Appendix-II). However the growth in exports of semi processed food products i.e., intermediate goods recorded the highest rate during the study period.

Brazil

The share of intermediate goods in overall export structure of Brazil to India occupies a significant position with a lion share of 90 to 97

Table 4: Comparative Growth Dynamics of Intra Regional Agricultural Trade (2002 to 2016)

| Region/ Country | Intra Regional Exports (CAGR, %) | | | Global Exports (CAGR, %) | | | Intra regional Imports (CAGR, %) | | | Global Imports (CAGR, %) | | |
|---------------------|----------------------------------|---------|-------------|--------------------------|---------|-------------|----------------------------------|---------|-------------|--------------------------|---------|-------------|
| | 2002-08 | 2009-16 | 2002-16 | 2002-08 | 2009-16 | 2002-16 | 2002-08 | 2009-16 | 2002-16 | 2002-08 | 2009-16 | 2002-16 |
| IBSA | 13.9 | -0.2 | 10.3 | 21.1 | 4.5 | 12.4 | 14.4 | 4.6 | 11.9 | -24.7 | 7.2 | 2.2 |
| India | 6.1 | 6.9 | 7.6 | 24.1 | 8.5 | 15.6 | -1.2 | 9.1 | 15.2 | -31.8 | 10.6 | 2.2 |
| Brazil | 16.7 | -0.7 | 11.2 | 21.3 | 3.3 | 11.5 | 32.1 | 0.2 | 16.7 | 13.8 | 4.3 | 10.7 |
| South Africa | 28.4 | -3.8 | 10.1 | 12.5 | 3.9 | 10.3 | 23.7 | -0.1 | 8.0 | 21.3 | 1.1 | 10.7 |

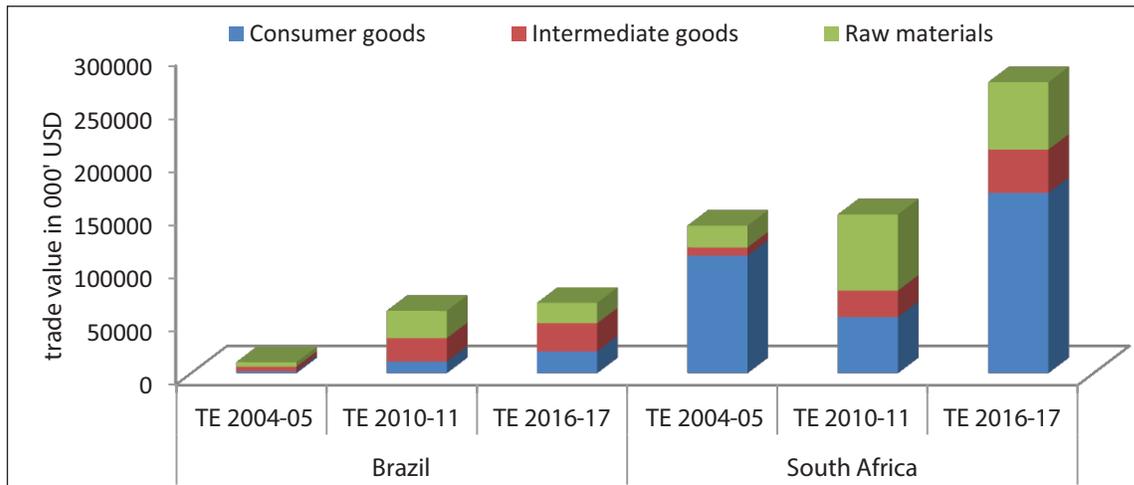
Source: Author's calculation using data from WITS-COMTRADE.

Table 5: India's Agricultural Exports to Brazil and South Africa

| Product Group | Trade value ('000 USD) | | | | | | CAGR % (2002-16) | |
|--------------------|------------------------|-----------------|----------------|-----------------|----------------|-----------------|------------------|------|
| | TE 2004-05 | | TE 2010-11 | | TE 2016-17 | | Brazil | SA |
| | Brazil | SA | Brazil | SA | Brazil | SA | | |
| Consumer goods | 1731 (17) | 110276 (79) | 10781 (18) | 52768 (35) | 20356 (31) | 169351 (62) | 25.2 | 4.5 |
| Intermediate goods | 4320 (42) | 7890 (6) | 22063 (38) | 24839 (17) | 26523 (40) | 40683 (15) | 18.9 | 16.4 |
| Raw materials | 4246 (41) | 20467 (15) | 25687 (44) | 71536 (48) | 19165 (29) | 63367 (23) | 16.7 | 10.8 |
| Total | 10297 (100) | 138633 (100) | 58531 (100) | 149144 (100) | 66045 (100) | 273402 (100) | 19.1 | 6.5 |

Source: Author's calculation using data from WITS-COMTRADE.

Figure 8: India's Agricultural Exports to Brazil and South Africa



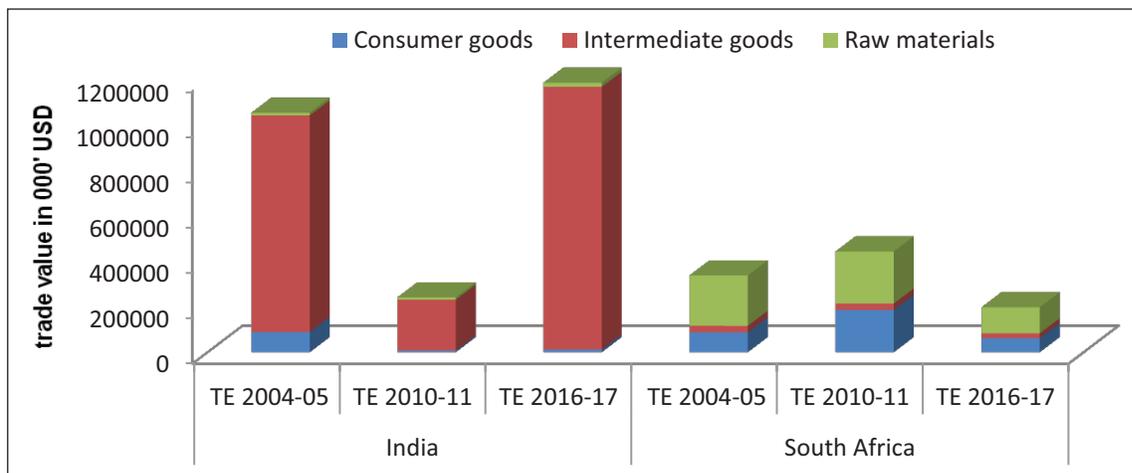
Source: Author's calculation using data from WITS-COMTRADE.

Table 6: Brazil's Agricultural Exports to India & South Africa

| Product group | Trade value ('000 USD) | | | | | | CAGR (%) (2002-16) | |
|--------------------|------------------------|-----------------|------------------|-----------------|-------------------|-----------------|--------------------|-----|
| | TE 2004-05 | | TE 2010-11 | | TE 2016-17 | | India | SA |
| | India | SA | India | SA | India | SA | | |
| Consumer goods | 87899 (8.3) | 87052 (26) | 7503.4 (3.1) | 186184 (42) | 11482 (1.0) | 61809 (31) | 5.3 | 2.8 |
| Intermediate goods | 954275 (90.5) | 28875 (09) | 223543 (92.7) | 27976 (06) | 1156471 (97.5) | 21257 (11) | 16.0 | 2.4 |
| Raw materials | 12041 (1.1) | 221898 (66) | 10209 (4.2) | 229027 (52) | 18423 (1.6) | 114248 (58) | 8.1 | 6.8 |
| Total | 1054215 (100) | 337825 (100) | 241255 (100) | 443187 (100) | 1186376 (100) | 197314 (100) | 15.5 | 4.9 |

Source: Author's calculation using data from WITS-COMTRADE.

Fig. 9: Brazil's agricultural exports to India & South Africa



Source: Author's calculation using data from WITS-COMTRADE.

per cent of total exports. Brazil being a leader in trade of processed food products but its exports to India includes semi-processed products that too in few products only such as sugar and soya bean oil (Appendix-III). However, India is importing around 75 per cent of its total soya bean oil only from Argentina whereas from Brazil, it's importing 16 per cent.

As compared to exports to India, Brazil exports more of raw materials to South Africa. The share of raw materials in total exports has decreased over the years but it remains to be the major exportable items from Brazil to South Africa with a growth rate of 6.8 per cent during the study period 2002 to 2016. Raw materials such as meat and meat products, tobacco and soya bean occupies a major share in total exports (appendix-IV). The share of consumer goods and intermediate goods has also increased over the years with a annual growth rate of 2 to 3 per cent. Processed sugar (HS 170199) is the major consumer good which is exported from Brazil to South Africa. (Table 6 & Figure 9)

South Africa

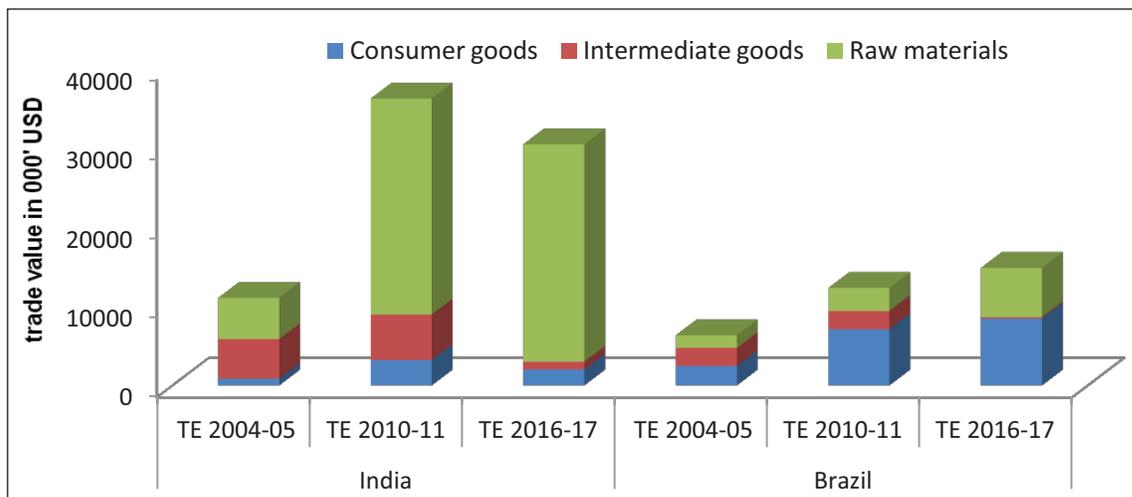
As seen in above tables, South Africa imports

more of consumer goods from India but its exports to India include more of raw materials (almost 90 per cent share in TE 2016-17) such as fruits like pears and quinces, oranges, apples and plums (Appendix-V). The share and growth rate of exports of intermediate goods in total agricultural exports recorded negative trend (share from 45 per cent to 3 per cent and CAGR of -4 per cent). Intermediate goods or semi processed goods such as crude soya bean oil, crude palm oil, crude safflower oil and raw sugar disappeared from South Africa's export basket.

The category wise export structure of South Africa to Brazil is presented in Table 7 and Figure 10. As converse to South Africa's exports to and imports from India, its exports to Brazil include more of consumer goods and it imports raw materials from Brazil.

Consumer goods such as liquors and cordials (HS 220870) and wines (HS 220421) is have the highest share in South Africa's total agricultural exports to Brazil (Appendix-VI). However, as observed in case of its exports to India, the share of exports of intermediate goods to Brazil also shown a negative trend.

Fig. 10: South Africa's agricultural exports to India and Brazil



Source: Author's calculation using data from WITS-COMTRADE.

Table 7: South Africa's agricultural exports to India and Brazil

| Product group | Trade value ('000 USD) | | | | | | CAGR (%) (2002-16) | |
|--------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|--------------------|------------|
| | TE 2004-05 | | TE 2010-11 | | TE 2016-17 | | India | Brazil |
| | India | Brazil | India | Brazil | India | Brazil | | |
| Consumer goods | 845.4 (8) | 2443 (39) | 3202 (09) | 7071 (58) | 2020 (07) | 8432 (57) | 8.8 | 11.6 |
| Intermediate goods | 5000 (45) | 2283 (36) | 5743 (16) | 2329 (19) | 978 (03) | 182 (01) | -3.9 | -18.3 |
| Raw materials | 5188 (47) | 1596 (25) | 27212 (75) | 2893 (24) | 27386 (90) | 6198 (42) | 16.8 | 11.7 |
| Total | 11034 (100) | 6323 (100) | 36159 (100) | 12293 (100) | 30385 (100) | 14813 (100) | 11.8 | 8.0 |

Source: Author's calculation using data from WITS-COMTRADE.

IV. Conclusion

It is observed that though the intra-IBSA agricultural trade among IBSA countries is very low but it is increasing over the years with Brazil being the major agricultural producer and exporter in the region. IBSA members have to recognise the increasing domestic demand for food and should increase both intra as well as extra regional trade in agricultural commodities (by creating facilities and infrastructure for meeting those standards imposed by developed countries like EU and USA) which in turn increases the political leverage at global level. It can be done through cooperation in terms of sharing innovative technologies to improve productivity levels of major crops thereby the surplus generated can be used to increase the global trade share.

References

- Arkhangelskaya, A and Khamasthin, A. 2013. South-South cooperation in agriculture: the India, Brazil and South Africa dialogue forum. In Modi, R., & Cheru, F. (Eds.). *Agricultural development and food security in Africa: the impact of Chinese, Indian and Brazilian investments*. Zed Books Ltd.
- Gehlhar, M and Coyle, W. 2001. Global Food Consumption and Impacts on Trade Patterns. In: *Changing Structure of Global Food Consumption and Trade / WRS-01-1*. Economic Research Service/USDA: 4-13.
- IBSA. 2010. 'Future of Agriculture Cooperation in India, Brazil and South Africa (IBSA)'. www.ibsa-trilateral.org [accessed 12th November, 2017]
- Puri, L. 2008. IBSA: An emerging trinity in the new geography of international trade. Policy issues in international trade and commodities, Study Series No. 35: 9-10.
- Sandrey, R., Fundira, T., Vink, N., Jensen, H. G., Viljoen, W., & Nyhodo, B. 2013. *BRICS: South Africa's Way Ahead?* Tralac.
- Stuenkel, O. 2013. , Agriculture and food security: Brazil's chance to assume leadership among the BRICS? Available at: <http://www.postwesternworld.com/2013/06/09/agriculture-and-food-security-brazils-chance-to-assume-leadership-among-the-brics/>.
- Trade Policy Review (TPR). 2016. "South Africa", World Trade Organization (WT/TPR/S/324/Rev.1)
- Trade Policy Review (TPR). 2017. "Brazil", World Trade Organization (WT/TPR/S/358/Rev.1)
- World Bank. 2012. : India: Issues and Priorities for Agriculture. Available at: <http://www.worldbank.org/en/news/feature/2012/05/17/india-agriculture-issues-priorities>.

Appendix- I: India's top 5 agricultural exports to Brazil

| HS 6 | Product | Stage of processing | Trade value TE 2014-16 ('000 USD) | % in total agril. exports to Brazil | Brazil imports from world (TE 2014-16) | % in Brazil's total agril. imports from world | India's exports to world | % in India's total agril. exports to world |
|--------|----------------------------------------------------------------------------|---------------------|-----------------------------------|-------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------|--------------------------------------------|
| 90930 | Seeds of cumin | Consumer goods | 9698.3 | 12.9 | 9824.3 | 98.7 | 274354.1 | 3.53 |
| 130232 | Mucilages & thickeners, from locust beans, locust bean seeds or guar seeds | Raw materials | 7144.3 | 9.5 | 13007.8 | 54.9 | 1030047.9 | 0.69 |
| 382370 | Industrial fatty alcohols | Intermediate goods | 6822.3 | 9.1 | 47596.8 | 14.3 | 79941.6 | 8.53 |
| 330125 | Essential oils of mints other than peppermint | Intermediate goods | 5791.6 | 7.7 | 9766.7 | 59.3 | 167184.8 | 3.46 |
| 71220 | Onions | Intermediate goods | 5622.6 | 7.5 | 10825.1 | 51.9 | 118207.9 | 4.76 |

Source: Author's calculation.

Appendix- II: India's top 5 agricultural exports to South Africa

| HS 6 | Product | Stage of processing | Trade value TE 2014-16 ('000 USD) | % share in total agril. exports to SA | SA's imports from world (TE 2014-16) | % share in SA's total agril. imports from world | India exports to world | % share in India's total agril. exports to world |
|--------|----------------------------------------------------|---------------------|-----------------------------------|---------------------------------------|--------------------------------------|-------------------------------------------------|------------------------|--------------------------------------------------|
| 210130 | Roasted chicory & other roasted coffee substitutes | Consumer goods | 6179.1 | 10.5 | 6471.7 | 95.5 | 15391.6 | 24.5 |
| 240110 | Tobacco | Raw materials | 4426.2 | 7.5 | 14940.5 | 29.6 | 50798.8 | 5.3 |
| 90920 | Seeds of coriander | Consumer goods | 3763.7 | 6.4 | 5887.3 | 63.9 | 59493.7 | 6.1 |
| 91099 | Spices | Consumer goods | 3655.8 | 6.2 | 6939.4 | 52.7 | 124358.1 | 2.7 |
| 100640 | Broken rice | Consumer goods | 3342.6 | 5.7 | 12205.6 | 27.4 | 268090.1 | 1.1 |

Source: Author's calculation.

Appendix- III: Brazil's top 5 agricultural exports to India

| HS 6 | Product | Stage of processing | Trade value TE 2014-16 ('000 USD) | % share in total agril. exports to India | India's imports from world (TE 2014-16) | % share in India's total agril. imports from world | Brazil exports to world | % share in Brazil's total agril. exports to world |
|--------|--------------------------------------|---------------------|-----------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------------------|-------------------------|---------------------------------------------------|
| 170111 | Cane sugar, raw | Intermediate goods | 647089.1 | 53.3 | 918725.4 | 70.4 | 7211114.4 | 8.1 |
| 150710 | Soya bean oil, crude, | Intermediate goods | 462487.5 | 38.1 | 3012702.1 | 15.3 | 951839.2 | 48.6 |
| 071339 | Beans (Vigna spp., & Phaseolus spp.) | Intermediate goods | 27264.5 | 2.2 | 96869.7 | 28.1 | NA | NA |
| 220720 | Ethyl alcohol & other spirits | Intermediate goods | 20793.1 | 1.7 | 190747.1 | 10.9 | 23435.5 | 88.7 |
| 520100 | Cotton, not carded/combed | Raw materials | 7759.0 | 0.6 | 878983.5 | 0.9 | 1287452.2 | 0.6 |

Source: Author's calculation.

Appendix- IV: Brazil's top 5 agricultural exports to South Africa

| HS 6 | Product | Stage of processing | Trade value TE 2014-16 ('000 USD) | % share in total agril. exports to SA | SA imports from world (TE 2014-16) | % share in SA's total agril. imports from world | Brazil exports to world | % share in Brazil's total agril. exports to world |
|--------|---------------------------------------------|---------------------|-----------------------------------|---------------------------------------|------------------------------------|-------------------------------------------------|-------------------------|---------------------------------------------------|
| 170199 | Cane/beet sugar | Consumer goods | 47585.3 | 15.0 | 78989.3 | 60.2 | 1967458.6 | 2.4 |
| 020714 | Cuts & edible offal chicken, frozen | Raw materials | 46826.1 | 14.8 | 250711.1 | 18.7 | 4124037.6 | 1.1 |
| 020712 | Meat of fowls of species Gallus domesticus, | Raw materials | 44350.8 | 14.0 | 64976.4 | 68.7 | 2231634.8 | 1.99 |
| 240120 | Tobacco | Raw materials | 41382.4 | 13.1 | 120246.5 | 34.4 | 2096324.1 | 1.97 |
| 120100 | Soya beans | Raw materials | 25123.9 | 7.9 | 75698.4 | 33.2 | 21197425.3 | 0.12 |
| 100590 | Maize (corn), other than seed | Raw materials | 19884.4 | 6.3 | 238237.6 | 8.3 | 4156241.2 | 0.48 |

Source: Author's calculation.

Appendix- V: South Africa's top 5 agricultural exports to India

| HS 6 | Product | Stage of processing | Trade value TE 2014-16 ('000 USD) | % share in total agril. exports to India | India imports from world (TE 2014-16) | % share in India's total agril. imports from world | SA's exports to world | % share in SA's total agril. exports to world |
|--------|------------------------|---------------------|-----------------------------------|------------------------------------------|---------------------------------------|----------------------------------------------------|-----------------------|-----------------------------------------------|
| 80820 | Pears & quinces, fresh | Raw materials | 6265.15 | 32.9 | 21267.90 | 29.5 | 181758.9 | 3.4 |
| 80510 | Oranges, fresh/dried | Raw materials | 5031.70 | 26.4 | 29355.41 | 17.1 | 603626.2 | 0.8 |
| 150710 | Soya bean oil, crude | Intermediate goods | 902.49 | 4.7 | 2564773.73 | 0.1 | 44156.3 | 2.1 |
| 80810 | Apples, fresh | Raw materials | 843.43 | 4.4 | 227373.30 | 0.4 | 343543.6 | 0.3 |
| 80940 | Plums & sloes, fresh | Raw materials | 769.72 | 4.1 | 2950.26 | 26.1 | 85561.9 | 0.9 |

Source: Author's calculation.

Appendix- VI: South Africa's top 5 agricultural exports to Brazil

| HS 6 | Product | Stage of processing | Trade value TE 2014-16 ('000 USD) | % share in total agril. exports to Brazil | Brazil's imports from world (TE 2014-16) | % share in Brazil's total agril. imports from world | SA's exports to world | % share in SA's total agril. exports to world |
|--------|-------------------------------|---------------------|-----------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------------------|-----------------------|-----------------------------------------------|
| 220870 | Liqueurs & cordials | Consumer goods | 4041.2 | 23 | 9321.3 | 43.3 | 63470.1 | 6.4 |
| 120991 | Vegetable seeds | Raw materials | 3950.5 | 22 | 74014.1 | 5.3 | 26931.2 | 14.7 |
| 80620 | Grapes, dried | Raw materials | 3387.1 | 19 | 45226.1 | 7.5 | 89509.7 | 3.8 |
| 220421 | Wine | Consumer goods | 2572.2 | 14 | 269350.8 | 0.9 | 458147.6 | 0.6 |
| 80290 | Nuts, n.e.s. in 08.01 & 08.02 | Raw materials | 660.8 | 4 | 851.3 | 77.6 | 266427.4 | 0.2 |

Source: Author's calculation.

FDI, Trade, Economic Growth: An Empirical Analysis of India, Brazil and South Africa

I. Introduction



S. Dingela*



The relationship between Foreign Direct Investment (FDI) and economic growth has long been a subject of great interest in the field of international development (Hussain & Haque, 2016). There are initiatives made by India, Brazil and South Africa to increase trade exports and FDI inflows to boost the economic growth, respectively. The Government of India is keen to grow promote exports and provide more jobs for young talented, well-educated, even semi-skilled work force of India (IBEF, 2017). In the case of Brazil, FDI has played an essential role in the development of the Brazilian economy. Its large domestic market and favorable government policies have attracted investors. The Brazilian economy has emerged over the years as a strong third world economy partly due to government FDI policies that directed Brazil investments into industrialisation, capital flows, technology and services. This has been helped by a liberal FDI regime that encourages foreign investments. The overall effect has been the creation of Jobs and rapid modernisation. Brazil attracts more FDI than any other nations in South America and in the developing world.

The potential attractiveness of FDI inflows in South Africa is high, compared to other countries in the region, but its performance is relatively weak for FDI attraction, despite progress owing to investment potential in infrastructure. The country leads in terms of FDI influx in Africa. (Santander, 2017).

* IBSA Fellow, South Africa.

South Africa has a subsoil rich in mineral resources. It is the world's largest producer and exporter of gold and platinum and the 5th largest producer of diamonds. The country produces 70 per cent of the world's platinum and has 60 per cent of the world's coal reserves. (Global trade, 2015). Brazil's economic history has been influenced remarkably by foreign trade trends and policies. Successive cycles of export booms in such commodities as sugar, gold and diamonds, rubber, and coffee played major roles in Brazilian development before World War II. (Photius, 2017). India is looked upon as a country with immense resources available through its length and breadth. Darjeeling tea, Indian khadi cotton, Bombay Duck, Kashmiri carpets, Indian spices and dry fruit are just a few of the famous gifts India has given to the world. Indian trade has benefited the rest of the world (ITP, 2017).

However, the purpose of the chapter is to ascertain the extent of South-South Cooperation (SSC) regarding trade and investment between the India, Brazil and South Africa. But it shows very clear that the cooperation between India, Brazil and South Africa is still limited for example, trade exports amid IBSA countries is even below US \$ 10 000 million between 2010-15 (see Figures A1, A2 and A3 in Appendix). On the other hand, FDI inward and outward quantitative data was unavailable for bilateral FDI flows amongst IBSA countries. That signifies there is limited intra-FDI flows between India, Brazil and South Africa. We further continued by comparing the general FDI inward and outward flows in IBSA countries. The research shows that Brazil and India were leading economies in FDI inflows during 2010-15 with FDI inflows above US \$ 83 749 million, dominating South Africa with FDI inflows below US \$ 10 000 million during 2010-15 (see Figure A4 in Appendix). In the case of FDI outward, Brazil dominated India only in 2010 with FDI outflows of US \$ 22 060 million, years after India became a leading country in

FDI outflows during 2011-15 (see figure A5 in Appendix).

The focus of this chapter is to apply the Autoregressive Distribution Lag (ARDL) Model and Granger causality test. Prominent features of ARDL model are that unlike conventional approaches to cointegration the ARDL model is robust in small samples (see Odhiambo, 2009a). While other conventional approaches Johansen cointegration has restrictive assumption concerning the order of integration of variables. Secondly, ARDL can be used even when series have a different order of integration (Solarin & Shahbaz, 2013; Pesarn *et al.*, 2001:290). Thirdly, ARDL model provides unbiased estimates of the long-run model, even in cases where some variables are endogenous (Odhiambo, 2009a).

The chapter extends the existing studies in three imperative ways. First, to the best of our knowledge, this is the first study that analyzes trade flows and (FDI) flows with ARDL model and granger causality test framework for the period of 1980-2015 in IBSA countries. Secondly, our econometric model specification is different from previous empirical model as it tests the impact of trade exports and FDI flows in the IBSA countries. Thirdly, this study includes the IBSA countries (i.e. India, Brazil and South Africa).

The remainder of the chapter is organised as follows. The second section reviews the existing literature. The third section is about methodology and data source. The fourth section discusses our empirical results and the fifth section offers some conclusion.

II. Literature Review

This section summarises the previous studies focused in FDI, trade and economic growth. The researchers of these three variables viz FDI, trade and economic growth have mixed evidence about the results, some findings show FDI and trade have positive and significant relationship with economic development. While

other group of researchers found different findings of no relationship existing between the three variables.

Belloumi (2014) investigated the relationship between trade, FDI and economic growth for Tunisia over the period of 1970 to 2008. He employed Autoregressive Distribution Lag (ARDL) model and he ascertained that the bound test suggest that the variables of interest are bound together in the long run when FDI is the dependent variable. His study further found that there is no significant granger causality from FDI to economic growth, from economic growth to FDI, from Trade to economic growth and from economic growth to trade in the short run. Pegkas (2015) conducted the study on the impact of FDI on economic growth in Eurozone countries; he employed Fully Modified of Ordinary Least Squared (FMOLS). He found out that the empirical analysis reveals that there is a positive long-run cointegrating relationship between FDI stock and economic growth.

Another study investigated on the same topic is by Liu *et al.* (2009), that looked at trade, Foreign Direct Investment and economic growth used multivariate causality tests in the Vector Error Correction Model (VECM) framework for Asian economies. Their results reveal two-way causal connection between trade, inward FDI, inward merger and acquisitions (M&As) and growth for most of the sample economies. They also found that there is a unidirectional causal link running from outward M&As to growth and trade. These findings suggest that export expansion, import liberalisation, FDI inflows and inward M&As are integral elements of the growth process in Asian economies.

Sakyi, Comodore and Opoku (2015) investigated FDI, trade openness and economic growth used ARDL model for Ghana over the period 1970-2011. Their results suggested that the interaction of foreign direct investment and exports has been crucial in fostering growth, thus validating the famous Bhagwati hypothesis. Awokuse (2008) conducted the

study on the trade openness and economic growth and he raised the question whether growth is export led or import -led. He employed granger causality test and impulse response for Argentina, Colombia and Peru. The results suggested that the singular focus of the past studies on exports as the engine of growth may be misleading. Although there is some empirical evidence supporting export-led growth, the empirical support for import-led growth hypothesis is relatively stronger. In some cases, there is also evidence for reverse causality from gross domestic product growth to exports and imports. Hye and Lau (2015) also investigated trade openness and economic growth used ARDL and granger causality for India. The results reveal that human capita and physical capital are positively related to economic growth in the long run. On the other hand, trade openness index negatively impacts on economic growth in the long run. Further , they found the impact of trade openness index on economic growth is not stable throughout the sample.

Dar and Amirkhalkhali (2003) conducted the research on the same issue of the impact of trade openness on growth for 19 OECD countries over the last three decades. Their results generally indicate that the relative importance of trade openness on economic growth varies significantly across countries. Sakyi, Villaverde and Maza conducted the similar study of trade openness, income levels and economic growth for 115 developing countries over the period 1970-2009. For analysis they used heterogeneous panels and the results show a positive bi-directional relationship between trade openness and income level in the long run, thus suggesting that trade openness is both a cause and a consequence of the level of income. The results for the short run that reveals that there is a link between trade openness and economic growth go in the same direction.

Moudatsou (2003) investigated foreign direct investment and economic growth for

European Union over the period of 1980 to 1996 used pooled analyses. The results shows when the data are pooled, the empirical results show that FDI has a positive effect on the growth rate of EU economies both directly and indirectly through trade reinforcement. Ming (2014) investigated foreign direct investment, trade and economic growth for Taiwan over the period of 1978-2009. For analyses employed VECM and the results reveals that the FDI and economic growth in Taiwan have both the long-term existence of the cointegration relations and the reverse relationship

Agrawal(2015) examined the relationship between foreign direct investment and economic growth in Brazil, Russian federation, India, China and South Africa (BRICS) economies over the period 1989-2012 and found that FDI and economic growth are co-integrated at the panel level, indicating the presence of a long-term equilibrium relationship between them.

Ulasan (2015) analysed trade openness and economic growth for cross country using growth regression. The findings show that lower trade barriers are not associated with higher growth. Ramanayake and Lee (2015) investigated the question Does trade openness leads to sustained economic growth? Export versus other variable as determinants of economic growth for developing and developed countries. The findings caution against the traditional emphasis on simple trade openness and FDI as policy prescription for developing countries. In other words, simply trade opening and economy for international integration does not guarantee sustained economic growth unless these actions lead to export growth, which requires capability building in indigenous firms and investments in innovations.

III. Methodology and Data

This study attempts to examine FDI, trade and economic growth relationship by employing ARDL bound test suggested by Pesaran, Shin and Smith (2001). Thus, the ARDL equation derived can be expressed as

$$y_t = \alpha_0 + \beta_1 y_{t-1} + \delta_0 x_t + \delta_1 x_{t-1} + v_t \quad (1)$$

Where y_t is a dependent coefficient, α_0 and δ_0 are intercept (constant), β_1 and δ_1 are independent coefficients and v_t is the random error term. Error correction model can be derived as follows. Set $x_t = x_{t-1} + \Delta x_t$ and $y_t = y_{t-1} + \Delta y_t$. Replacing these in the above equation yields:

$$\Delta y_t = \alpha_0 - (1 - \beta_1) y_{t-1} + \delta_0 \Delta x_t + (\delta_0 + \delta_1) x_{t-1} + v_t \quad (2)$$

We can obtain the error correction model by rearranging equation (2):

$$\Delta y_t = \delta_0 \Delta x_t - (1 - \beta_1) \left[y_{t-1} - \frac{\alpha_0}{1 - \beta_1} - \frac{(\delta_0 + \delta_1)}{1 - \beta_1} x_{t-1} \right] + v_t \quad (3)$$

Where the term in brackets is the error correction term. These are long term Coefficients

$$\frac{\alpha_0}{1 - \beta_1} \text{ and } \frac{(\delta_0 + \delta_1)}{1 - \beta_1}.$$

The model was selected among other because of the advantages it carries. The model does not

require knowledge of the integration or cointegration ranks of the variables prior testing for cointegration (see Yemane, 2005). The approach to cointegration is robust in small sample as this study with 35 observations. While other conventional cointegration approach have restrictive assumption concerning the order of integration, the approach is particularly attractive when we are not sure whether the series are I(0) or I(1). It can be applied irrespective of the regressors are I(0) or I(1). The ARDL model is based on the estimation of a dynamic error correction and tests whether the lagged levels of the variables are statistically significant or otherwise. Therefore, we used ARDL methodology for research of FDI, trade (exports) and investment. Empirical studies shown that economic growth (GDP) can be suitable as dependent variable for investigate the relationship of exports and FDI flows (Belloumi, 2014). The test consist of estimating the following unrestricted error correction model (UECM).

$$Y_{INDt} = \beta_0 + \sum_{i=1}^m \beta_{1t} \Delta LY_{t-1} + \sum_{i=1}^m \alpha_{1t} \Delta LFDI_{t-1} + \sum_{i=1}^m \phi_{1t} \Delta LX_{t-1} + \gamma_1 LY_{t-1} + \gamma_2 LFDI_{t-1} + \gamma_3 LX_{t-1} + u_{1t} \quad (4)$$

$$Y_{BRAt} = \beta_0 + \sum_{i=1}^m \beta_{1t} \Delta LY_{t-1} + \sum_{i=1}^m \alpha_{1t} \Delta LFDI_{t-1} + \sum_{i=1}^m \phi_{1t} \Delta LX_{t-1} + \gamma_1 LY_{t-1} + \gamma_2 LFDI_{t-1} + \gamma_3 LX_{t-1} + u_{1t} \quad (5)$$

$$Y_{RSAt} = \beta_0 + \sum_{i=1}^m \beta_{1t} \Delta LY_{t-1} + \sum_{i=1}^m \alpha_{1t} \Delta LFDI_{t-1} + \sum_{i=1}^m \phi_{1t} \Delta LX_{t-1} + \gamma_1 LY_{t-1} + \gamma_2 LFDI_{t-1} + \gamma_3 LX_{t-1} + u_{1t} \quad (6)$$

Where $L Y_t$ is log of real GDP, $L FDI_t$ is log Foreign Direction Investment inflow and $L X_t$ is log trade export.

We test for the joint significant of the lagged levels in equation (4) using F-test where the null hypothesis of cointegration is define as $H_0: \gamma_1 = \gamma_2 = \gamma_3 = \mathbf{0}$ against the alternative that $H_1 = \gamma_1 \neq \gamma_2 \neq \gamma_3 \neq \mathbf{0}$. The asymptotic distribution of the F-statistics is non-standard under the null hypothesis and is extracted and presented in Pesaran *et al.* (2001). Two sets of critical values are provided; one which is appropriate when all the series are I(0) and the other is for all the series that are I(1), all the classification are covered in (Pesaran *et al.*, 2001). If the F-statistics fall above the critical value, we can make inference regarding cointegration without the need to know the order of integration of the series. In the case, the null hypothesis of no cointegration is rejected regardless of whether the series are I(0) or I(1). Alternatively, when the F-statistic falls

below the lower critical, the null hypothesis is not rejected, again regardless of whether the series are I(0) or I(1). In contrast, if the computed F-statistics falls inside the lower and upper bound, a conclusive inference cannot be made unless we know the order of integration of the series under consideration.

In this chapter to test for causality we followed a modified world test (MWLD) which was proposed by Toda and Yamamoto (1995). We chose the test on bases of the advantages it has compared other conventional approaches. The tests avoid the problems associated with the ordinary granger causality test outlined above by ignoring any possible non-stationary or cointegration between series when testing for causality. The Toda and Yamamoto (1995) approach fits a standard vector autoregressive (VAR) model in the levels of the variables rather than the first difference, as the case with ordinary granger causality tests, as the results mitigating the risks associated with the possibility of wrongly identifying the order of integration of the series (Marvotas & Kelly, 2009). The basic idea of this approach is to artificially augment the correct VAR order, k , by the maximal order of integration (i.e. I(1)), say d_{max} . Once this done, a $(k + d_{max})^{th}$ order of VAR model is estimated and the coefficients of the lagged d_{max} vector and ignored (see Caporate & Pittis, 1999; Rambaldi & Doran, 1996; Rambaldi, 1997; Zapata & Rambaldi, 1997). The application of the Toda and Yamamoto (1995) procedure ensures that the usual test statistic for ordinary granger causality has the standard asymptotic distribution where valid inference can be made.

To undertake Toda and Yamamoto (1995) version of the granger non-causality test, we present the equations for testing that $LFDI_t$ and LX_t causes LY_t and vice versa in all variables under review. The test can be written as follows:

$$\begin{aligned}
 LY_t = & \alpha_0 + \sum_{i=1}^k \alpha_{1i} LY_{t-i} + \sum_{j=k+1}^{d_{max}} \alpha_{2j} LY_{t-j} + \sum_{i=1}^k \delta_{1i} LFDI_{t-i} + \sum_{j=k+1}^{d_{max}} \delta_{2j} LFDI_{t-j} \\
 & + \sum_{i=1}^k \beta_{1i} LX_{t-i} + \sum_{j=k+1}^{d_{max}} \beta_{2j} LX_{t-j} + \varepsilon_{1t}
 \end{aligned} \tag{7}$$

$$\begin{aligned}
 LFDI_t = & \gamma_0 + \sum_{i=1}^k \gamma_{1i} LFDI_{t-i} + \sum_{j=k+1}^{d_{max}} \gamma_{2j} LFDI_{t-j} + \sum_{i=1}^k \varphi_{1i} LY_{t-i} + \sum_{j=k+1}^{d_{max}} \varphi_{2j} LY_{t-j} \\
 & + \sum_{i=1}^k \sigma_{1i} LX_{t-i} + \sum_{j=k+1}^{d_{max}} \sigma_{2j} LX_{t-j} + \varepsilon_{2t}
 \end{aligned} \tag{8}$$

$$\begin{aligned}
 LX_t = & \emptyset_0 + \sum_{i=1}^k \emptyset_{1i} LX_{t-i} + \sum_{j=k+1}^{d_{max}} \emptyset_{2j} LX_{t-j} + \sum_{i=1}^k \emptyset_{1i} LFDI_{t-i} + \sum_{j=k+1}^{d_{max}} \emptyset_{2j} LFDI_{t-j} \\
 & + \sum_{i=1}^k \tau_{1i} LX_{t-i} + \sum_{j=k+1}^{d_{max}} \tau_{2j} LX_{t-j} + \varepsilon_{3t}
 \end{aligned} \tag{9}$$

Where the series are defined in eq. (4,5 & 6). From the eq. (7) above, the $LFDI_t$ and LX_t granger causes LY_t , if δ_{1i} and $\beta_{1i} \neq 0\forall_i$; Similarly in eq. (8), LY_t and LX_t granger causes $LFDI_t$, if φ_{1i} and $\sigma_{1i} \neq 0\forall_i$ and lastly eq.(9) LY_t and $LFDI_t$ granger causes LX_t , if \emptyset_{1i} and $\tau_{1i} \neq 0\forall_i$. The same model will apply in all respective countries (i.e. India, Brazil and South Africa).

model estimated by using seemingly unrelated regression (USR) (Rambaldi & Doran, 1996).

Sample size and Data

The data for the models were collected for the period of 1980 to 2015 (35 years). The data period is covered for GDP (Y), FDI(inflow) and trade (export). All observations are annual. The data covers India, Brazil and South Africa. Data on FDI inflows and trade exports, which are the dependent variables in the model, are in USD millions at constant price obtained by using United Nation Conference on Trade and Development (UNCTAD) and World Integrated Trade Solution (WITS) software from UNCOMTRADE database, respectively. Data of GDP are taken from World Bank Development Indicator (WDI) which is online database in million USD at constant prices. Total observation in this database is 35 from 1980 to 2015. We used to estimate the model Eviews 9.0 version.

IV. Empirical Results

The study presents the results from the works of Pesaran *et al.* (2001) bound tests to cointegration for which the null hypothesis of long run relationship between LY_t (real GDP), $LFDI_t$ (Foreign Direct Investment inflow) and LX_t (Trade export) is rejected, (see Table 1). For three countries (India, Brazil and South Africa) the results show there was long run relationship between dependent variable LY_t and explanatory variables ($LFDI_t$ & LX_t). This implies the strong long-term existence of economic development and foreign investment and countries exports offshore. These results are proven by number of many empirical studies such as (Liu *et al.* (2009); Sakyi *et al.* (2015); Moudatsou, (2003); Ming, (2014)).

Table 1: Testing for a long relationship, the bound test

| Countries | Dependent variables | F-statistics with trend | Long run coefficient | Error correction term () |
|--------------|---------------------|-------------------------|----------------------|--------------------------|
| India | ΔY | 4.36*** | 0.77* | -0.81* |
| Brazil | ΔY | 5.06*** | -0.63* | -0.79* |
| South Africa | ΔY | 4.71*** | -3.37* | -0.702** |

Source: Author's compilation.

Note: F-statistic is non-standard and is charted in Pesaran et al. (2001). Due to the small size (i.e. 35), a maximum lag structure of 4 (m=4) was considered for the UECM in eq.(4). The appropriate lag structure was selected according to the Akaike and Schwards criteria (see Pesaran and Pesarn (1997) & Enders (2004)). *, **, *** significance levels at 10 per cent, 5 per cent and 1 per cent respectively.

The bound test results show that LY_t was positively and significantly related to $LFDI_t$ and LX_t for all the countries under consideration. The error correction terms were negative and statistically significant showing a high speed of adjustment ranging from 70 per cent to 100 per cent with one year any disequilibrium toward a long run equilibrium state.

To complement the above results, causality tests were also tested. In order to undertake causality tests, the order of integration (d_{max}) of the series under consideration and optimal lag, k has to be determined (Yemane, 2005). The optimum lag was selected according to Lütkepohl's (1993) procedure where he suggested linking the lag length (m lag) and number of endogenous variables in the system (m) to a sample (T) according to the maximum lag = $T^{1/3}$ formula, with T=33 (after adjustment). We initially set k=2 (for India), k=5 (for Brazil) and K=4 (for South Africa), we used the Akaike information criteria (AIK) and Schwart Bayesian Information criteria (SBIC) to select the optimal lag (see Kónya, 2000). The results of the causality are presented in Table 2 below. As can be learned from the significance of the p-values of the modified wald (MWALD) statistic, there was unidirectional causality from $LFDI_t$ and LX_t to LY_t in all the countries under review (see Tables (2,3,4)).

Toda- Yamamoto Granger causality test results

Table 2: India

| Dependent variable: | | | |
|---------------------|-----------|----|-------------|
| Excluded | Chi-sq. | df | Probability |
| $LFDI_t$ | 2.901155 | 2 | 0.2344 |
| LX_t | 22.299 | 2 | 0.000*** |
| All | 22.43083 | 4 | 0.0002 |
| Dependent variable: | | | |
| LY_t | 1.96455 | 2 | 0.3745 |
| $LFDI_t$ | 20.92953 | 2 | 0.000*** |
| All | 22.55605 | 4 | 0.0002 |
| Dependent variable: | | | |
| LY_t | 3.6964481 | 2 | 0.1575 |
| $LFDI_t$ | 5.975284 | 2 | 0.050** |
| All | 8.069488 | 4 | 0.08 |

Source: Author's compilation.

Note: *, **, *** significance level at 10 per cent, 5 per cent & 1 per cent. Null hypothesis p-value is less than 5 per cent level of significance fail to reject the null hypothesis of no causality.

The results show that there is unidirectional causality running from LX_t to LX_t in India. The results imply the more the country exports the goods and services offshore, the better for the economy of India. The results make economic sense. However, it is surprising the fact that the results show no relationship at all of causality between FDI and economic growth.

Table 3: Brazil

| Dependent variable: | | | |
|---------------------|----------|----|-------------|
| Excluded | Chi-sq. | df | Probability |
| $LFDI_t$ | 14.0561 | 5 | 0.0152** |
| LX_t | 13.19467 | 5 | 00.0216 |
| All | 21.72098 | 10 | 0.0166 |
| Dependent variable: | | | |
| LY_t | 3.765155 | 5 | 0.5837 |
| LX_t | 8.258873 | 5 | 0.1425 |
| All | 21.71975 | 10 | 0.0002 |
| Dependent variable: | | | |
| LY_t | 1.910996 | 5 | 0.86 |
| $LFDI_t$ | 1.454847 | 5 | 0.9182** |
| All | 3.172839 | 10 | 0.08 |

Source: Author's compilation.

Note: *, **, *** significance level at 10 per cent, 5 per cent & 1 per cent. Null hypothesis p-value is less than 5 per cent level of significance fail to reject the null hypothesis of no causality.

In the case of Brazil foreign investment plays a good role in the economy. The more the inward flows of foreign investment the better economic growth of Brazil. While on the other side, exports do not seem having good relationship with economic development.

Table 4: South Africa

| Dependent variable: LY_t | | | |
|----------------------------|----------|----|-------------|
| Excluded | Chi-sq. | df | Probability |
| $LFDI_t$ | 8.009033 | 4 | 0.0912* |
| LX_t | 7.945807 | 4 | 0.0936* |
| All | 27.04040 | 8 | 0.0007 |
| Dependent variable: | | | |
| LY_t | 5.765478 | 4 | 0.2174 |
| LX_t | 2.338923 | 4 | 0.6737 |
| All | 9.595710 | 8 | 0.2946 |
| Dependent variable: | | | |
| LY_t | 7.506951 | 4 | 0.1114 |
| $LFDI_t$ | 7.957241 | 4 | 0.0932* |
| All | 3.172839 | 8 | 0.0005 |

Source: Author's compilation.

Note: *, **, *** significance level at 10 per cent, 5 per cent & 1 per cent. Null hypothesis p-value is less than 5 per cent level of significance fail to reject the null hypothesis of no causality.

In South Africa, foreign investment and exports have a positive and statistical significant relationship with economic development. The results make economic sense. When South African economy receives foreign investment, the economy gets better. On the other hand, when South Africa exports more goods offshore it results in economic development.

V. Summary and Conclusion

The study examines the significant relationship of FDI inflows, trade exports and economic growth in India, Brazil and South Africa. The Autoregressive Distribution Lag (ARDL) model and granger causality has been used as estimation techniques during the period 1980 to 2015. This chapter adds to the body of knowledge in two significant ways. One to the best of our knowledge the study that could focus on these three economies under review has never been done before (for India, Brazil and South Africa (IBSA) countries). Secondly the estimation techniques used in the study also add value on the significance of the paper. The study reveals that there is long run and short run relationship between FDI inflows, trade export and economic growth in the countries under consideration. The study not only estimated that, but the causality test was also done, and the results found unidirectional causality from FDI inflows and trade export to economic growth in the countries under review.

It is safe to conclude that India, Brazil and South Africa need to boost the economic development through paying close attention to FDI inflows and trade (exports), since this study has proven that FDI inflows and trade exports are the vehicle for economic development in the countries under review. Thus, it is imperative for policy makers of the respective IBSA countries to promote policies that will boost economic growth, in reduce protectionism amongst them, and create South-South Cooperation in trade and foreign direct investment.

Furthermore, we have also identified the sectors in which the countries under consideration could focus on. In the case of South Africa, it has competitive advantage in ease of doing business and travel and tourism sector. In South Africa easy of doing business includes starting a business, dealing with construction permits, getting credit, protecting investors and paying taxes. These indices

are reassuring to foreign direct investors and instils confidence that the country offers business friendly environment when new trade, investment and related economic interactions can be fostered. On the other hand, travel and tourism is also South African competitive advantage. South Africa is also praised for its government policies, rules and regulations relating to travel and tourism and their conduciveness to the sector's development.

The country now ranks 29th out of 140 countries globally in the World Economic Forum's Travel and Tourism Index, indicating that it has been making steady improvements in this area over the past few assessments.

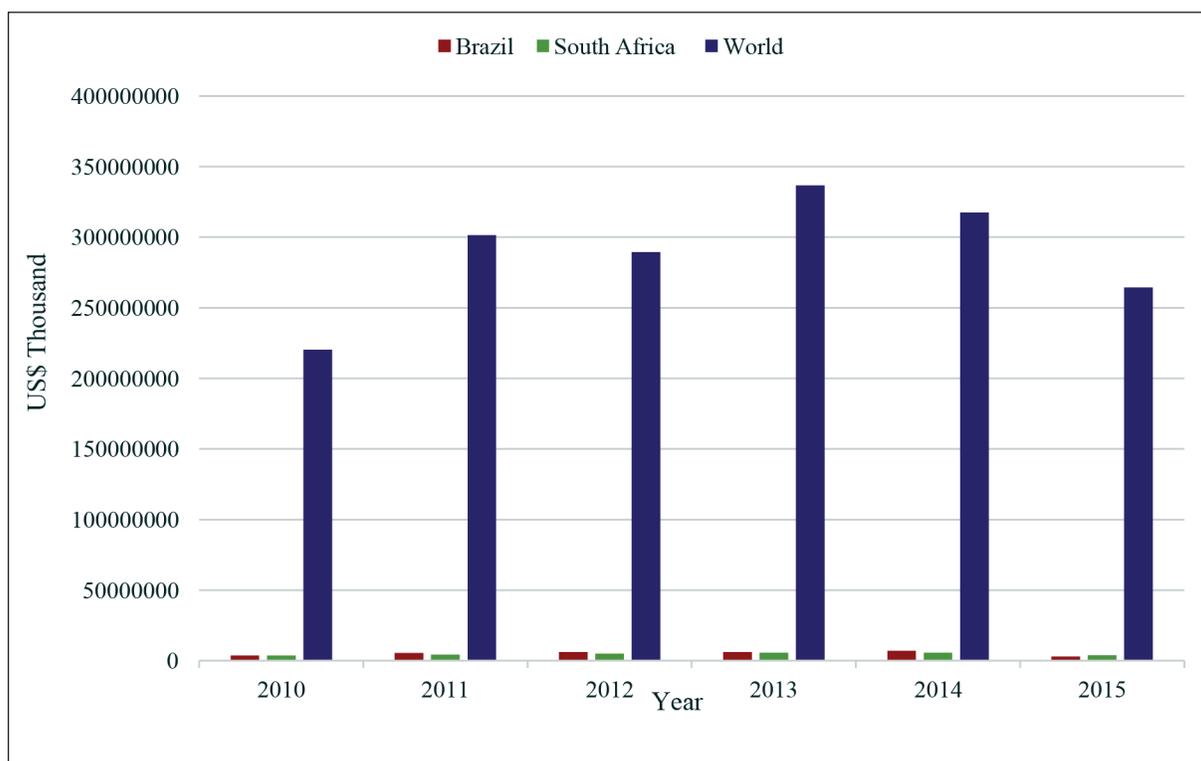
India has a huge market base and fast-developing spending habits of middle-class. It has favourable business environment, a good administrative set up, attractive foreign policies, availability of, abundant skilled workforce. It also provides attractive incentives for investors. Also, India has the knack to produce quality goods and services and provide top-class services at a lower cost. It is well known for its pharmaceutical products which can benefit tremendously IBSA countries.

Brazil has a very good political set up. It is a democratic country and has a stable political system and a very popular tourist destination. The country has excellent infrastructural facilities. On top of that Brazil is well know as a food basket of the world. In other words, it has competitive advantage in agriculture sector.

India, Brazil and South Africa must cease to be competitors; they must rather be complements of one other. Under exports and imports products the countries are exporting and importing similar products; that makes them competitors rather than partners. That needs to be changed. The focus of IBSA countries should be on boosting and helping the economies of each other to grow through robust partnership and by utilising the competitive advantage of each country.

Appendix

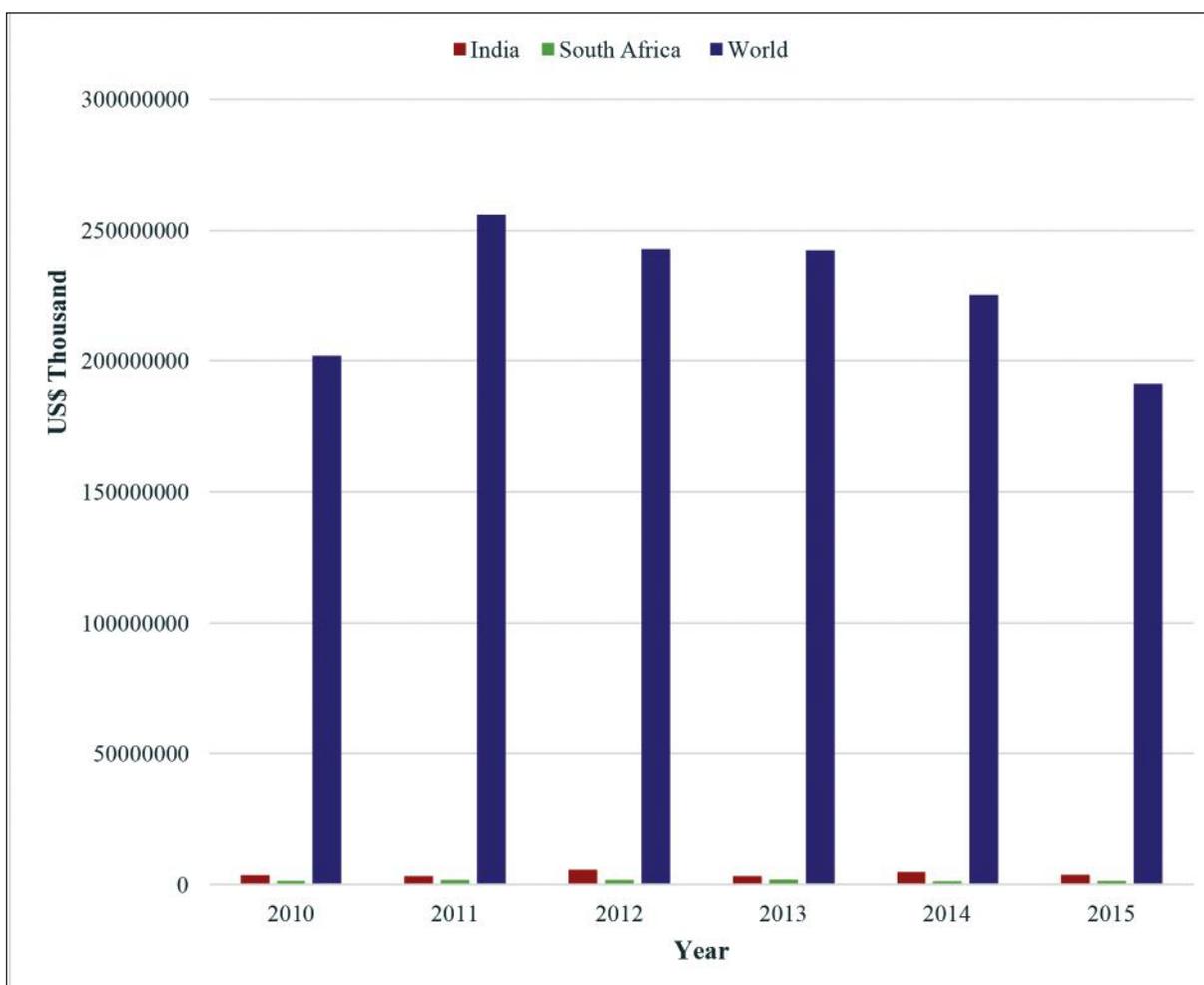
Figure A1. Indian exports to Brazil and South Africa



| Countries | Years (US\$ Thousand) | | | | | | CAGR 2010-15 (%) |
|-------------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Brazil | 3 669 558.11 | 5 391 310.11 | 6 162 712.65 | 6 111 835.66 | 7 140 521.87 | 3 099 148.02 | 0.029 |
| South Africa | 3 650 058.33 | 4 319 584.13 | 4 973 299.93 | 5 742 466.83 | 5 722 395.67 | 3 814 364.71 | -0.007 |
| World | 220 408 495.99 | 301 483 250.17 | 289 564 769.45 | 336 611 388.77 | 317 544 642.26 | 264 381 033.63 | -0.029 |

Source: Author's estimation based on COMTRADE using WITS database.

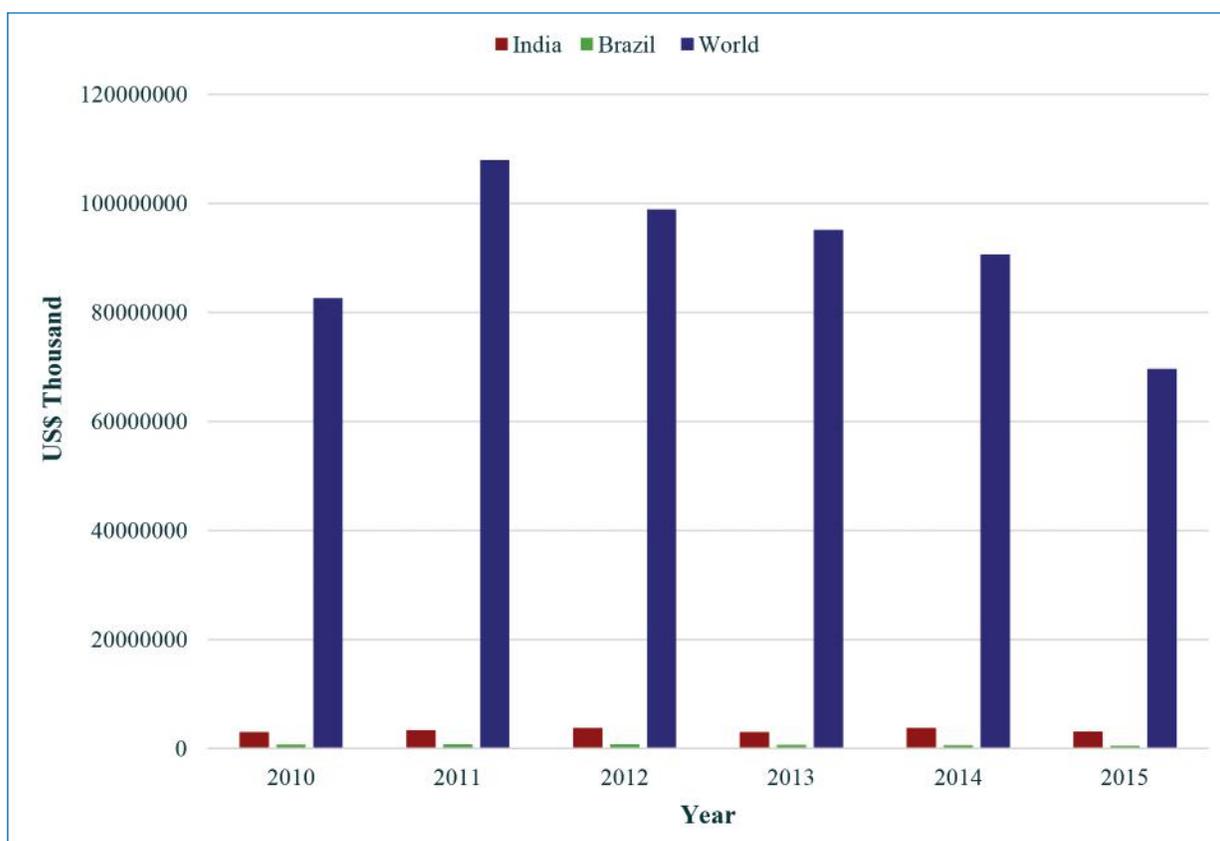
Figure A2. Brazil exports to India and South Africa



| Countries | Years (US \$ Thousands) | | | | | | CAGR 2010-15 (%) |
|---------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| India | 3 492 350.60 | 3 200 695.30 | 5 576 930.40 | 3 130 072.73 | 4 788 735.24 | 3 617 449.35 | -0.0058 |
| South Africa | 1 309 974.03 | 1 680 649.05 | 1 765 423.67 | 1 836 354.22 | 1 225 684.35 | 1 354 771.22 | -0.0056 |
| World | 201 915 103.29 | 256 038 702.06 | 242 578 013.55 | 243 032 979.23 | 225 098 405.23 | 191 126 885.83 | 0.0092 |

Source: Author's estimation based on COMTRADE using WITS database.

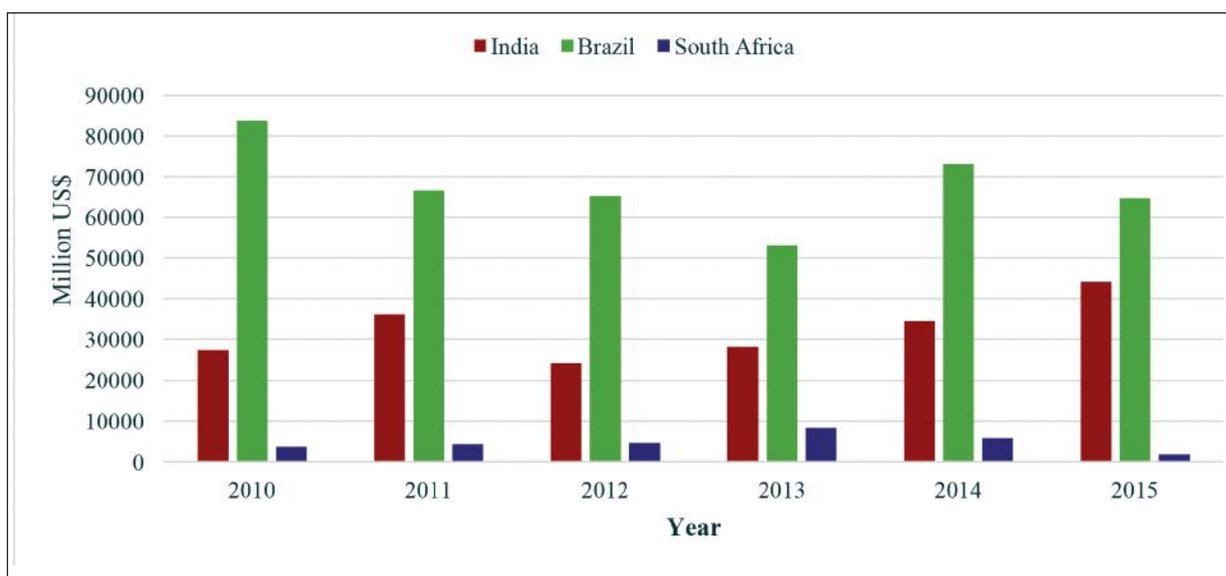
Figure A3. South Africa exports to India and Brazil



| Countries | Years (US \$ Thousands) | | | | | | CAGR 2010-15 (%) |
|---------------|-------------------------|----------------|---------------|---------------|---------------|---------------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| India | 3 032 461 | 3 373 443 | 3 746 005 | 3 008 549 | 3 769 815 | 3 146 769 | 0.006 |
| Brazil | 710 209 | 813 058 | 788 213 | 656 978 | 631 833 | 494 880 | -0.058 |
| World | 82 625 556.55 | 107 946 318.22 | 98 872 227.59 | 95 111 531.39 | 90 612 104.20 | 69 631 082.61 | -0.028 |

Source: Author's estimation based on COMTRADE using WITS database.

Figure A4: Total inward FDI flow in IBSA countries, 2010-2015

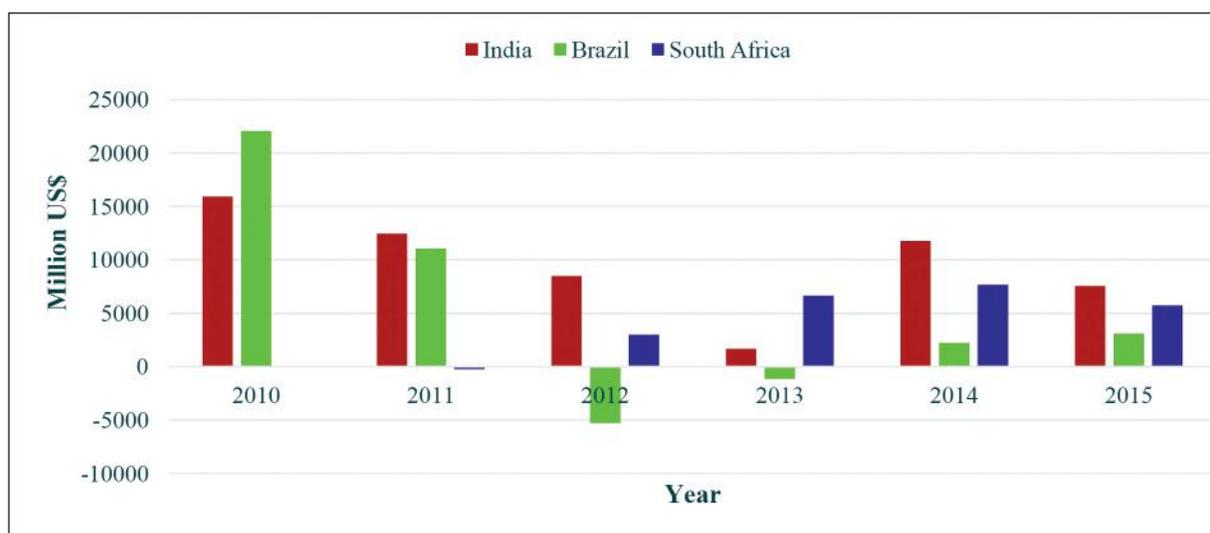


| Countries | Years (Million US\$) | | | | | | CAGR 2010-15 (%) |
|-------------------------|----------------------|--------|--------|--------|--------|--------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| India | 27 417 | 36 190 | 24 196 | 28 199 | 34 582 | 44 208 | 0.0828 |
| Brazil | 83 749 | 66 660 | 65 272 | 53 060 | 73 086 | 64 648 | -0.0422 |
| South Africa | 3 636 | 4 243 | 4 559 | 8 300 | 5 771 | 1 772 | -0.1129 |

Source: UNCTAD FDI/TNC database database, based on data from Reserve Bank of India, Banco Central do Brasil and South Africa Reserve Bank.

Note: Data are on fiscal year basis.

Figure A5: Total outward FDI flow from IBSA countries, 2010-2015



| Countries | Years (Million US\$) | | | | | | CAGR 2007-12 (%) |
|---------------------|----------------------|--------|--------|--------|--------|-------|------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| India | 15 947 | 12 456 | 8 486 | 1 679 | 11 783 | 7 572 | -0.1167 |
| Brazil | 22 060 | 11 062 | -5 301 | -1 180 | 2 230 | 3 092 | -0.2792 |
| South Africa | -76 | -257 | 2 988 | 6 649 | 7 669 | 5 744 | - |

Source: UNCTAD FDI/TNC database database, based on data from Reserve Bank of India, Banco Central do Brasil and South Africa Reserve Bank.

Note: Data is on fiscal year basis.

Table 1: Top 10 Products items India exports to Brazil, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Organic chemicals | Secondary sector | 334,103 |
| 2 | Miscellaneous chemical products | Secondary sector | 253,501 |
| 3 | Pharmaceutical products | Secondary sector | 218,128 |
| 4 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 203,593 |
| 5 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | Secondary sector | 197,667 |
| 6 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | Primary sector | 793,148 |
| 7 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other | Secondary sector | 95,661 |
| 8 | Natural Rubber | Secondary sector | 66,136 |
| 9 | Articles of iron or steel | Secondary sector | 64,250 |
| 10 | Aluminium | Secondary sector | 59,177 |

Source: COMTRADE using WITS database .2017.

Table 2: Top 10 Products items India imports from Brazil, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | Primary sector | 1,334,495 |
| 2 | Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animals | Primary sector | 533,652 |
| 3 | Sugars and sugar confectionery | Secondary sector | 497,451 |
| 4 | Ores, slag and ash | Secondary sector | 431,589 |
| 5 | Iron and steel | | 263,709 |
| 6 | Natural or cultured pearls, precious or semi-precious stones, precious metals, metals | Secondary sector | 246,881 |
| 7 | Organic chemicals | Secondary sector | 133,872 |
| 8 | Wood and articles of wood; wood charcoal | Primary sector | 67,849 |
| 9 | Pharmaceutical products | Secondary sector | 62,783 |
| 10 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 62,717 |

Table 3: Top 10 Products items India exports to South Africa, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Organic chemicals | Secondary sector | 334,103 |
| 2 | Miscellaneous chemical products | Secondary sector | 253,501 |
| 3 | Pharmaceutical products | Secondary sector | 218,128 |
| 4 | Machinery, mechanical appliances, nuclear reactors, boilers | Secondary sector | 203,593 |
| 5 | Vehicles other than railway or tramway rolling stock, and parts and accessories | Secondary sector | 197,667 |
| 6 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | Primary sector | 793,148 |
| 7 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments | Secondary sector | 95,661 |
| 8 | Natural Rubber | Secondary sector | 66,136 |
| 9 | Articles of iron or steel | Secondary sector | 64,250 |
| 10 | Aluminium | Secondary sector | 59,177 |

Table 4: Top 10 Products items India imports from South Africa, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Organic chemicals | Secondary sector | 334,103 |
| 2 | Miscellaneous chemical products | Secondary sector | 253,501 |
| 3 | Pharmaceutical products | Secondary sector | 218,128 |
| 4 | Machinery, mechanical appliances, nuclear reactors, boilers | Secondary sector | 203,593 |
| 5 | Vehicles other than railway or tramway rolling stock, and parts and accessories | Secondary sector | 197,667 |
| 6 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | Primary sector | 793,148 |
| 7 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other | Secondary sector | 95,661 |
| 8 | Natural Rubber | Secondary sector | 66,136 |
| 9 | Articles of iron or steel | Secondary sector | 64,250 |
| 10 | Aluminium | Secondary sector | 59,177 |

Table 5: Top 10 Products items Brazil exports to India, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|-------------------------------------------------------------------------------------------------|------------------------------|-------------------------|
| 1 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; minerals | Primary/ Secondary sector | 1,108,768 |
| 2 | Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animals | Primary sector | 553,868 |
| 3 | Sugars and sugar confectionery | Secondary sector | 458,207 |
| 4 | Ores, slag and ash | Primary sector | 306,604 |
| 5 | Natural or cultured pearls, precious or semi-precious stones, precious metals, metals | Secondary sector | 287,868 |
| 6 | Iron and steel | Secondary sector | 171,548 |
| 7 | Organic chemicals | | 96,176 |
| 8 | Wood and articles of wood; wood charcoal | Secondary sector | 59,959 |
| 9 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 54,244 |
| 10 | Edible vegetables and certain roots and tubers | Primary sector | 42,024 |

Table 6: Top 10 Products items Brazil imports from India, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|---------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; minerals | Primary sector | 1,601,172 |
| 2 | Organic chemicals | Secondary sector | 537,547 |
| 3 | Pharmaceutical products | Secondary sector | 247,173 |
| 4 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 238,463 |
| 5 | Miscellaneous chemical products | Secondary sector | 186,468 |
| 6 | Man-made filaments; strip and the like of man-made textile materials | Secondary sector | 173,452 |
| 7 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | Secondary sector | 166,407 |
| 8 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | Secondary sector | 128,262 |
| 9 | Articles of apparel and clothing accessories, not knitted or crocheted | Secondary sector | 104,840 |
| 10 | Rubber | Secondary sector | 91,734 |

Table 7: Top 10 Products items Brazil exports to South Africa, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|---------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | Secondary sector | 332,947 |
| 2 | Meat and edible meat offal | Secondary sector | 134,596 |
| 3 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 112,758 |
| 4 | Zinc | Primary sector | 83,792 |
| 5 | Sugars and sugar confectionery | Secondary sector | 78,069 |
| 6 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | Secondary sector | 61,660 |
| 7 | Cereals | Secondary sector | 61,245 |
| 8 | Aluminium | Secondary sector | 42,202 |
| 9 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; minerals | Primary sector | 37,144 |
| 10 | Paper and paperboard | Secondary sector | 33,028 |

Table 8: Top 10 Products items Brazil imports from South Africa, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|-------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | Secondary sector | 150,178 |
| 2 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; minerals | Primary sector | 97,018 |
| 3 | Iron and steel | Secondary sector | 82,167 |
| 4 | Miscellaneous chemical products | Secondary sector | 81,927 |
| 5 | Natural or cultured pearls, precious or semi-precious stones, precious metals | Secondary sector | 45,304 |
| 6 | Organic chemicals | Secondary sector | 38,289 |
| 7 | Aluminium | Secondary sector | 35,567 |
| 8 | Ores, slag and ash | Secondary sector | 19,021 |
| 9 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 9,954 |
| 10 | Beverages, spirits and vinegar | Secondary sector | 8,763 |

Table 9: Top 10 Products items South Africa exports to India, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|---------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; minerals | Primary sector | 2,135,362 |
| 2 | Ores, slag and ash | Secondary sector | 228,321 |
| 3 | Iron and steel | Secondary sector | 203,381 |
| 4 | Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper | Secondary sector | 79,428 |
| 5 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 79,131 |
| 6 | Aluminium | Secondary sector | 71,216 |
| 7 | Natural or cultured pearls, precious or semi-precious stones, precious metals | Secondary sector | 65,744 |
| 8 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals | Secondary sector | 57,772 |
| 9 | Organic chemicals | Secondary sector | 34,993 |
| 10 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | Secondary sector | 30,308 |

Table 10: Top 10 Products items South Africa imports from India, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | Primary sector | 1,179,953 |
| 2 | Vehicles other than railway or tramway rolling stock, and parts | Secondary sector | 817,365 |
| 3 | Pharmaceutical products | Secondary sector | 423,094 |
| 4 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 193,840 |
| 5 | Organic chemicals | Secondary sector | 145,056 |
| 6 | Cereals | Secondary sector | 106,540 |
| 7 | Articles of iron or steel | Secondary sector | 69,553 |
| 8 | Natural or cultured pearls, precious or semi-precious stones, precious metals | Primary sector | 54,309 |
| 9 | Plastics | Secondary sector | 49,317 |
| 10 | Commodities | Secondary sector | 46,928 |

Table 11: Top 10 Products items South Africa exports to Brazil, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|---------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | Secondary sector | 143,869 |
| 2 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; minerals | Primary sector | 72,841 |
| 3 | Aluminium | Secondary sector | 67,463 |
| 4 | Iron and steel | Secondary sector | 46,756 |
| 5 | Miscellaneous chemical products | Secondary sector | 40,097 |
| 6 | Organic chemicals | Secondary sector | 25,822 |
| 7 | Ores, slag and ash | Secondary sector | 20,744 |
| 8 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | Secondary sector | 12,224 |
| 9 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | Secondary sector | 7,206 |
| 10 | Plastics | Secondary sector | 6,394 |

Table 12: Top 10 Products items South Africa imports from Brazil, (2015)

| No. | Products | Sector types | Values (US\$ thousands) |
|-----|---------------------------------------------------------------------------------------------------|------------------|-------------------------|
| 1 | Commodities | Primary sector | 219,291 |
| 2 | Zinc | Primary sector | 139,278 |
| 3 | Meat and edible meat offal | Secondary sector | 102,549 |
| 4 | Machinery, mechanical appliances, nuclear reactors, boilers | Secondary sector | 89,699 |
| 5 | Aluminium | Secondary sector | 67,140 |
| 6 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | Secondary sector | 57,223 |
| 7 | Tobacco and manufactured tobacco substitutes | Secondary sector | 52,649 |
| 8 | Sugars and sugar confectionery | Secondary sector | 45,478 |
| 9 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | Secondary sector | 37,464 |
| 10 | Paper and paperboard; articles of paper pulp, of paper or of paperboard | Secondary sector | 30,396 |

Source: Tables 1-12 Athour's compilation.

Reference

- Agrawal, G. 2015. Foreign Direct Investment and economic growth in BRICS economies: A panel data analysis. *Journal of economics business management*, 3,421-424.
- Awokuse, T.O. 2008. Trade openness and economic growth: Is growth export led or import-led? *Applied economic* 40(2).
- Belloumi, M. 2014. The relationship between trade, FDI and economic growth. *Economic systems*, 38:269-289.
- Caporale, G.M. and Pittis, N. 1999. Efficient estimation of cointegrating vectors and testing for causality in vector autoregressions. *Journal of Economic Issues*, 13, 3-35.
- Dar, A and Amirkhalkhali, S. 2003. On the impact of trade openness on growth. *Applied economics*, 35 (16).
- Global trade .2015. <https://www.globaltrade.net/m/c/South-Africa.html> > [Accessed 10 December 2017].
- Hye, Q.M.A. and Lau, W.Y. 2015. Trade openness and economic growth. *Journal of business economics and management* ,16(1).
- Hussain, M.E and Haque, M. 2016. Foreign Direct Investment, Trade, and Economic Growth: An Empirical Analysis of Bangladesh. *Economies*, 4(7):2
- IBEF, 2017. <https://www.ibef.org/economy/trade-and-external-sector> > [Accessed 10 December].
- Invest in Brazil, .2017. http://investinbrazil.biz/news/fdi-regulations-attracting-more-investments-brazil?quicktabs_1=1 > Accessed 20 December 2017].
- Indiatradepromotion, .2017. <http://www.indiatradepromotion.com/history-indian-trade.html> > [Accessed 19 December 2017].
- Kónya, L. 2009. Export -led growth or growth-driven export? New evidence from Granger causality analysis on OECD countries, Central European University, Department of Economics, WP15/2000.
- Kumar, S and Ahmed, S. 2015. Gravity model by panel data approach: An empirical application with implications for South Asian Countries. *Foreign trade review* 20(4): 233-249
- Knoema, 2017. <https://knoema.com/atlas/India/Real-GDP-growth#> > [Accessed 7 December].
- Liu, X., Shu, C., and Sinclair, P. 2009. Trade, Foreign Direct Investment and Economic growth: Multivariate causality tests in the Vector Error Correction Model (VECM) framework, *Applied economics* 41(13).
- Lütkepohl, H. 1982. Non-causality due to omitted variables. *Journal of Econometrics*, 19,267-378.
- Mavrotas, G., and Kelly, R. 2001. Old wine in new bottle: Testing causality between savings and growth. *The Manchester School Supplement*, 97-105.
- Ming, H.S. 2014. Foreign direct investment, trade and economic growth. *Modern economy* ,5:21-23.
- Moudatsou, A. 2003. Foreign direct investment and economic growth. *Journal of economic integration*, 18(4):689-707
- Odhiambo, N.M. 2008. Financial depth, savings and economic growth in Kenya: A dynamic causal linkage. *Economic modeling*, 25,704-713.
- Pegkas, P. 2015. The impact of FDI on economic growth in Eurozone countries. *The journal of economic asymmetries* 12,124-132.
- Pesaran, M.H. and Pesaran, B. 1997. Working with Microsoft 4.0: *Interactive econometric analysis*. Oxford: Oxford University Press
- Pesaran, M.H., Shin, Y. and Smith, R. 2001. Bound testing approach to the analysis of level relationships. *Journal of Applied Econometrics*, 16,289-326.
- Photius, 2017. https://photius.com/countries/brazil/economy/brazil_economy_trade_policies.html > [Accessed 15 December].
- Ramanayake and Lee .2015. Does openness lead to sustained economic growth? Export growth versus other variable as determinants of economic growth. *Journal of the Asia Pacific economy* ,20(3).
- Rambaldi, A.N. and Doran, H.E. 1996. Testing for Granger non-causality in cointegrated system made easy, Working Papers in Econometrics, University of New England.
- Rambaldi, A.N. 1997. Multiple Time series models and testing for causality and exogeneity: A review, Working Papers in Econometrics and Applied Statistics, No96, Department of Econometrics, University of New England.
- Sakyi, D., Commodore, R. and Opoku, E.E.O. 201). Foreign direct investment, trade openness and economic growth. *Journal of African business*, 16(1-2).
- Santander, 2017. <https://en.portal.santandertrade.com/establish-overseas/south-africa/foreign-investment> > [Accessed 15 December 2017].
- Toda, H.Y. and Yamamoto, T. 1995. Statistical inference in vector autoregressive with possibly integrated process. *Energy Journal of Econometrics*, 66,225-250.
- Ulasan, B. Trade openness and economic growth: Panel evidence. *Applied economics letters*, 22(2).
- World bank .2017. World Development Indicators. [Online]. Available from <<http://www.data.worldbank.org> > [Accessed 16 December 2017].
- Yemane, W.R. 2005. Energy demand and economic growth: The African experience. *Journal of policy modeling*, 27,897-903.
- Zapata, H.O. and Rambaldi, A.N. 1997. Monto Carlo evidence on cointegration and causation. *Oxford Bulletin of Economics and Statistics*, 59, 285-298.

IBSA Fund



IBSA Fund and the Role of Southern Diplomacy in the United Nations



Camila Amorim Jardim*



Daniel Martins Silva*



I. Introduction

The IBSA Dialogue Forum is a South-South initiative of cooperation in multiple fronts, which is composed by a cooperation tripod comprised by: a) political coordination in international multilateral organisations; b) sectorial intra-bloc cooperation through ministerial level working groups and civil society forums; and c) development cooperation with third-part countries through the IBSA Fund for Alleviation of Hunger and Poverty (Jardim, 2016).

Between other joint initiatives under this tripod, IBSA Fund is frequently mentioned to be the most successful one, mainly in regard to its singular political meaning of being a project held by three democratic and multiethnic Southern countries, operationalised under the United Nations multilateral framework.

Currently there are two main kinds of funds for development operating with exclusively Southern financial contributions. The ones that are owned, managed and operated by provider countries, and those that are entrusted by providers to some organisation designated to manage the resources, what is called a “trust fund”. The second type describes the nature of IBSA Fund, the earlier United Nations Development’s

* IBSA Fellows, Brazil

We thank Dr. Foulashade Soule-Kohndou for the insights. Authors equally responsible for the results of the research.

Programme (UNDP)'s Special Unit for South-South Cooperation (SUSSC), which since 2012 was renamed to United Nations Office for South-South Cooperation (UNOSSC), manages its resources.

The choice to run under the UN framework is interpreted by some as a political statement in defence of multilateralism and South-South cooperation principles, being open to the demand of any Southern UN member state facing development challenges. Through the sharing of solutions faced by IBSA countries and implemented in the global South, the fund aims to support the combat of multidimensional factors behind poverty and hunger.

In that regard, the IBSA Fund mandate framework is supposed to conduct demand-driven projects with Southern counterparts, paying attention to local ownership by involving local institutions and capacities directly in the elaboration, implementation and evaluation of projects. The discourse and the practice of this fund has been always evoking the importance of a people-centered approach and the social dimension as an essential component of the sustainable development, that should be stressed in the multilateral engagement.

As a funding mechanism it is focused on development projects for developing countries, particularly Least Developing Countries (LDCs) and Post Conflict Reconstruction and Development countries. According to its term of reference, from 2004, the Fund would enhance UNDP programme activities aligned with the achievement of the Millennium Development Goals (MDGs). After 2015, the Fund has also been highlighted as an important mechanism that has presented results to advance all the 17 Sustainable Development Goals (SDGs). (UNOSSC, 2017) Working under demand-driven logic, it provides grant finance for technical assistance projects for capacity-building and in-kind contribution in many different areas, as health, education and agriculture.

According to the IBSA Fund Guidelines document,¹ the proposals must be submitted to IBSA Focal points in the respective capitals (Brasilia, Pretoria and New Delhi) and will be analyzed by the Focal Points in accordance to the following principles: a) reduction of poverty and hunger; b) national ownership and leadership; c) South-South cooperation; d) use of IBSA country capacities; e) strengthening local capacity; f) ownership; g) sustainability; h) identifiable impact; i) replicability; j) innovation. Other criteria involve a time frame between 12 and 24 months and medium-size projects, usually around US\$ 1 million.

Each country from IBSA contributes annually with US\$ 1 million dollars to the Fund. This contribution is minimal if compared to bilateral development programme from Brazil, India and South Africa. Though, the amount would be considered small, IBSA Fund, has been providing more continuous outcomes and results if compared to other IBSA activities.

Until now, the fund received \$35 million in contributions from India, Brazil and South Africa and 27 projects have been developed in 21 partner countries, mainly Least Developed ones, in Africa, Asia, Latin America and Arab States, representing a tangible Southern initiative to attain the aforementioned SDGs.

With regard to that and of the renewed energy recently dedicated to the IBSA Forum, the Foreign Affairs ministers of the three countries signed an agreement renewing and ensuring the continuity of the activities of the Fund during the 8th IBSA Ministerial Trilateral Commission, in October 2017.

Apart from development cooperation projects for the alleviation of hunger and poverty, this chapter explores a different feature of IBSA fund. Through analysis of internal communication of Brazilian diplomacy, interviews and official documents, we found that this initiative has played a relevant role

in diplomatic activism and interventionism in the management of development cooperation in the UN system. The political dimension of this Fund is important and its potentialities to generate normative and practice changes especially in UNDP need to be further assessed and discussed.

As a trust-fund owned and led by developing countries in a UN organisation to implement projects in a third country, it is formally recognised as a trilateral cooperation initiative. Hence, even though considered a very genuine Southern partnership, the practice of trilateral cooperation is essentially different from pure SSC, as it involves a very consolidated institutional framework – in this case the UNDP – which has expertise but can also create limits in maintaining South-South principles as the main guidelines for cooperation.

In this regard, this chapter also aims to explore relationship between the Southern countries and the UN in the development cooperation agenda, trying to give some preliminary insights on the diplomatic dimension of IBSA Fund and its development diplomacy thrust towards a more plural and Southern-friendly UN system.

II. Historical background

The Brazilian diplomacy of fight against hunger

The initiative of creating a development fund under the IBSA framework, even though a trilateral project, was a long process, which started from an idea given by the former Brazilian president Luis Inácio Lula da Silva (2003-2010) in 2003. He was strongly engaged internationally in promoting the hunger and poverty alleviation agenda and the Brazilian Zero Hunger programme in international and multilateral forums.

The launch of the “Action Against Hunger and Poverty” campaign, in September 2004, was led by Lula’s diplomatic agenda in United

Nations. It was pushed by the Brazilian president and supported by the French President Jacques Chirac, the Chilean President Ricardo Lagos and the UN Secretary General Kofi Annan. This led to the creation of a technical working group to come up with concrete proposals on financing mechanisms and the New York Declaration, signed by more than 100 countries in the UN. That document recognised that global security and stability depend on the success of alleviating hunger and poverty.

Another result was the creation of a trust fund focused on accelerating the global access to medicines and diagnosis on HIV, AIDS and tuberculosis. The International Drug Purchase Facility (UNITAID) was signed by Brazil, France, Norway, Chile, United Kingdom and the World Health Organisation and launched in 2006.

In January of 2003, the President proposed the creation of an International Fund and an international committee against hunger both through emergency and structural projects. These proposals were made in the World Economic Forum meeting in Davos, the G8 dialogues in Evian and 58th UN General Assembly meeting.

As a center-left wing government, the international promotion of Brazilian social protection policies, especially those concerning the hunger alleviation were also articulated in order to build legitimacy and support to Lula’s government agenda, which was facing strong national opposition and skepticism of right-wing sectors.

Lula’s international activism on the fight against hunger was one of the main criteria for him to be awarded by the “Príncipe de Asturias” prize of International Cooperation² in 2003. As a symbolic and starting gesture, the president donated the 50 thousand Euros award to UNDP. Inspired by the Zero Hunger programme in its very initial conception and implementation, the president’s proposal to create an international fund against hunger was

open to an engagement of the private sector and diverse civil society organisations, and also supporting the engagement of both developed and developing countries. According to Lula:

“[...] the UN already has many funds. You have no idea of the amount of funds that have been approved in the UN. But they are approved in a meeting in which all the presidents sign and, after, nobody gives money to. In the last UN General Assembly, in 23 September last year [2003] we made a gesture. [...] I had received a cheque of 50 thousand Euros [...] and asked the Austria’s Prince to anticipate the cheque and I handed it to a Fund created by UNDP, in the UN. More than that: I took a document declaring that there were more than \$ 1.6 million that my colleague Oded Grajew [Brazilian businessman] gathered from big multinational and national companies. There are, already guaranteed, \$ 1 million and \$ 650 thousand.” (ESTADAO, 2004, our translation),³

The president’s open invitation to create an international fund against hunger was being managed by the Brazilian Ministry of External Affairs, mainly through the Brazilian Agency of Cooperation (ABC). Interaction with many countries was established, but the fact that India, Brazil and South Africa were in close cooperation through the IBSA Dialogue Forum catalysed the discussions of the Fund under that framework. After negotiating, the three permanent missions in New York elaborated a first draft of IBSA Fund’s structure.

The first intention in creating a development cooperation fund can also be seen since Brasilia Declaration (2003). In that declaration, the countries stated that “they recognised the importance of international effort to combat hunger” and they also undertook “to explore a trilateral food assistance programme.” In New Delhi Action Plan (2004), the document stated that the countries reviewed and approved guidelines for operationalisation of IBSA Fund. The Action Plan also pointed out to the

“participation of interested parties in the South-South imitative, including the private sector and civil society.”

Thus, IBSA Fund design process can be understood in a broader context in which the mainstream development practices were being questioned, and discussions on new ways to fight hunger and poverty were posed in the agenda. Such topics were mainly raised by Lula’s government international active diplomacy and echoed strongly between UN institutions, developing and developed countries.

Role of UNDP and the willingness to reform the UN system

During the time when the countries were designing the structure of the Fund, UNDP office in Brazil was an important political player.⁴ Since the creation of ABC in 1987, UNDP has supported many Brazilian technical cooperation projects, hiring human resources and purchasing goods internationally in face of the lack of a legal domestic background to support such processes.

Guinea Bissau was one of the main countries being discussed under Security Council in that time, in face of its ongoing peace process. In that regard, one of the main areas of common interest of IBSA was the willingness to reform the United Nations Security Council (UNSC) and, desirably, figuring as permanent members in a reformed Council. Influencing and contributing to such processes. The IBSA Fund was thought to be one of the way.

At that time, Brazil was also engaged in normative debates in the UN system. In 2003, for example, Brazilian diplomats argued that the concept of human security did not emphasise the poverty alleviation sufficiently.⁵ As a strategy that could project India, Brazil and South Africa as global players, especially in the UNSC; the IBSA Fund was also conceptualised to reinforce the intimate nexus between

development and security. However, Guinea Bissau's government at that time asked for military assistance, but IBSA countries opted for a different approach, focusing on social and economic development, elaborating a joint project to support agriculture production in rural villages in that country.

The dialogue between UNDP, Brazil and ABC helped the elaboration of a term of reference signed by the three countries. Nevertheless, the structure of the fund and its operability was still loose and not very clear. UNDP Brazil in partnership with the Brazilian Development Cooperation Agency (ABC) was helping to develop the Guinea Bissau's project and mobilise more resources.

Nonetheless, coordinating development practices of the three countries was a very complex task. At that time, there were no good mechanisms of cooperation between multiple countries. The development projects expertise was focused on the mainstream modes of cooperation, in which one country contributes financially and its development cooperation institution or a third organisation implements the project in a recipient country. Thus, coordinating three countries and the local partners would be something unusual, for which the respective institutions in IBSA countries responsible for development cooperation initiatives were not prepared for.

The management of the fund would also be complex, from the point of view of international transparency, auditing, and results publication, mechanisms that are not common in cooperation forums such as IBSA. Also, between 2004 and 2005, developing countries had much less capabilities of mobilising their own development programme with a different approach from practices of countries from Organization for Economic Cooperation and Development (OECD). The Brazilian Cooperation Agency was still in its initial stage of development, while both South Africa and India did not have specific institutions to handle

development cooperation. Those were between some of the reasons why there was little interest in involving IBSA institutions directly in the design of the Fund, and also why the joint initiative was not developed as an independent organisation between the three countries.

The idealisation of the project was also not fitting UNDP Brazil's or UNDP Latin America's framework. There was no political discourse for the fund's role, considering that UNDP's traditional discourse was not compatible with what the countries expected. There was an intention of IBSA to create a distinct discourse of development cooperation and to support the repositioning of the UN system, while South-South cooperation practices were still not well accepted or debated. Hence, such an idea was more compatible with what was being done and discussed under the Special Unit of South-South Cooperation in UNDP - currently the UNOSSC. In that context, ABC's head minister got in touch with head of the organisation, and shared the fund needs and expected dynamics.

ABC identified that there were structural challenges to the allocation and implementation of the fund's resources. That issue was sorted out through the creation of an independent Board of Directors comprising by the Ambassadors of the three countries in their Permanent Mission for United Nations in New York and reinforcing the role of the Focal points in the capitals. The Board would play a key and very active role in the selection and allocation of resources in the Fund's projects, meeting four times a year. It became a different institutional framework from most of trust funds, as the IBSA countries would be the main decision makers in the process. Presential and frequent meetings between the members of the Board are not usual in most trust funds for development, which prefer videoconferences and fewer sessions per year.

Developed as an experimental initiative, it was conceived as an impact fund, in which all the resources should be applied in a results-

oriented way, so that the low contributions could provide real impact in projects. Cost of management was kept at the minimal. By reducing those costs IBSA countries ensured that the little amount donated generates the biggest impact possible.

Among the main issues faced by the fund in terms of its operationalisation, according to former manager of IBSA Fund, are: a) impact of the projects on partners countries; b) dynamics of resource allocation (in which most trust funds have many non-allocated resources), and c) project implementation. In that regard, the fund is considered to be very successful, as in its first 10 years, all the available resources were allocated and implemented (or were under implementation within the next two years), with acknowledgement of the beneficiary countries.

A UNDP report highlights some of the advantages of holding funds and projects under the institutional framework of that organisation. In this sense, the IBSA Fund would benefit from an extended country presence and decentralised structure; a somewhat more neutral institutional framework, reducing the political bias of the fund; technical know-how; strategic positioning within the UN system; emphasis on capacity development and demand-led approach to programming; flexibility to respond at the country level. (UNDP, 2013)

Nevertheless, the partnership with UNDP's Special Unit for South-South Cooperation also faced some important challenges, which will be discussed in the following section.

III. Diplomatic interventionism in UN system: democratising development cooperation

Beyond the role of providing public goods through replicable projects, IBSA Fund has been also a very singular mechanism, which allowed India, Brazil and South Africa to learn

more about the technical and political issues of development cooperation management under the UN system. At the same time, the Fund served as a platform where those countries promoted the SSC principles and put this concept into practice. Working together along with the Special Unit of South-South Cooperation (SUSSC), later the UNOSSC, IBSA Fund's Board of Directors has been active in contesting norms and proceedings of project formulation and implementation, generating discursive as well as practical changes in multilateral environment.

As already mentioned, the IBSA Fund was a political experiment. Thus, it also aimed at exploring the role of South-South exchange approach beyond the traditional Official Development Assistance (ODA). According to the Brazilian intervention at the High Level Committee of South-South Cooperation, in late 2007:

"IBSA Fund, in partnership with UNDP's Special Unit, is trying to establish some different patterns in terms of international cooperation. IBSA-funded projects intended to provide new models regarding presentation, design, administration and monitoring of projects. Our challenge is to propose, for instance, new models of partnerships and ownership in recipient countries."⁶

Since the beginning of IBSA Dialogue Forum, there was a shared view among India, Brazil and South Africa that they could explore a close partnership with UNDP and similar bodies in the United Nations, both contributing to their democratisation as well as voicing their demands as developing countries and development partners. However, they also recognised that these institutions were oriented by the needs and ambitions of developed countries.

Reviewing extensive diplomatic exchanges from Brazilian UN Permanent Mission it is clear that IBSA countries were facing significant

challenges to implement the Fund's projects. Once even the UN system, including UNDP, was not properly adapted to support SSC projects or a Southern-friendly approach.

Therefore, one of the main findings of this study is that the IBSA Fund, even though a relatively small and experimental initiative, played a key role in UNDP's and UNOSSC processes towards more adequate management mechanisms in SSC and triangular cooperation projects. New practices were envisaged since the Fund was officially launched in 2006. Some of them were "the redefinition of amount and criteria's of foreign consultant remuneration, decrease of budgetary component related to international staff and the involvement of national experts".⁷ Thus, the cooperation in IBSA Fund would focus in cost-effective activities.

Institutions from UN system in charge of multilateral funds used to refuse the financing of small projects, arguing the need of a balance between the assigned financing and the size of projects. In face of a new management frame and despite the fact that the Fund has a low budget, UNDP accepted the partnership (Bergamaschi; Soulé-Kohndou, 2016)

IBSA Fund experienced obstacles in face of not enough knowledge and visibility of SSC in the UN system. The first IBSA Fund's term of reference made by UNDP, in 2004, didn't mention any idea related to the SSC approach. In the following year, when the management of the fund was transferred to the SUSSC, IBSA countries participated in drafting new draft of guidelines applied to projects supported by the fund. That is when the name "IBSA Fund for the Alleviation of Hunger and Poverty" replaced the "IBSA Facility UNDP Trust Fund". Under this change, a new term of reference, explicitly addressing the SSC framework, was also established (Milhorange; Soulé-Kohndou, 2017).

An institutional evaluation of UNDP contribution to SSC held in 2007,⁸ revealed that shared understandings between UNDP

offices and staff on principles and approach of SSC were very limited. Outside the Special Unit, interviews confirmed that many UNDP including managers, senior staff members, were not aware on what SSC meant (UNDP, 2007).

According to the assessment from officials from IBSA Fund, this conceptual unawareness seemed to be presented some years after the Fund started. According to official documents, in 2010, after Haiti's hurricane, the Fund planned to expand resources to support Haiti. Though the project proposal by IBSA was coherent with the amount previously informed by UNDP, the office in Porto Principe seemed not to be really aware of SSC approach, characterised by low costs and high impact. The programme refused a new initiative in Haiti, from the Fund, in face of other higher amounts of financing offered by developed countries and it requested IBSA Fund the allocation of money on general budget of UNDP in Haiti, what goes against IBSA Fund principles.

In 2006, difficulties regarding the inclusion of the Brazilian Agricultural Research Corporation (EMBRAPA)⁹ in a project in Guinea Bissau highlighted IBSA countries' challenges to include national institutions in trilateral cooperation projects with UNDP. One of the components proposed in the project's Memorandum of Understanding (MoU) by EMBRAPA to IBSA Fund was the technology transfer component. During the negotiation process, UNDP office in New York repeatedly requested modifications in the terms of the document and, among them, requested that the intellectual property of techniques implemented on the project would belong to UNDP, and that participation of EMBRAPA ought to be entirely financed by the Brazilian government and not by the organisation.

In the face of UNDP bureaucracy and operational rules, negotiations with the Brazilian Cooperation Agency (ABC) and EMBRAPA were taken forward for some time. The case was mentioned in an internal Communiqué

of the IBSA Ministerial Commission¹⁰, stating that such hindrances suggested the need for to future project showed should clearly, describe, the procedures of IBSA national institutions participation on knowledge transfer to other developing partners.

Issues related procurement were another example in which IBSA Fund expressed the incompatibility of UNDP management frame and the SSC approach. Excessive requirements arose during the second phase of Haiti's project, which aimed to build a solid waste collection and treatment center in Carrefour Feuilles. During the analysis of procurement proposals, UNDP Latin America regional office conditioned the approval of project based on an independent technical report estimated to cost US\$ 30.000,00 dollars. Around one year was spent on meeting the technical demands to hire the company in charge of the project, while the execution was considered to be relatively simple by the Board. A technical note from the Board of Directors sent to the SUSSC stressed that UNDP's bureaucratic proceedings were draining funds and time of projects. The document highlighted concern over UNDP's procurement norms diluting IBSA Fund principles and purpose. It also required dynamism and transparency to procurement processes in that UN agency.^{11 12}

In Cape Verde, the project "Delivering safe drinking water", from 2009, aimed to build a water desalination plant in Ribeira Brava, through procurement. The process led by the local UNDP was conducted by "invitation only" and all the 12 companies invited were either from developed countries or Cape Verde. An Italian company (Severn Trent Italia) won the competition. This episode was strongly criticised by the IBSA's Board of Directors, which sent letters to the UNDP office in Cape Verde, and the Procurement Office from UNDP that companies from developing countries, including IBSA, should also have been invited. Though, this practice was fully compatible with

UNDP rules, the approach were not considering the importance of Southern solutions and technologies while supporting developing countries was not taken into account.

Moreover, other debates under the Board of Directors also engendered joint position to press for normative changes in UNDP system. One of them related to the cost-recovery rate of trust funds in UNDP, which was 8 per cent. Since 2007, the Board of Directors have argued that IBSA Fund was a singular initiative, especially because it was one of the few funds managed by UNDP that was focused on SSC. The countries advocated a significant reduction of the rate applied to projects funded by IBSA in the UNDP Executive Board. According to a decision from the UNDP Executive Board in 2013, South-South contributions have preferential rates that could vary between 3-5 per cent. This was also implemented in other organisations, like United Nations Population Fund.

Other small incremental change was the United Nations Volunteer preferential recruitment of nationals from India, Brazil and South Africa in projects funded by IBSA Fund. The Fund was also allowed to sourcing or supporting project that are not covered by United Nations Development Assistance Frameworks (UNDAFs), which is a document negotiated between donors and beneficiary countries orienting cooperation under United Nations. In this context, the Fund sources projects, which could respond specific requests by the Southern partners.

This diplomatic interventionism was carried out through different ways as sending technical notes or letters to SUSSC and UNDP local and central offices, meeting with UN representatives, political discourse and support in forums like High Level Meeting on SSC. The two main challenges in implementing IBSA Fund identified by the research were the conceptual unawareness and understanding of SSC approach by the UN agencies, and the

lack of proper administrative and financial mechanisms to facilitate the implementation of cost-effective SSC projects.

Among the broad impacts generated by Southern countries diplomacy through different tracks, including IBSA Fund and the G77, the strategic institutional reorientation of UNDP which is considered as most valuable. Today, the Programme is a reference-agency in UN for the promotion of SSC. Since 2008, it has been frequently reaffirming its commitments towards promotion of the SSC approach, emphasising it as an explicit priority of its regional and national strategies all over the world.

The UNDP Strategic Plan 2014-2017, from 2013, stated explicitly the importance to “revitalising South-South cooperation, partnerships and coordination”. The objectives in this area highlights the importance of knowledge production, comprehensive changes in operational approach, expand policy research, and promote more coordination among the agencies in United Nations concerned in economic and social development and also deepen engagement with emerging partners (UNDP, 2013).

In general, international organisations have little flexibility for administrative and political changes and they are few open to reforms. However, the work done by IBSA Fund along with UNDP and other UN agencies in the last 10 years resulted in some small but important adjustments and creation of new institutional visions on SSC in United Nations framework.

IV. Engaging diplomacy in IBSA Fund?

In face of valuable lessons learned in different dimensions regarding how middle income countries can work within United Nations in order to democratise the system in favour of Southern partnerships for development, IBSA Fund is an outstanding experience. Beyond the recognition from the UN system through

the Millenium Development Goals Award, from 2010 and the Partnership Award, from 2006, IBSA Fund also influenced other similar initiatives carried out by Southern countries (Soulé-Kohndou; Bergamaschi, 2016).

Currently, the IBSA Fund seems to remain a small but important initiative. One recent movement to strengthen it was the agreement signed in October, 2017. After various attempts, two years later, India, Brazil and South Africa signed the document which institutionalises the Fund and allows a more continuous engagement in face of government changes. This was a requirement from the Brazilian government aiming to normalise its contribution to IBSA Fund.

Since 2012, Brazil was not paying the annual minimum contribution of US\$ 1 million dollars to IBSA Fund. Considering the deficit with IBSA Fund, Brazil had somewhat decreased its engagement with projects mobilisation, focusing its participation more through administrative decisions and approval of projects in the Board of Directors proposed by its counterparts. A search in the federal public budget,¹³ points out that the last contribution was paid in 2011. However; an official report on Brazilian development cooperation of the year 2010,¹⁴ mentions the contribution to IBSA Fund, the following edition covering the period from 2011 to 2013,¹⁵ did not provide any information on the same in terms of the annual contributions to multilateral development funds.

The delay was mainly due to the budgetary constraints faced by Dilma Rousseff government, which was also one of the reasons for some other voluntary and non-voluntary contributions not being made. In 2015, the debts amounted to US\$ 263 million dollars. Under a context of fiscal cuts, an inter-ministerial committee was also constituted to analyze and provide solutions. One of the impacts of the committee’s discussions was the review of the legal background on voluntary contributions to international funds and organisations. Hence,

the agreement on IBSA Fund was signed to provide such legal background. After the signature, it is under ratification process and might enable more engagement from Brazil.

Apart from the regularity of contributions in IBSA Fund, structural challenges also confronted the member countries, influencing directly a deeper cooperation among them three countries. The lack of adequate human resources in the national Permanent Missions in the United Nations (New York) may also hinder the involvement of the diplomacy on substantive issues and strategic debates of IBSA Fund.

Diplomats from these missions need to participate in various meetings and discussions different executive boards of organisations and funds. Besides the lack of resources from developing countries to follow up the debates in the various boards, the under-representation of those countries in the executive boards of UN System leads to small investments in personnel required to these diplomatic missions. As a consequence, delegates are overburdened with many different negotiations, making them less available towards small initiatives, like the IBSA Fund.

One of the direct impacts of those dynamics in IBSA's Fund management is that the Board of Directors is facing a structural limitation in scheduling meetings and following up IBSA Fund activities. Thus, in practice, the Board has not been meeting four times a year and not always presentially, as first conceptualised.¹⁶

Such representation deficit also has broader impacts, as developing countries are well represented during negotiations but have fewer seats in the executive boards of UN organisations, which are responsible for the implementation process. This means that Southern principles are present in the declarations and decisions but not in the way those decisions will be executed.

If India, Brazil and South Africa want to put more emphasis in their diplomacy to the Fund, it is clear that they must invest in qualified personnel and dedicated diplomats, which could work with more specific areas in the multilateral debates.

Also related to the future of IBSA Fund, UNOSSC has prepared a strategic review document on the request of IBSA Focal Points, issued during their meeting on the sidelines of United Nations General Assembly (in September of 2017). The objective was to suggest approaches to strengthen the Fund and establish a road map to re-energise and scale-up the initiative.

Some of the suggestions made by UNOSSC are: establishing links between IBSA Fund and the working groups of IBSA Dialogue Forum, engagement with IBSA countries think tanks, academia and public policy experts; regularity of annual meeting between IBSA Focal Points, at capitals and UNOSSC channeled through Permanent Missions to the UN, scaling up communication, need to identifying promising areas of cooperation where IBSA countries want to emphasise in its projects.

V. Concluding

Even though the SSC principles are not well reflected in the management and multilateral organisations, development funds can have an important role. It means they can promote new paradigms and practices in the international development agenda. In this chapter, we have analysed different perceptions related to SSC cooperation principles and concerns raised by international organisations, like UNDP, which were designed under a framework dominated by the traditional donors.

Some of the preliminary insights that emerge indicate that developing countries missions, face they underrepresentation in the UN system, also face challenges in following up all the executive boards discussions and ensuring

that SSC principles are also adhered in the implementation processes. Being owned and led by IBSA countries, the board of directors has an active role in proposing, deciding and allocating resources, but still, in this case, IBSA countries' missions in New York face various challenges related to the Fund's activities.

In that regard, from the perspective of management and implementing SSC cooperation principles, placing more specialised personnel and experts on those missions would be more fundamental than even considering to expand the contributions to the Fund at this point.

Though proving to be hard, trilateral cooperation initiatives like IBSA Fund can be important tools for Southern partners in generating changes in institutional approaches and principles. However, there is need for more research on assessing the diplomatic role of this funds order to understand how a clear understanding about IBSA Fund changed the way UNDP and UN agencies handle development cooperation.

Endnotes

1. Provided by the UNOSSC manager in interview.
2. Award given by Princesa de Asturias Foundation.
3. Speech proffered on 2004 during the ceremony celebrating one year of the Zero Hunger programme, in Brazil. News agency. <http://politica.estadao.com.br/noticias/geral,discurso-de-lula-na-cerimonia-do-primeiro-ano-do-fome-zero,20040203p34081>

4. Interview with Mr. Francisco Simplício, manager of the IBSA Fund during its first 11 years of existence and one of the developers of the initiative.
5. Abdenur, Adriana Erthal; Neto, Danilo Marcondes de Souza. Rising powers and the security-development nexus: Brazil's engagement with Guinea Bissau. *Journal of Peacebuilding and Development*, v. 9, issue 2, 2014.
6. Issued in: 14/07/2007, No 01645, From DELBRASONU to Exteriors.
7. Issued in: 19/04/2007, No 00816, From DELBRASONU to Exteriors.
8. Evaluation of UNDP Contribution to South-South cooperation, UNDP, 2007.
9. Public enterprise under the aegis of the Brazilian Ministry of Agriculture, Livestock, and Food Supply
10. Issued in: 28/04/2006 13:12:00 N.º: 00376 From DELBRASONU, to Exteriors
11. Issued in: 29/05/2009 20:29:19 N.º: 01482 From DELBRASONU para Exteriors
12. Issued in: 14/11/2009 03:29:47 N.º: 03582 From DELBRASONU Exteriors
13. This research analysed the budgetary line 00ES (Contribution to the India, Brazil and South Africa Fund). It was oriented by the methodology of the Guide for Monitoring and Measuring the Brazilian South-South cooperation (SUYAMA; SILVA; WAISBICH, 2017).
14. COBRADI Report 2010. IPEA/ABC, Brasilia. Available at: http://www.ipea.gov.br/agencia/images/stories/PDFs/livros/livros/livro_cooperacao_brasileira_ed02a.pdf
15. COBRADI Report 2011-2013. IPEA/ABC, Brasilia. Available at: http://www.ipea.gov.br/portal/index.php?option=com_content&view=article&id=28542
16. Interviews with Brazilian diplomats and UNOSSC officials.

Review of IBSA Fund: Way Forward



Beena Pandey*



Introduction

The establishment of the India-Brazil-South Africa Trilateral Cooperation Forum (IBSA) formalised by the Brasilia Declaration, 2003, is a distinctive international trilateral development initiative to promote South-South cooperation among these countries. All the IBSA countries with vibrant democracies enjoy dominant position in their respective continents. Shared mutual interests led to the adoption of IBSA Dialogue Forum at the behest of these three multicultural, multiethnic and multiracial democracies of Asia, South America and Africa. The main objectives of the Dialogue Forum has been to promote the trilateral exchange of information, international best practices, technologies and skills as well as to complement each other's competitive strengths into collective synergies.

The Brasilia Declaration recognised the importance of trilateral cooperation among the participating countries as an important tool to promote international poverty alleviation and social development programmes for inclusive development in pursuit of the social welfare of their people and also for other least developing countries. The cooperation among these major economies from three different continents is on three fronts, firstly as a forum for consultation and coordination on global and regional political issues; secondly, through trilateral collaboration on concrete areas or projects through joint working groups (JWGs) and People-to-People Fora to promote sectoral cooperation; and lastly by assisting other developing countries through developmental projects financed by the IBSA Fund.

*Research Associate, RIS, India.

In terms of development cooperation, IBSA Facility for Poverty and Hunger Alleviation (also known as IBSA Fund), a sole visible financial mechanism led by the three countries and managed by United Nations Office for South-South Cooperation (UNOSSC), is one the most significant structured initiative from Southern countries in partnership with the United Nations. UNOSSC serves as Fund Manager and Secretariat of the IBSA Fund, supporting its Board of Directors as it establishes the strategic vision and development activities of the Fund. It also serves as Fund Manager and Secretariat of the Steering Committees of other South-South and triangular cooperation trust funds implemented jointly with the United Nations system, namely, the Perez-Guerrero Trust Fund (PGTF), the United Nations Fund for South-South Cooperation (UNFSSC) and the India-UN Development Partnership Fund. (IBSA, UNOSSC, 2017)

Rationale

To enhance South-South cooperation, IBSA Fund under the UNDP was initiated in 2004 and became operational in 2006 to implement identified replicable and scalable human development projects in developing countries are the initiatives in the fight against poverty, hunger, improved access to healthcare, addressing HIV/AIDS, education, safe drinking water, sanitation and food security with an endeavor to achieve Sustainable Development Goals (SDGs). According to the UN Secretary General, “The IBSA Fund shows how developing countries can work together to eradicate poverty and build a more peaceful and sustainable world for all. As countries intensify their efforts to deliver on the 2030 Agenda for Sustainable Development, South-South cooperation is a strong asset for exchanging knowledge, transferring technology and sharing development solutions.”

The option to establish Trust Fund under the UN framework is supposed to conduct demand-

driven projects with southern counterparts, paying attention to local ownership by involving local institutions and capacities from the initiation to the implementation and evaluation of projects. According to the IBSA Fund Guidelines document, the proposals must be submitted to IBSA Focal points in the respective capitals, viz. Brasilia, Pretoria and New Delhi for the analysis by the Focal Points in accordance with principles such as: reduction of poverty and hunger; national ownership and leadership; South-South cooperation; use of IBSA country capacities; strengthening of local capacities; ownership; sustainability; identifiable impacts; and replicability and innovation.

Thus, the IBSA fund presents itself, at least in its conception, as a horizontal cooperation initiative, which seeks to develop projects based on the recipients and through partnerships with local government, national and international institutions and partners (UNOSSC, 2017). It has been argued that although in practical terms it represents a very small fund and does not create systemic impacts in South-South cooperation for development established by the IBSA Fund therefore differs from traditional North-South cooperation, which is associated with a markedly vertical relationship between donor and recipients, since they are at very different levels of economic, social and technical-scientific development platforms.

It supports demand-driven projects in the recipient countries in partnerships with local governments, national institutions and implementing agencies. Likewise, IBSA partners share genuine concerns in the design and implementation of the projects which include capacity building among project beneficiaries, built-in-project sustainability and knowledge sharing among Southern experts and institutions.

As a matter of fact, on the issues of South-South cooperation and development, the

participating countries of IBSA are committed to the principle that they face certain common challenges and thus benefit substantially from each other's experiences. As a result, concrete progress has been made with the establishment of the development fund, a new approach to South-South cooperation that draws upon the successful experiences coming out of the select experiments conducted in these developing countries. IBSA Trust Fund demonstrates the true potential of IBSA grouping, as each member country contribute US \$ 1 million annually to the Fund to be used for poverty alleviation projects in developing countries.

According to UNOSSC 2017 Report on IBSA, Fund has received total contributions around US\$35 million and has advanced 27 development projects in almost 21 partner countries; among some of the worlds poorest, across the global South; in line with the SDGs. As a result, these projects have yielded concrete, impactful and remarkable outcomes across Africa, Asia, Latin America and the Arab States; and have been recognised by major United Nations organisations and national governments.

Geographically, Africa heads the list of regions receiving 32 per cent of IBSA's contributions, followed by Latin America and Caribbean (24 per cent), Asia (22.1 per cent), and Arab states (21.1 per cent). Almost, two third of the total budget, i.e 62.4 per cent, is invested in the least developed countries while the rest 37.6 per cent received by other developing countries. Sector-wise, the total budget approvals mainly cater to agriculture and agriculture related activities with 32.9 per cent occupies the dominant position followed by health care and livelihoods projects (24.2 and 22.6 per cent). Further, other sectors include projects on water, waste management, youth and sports, governance and security, renewable energy, empowerment of women and rest cover less than 6 per cent of the total budget approvals.

Present Status

As mentioned earlier, all of IBSA funds are being allocated to projects in the least developing countries linked to various goals and targets of SDGs. Recently in March 2018, Board of Directors of IBSA Fund approved a new digital finance project in Sierra Leone, where only 13 per cent of the population has access to financial institutions and 85 per cent of the population owns mobile phones, therefore digital finance would help save time and money for farmers to make payments online. The new project aims to provide 100,000 unbanked Sierra Leone farmers, of which 40 per cent are women, with access to financial services that can be used for better health care services and education, to meet any exigencies/ emergencies and for energy requirements. It has been decided that the recipient country would learn from the Southern countries to scale the pilot projects to the national level working on digital agendas to pilot digital finance products like saving accounts, mobile credit and insurance. Further, it would also develop the policy and technical support frameworks of the Central Bank of Sierra Leone in order to promote innovation and enforce regulation. In order to address the issue of a large number of people lacking access to basic financial services, sustained programmes and campaigns of Digital India are running across India can be looked upon as best innovative practice for financial inclusion.

Similarly, in Bolivia, Kiribati and Zambia, three demand driven projects worth about \$2.3 million IBSA Fund were approved in 2017, to support development activities through South-South cooperation with partner countries. In Bolivia, an initiative has been undertaken to enhance food security through the acquisition of machinery and drilling equipment by livestock associations affected by floods and droughts in the regions of Beni and Pando. Likewise in Kiribati, a proposal to enhance inclusive sustainable economic development through the coconut sector, which has strong capacity

building elements among coconut farmers, extension workers, trainers and youth has been undertaken. In Zambia, in order to develop rural livelihoods among small scale farmers through improved production and processing of soya bean crops and products have been approved.

Apart from this, in Cambodia, a project to improve the employability of youth volunteers through enhancing their technical skills in collaboration with the Ministry of Education, Youth and Sport Cambodia Volunteering Network and UN Volunteers has been approved that directly contributes to the SDG 8, i.e creation of decent work opportunities for Cambodian youth. Likewise projects for enhancement of agricultural capacity in Comoros and empowering rural women in rural areas in Fiji through the scaling up the rocket stoves for cooking is directly contributing in achieving SDGs 2 and 5.

If one reviews the contributions of different IBSA Fund projects undertaken in recipient countries, one finds that various sectors like agriculture, food security, livelihoods, addressing HIV/AIDS, waste management, health care, water, gender empowerment, youth and sports, governance, security and renewable energy are being covered with a strong emphasis on local ownership aiming to achieve Sustainable Development Goals (SDGs).

So far, the projects have been completed ranging from delivering safe drinking water to refurbishment of health infrastructure in Cabo Verde to agricultural development to rural electrification in Guinea-Bissau, solid waste management in Haiti, recreation team sports, rehabilitation of cultural and hospital centre equipped for persons with disabilities in State of Palestine and to establishment of a rice seed production in Hoa Tien, Vietnam.

Besides this, another 8 projects are ongoing, including a poverty reduction project among

youth in Cambodia, enhancement of agricultural capacity in Comoros and empowerment of Fijian rural women through rocket stove project which has recently been approved as discussed earlier. In this context, significant contribution has been made by IBSA Fund in providing development aid to the recipient countries. In addition, their innovative engagements with local entities have paved the way towards socio-economic developmental path.

Burundi

In Burundi, a well equipped centre for HIV/AIDS prevention, testing and treatment with latest technologies was set up with in a period of two years with the approved budget of US\$1,145,630 to provide health care services, for the infected patients and their related reproductive services. This project has strengthened the Government's as well as civil society's initiatives to act in response to the HIV/AIDS pandemic and to take care for people through as many as 39,000 consultations yearly through training workshops and technical exchanges.

The designated centre provides set of health care services ranging from reproductive health, sexually transmitted diseases, prenatal care and family planning for the HIV positive persons. While dealing, the centre also supplemented the existing activities of the Society of Women against AIDS in Africa (SWAA), Burundi subdivision.

Cabo Verde

Similarly, investment in the provision of safe drinking water, sanitation and hygiene project through the desalination of sea water in Cabo Verde for human consumption has drastically eliminated the health risks associated with the intake of contaminated water. Over 13,500 individuals on the island of Sao Nicolau benefitted in terms of their overall improved health and quality of life. Thus the support of the IBSA Fund in this extremely water scarce

area directly paved way for contributing to achieve SDG 6 related to Clean Water and Sanitation. It also contributed to the sustainable management of water resources and enabled conditions for ecotourism, agriculture and small industries to flourish. Further, refurbishment of health care centers for communities also contributed to SDG 3 with focus on Good Health and well being has been undertaken by the IBSA Fund in Cabo Verde.

Cambodia

Further, in Cambodia to empower children and adolescents with special needs and their families, a project is ongoing through partnerships between the government, non-governmental and private sectors. For this, in partnership with Ministry of Health, Chey Chumneas Hospital and Caritas in Cambodia, the project on infrastructure and capacity development has provided quality services to children and their families with special needs. Under this project, a well equipped pavilion well furnished with early simulation, special education, physiotherapy, occupational and speech therapy, multiple handicaps, epilepsy and art and drama therapy has been built at the Chey Chumneas Hospital to serve these patients and their immediate families. Through residency programmes health professionals have been trained as the first generation of Cambodian professionals in this specialised field to provide medical care for these children with special needs. In their endeavor to contribute to SDG 3 goal, the project represented a new milestone in the National Disability Strategic Plan of Cambodia by fulfilling the unmet needs of the most vulnerable among the disabled.

Comoros

IBSA Fund recently approved a project in Comoros for enhancing agricultural capacity and food security thereby tackling poverty and malnutrition in the islands of Moheli. The project intended to set up a farm pilot school that would act as a training platform

for agricultural practices through adaptive agricultural research, demonstration and teaching. The proposed school farm would cover key areas like improvement of soil fertility, introduction of new vegetable cultivars, management of vegetable pests and diseases, processing of agro-products and development of small scale irrigation systems.

Fiji

In order to improve the basic livelihoods of women in rural areas of Fiji, IBSA Fund has recently initiated a project that would introduce rocket stoves for cooking that produces flames with little wood, clean burn that saves health, time and energy of rural women and girls. As a part of this project, training to use these fuel efficient stoves, awareness regarding climate change, building of storage ware houses for distribution of stoves to women in the community has been planned to be undertaken. It is estimated that around 1500 women beneficiaries would receive training toolkit on the rocket cook stove.

Guinea Bissau

Two projects in Guinea Bissau have enhanced the livelihoods of 4,500 farmers; among them 60 per cent are women through improved and diversified agricultural production. The success of a new rice seed that IBSA capacity builders introduced in Guinea Bissau allowed the country to have a second harvest every year to combat hunger and poverty. Further, it also increased rice yield by 12 per cent thereby improving villagers' food security in the partner villages. It has the potential to be replicated in participating countries as well as in other rural poverty stricken countries of the world. These projects also installed solar energy equipments in five villages for public lighting and indoor lighting in schools, community centres, health centres and public administration buildings as well as solar water pumping systems. Five technicians from Guinea-Bissau were trained in India in solar-system installation

and maintenance to provide qualified services to partner villages that benefitted from solar systems and raise awareness of the use of renewable natural resources.

Apart from this, around 966 adults trained, mostly female to become functionally literate and introduced short cycle animals for reproduction which enhanced nutritional diets and livelihood of the rural people.

Another project on Lowland Rehabilitation and for Agricultural and Livestock Processing enhanced food security by rehabilitating low lying coastal lands for rice cultivation and distributing better varieties of rice seeds to increase agricultural productivity. This project had a positive impact on the increase in salt content of the soil that enabled the land for continuous use for rice production. In addition, various food processing techniques have been imparted to women farmers to add value to their products in local markets.

Guyana

Guyana with a population of 746,000 and a per capita income of US\$ 7,500 has serious waste management problems. Around 180,000 Guyanese residents were facilitated by the IBSA Fund by providing three municipalities and 15 councils with garbage compactor trucks and mini-excavators, distributing 2,000 trash cans in schools, and carrying out mass education campaign for entire community to use the new system for their overall health benefits.

Haiti

Haiti is one of the poorest countries of the world with the population of 11.2 million and a per capita income of US\$1,200. In 2010, the IBSA project created sustainable income-generation opportunities for almost 400 heads of households, when a magnitude seven earthquake devastated the country which killed 300,000 people and left 1.5 million homeless. IBSA trained as many as 400 marginalised

youth in vocational training to have access to the labour market, labor certifications and connections to jobs, including in business, carpentry construction, environment and sports. Further, Brazil's National Service for Industrial Training provided technical support to the project and brought Haitian technicians to learn about the Brazilian experience. In addition, another project in which 400 young people were trained to improve their quality of livelihoods through removal of neighborhood's waste in a high crime community thereby dropped the incidence of crimes and reduced the incidence of diseases transmitted by waste, insects and rodents.

In addition, an ongoing project to promote the socio-economic integration of vulnerable children and youth has promoted the access to decent employment of the vulnerable youth both male and female through developing their entrepreneurial skills.

The National Institute for Professional Training and training centres have developed labour market driven training for job placement services for adolescents and youth, Around 149 youth out of which 36 per cent female have undertaken project sponsored vocational training in fields like masonry, carpentry, painting, construction and environment. Training in sports related activities has also been undertaken by youths.

Lao People's Democratic Republic

In two poorest districts of Bolikhamxay Province in Lao PDR, the IBSA Project improved the livelihoods and food security of local communities by supporting the development of irrigated agriculture and the community based management of watershed resources such as forests and fisheries. Almost 7,700 local farmers benefitted through expansion of rice cultivation from 150 ha to 500 ha in the dry season, when three small irrigation schemes were repaired to ensure regular water supply.

Sierra Leone

IBSA helped Sierra Leone in capacity building of senior government officials, one of Africa's poorest nations with 7.3 million inhabitants and a per capita income of US\$ 800, on a strategic issue i.e capacity building of senior government officials. The project worked with the Office the President, his Cabinet and the Minister of Foreign Affairs to modernise social structures and policies. Among other aspects, to have the clear understanding of the local working experience of the senior government officials, the President and his Cabinet also visited to Ghana and India respectively.

State of Palestine

Under IBSA Fund assistance five projects have been approved, out of which two are completed in the State of Palestine. A 1,000 square meters multipurpose indoor sports complex in Ramallah was built to encourage team-building, positive role models and the development of leadership skills among the Palestinian youths. Further, rehabilitation of the Cultural and Hospital Centre for the Palestinian Red Crescent Society (PRCS) in the Gaza strip was completed in 2013, and the other project built and equipped a centre to serve individuals with intellectual disabilities in Nablus in the West Bank. Persons with disabilities being the key target group of Ministry of Social Affairs get rehabilitation services at these centres. In this endeavour, local NGOs also collaborated with the Ministry of Social Affairs took initiatives to extend rehabilitation services to the vulnerable youths.

Vietnam

The project on the establishment of rice seed production hub in Hoa Tien Commune, Da Nang city in Vietnam has been a great success, because it enhanced agricultural yields of local farmers, their livelihoods and reduced poverty and hunger among communities in the area. In addition, the project has improved

farmer's knowledge and production know-how of post-harvest processing methods. The US\$529,000 project is being implemented by the Da Nang Department of Agriculture and Rural Development with FAO technical expertise.

Global: Quality Assurance Project

The project supports the strengthening of the IBSA Fund portfolio in terms of formulation, feasibility assessment, management of project design, monitoring, evaluation, communications and risk management in partnership with the UNOSSC and IBSA Fund Project Team.

Way Forward

The guiding principle articulated by H.E Mr. Adonia Ayebare, Ambassador of Uganda to the United Nations and President of the most recent session of the High-level Committee on South-South Cooperation: *"South-South cooperation is about human solidarity in addressing challenges that are too big for any one country in the global South to deal with singlehandedly; and when India, Brazil and South Africa joined efforts to establish the IBSA Fund, they have embraced human solidarity"*.

Despite its small size, the IBSA fund has been the recipient of the UN South-South Partnership Award in 2006 and received MDG Award in 2010 and the South-South and Triangular Cooperation Champions Award in 2012 for South-South cooperation in recognition of their developmental work by using innovative approaches to share development experiences in other parts of the world.

The trilateral cooperation has huge potential for reinforcing economic strengths of each other by synergising their complementarities in various facets. IBSA has nurtured a common approach on global as well as on regional issues. It is genuinely committed to encourage exchange of experiences to fight poverty and hunger in their countries. Despite being more than a decade old, success of various initiatives so far has been moderate due to

lack of resources and institutional weaknesses in developing countries. Positive outcomes of the projects undertaken through IBSA Fund in developing countries demonstrate the ability of working together to alleviate poverty and create significant sustainable development impacts in developing countries. Addressing common challenges across the developing countries in the global South through South-South cooperation's human solidarity is a strong asset for exchanging knowledge, transferring technology and sharing development solutions. Nevertheless, in order to make serious efforts in the field of poverty reduction and to

become breakthrough model of South- South cooperation, IBSA should further enhance its financial contribution and make its operation more transparent.

References

- IBSA & UNOSSC. 2017. IBSA Fund: Overview of Project Portfolio. UNDP.
- UNOSSC. 2018. IBSA Board Approves Digital Finance Project in Sierra Leone. 10 March.
- UNOSSC. 2017. IBSA Fund Approves new Projects for Bolivia, Kiribati and Zambia. 27 July.
- UNOSSC. 2017. The South Working for the South: The India-Brazil-South Africa Fund. 18 December.

RIS A Think-Tank of Developing Countries

Research and Information System for Developing Countries (RIS) is a New Delhi-based autonomous policy research institute that specialises in issues related to international economic development, trade, investment and technology. RIS is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues.

The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. RIS is engaged across inter-governmental processes of several regional economic cooperation initiatives. Through its intensive network of think tanks, RIS seeks to strengthen policy coherence on international economic issues and the development partnership canvas.

For more information about RIS and its work programme, please visit its website: www.ris.org.in



RIS

**Research and Information System
for Developing Countries**

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor, India Habitat Centre
Lodhi Road, New Delhi-110 003 India., Ph. 91-11-24682177-80
Fax: 91-11-24682173-74, Email: dgoffice@ris.org.in
Website: <http://www.ris.org.in>

Follow us on:



www.facebook.com/risindia



[@RIS_NewDelhi](https://twitter.com/RIS_NewDelhi)



www.youtube.com/RISNewDelhi