



DAILY EDITORIAL ANALYSIS

TOPIC

**REPHASING GLOBAL
DEVELOPMENT FINANCE**

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REPHASING GLOBAL DEVELOPMENT FINANCE

In News

India's development cooperation with the Global South has been showing a rising trend for the last several years.

The Global South is a bloc of developing nations from different continents, such as Asia, Africa, Latin America, and Oceania.

- It includes emerging economic superpowers like India and China, emerging economies like Brazil and Indonesia, and other developing countries.
- It represents a significant population base and economic power.
- It is home to marketplaces that developed countries with advanced economies and multinational corporations are seeking.

India's development cooperation with the Global South

- India has emerged as a key advocate for the Global South, leveraging its democratic credentials and economic growth.
- Historically, it played a leading role in The **1955 Bandung Conference**, advocating decolonization and equality.
 - ◆ The formation of the **Non-Aligned Movement (NAM) in 1961**.
 - ◆ **Establishing the G-77 in 1964** to promote South-South cooperation.
- India continues this legacy through initiatives like **Proposing African Union's inclusion in G20**, which was accepted at the **2023 Delhi Summit**.
- India's development cooperation with the Global South has grown significantly, with funding nearly doubling from \$3 billion in 2010-11 to \$7 billion in 2023-24.
 - ◆ Key engagement methods include capacity building, technology transfer, market access, grants, and concessional finance, particularly through Lines of Credit (LoCs) under the IDEAS scheme.

Challenges

- The Global South faces challenges like food insecurity, poor health infrastructure, debt, conflict, and lack of fair representation in global policymaking.
- With rising global debt concerns and liquidity crises, India is re-evaluating the role of LoCs due to increased risks and costs.
- Traditional development assistance providers (ODA) are facing budget cuts and a shrinking aid environment, with a steep decline in global aid expected from \$214 billion in 2023 to around \$97 billion.
- This reduction threatens progress towards Sustainable Development Goals (SDGs), which require over \$4 trillion annually by 2024, amid costlier and less predictable borrowing.

Alternatives

- Triangular Cooperation (TrC)—a partnership model involving a Global North donor, a Global South pivotal country, and a third partner country—offers a promising alternative.
- Countries like Japan, Germany, Indonesia, and Brazil have successfully implemented TrC projects, promoting shared learning and tailored solutions.
- India and Germany have initiated TrC projects in Africa and Latin America, supported further by collaborations with the US, UK, EU, and France during India's G-20 presidency.
- These partnerships demonstrate how combining technical, financial, and human resources in TrC can effectively re-phase global development finance to achieve impactful, cost-effective results in the Global South.

Suggestions and Way Ahead

- India's approach is rooted in its vision of inclusive development—"Sabka Saath, Sabka Vikas" and "Vasudhaiva Kutumbakam" (One Earth, One Family, One Future)—emphasizing partnership, empowerment, and shared growth for a sustainable future.
- India can help shape a more inclusive and resilient global order amid rising global inequalities and weakening development finance

Source :TH

Mains Practice Question

[Q] What are the key challenges faced by the Global South countries in the present scenario ?Analyze India's approach to development cooperation with these countries.

