Post-2015 global development and South-South cooperation

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There is an increasing awareness to enhance South-South cooperation among the least developed and developing countries to achieve sustainable development and promote faster economic growth with equity. UN adopted eight Millennium Development Goals (MDGs) with 21 targets and 60 indicators for the period 1990-2015. Several countries are evaluating their respective performances. In September 2015 the UN adopted the post-2015 development agenda which is incorporated in Sustainable Development Goals (SDGs) to be achieved by 2030. The 17 goals and 169 targets of SDGs have to be achieved in the context of the complex relationship between the state and the market within the economy and the other countries in both hemispheres.

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The heads of states and governments and high representatives, who gathered in Addis Ababa in Ethiopia in July 2015, reaffirmed that a global framework for financing development in the poor countries has to be formulated with strong political commitment. The South-South and Triangular cooperation is needed to encourage global partnership and solidarity to transform the conditions of the Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), and Small Island Developing States (SIDS).

A vast majority of the world's poor live in Asia. A substantial amount of poor people also live in pacific island nations termed as SIDS. The emergence of globalisation has increased the openness of the world economy, which has resulted in greater cooperation among nations, donors, international financial institutions, multinational corporations, private entrepreneurs and non-government organisations. The countries, however, have not benefited uniformly; some even suffered negative "backwash effect" of global development. The countries of the south are specifically lagging behind, except few big ones like China, India, Brazil, and South Africa.

The status of LDCs applied to 48 countries according to the United Nations with some categorised into LLDCs and SIDS - 34 countries in Africa, nine in Asia, four in Oceania and one in the Americas. Since the LDC category was initiated, only four countries have graduated to developing country status. The first country to graduate from LDC status was Botswana in 1994. The second was Cape Verde, in 2007. Maldives graduated to developing country status on 1 January 2011, while Samoa graduated in 2014. It is anticipated that Equatorial Guinea and Vanuatu will be the next countries to be promoted from LDC status. At the UN's fourth conference on LDCs held in May 2011, delegates endorsed a goal targeting the promotion of at least half the current LDCs within the next ten years.

There are three countries which presently meet the criterion for LDC status, but have declined to be included in the index, questioning the validity or accuracy of the UN data: Ghana, Papua New Guinea, and Zimbabwe.

The post-2015 agenda should include some explicit accountability mechanisms for the relevant stakeholders. Within the agenda, specific goals should form part of a conceptual framework for development of the post-2015 period. These require considerable thought and appropriate responses which meet the political and technical needs of the multiple actors in global development.

Channels of cooperation

In the context of globalisation, some of the major challenges of cooperation are trade, foreign direct investment, credit flows, equity flows, and sale of bonds in the international capital markets. The important field of cooperation amongst Asian countries is exports and imports. The protagonists of development argue in favour of trade rather than aid, because experiences of aid from developed countries and international organisations have not been very encouraging, especially in achieving equitable development and poverty eradication. The performances of Asian countries have been shown in Table 1, 2, 3 and 4, which depict the situation of some developing countries in the fields of trade and development. The tables give a mixed picture. In Table 1, ten countries suffer a decline in exports as proportion of GDP in 2012 compared to 2007. There were modest increases in some countries including Bangladesh. Only the republic of Korea achieved significant increases in exports. In terms of imports six countries saw increases including Bangladesh, while nine countries suffered decline in imports. All countries except Lao PDR and Pakistan witnessed considerable increase in FDI in absolute value (Table 2). Table 3 shows as many as eight economies, including the major ones (China and India), achieving lower growth rates every year during the period 2011-2014, compared to the periods before the global financial crisis.

The major challenge faced by the developing countries is enhancing exports. Despite increase in trade in these countries the major destinations of exports are developed countries. In the context of low growth of the developed countries, the challenges of the developing countries are to increase trade among these countries and improve their growth performances. The flow of FDI from the developed countries may suffer a setback because of slow recovery of these countries from the global crisis and from the present turmoil in the financial sector, especially in Europe. The situation analysed here points to the need for greater South-South (SS) cooperation to enhance the development pace of the countries in the South.

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Although the opportunities for GVC differ among these countries, they have some common disadvantages arising from small domestic markets and being

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TABLE 1. TRADE AS % OF GDP

	EXPORTS		IMPORTS	
	2007	2012	2007	2012
BANGLADESH	20	23	27	32
CAMBODIA	65	54	73	60
CHINA	42	27	32	25
INDIA	21	24	24	31
INDONESIA	29	24	25	26
KOREA	46	56	45	54
LAO, PDR	37	36	53	48
MALAYSIA	110	87	90	75
NEPAL	13	10	31	34
PAKISTAN	14	12	21	20
PHILIPPINES	43	31	42	34
SINGAPORE	231	195	202	173
SRI LANKA	29	23	40	36
THAILAND	73	75	66	74
VIETNAM	77	80	90	77

SOURCE: WORLD BANK, WORLD DEVELOPMENT INDICATORS, 2009 AND 2014.

TABLE 2. FOREIGN DIRECT INVESTMENT

	2007($ millions)	2012	
		($ millions)	% GDP
BANGLADESH	653	1258	1.1
CAMBODIA	867	1557	11.1
CHINA	138413	295626	3.6
INDIA	22950	23996	1.3
INDONESIA	6928	19618	2.2
KOREA	1579	9496	0.8
LAO, PDR	324	294	3.1
MALAYSIA	8456	9734	3.2
NEPAL	6	92	0.5
PAKISTAN	5333	859	0.4
PHILIPPINES	2928	3215	1.3
SINGAPORE	24137	61160	21.3
SRI LANKA	603	941	1.6
THAILAND	9498	10692	2.9
VIETNAM	6700	8368	5.4

SOURCE: WORLD BANK, WORLD DEVELOPMENT INDICATORS, 2009 AND 2014.

TABLE 3. GDP GROWTH (ANNUAL PERCENTAGE CHANGE)

	2005-2007	2011	2012	2013	2014	2015*
BANGLADESH	6.3	6.7	6.2	6	6.1	6.4
CAMBODIA	11.4	7.1	7.3	7.6	7.2	-
CHINA	12.7	9.3	7.7	7.7	7.5	7.4
INDIA	9.5	6.7	4.5	4.7	5.5	6.3
INDONESIA	5.8	6.5	6.2	5.8	5.4	5.8
KOREA	4.8	3.7	2.3	3	4	3.8
LAO, PDR	7.7	8.3	8.3	8.2	7.5	-
MALAYSIA	5.9	5.1	5.6	4.7	5	5.3
NEPAL	3.2	3.8	4.5	3.6	4.5	-
PAKISTAN	7.2	3.6	3.8	3.7	4.1	4.2
PHILIPPINES	5.8	3.6	6.8	7.2	6.7	6.4
SINGAPORE	7.8	5.2	1.9	3.9	3.5	3.9
SRI LANKA	6.9	8.2	6.3	7.3	7.6	7.5
THAILAND	4.9	0.1	6.5	2.9	2.2	4.5
VIETNAM	8.4	6.2	5.2	5.4	5.7	5.7

SOURCES: UNESCAP, ECONOMIC AND SURVEY OF ASIA AND THE PACIFIC, 2014.
*ASIAN DEVELOPMENT BANK, ASIAN DEVELOPMENT OUTLOOK, 2014 (UPDATE)

TABLE 4. GLOBAL VALUE CHAINS: PARTICIPATION RATE OF VARIOUS COUNTRIES IN PERCENTAGE

SINGAPORE	82	VIETNAM	48
HONG KONG, CHINA	72	INDONESIA	44
MALAYSIA	68	MEXICO	44
KOREA	63	PERU	42
SOUTH AFRICA	59	TURKEY	41
CHINA	59	PAKISTAN	40
TUNISIA	59	ARGENTINA	39
PHILIPPINES	56	MACAO, CHINA	38
THAILAND	52	BRAZIL	37
EGYPT	50	INDIA	36
MOROCCO	48	BANGLADESH	36
CHILE	48	COLOMBIA	26

SOURCE: UNCTAD, WORLD INVESTMENT REPORT 2013, GLOBAL VALUE CHAIN: INVESTMENT AND TRADE FOR DEVELOPMENT, GENEVA.