

The Rise of the Global South

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Russia’s invasion of Ukraine that began on February 24 has shaken the world. Some believe that the Ukraine crisis will be a turning point in the post-Cold War world order. But, how will it affect the environment surrounding international development and the achievement of the Sustainable Development Goals (SDGs)? Izumi Ohno, an editorialist for this journal, shares her perspectives, introducing what was discussed at an emergency webinar held in early March by the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), one of Germany’s leading think tanks.

“Post-Cold War” Divergence between Expectations and Reality

The Cold War between the East and the West came to an end, with the fall of the Berlin Wall in 1989 and the dissolution of the Soviet Union and the establishment of the Commonwealth of Independent States (CIS) in 1991. At that time, Western countries enthusiastically supported the transition from socialist planned economies to market economies in Russia, Central Asia, and Eastern Europe, believing that free market economy and democracy would take root in the international community. This is what the American political scientist Francis Fukuyama called “The End of History,” meaning the end of ideological conflicts. In reality, however, countries such as Russia and Belarus have moved towards autocracy, and the transition to market economy and globalization in the post-Cold War era have not necessarily led to the strengthening of democracy. This bears some resemblance to the divergence between the West’s expectations of China’s reform and open-door policy which began in the late 1970s, and what actually happened. The Ukraine crisis signals the end of such post “post-Cold War” era.

The United Nations (UN) General Assembly on March 2 overwhelmingly voted, in favor of 141 out of 193 countries, to condemn Russia and call for its immediate withdrawal. Five countries including Russia, voted against, 35 abstained, and 12 did not vote. In response, DIE hosted an emergency webinar entitled “War in Ukraine: Implications for International Cooperation” on March 10, inviting researchers from the G20 emerging economies. DIE’s swift move suggests not only the tremendous impact of this crisis on its own country and the world, but also the German government’s desire—as this year’s G7 Presidency—to collect the views of the G20 emerging economies through leading think tanks, apart from government channel.

Diversity and Non-alignment in the G20 Emerging Economies

Germany attaches great importance to the G20, and since 2007, DIE has been operating the Managing Global Governance Program (MGG), an intellectual exchange program funded by the Federal Ministry of Economic Cooperation and Development (BMZ), which aims at strengthening networks and sharing values with young researchers in emerging economies (see my article in the September 2021 issue). The network that DIE has established has made it possible to hold a webinar with researchers from Brazil, India, Indonesia, Mexico, South Africa, and Turkey in such a short period of time.

The author also watched the webinar and felt that compared to the strong unity of the G7, the opinions of the speakers from the G20 emerging economies were diverse and not monolithic. While they share a call for a peaceful solution and concerns about humanitarian crises and border changes by military force, their national positions are complex. This can be seen from

the stance of each country on the above-mentioned UN resolution. Of the 10 countries in the G20 (excluding the G7, Australia, and South Korea), China, India, and South Africa abstained. Although Brazil, Indonesia, Turkey, and Mexico voted in favor of the resolution, Indonesian President Joko Widodo, who holds this year's G20 Presidency, avoided naming Russia in his earlier statement, and Brazilian President Jair Messias Bolsonaro made separate remarks suggesting neutrality. Turkey avoided the expression "invasion," and Mexico also took the stance that it would not impose economic sanctions on Russia.

What particularly struck me in the DIE webinar was that many researchers emphasized that their "neutrality" statements do not mean "indifference" to the Ukraine crisis. It was apparent that the G20 emerging economies have taken a slightly different position from the G7, taking into account various perspectives, such as their historical relationship with Russia, arms imports, and the degree of economic interdependence.

Underlying this thinking is non-alignment. This is an ideology that does not join either the United States (US) or the Soviet Union in the Cold War, but aims to maintain active neutrality and realize peace as a Third World. Non-alignment originated in a 1948 speech by Indian Prime Minister Jawaharlal Nehru. In 1955, the Asian-African Conference (Bandung Conference) was held in Indonesia. In the 1970s, this movement of non-aligned countries developed into the promotion of cooperation among developing countries and the formation of a framework within the UN system to support South-South cooperation that continues to this day (Buenos Aires Plan of Action (BAPA) in 1978).

Subsequently, on April 7, the UN General Assembly suspended Russia from the UN Human Rights Council over reports of "gross and systematic violations and abuses of human rights" by garnering 93 votes in favor. On the other hand, 24 countries (including China) voted against the resolution and 58 countries (including India and Brazil) abstained, amplifying the difference in perception among countries.

Towards Multilayered Partnerships

What should be noted in international development in the post "post-Cold War" era is the rise of the Global South, including emerging economies. This is a major difference from the 1970s mentioned above. The G20 has been formed as a framework for international cooperation, and these countries have also significantly increased their presence as donors.

According to "A Changing Landscape: Trends in Official Financial Flows and the Aid Architecture," a report published by the World Bank in November 2021 as a reference for the 20th replenishment of the International Development Association (IDA), official loans to developing countries amounted to US\$1.7 trillion during 2010–2019 (commitment basis). While multilateral development banks such as the World Bank and the Asian Development Bank (ADB) accounted for nearly 60% of the total, China was the second largest bilateral lender after the World Bank, followed by Japan, Russia, Germany, France, India, and Saudi Arabia. In particular, the BRICS provided more than half of the bilateral loans to developing countries. Furthermore, the BRICS members established the New Development Bank (BRICS Development Bank) in 2014 to provide financial cooperation and infrastructure finance without relying on the International Monetary Fund (IMF). In 2020, the United Arab Emirates, Uruguay, and Bangladesh joined the Bank as new members.

The G20 members account for about 80% of the world's economy and CO2 emissions, about 90% of the world's total value of trade, and two thirds of the world's population. The G20 presidency is held by Indonesia this year, and by India next year. Thus, cooperation of the Global South and other G20 members is indispensable for solving global issues. Today's world is greatly influenced by whom the Global South cooperate with and how they cooperate. As such, it is important for Japan to establish multilayered partnerships with these countries. The

trustful relationships and human networks that Japan has fostered through its past development cooperation will be sure to play effective “soft power” roles.

African Countries Keeping a Balance

Then, how did African countries react to the UN resolution? Ambassador Martin Kimani, the Permanent Representative of Kenya to the United Nations, spoke out against border changes by force, reflecting on the history of Africa, which was divided and colonized by European powers, and gave a future-oriented speech for “greater peace.” His noble speech was highly applauded.

However, the situation in Africa as a whole is more complicated. Of the 54 countries, only 28, slightly more than half, voted in favor of the UN resolution on March 2. Eritrea, which showed its support for Russia, voted against it, while the remaining 25 countries either abstained (17) or did not vote (8). Furthermore, the number of countries in favor of the April 7 UN resolution (Russia’s Human Rights Council suspension) dropped to ten. Although the Soviet Union with its socialist ideals used to be influential in Africa, its presence declined after the end of the Cold War. In recent years, however, Russia is said to be expanding its military influence over the region (particularly in Central African Republic, Sudan, and West African states) again—for example through military cooperation, armed imports, and mercenary businesses through private military companies—as if to take advantage of the decline of Western influence. Quite a few countries depend on imports of food and energy from Russia.

If Russia should become further isolated as a result of economic sanctions imposed by the G7 and European Union (EU) countries and seek cooperation with African and other developing countries, particularly autocratic regimes, to break the deadlock, this would be definitely undesirable.

A Red Light on Achieving the SDGs

The Russian invasion of Ukraine broke out when the world was striving to overcome the COVID-19 crisis. This pandemic has reversed the past two decades’ progress to reduce poverty and narrow inequality; it is estimated that over 100 million more people were pushed into extreme poverty (according to the World Bank) and 255 million full-time jobs were lost (according to the International Labour Organization) in 2020 alone. Economic recovery is expected to slow down not only in Europe but across the world. It will be extremely challenging to achieve the Sustainable Development Goals (SDGs) by 2030.

According to Kristalina Georgieva, Managing Director of the International Monetary Fund (IMF), the war in Ukraine will have negative implications for the world economy through three channels. Firstly, commodity price spikes. Secondly, the resulting inflation, which will adversely affect real economies and lead to a reduction in real incomes. Thirdly, deterioration of the financial and business environments. Russia is one of the world’s largest exporters of natural gas, oil, and wheat, and Ukraine is also a leading food exporter known as a breadbasket. The economic sanctions and war-triggered trade contractions will drive up energy and food prices and increase the hardship on poor households. Furthermore, the US Federal Reserve Board has increased its interest rates to curb inflation, which could lead to developing countries, emerging countries, and companies falling into even more serious debt. In this way, the war will further narrow the policy space for developing countries, which have already faced increasing public spending and external borrowing due to their responses to the pandemic.

The refugee problem is also serious. As of the end of March, more than 4 million Ukrainians had fled the country. About 60% of them were evacuated to Poland and many others to the countries bordering Ukraine. This far exceeds the 1.3 million asylum applications submitted to the EU during 2015–16, which received a massive influx of migrants from Syria and other

countries. Besides them, there are many internally displaced people, as well as the elderly and disabled people who have been left behind because they have been unable to evacuate. If the crisis lingers, financial and social burdens on host countries will increase. There is an urgent need for international assistance to the neighboring countries and for responsibility-sharing and cooperation on a global scale for accepting refugees.

Acceleration of ESG Investments, Human Rights, and Green Energy

The crisis also showed that business and politics are inseparable. Western companies were quick to express their deep concern over Russia's invasion of Ukraine, and a "shift away from Russia" spread. Japanese companies followed suit, with Fast Retailing Co. temporarily closing 50 UNIQLO stores, and Toyota and Nissan deciding to halt local production of automobiles and exports of finished vehicles to Russia. At the same time, there are companies that have temporarily closed their stores, but have chosen, from the perspective of social responsibility toward Russian citizens, to guarantee employment and salaries to their employees for a certain period of time. This can be understood as corporate behavior that appeals to consumers across the world, human rights groups, and ESG (environmental, social, and corporate governance) investors.

The crisis also creates a pressing need to move towards greener energy. The US immediately banned imports of Russian crude oil and liquefied natural gas (LNG) as part of economic sanctions, and the United Kingdom (UK) has also announced a policy of phasing out imports by the end of this year. The EU has announced a plan to break away from its dependence on Russia for fossil fuels by 2030. In Europe in particular, decarbonization will accelerate, although various considerations need to be made regarding the short-term energy mix. Thus, despite the difficulties, there is no doubt that the SDGs, as a compass for the future, are goals that all stakeholders, including business, must work together to achieve.

Importance of Individual Actions

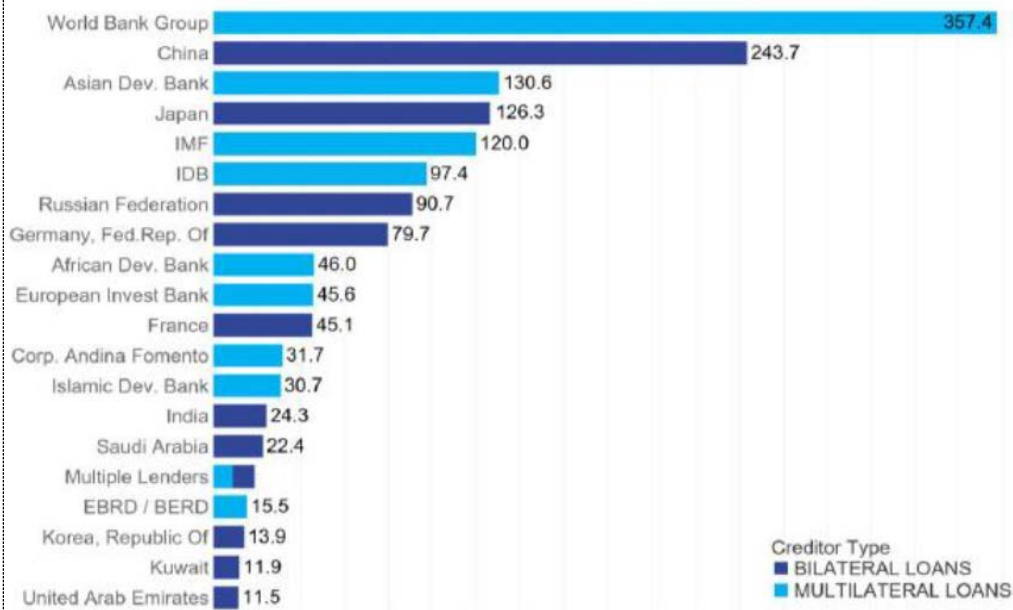
Finally, the action of President Volodymyr Zelenskyy, who has been encouraging Ukrainian people and energetically speaking to the heads of state and parliaments of various countries even in difficult times, Ukrainian citizens who have been actively disseminating information about the devastation, and the state TV producer in Russia who put herself at risk to disrupt a broadcast with a "no war" protest—all underscore how important it is for each and every individual to speak up. In this age of information technology, the will and actions of individuals can have a great impact and cause a wave of empathy in the world. I believe that this is the light of hope and the key to achieving the SDGs.



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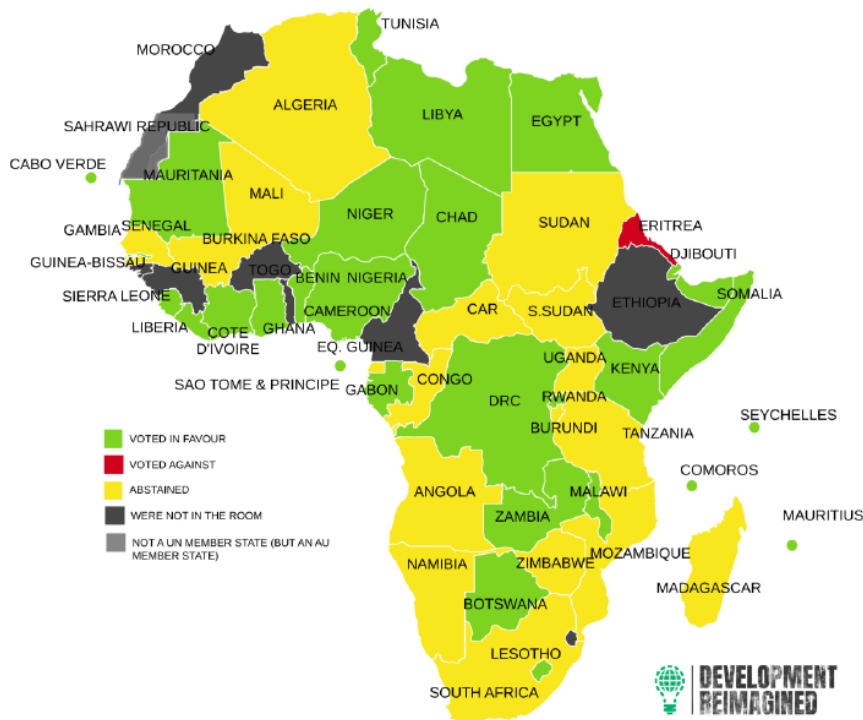
[Translated from the author's article in Japanese, which appeared in *The International Development Journal*, May 2022, No. 783, pp. 8-10]

Figure: Official Loan Commitments to Developing Countries
 (Cumulative commitments 2010-2019, US\$ billions at 2019 prices, top 20 providers)



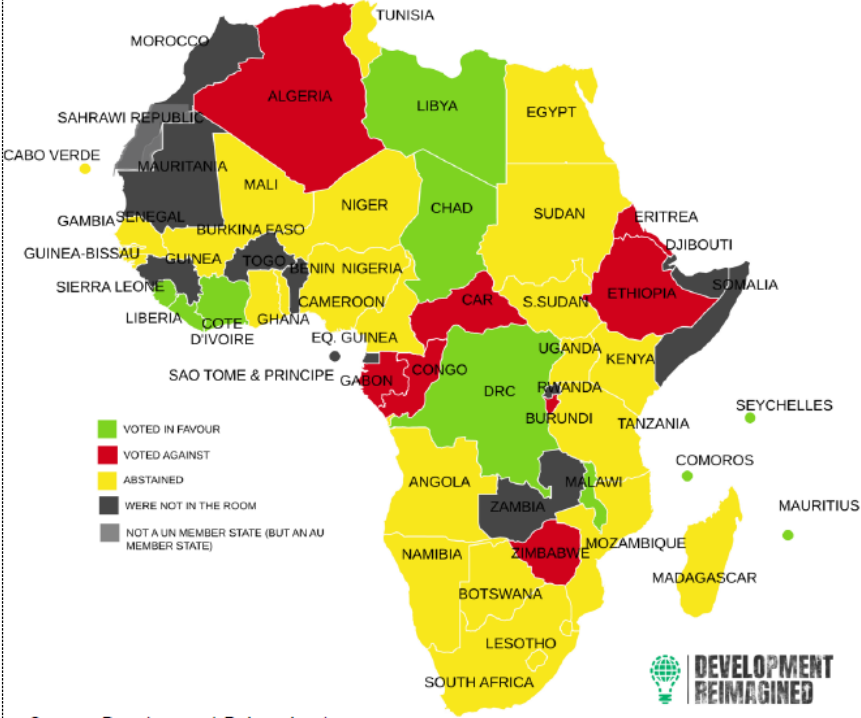
Source: World Bank (2021). *A Changing Landscape: Trends in Official Financial Flows and the Aid Architecture*, Figure 4, p.7. The data are based on the World Bank, DRS.

HOW DID AFRICAN COUNTRIES VOTE ON THE UN UKRAINE DECLARATION?



Source: Development Reimagined
<https://developmentreimagined.com/2022/04/08/africanvotesonukraine/>

HOW DID AFRICAN COUNTRIES VOTE ON RUSSIA'S HUMAN RIGHTS COUNCIL SUSPENSION?



Source: Development Reimagined
<https://developmentreimagined.com/2022/04/08/africanvotesonukraine/>

