

D+C

DIGITAL MONTHLY

DEVELOPMENT AND
COOPERATION

D+C

ENTWICKLUNG UND
ZUSAMMENARBEIT

E+Z

International
Journal

ISSN
2366-7257

2024 06

TAXATION

Prudent policies require national action and international cooperation

IDENTITY POLITICS

Cameroon's language dispute is steering the country apart

GEOPOLITICS

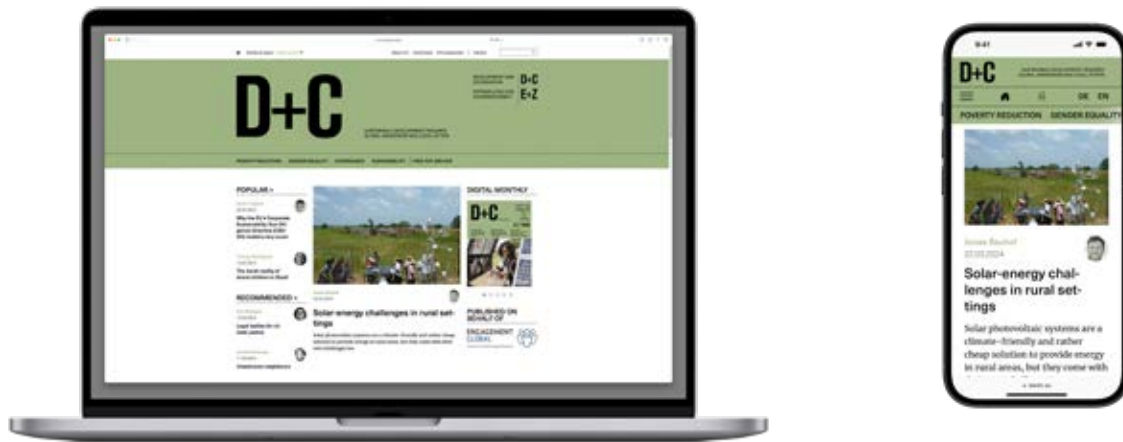
When multilateral organisations resemble golf clubs



BRICS plus partners

Digital future for D+C/E+Z

An important chapter in the history of D+C/E+Z will end this year. From 2025 on, we will exclusively distribute our content online. After more than 60 years, we will discontinue our print edition. The final print issues will go to press in June and November respectively. Digital technology allows us to reach out to international target groups fast and in an environmentally sound manner. At this point, our website www.dandc.eu already has visitors from more than 180 countries.



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We will expand our digital outreach from 2025 on. Our final print issue will include comprehensive information regarding the additional digital options we are currently creating.

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FOCUS

BRICS plus partners

The acronym BRICS was coined by a Wall Street banker to emphasise promising business outlooks in Brazil, Russia, India and China. The four countries added South Africa and began to hold regular BRICS meetings. Last year, they admitted new members into what is now the BRICS+. The loose alliance is marked by internal differences, so some observers say it will prove more bark than bite. What makes it look strong is, to a large extent, the dysfunction of the western-led multilateral system.

Title: The five flags of the original BRICS countries.
Photo: picture-alliance/ZUMAPRESS.com/Shutterstock





Our focus section on BRICS plus partners starts on page 19. It pertains to the UN's 17th Sustainable Development Goal (SDG): Partnership for the goals. It also has a bearing on the entire SDG agenda.

Why an unconvincing alliance looks so formidable

Humankind is racing towards environmental disaster. What we need is sustainable global solutions to pressing global problems like climate change, the loss of biodiversity and chemical pollution. Unfortunately, that is not on offer from the BRICS+.

The informal group originally started as a loose alliance of Brazil, Russia, India, China and South Africa. Four additional members have since joined (the United Arab Emirates, Iran, Egypt and Ethiopia), and Saudi Arabia is expected to do so soon.

The original BRICS awkwardly claimed to be speaking for the entire so-called Global South. None of them belongs to the group of least-developed countries, however, and Russia actually is the Earth's northern-most country, spanning half the Arctic Circle, with its top leader doing his best to restore the tsarist empire of the 19th century. The admission of additional countries has only

“The BRICS+ do not have much in common apart from wanting to limit western hegemony. Member governments are trying to maximise their status as great powers.”

added one least-developed country (Ethiopia), but at least two – and in the end probably three – oil exporting ones (Iran, UEA and Saudi Arabia).

The BRICS+ do not have much in common apart from wanting to limit western hegemony. Member governments are trying to maximise their status as great powers. Most of their leaders show little regard for what low-income countries urgently need. It bears repetition that China and India are

not allies and that China's major international development programme, the Belt and Road Initiative, actually bypasses India. Iran and the Gulf monarchies, moreover, have been competing for regional hegemony for a long time. Their proxy war is tearing Yemen apart.

Beyond establishing an international development bank of their own, the five-member BRICS did not achieve much. Based in Shanghai, the New Development Bank remains a minor player. As a group, they did not make substantial contributions to establishing the kind of sustainability-oriented global governance we need.

Their contribution to fighting the Covid-19 pandemic, for example, was less than claimed. Yes, China, India and Russia did export vaccines. China, however, was too secretive about the novel disease when it first emerged in Wuhan, depriving the international community of the chance to prepare better for what was coming and perhaps even prevent its global spread. India only produced vaccines thanks to Oxford University granting it free access to its patents, expecting it to supply other developing countries with the life-saving pharmaceutical. Exports from India stopped, however, once the pandemic raged fiercely at home. Russian generosity, moreover, was probably linked to the fact that many Russians refused to get their shots.

Despite this unimpressive track record, the BRICS+ look like a major challenge to the G7 group of high-income nations. The problem is that the G7 and its allies failed to make their ideas of global governance work for all countries after the collapse of the Berlin Wall. In the meantime, governments of – and many people in – developing countries have lost faith in them.

To reverse the trend, G7 members should do much more to safeguard global public goods. That includes making their own economies sustainable and promoting SDG achievement internationally. If they aspire to lead, they must set the right examples. Otherwise, the BRICS+ challenge will look increasingly formidable in spite of the group's obvious weaknesses.



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Education requires funding: school children in Accra, Ghana.

TAXATION

National action plus global cooperation

Developing countries need strong public finance systems with effective tax laws and competent tax administrations. Building the needed capacities requires political will and action at the national level. Success, however, also hinges on international cooperation on taxes. Developed countries should support efforts to adopt a UN tax framework convention rather than insisting on the current OECD-led processes.

By Altayesh Taddese Terefe

National governments made a commitment “to enhancing revenue administration through modernised, progressive tax systems, improved tax policy and more efficient tax collection,” in the Addis Ababa Action Agenda. It was adopted by the UN

summit on Financing for Development in the Ethiopian capital in 2015. The document proved that the relevance of public finance in development is widely acknowledged.

In order to improve living conditions, developing countries must increase the state revenues that enable them to invest in infrastructure and social services. Policies that drive economic growth are not enough. Governments must expand the tax base too. Good tax policies are beneficial in several ways:

- They contribute to making development more inclusive, because they tackle (both income and gender) inequalities by placing heavier burdens on the haves.
- They discourage environmentally and otherwise harmful behaviour.

- They strengthen the social contract by involving citizens in efforts for the common good, thus attracting taxpayers’ attention to the quality of governance and democracy.

All of this matters for SDG achievement. It also contributes to building more capable statehood. National sovereignty is enhanced when sufficient domestic revenues reduce governments’ dependency on official development assistance (ODA). If they implement inclusive and sustainable policies on this basis, they reinforce democracy.

While developing countries obtain a significant share of their development finance from domestic sources today, their tax collection ratio rests at about half of that of developed countries. Accordingly, improving domestic resource mobilisation (DRM) is a core issue of international development debate.

In 2020, low-income countries’ tax-to-GDP ratio was 11.6% in contrast to 16.3% in other developing countries and 23.2% in developed countries, according to the UNCTAD (UN Conference on Trade and Development). The ratios had been slowly improving since the 1990s, but multiple crises have made things more difficult once more. In

particular, the Covid-19 pandemic and the worsening climate crisis have made government debts grow fast.

According to a 2023 IMF study, emerging markets and developing countries could mobilise more tax money. The document suggests that low-income countries can increase their intake by 6.7% on average, while the comparative figure for emerging markets is five percent. To tap this potential, governments are told to adopt appropriate policies. Doing so, however, will require political will, especially in regard to improving tax enforcement.

People obviously do not like to pay taxes. Increasing rates and broadening the base is therefore politically quite challenging. Loopholes must be closed. So far the wealthy are yet to contribute their fair share to society, while important taxes, such as wealth and property taxes, are underutilised. Moreover, it is necessary to fight corruption and ensure good administration of tax laws.

A nation's social contract must remain fragile if masses of people stay outside the public-finance system. Not taxing a large share of the people means that governments lack the funding they need to improve the plight of low-income households. Marginally taxing the incomes of the larger public to the benefit of targeted state action in fields like education or healthcare is essential for SDG achievement. The benefits of such state action far outweigh what private spending by taxed families would deliver.

ILLICIT FINANCIAL FLOWS

The nation-state level, however, is not all that matters. Tax-related illicit financial flows (IFFs) diminish government budgets in developing countries. Indeed, tax evasion, tax avoidance and tax planning cause serious harm. Multinational corporations benefit in particular. The exact amounts of IFFs are hard to pin down, but no one doubts developing countries are losing significant sums.

IFFs cost developing countries around \$800 billion in the decade from 2004 to 2013, according to a World Bank estimate of 2021. Of the total, about \$500 billion would have been collected as taxes, of which up to 70% would have been corporate taxes. Africa's yearly revenue loss is estimated at over \$50 billion. A troublesome trend is that the



Power lines and bridges in Lagos, Nigeria: infrastructure matters – and national governments need money in order to rise to their responsibility.

digitalisation of economies further facilitates harmful tax practices and tax evasion.

It is widely appreciated that international cooperation on tax policies and their enforcement is needed. The agenda has so far mostly been driven by the Organisation for Economic Co-operation and Development (OECD) – an umbrella organisation of high-income countries. The UN, World Bank and International Monetary Fund (IMF) are also among the institutions that support related policies.

While OECD efforts have made progress in recent years, they remain controversial too (see box). Fairness, inclusiveness and efficiency are in dispute. Governments of developing countries demand to be involved in international rule making at eye level moreover. They want the UN, in which they have equal say, to handle matters.

Indeed, the UN is becoming more assertive. Late last year, the UN General Assembly adopted Resolution 78/230 with an eye to crafting an UN-led framework convention for international tax cooperation.

According to a Nigerian diplomat, the goal is to enable “developing countries to mobilise domestic resources, directly fuelling development projects and social welfare programmes.” An ad-hoc committee was set up to prepare the terms of reference for the framework convention. It is expected to conclude its work by August this year, building on work done previously by UN

secretary-general António Guterres and the FACTI Panel (High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda).

The resolution was controversial, however. The 125 governments that voted in favour mostly represented the developing world, whereas the 57 opposing and abstaining votes mostly came from the global north.

That developed countries voted against the resolution was no surprise. EU institutions and member countries, for example, had argued that the transfer of power to the UN would undermine progress made by the OECD processes. Civil-society observers, on the other hand, point out that privileged OECD members generally prefer settings in which they call the shots. It is also worth noting that business associations in high-income countries have endorsed OECD initiatives.

High-income nations generally promise to support capacity building in tax administrations and to apply global tax standards, but they normally prefer non-binding options to the binding UN tax convention. Non-governmental tax-justice advocates regard this approach as contradictory at best.

Powerful governments keep praising what they call “the rules-bound world order”. Developing countries would find

the global tax framework more convincing if the processes permit an equal say in rule making, leading to the development of rules which serve their interest. Capacity building in tax administrations and cooperation on international tax standards is simply not enough. Policymakers in developing countries consider IFFs to be the most pressing issue, so they demand an equal say in the proposed solution.

Taxation is an inherently political matter. It reflects a sovereign nation's values and preferences. Nonetheless, international coordination is needed, as economies are interlinked. Capital flows across borders easily and digitalisation is easing such flows further. Some jurisdictions intentionally create fertile grounds for multinationals' profit shifting and secrecy. They thus erode the revenue base of developing countries. Unsurprisingly, prosperous capital-exporting

nations figure prominently in the former group, while the capital importing global south dominates the latter. For the sake of balance, the UN, in which all parties are represented, would be the right forum to tackle unfair tax-haven policies.

So far, ODA flows to disadvantaged countries remain essential for SDG achievement. The stronger those countries' tax systems become, however, the less ODA dependent they will be. Building public-finance capacities should therefore be a priority of development cooperation. Related measures do not only strengthen state capacities, but can also improve democratic governance when policy results improve, and more people become involved in public affairs. By contrast, weak fiscal systems typically go along with deficient social contracts, unsatisfying economic performance and huge social disparities. Consequences

include conflict, fragile statehood and forced migration.

It is essential to facilitate strong public finance systems in developing countries. That certainly requires action at the national level. However, appropriate international cooperation is needed too. High-income nations should therefore support a UN framework convention on taxes and not insist on monopolising decision-making in the OECD context. Donor governments should heed independent experts' advice in this matter.



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Dented legitimacy

Over the past decades, the OECD (Organisation for Economic Co-operation and Development) has been the main multilateral actor in dealing with international tax issues. In 2009, it established the Global Forum on Transparency and Exchange of Information for Tax Purposes. The goal was to facilitate the implementation of shared standards. The Forum has over 160 members (including many developing countries). Important approaches include exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI).

In 2013 the OECD and the G20 launched the Base Erosion and Profit Shifting (BEPS) project, another notable initiative. The idea was to fight tax avoidance by multinational corporations, and 15 tangible actions were defined in 2015.

They range from dealing with challenges of digitalisation to mandatory disclosure rules and country-by-country reporting.

To facilitate worldwide implementation, the OECD/G20 formed the Inclusive Framework (IF) in 2016. It currently has over 140 members. In 2021, 137 IF members concluded an agreement to tackle tax problems arising from the digitalisation of economies. It is called the two-pillar solution. While Pillar One is about the profit allocation of large multinational corporations among countries, Pillar Two sets a global minimum tax rate of 15%.

The work of the Platform for Collaboration on Tax (PCT) on challenges of the international tax framework is also worth mentioning. This joint initiative of the IMF, the World Bank Group, the UN and the OECD is providing capacity

building and technical assistance to countries on tax matters.

Critics, however, argue that many of these ongoing initiatives are fundamentally unfair because developing countries cannot participate on an equal footing and are therefore far less likely to benefit. Some estimates, for example, suggest that the reallocated tax revenue under the Two-Pillar solution will go to a handful of rich countries. The benefit to developing countries, by contrast, was deemed to be unclear and potentially even negative.

Related concerns have been expressed regarding the BEPS. Indeed, the BEPS project initially did not even consult developing countries. They were only involved at a later point through the IF. Although the BEPS project aims to curb tax abuses by multinationals, existing international tax rules do not adequately require taxation at source, which is typical in the developing countries, where the economic activity

takes place. Moreover, current international standards do not prevent the anonymous ownership of assets. Anonymity, of course, facilitates illicit flows.

Experts, tax-justice advocates, and policymakers from developing countries thus express the worry that the solutions proposed may be more relevant to developed countries than to developing ones. The fact that negotiations in OECD-led initiatives are not open to the public but take place behind closed door adds to the discontent. According to experts from the Norwegian Academy of International Law (NAIL, 2022), OECD-led initiatives lack the political inclusiveness which the representation of – and accountability to – all nations would bring. AT

LINK

Norwegian Academy of International Law, 2022: A UN Tax Convention? <https://intl.no/wp-content/uploads/2022/09/REPORT-UN-tax-convention-FINAL-NAIL-sept-2022-WEB.pdf>



Demonstration in Rome in favour of a free Ambazonia.

LANGUAGE POLITICS

From colonial division to civil war

Up to now, life in Cameroon is determined by whether one is Francophone or Anglophone. The so-called “Anglophone crisis” surrounding the independence aspirations of the part of the country that was once a British colony is claiming more and more victims.

By Amindeh Blaise Atabong

At the beginning of April, Bamenda in western Cameroon, the country’s third largest city, witnessed a gruesome scene: the bloody head of a middle-aged man had been dumped in the middle of a busy road junction.

The man, who was later identified as a herbalist, was presumably abducted and then beheaded by secessionist rebels whose goal is an independent Anglophone Cameroon. His body was nowhere to be found.

The brutal murder is just the latest in a series of killings and other atrocities that

have plagued the English-speaking parts of Cameroon. The separatists believe their victims oppose their cause or are government spies. In one of the killings that gripped the entire country in 2019 because it circulated as a video on social media, prison guard Ayafor Florence was dragged to a square in Pinyin and beheaded by a gang of men. Since 2016, the lives of Cameroon’s Anglophone population, which makes up around 20% of the country’s 28 million inhabitants, have been shaken up by such acts.

The crisis has its origins in colonial power relations that date back to the 1880s. Before the European colonial powers subdued Africa, what is now Cameroon consisted of many independent kingdoms with their own territories, leadership, culture and traditions. But in the course of the scramble for Africa, Germany annexed these independent territories in 1884 and united them into one colony, which it called Kamerun.

Things changed, however, when Germany lost the First World War to the Allies. The territory was seized and divided between Britain and France, with the French getting the lion’s share. Britain and France governed the divided colony as trustee territories – and introduced their language, government, education and judicial systems.

On 1 January 1960, French Cameroon became independent. The British Southern Cameroons followed on 1 October 1961 by joining French Cameroon to form the present-day Republic of Cameroon.

However, this was by no means a smooth process. The problems started during an UN-backed referendum in 1961 in the run-up to independence. At the time, a group of politicians from the British Southern Cameroons advocated independence through the creation of a new state. They rejected proposals to achieve independence by joining Nigeria or becoming part of Cameroon together with French Cameroon. However, the option of an independent Anglophone Cameroon was not put to a vote in the referendum.

In 1972, Cameroon’s first president, Ahmadou Ahidjo, ended the federal system that had guaranteed autonomy to the

Anglophone minority. His successor Paul Biya, who has now been in power for almost 42 years, has centralised the administration even further.

SPEAKING ENGLISH IS NOT ENOUGH

Today, people in Cameroon are considered Anglophones if they come from the English-speaking regions of the North West and South West, which were formerly under British colonial rule as Southern Cameroons. Anglophones still have their own legal (common law) and education system modelled on the British system, which differs from the Francophone civil law and education system.

Meanwhile, some Francophones claim to be Anglophones simply because they can understand, speak and write English. This often leads to discord, especially when political posts that are actually intended to give a say to Anglophones are given to such people.

Furthermore, the loss of regional autonomy, economic disadvantage characterised by infrastructure decay and decades of underinvestment, the imposition of French in English-language schools and marginalisation through the appointment of French-speaking civil servants in the public sector are some of the factors that have led to growing frustration among Anglophones over the decades.

STRIKES DEMANDING RESPECT

In 2016, a group of Anglophone lawyers and teachers in the North West and South West regions went on strike to demand fairer treatment and respect for Anglophone identity.

The Francophone-dominated government responded with brutal force by deploying its army's elite group – the Rapid Intervention Battalion (BIR) – which is trained by the US and is normally used in the fight against Boko Haram.

The government's use of disproportionate force radicalised many people who joined the groups fighting at gunpoint for the creation of an independent English-speaking state called "Ambazonia".

The crisis has turned into a civil war between armed separatists and government troops and has been escalating ever since. Many civilians have been caught in the

crossfire, as the rebels are waging a guerrilla war.

There have been attacks on schools, horrific killings, arbitrary arrests, abductions, arson attacks, rape, torture, mutilation, beheadings and other forms of horrific atrocities. According to human-rights groups, both the rebels and the government forces have committed these serious human-rights violations with impunity.

In the capital Yaoundé, 300 kilometres from the western regions, people who identify as Anglophones have also been victims of abuse. Neighbourhoods inhabited by Anglophones are searched and cordoned off unusually often.

So far, the tensions have led to the deaths of over 6000 people. They have destroyed the cultural and economic fabric of the troubled regions, impoverished many people and prevented over 700,000 children from attending school. So far, 628,000 people have been displaced within the country, while more than 65,000 have been registered as refugees in neighbouring Nigeria.



ETHNIC GROUPS DIVIDED

The Anglophone crisis in Cameroon is complex. Although it is often viewed in terms of the French-English language divide, it goes beyond language rivalry. The colonial divide has fragmented groups with common ethnicity, ancestry and cultural heritage. For example, the Mbo in Kupe Muanenguba Division speak English, but on the other side of the Mungo River, the Mbo speak French. At the same time, there are more and more marriages between couples from different ethnic groups, both Anglophone and Francophone.

It is therefore questionable whether it is really only the legacies of the Anglo-

French colonial legacy that are proving to be profound indicators of identity in today's Cameroon, when there was a multiplicity of identities before the division of the country.

Political scientist Bamnjo Herman Yenika from the University of Bamenda ac-

“The government’s use of disproportionate force radicalised many people who joined the groups fighting at gunpoint for the creation of an independent English-speaking state called ‘Ambazonia.’”

knowledges that Anglophones have a distinct cultural and linguistic identity and that a sense of marginalisation and exclusion is fuelling conflict in the Anglophone community. However, he believes that the problem lies deeper than language and identity. “The Anglophone crisis is basically a political struggle with numerous resentments that have led to the current situation,” says Yenika.

In 2019, after the “Major National Dialogue” to end the long-running conflict, the government acknowledged that the Anglophone regions have a separate identity, although the country’s 1996 constitution already recognises this. The North West and South West regions have been granted special status, but many criticise the legal framework. Not only was it granted without proper consultation with key Anglophone stakeholders, but regional assemblies with limited legislative powers were established, whose members are elected in indirect elections and do not represent their constituencies.

But despite its limitations, Tilarious Atia, a Bamenda-based political scientist, argues that the special status could still serve to protect the Anglophone identity in Cameroon. “Instead of fighting, Anglophones should make better use of the special status,” he says.



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UN Security Council meeting in September 2023.

MULTILATERAL ORGANISATIONS

What geopolitics have to do with golf clubs

International organisations rarely follow set rules with regard to the inclusion or exclusion of members. For that reason, Christina Davis calls them “discriminatory clubs” in her book of the same name. The book examines how this arbitrariness structures the entire global community.

By Katharina Wilhelm Otieno

The term “rules-based world order” has been floating around multilateral fora and conferences of international organisations for some time now. It informs statements by the US and the EU in particular. However, the notion often fails to convince actors

from poorer world regions. Their main point of criticism is that western states and international organisations themselves do not abide by the rules they propagate.

This inconsistency begins with the fact that membership in international organisations follows highly flexible rules and criteria. Harvard professor Christina Davis argues in her book that membership decisions are deeply political. It is not effectiveness or conformity to the central concerns of an organisation that determines acceptance, but rather geopolitical alignment.

She examined the provisions of various international organisations and determined that many membership criteria are

formulated only vaguely. From NATO to the World Trade Organization (WTO), the resulting margin of discretion could raise entrance barriers for some and lower them for others. Non-allies would potentially have to make a greater effort to reform.

According to Davis’s findings, admission requirements are conceived in such a way that selection is based on a vote by existing member states. As a result, states with similar geopolitical alignment tend to join the same organisation. In her statistical analyses, Davis measures this alignment with reference to, for example, existing (bilateral or security) alliances and voting behaviour in the UN.

The approval of existing members plays the biggest role in the selection of new members and is handled completely arbitrarily, writes Davis. This combination of selectivity and vague requirements is what leads Davis to call international organisations “discriminatory clubs”.

She argues that admission into an organisation thereby becomes an instrument of soft-power diplomacy. Flexible criteria

turn membership into a carrot and stick in order to reach goals that extend beyond the organisation's scope of action, she writes.

Conversely, the exclusion of a state is a possible sanction. Davis determines that very few organisations have clear rules in this respect and points to South Africa: during apartheid, the country was excluded from almost all international contexts, regardless of whether it actually complied with regulations or made contributions on time. Such exclusion is rare, but very effective.

Some organisations remind Davis of golf clubs: existing members are by no means only interested in new candidates' golf expertise, but also in their status.

PRESTIGIOUS OECD MEMBERSHIP

She calls the Organisation for Economic Co-operation and Development (OECD) the prime example of a "rich country club". Being a member comes with prestige, which is impressive not only to a country's own population, but also to investors. Group membership signals a state's status, Davis writes.

Davis further claims that even regional organisations are secretly "discriminatory clubs". Statistical analyses of 197 regional organisations suggest that security alliances are just as important for membership as geographic proximity.

According to Davis, the same is true of organisations that have explicitly committed themselves to the principle of open membership. There are limits here, too, because membership in international organisations often determines whether the sovereignty of a state is recognised. Thus, countries like Palestine and Taiwan are excluded. Moreover, Davis claims that there are inequalities within organisations too, as the power of the permanent members of the UN Security Council demonstrates.

Davis' main reproach is that the membership criteria of international organisations lack clear definitions. Regional organisations mention "regions" without describing their geographic boundaries. Universal organisations proclaim "open membership for all states" without defining statehood.

In Davis' telling, international organisations thereby become the gatekeepers of state sovereignty, which is only conferred on

member states. Thus, Davis reveals a paradox: state sovereignty is a precondition for being admitted to international organisations, but membership is a precondition for establishing state sovereignty.

She brings up Taiwan in this context as a country with an efficient government that is excluded from, for example, the UN because of its sovereignty conflict with China, and not because of doubts about its future compliance with the rules. Examples like Palestine or Taiwan show that membership in the "clubs" depends on much more than international cooperation in certain

"According to Davis, geopolitical alignment replaced imperial, cultural or dynastic connections and 'universal values' supplanted the rhetoric of civilisation only after 1945."

areas. Davis believes that admitting these two countries into the World Health Organization (WHO), for instance, would greatly benefit the global health sector. But it would also have far-reaching geopolitical consequences.

Davis cites numerous cases that support her argument: if the OECD were to require democratic governance or conduct a strict evaluation of compliance with all its conventions, countries like Turkey and Mexico would have had a harder time becoming members. If the WTO were truly universal, foreign policy considerations not relating to trade would not have prevented Iran's admission, or delayed China's.

HISTORICAL RELATIONSHIPS BETWEEN COUNTRIES

Davis concentrates on the world after 1945 but does not fail to mention that over the course of history, states have tried to smooth out their differences in a variety of ways. Dynastic networks structured early modern Europe; Confucianism and tributary relationships played a similar role in East Asia. Imperialism forced many regions to conform to European "civilisation standards", which were largely achieved through armed

violence. According to Davis, geopolitical alignment replaced imperial, cultural or dynastic connections and "universal values" supplanted the rhetoric of civilisation only after 1945.

Her tentative look into the future is interesting: she proposes that security interests as a common marker in international organisations could give way to other concerns. She is not the only one thinking of clubs of climate protectors (interview with Mojib Latif, D+C/E+Z Digital Monthly 03/2024, p. 18).

These structures play an important role, as Davis states that without a higher authority, the international community is actually anarchistic. She believes that order is only possible if the institutions of this community serve a common good.

Davis fails to note in this context that the universal values that constitute this common good are based on liberal ethics and the European Enlightenment, which may very well conflict with cultural values in many other parts of the world.

However, the central concern of her book is not to criticise, but to analyse. Davis makes clear that she does not want to address the consequences of discriminatory membership rules. However, she cannot help but note that vague rules encourage the admission of states that do not actually perform well enough to belong, and a lack of exclusion criteria keeps rule-breakers in the organisations. According to Davis, this trend leads to over-expansion, the consequences of which are a dilution of the status advantage and a decline in the organisation's achievements in its target area. As a result, Davis claims, there is an incentive to keep founding new organisations.

Davis puts it even more clearly: if states admit less-qualified partners into, for example, a predominantly economic organisation on the basis of security ties, their membership will reduce the organisation's average performance. But this is where the golf club analogy raises her hopes: someone who has no talent for golf but wants to belong to elite circles can always learn how to play.



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Chinese funded steel mill displaces locals in Zimbabwe

Chinese investment in large-scale projects in Africa has had massive impact on communities and the environment. One example is a new steel mill in Zimbabwe, valued at over \$ 1 billion.

The Dinson steel mill is being constructed by China's Dinson Iron and Steel Company close to the community of Mvuma south of the capital Harare. It is touted by Zimbabwe's authorities as Africa's biggest steel plant that will create a mini-city and be a gamechanger for the country's grand ambitions to be Africa's number one processed steel exporter.

The promises and expectations of the government have however been met with doubt by locals who are already facing adverse effects due to the ongoing project. The biggest grievance has been the displacement of people off their traditional land.

Six of such affected families have sought the intervention of human-rights groups and investigators to shine a light on their plight. One family has already moved while the other five are yet to move. Dinson Iron and Steel Company says the families are too close to the plant and mine. They were compensated with about 27 hectares of land and had homes built for them. However, the houses are substandard and uninhabitable, the families say.

The Chinese company had also hired a borehole drilling company to construct water boreholes for the affected people. When the driller reached the agreed depth, they left without securing the water. Farai Maguwu, the director of the Zimbabwe Centre for Natural Resources Governance, confirms the despicable conditions in which the project affected persons and communities now live. "There are no schools or a clinic nearby. The displaced families' graves were to be relocated to the new settlement. However, after the families refused to cooperate, citing compensation issues, the mission was aborted," Maguwu says.

Environment activists equally question the environment impact assessment report for the Dinson mine. According to domestic reports in Zimbabwe Dinson is accused of being in bed with Zimbabwe's high political decision-makers, influential local businesses and even independent environment impact assessors. "In extreme cases, Dinson fraudulently turns community consultation attendance registers into consent forms. The whole thing is a mess," Maguwu says.

This is not the first time in Zimbabwe that Chinese-owned industrial mills and mines have been accused of trampling on locals' rights. The Manhizhe Steel Mill, a plant in central Zimbabwe, was accused in 2021 of expelling hundreds of villagers from their industrial land to make way for expansion.

Dinson, the Chinese company denies all allegations against it and says negative reports are a smear campaign to tarnish the image of Chinese investments in Zimbabwe.

Commissioned by Zimbabwe's president Emmerson Mnangagwa in December 2022, the Dinson Steel mill, according to the President, will churn out 600,000 tons of steel when fully operational. It ought to reduce steel imports and create over 20,000 jobs. The President promises that "a new smart city" will spring around the plant.



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MASTHEAD / IMPRINT

D+C DEVELOPMENT AND COOPERATION

Sustainable development requires global awareness and local action.

Vol. 51, 2024

D+C is the identical twin of the German edition E+Z

Internet: www.DandC.eu

ISSN 2366-7257

The production of this Digital Monthly was finalised on 28.05.2024.

D+C Development and Cooperation is funded by Germany's Federal Ministry for Economic Cooperation and Development and commissioned by ENGAGEMENT GLOBAL. D+C does not serve as a governmental mouthpiece. Our mission is to provide a credible forum of debate, involving governments, civil society, the private sector and academia at an international level. D+C is the identical twin of E+Z Entwicklung und Zusammenarbeit, the German edition.

We invite people who work in different sectors and live all around the world to contribute to D+C/E+Z. The editors request that no unsolicited manuscripts be sent, but proposals for contributions are welcome. After editing manuscripts according to journalistic standards, we ask the authors to approve the final texts before publishing their items. As we edit interviews for clarity and brevity, we also ask our interviewees for approval of the final manuscripts to ensure we do not distort their message. That is standard practice in German journalism.

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Fazit Communication GmbH
Executive directors: Jonas Grashey, Hannes Ludwig

ADDRESS OF THE PUBLISHER AND EDITORIAL OFFICE:
Pariser Straße 1, D-60486 Frankfurt am Main, Germany

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Disclaimer according to § 5,2 Hessian Law on the Freedom and Rights of the Press: The shareholder of the company is FAZ Fazit Stiftung.

ADVERTISING AND SUBSCRIPTION SERVICE:

Fazit Communication GmbH
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PO Box 1363
D-82034 Deisenhofen, Germany
Phone: +49 (0) 89 8 58 53-8 32
Fax: +49 (0) 89 8 58 53-6 28 32
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PRINTING:

Westdeutsche Verlags- und Druckerei GmbH
Kurfürstenstraße 46
D-64546 Mörfelden-Walldorf, Germany

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PRINT SUBSCRIPTION PRICES (INCL. MAILING CHARGES):

single issue: € 2.20
annual subscription, Germany: € 14.00
annual subscription, world: € 18.00



Refugee camp in Goma, DR Congo: extreme poverty is getting worse in many conflict regions.

DEVELOPMENT FINANCE

Taking the chance

Since the 1990s, the World Bank has enabled a dramatic reduction in extreme poverty worldwide. However, this progress masks a dangerous divergence between stable and fragile countries. The replenishment negotiations of the International Development Association (IDA) this year offer an opportunity to close this gap.

By Wale Osofisan

In 1990, more than one in three people were living in poverty. This figure went down to less than one in ten in 2019. But particularly in least developed countries affected by conflict, the number of people affected by extreme poverty has risen by 82% over the last three decades.

The World Bank assumes that by 2030, the year in which the international community aims to achieve the UN Sustainable Development Goals (SDGs), approximately 60% of all people living in extreme poverty will be living in fragile and conflict-affected countries.

The development economics approach, which has been successful in reducing extreme poverty in stable states, continues to fail in fragile ones. While several

efforts have been made to define and operationalise the nexus of humanitarian aid, development and peace, this has not yet led to systematic improvements in the lives of people living at that nexus.

In crisis-affected countries, where effective humanitarian action is the first step on the road to development, the World Bank's policy agenda is not advanced enough. The Bank's new "Evolution Roadmap" has now recognised a focus on fragility, conflict and violence, and climate change – among other global challenges – as a prerequisite for realising its new mission to eradicate poverty on a liveable planet.

This requires a new model for the World Bank's financing, its design and implementation in these countries, including through the Bank's International Development Association (IDA), the largest single source of development finance for the world's poorest countries.

Central to reaching conflict-affected communities is a flexible approach. In areas where the national government lacks control or capacity, partnering with NGOs and local actors is crucial. In highly decentralised government structures, services that have a direct impact on people's lives,

such as basic healthcare, education or water supply, fall under the responsibility of local authorities. This calls for resourced and empowered local actors equipped to rapidly scale such essential services when there is a spike in needs. Concrete results for good governance in fragile states also require a citizen-led approach.

The International Rescue Committee's (IRC) collaboration with the Gavi Vaccine Alliance and African-led civil-society groups in East Africa is an example. Through this partnership, more than 1 million doses of life-saving vaccines have been administered to children who had never been immunised before. Before the programme was launched, only 16% of this group were accessible. Now 77% of these children are reached.

Given IDA's paramount role in providing funding to crisis-affected countries, this year's IDA replenishment negotiations present an opportunity to test new mechanisms that are adapted to these countries. As a leading financial supporter of IDA mechanisms and a driving force behind the World Bank's reform agenda, Germany should be a role model for how other donors can best support IDA. This can be done in three ways:

- First, donors should pledge contributions that exceed the 20th replenishment cycle (IDA20) amount of \$23.5 billion to put IDA on track for tripling its size by 2030.
- Second, World Bank leadership and donors should refine IDA funding mechanisms to better address country risks and vulnerabilities.
- Finally, the Bank should improve the disbursement of IDA by expanding partnerships with non-governmental organisations, starting with partnership pilots in conflict-affected countries as a first step to build an evidence base for this approach.

The World Bank's mechanisms must be adapted to maximise their effectiveness. For example, loans can no longer be granted without considering the long-term consequences of debt repayment for recipient countries. Instead, financial support in the form of grants with positive impact should be prioritised.



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SOCIAL DISPARITIES

1.4 billion people, 200 billionaires

In the past, many election promises of India's Prime Minister Narendra Modi did not come true. He has delivered pro-rich growth.

By Aditi Roy Ghatak

India has contributed many words to the English language. Examples include avatar (incarnation) or pundit (learned teacher). The Oxford English Dictionary should include "jumla" too. It means making false election-campaign promises. The BJP, India's Hindu-supremacist ruling party, has been accused of jumla for a long time. Its promises of sustainable development have failed to come true. Modi, the BJP prime minister, has now been in office for ten years and is currently running for another term.

So far, the party has got away with unfulfilled promises. Five years ago, it won 38% of the votes, securing 294 of 543 seats in Parliament. Together with allied parties, the BJP has a comfortable majority of not quite two thirds of seats.

With Modi in office, campaign promises to the poor were fast papered over in 2019 as in 2014. No, the government did not get inflation under control. No, it did not over-

see the creation of millions of jobs. No, farm incomes did not double. As a matter of fact, many peasants and other dispossessed people suffer worsening poverty. Unemployment and underemployment still haunt the nation. Huge disparities are widening, for example, with women being systematically paid less than men.

Last year, the Global Hunger Index (GHI) placed India at the 111th position out of 121 countries. The data indicated a serious level of hunger. As was to be expected, India's government questioned the credibility of the GHI, accusing its authors of bad faith and unreliable methodology. It claimed there was zero hunger and no starvation, until the Supreme Court ordered it to produce honest data. The government had to admit that 69% of deaths in children under five was due to malnutrition and malnourishment in 2022. Equally bad, the number of hungry Indians had gone up from 190 million to 350 million that year.

While it is true that the Covid-19 pandemic contributed to the misery, one must not forget that the Modi government managed it poorly. First, it imposed a harsh national lockdown when the disease had not

even arrived, and later it let it rip through the nation uncontrolled. Assessments by the World Health Organization (WHO), moreover, put the number of Covid deaths in India far higher than national statistics did.

The sad truth is that, under the BJP rule, the super-rich have become even richer. We are now a nation of 1.4 billion people, of whom, according to Forbes, a record number of 200 are billionaires in dollar terms. In the fiscal year 2022/23, India's top one percent accounted for 22.6% of the nation's income and even 40.1% of its wealth, as a recent working paper of the independent World Inequality Lab reported.

To distract from the misery, the BJP offers nationalist jingoism. It pretends that India is shining, with things getting better and better. Modi recently asserted that the country would emerge as the third largest economy in the world in the coming years. As a matter of fact, the World Bank already declared India to be the third largest economy in purchasing-power terms in 2011. At that time, Manmohan Singh of the Congress Party was prime minister. Purchasing power, of course, is what matters most to poor people.

Reducing inequality is not the only but an important component of sustainability. It figures prominently on the list of the SDGs, the UN's Sustainable Development Goals. Environmental sustainability matters too, of course, but is not high on Modi's agenda either. His priority is economic growth, which largely benefits the tiny, but growing plutocratic elite.

In view of these trends, Modi's jumla may not be working as well as in the past. A scary new trend is that he has begun to attack the Muslim minority explicitly in his campaign rhetoric. In 2014 and 2019, he had shied away from doing so, not least because he did not want the public to remember the deadly riots that rocked the state of Gujarat in 2002, when he was its chief minister. To distract from widening social disparities, the Hindu-supremacist leader is now agitating against India's largest minority once more.



Poorly managed pandemic: lockdown meant millions of migrant workers had to leave the cities at the same time in May 2020.



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Medical doctors protesting in Nairobi in early March.

GLOBAL CRISES, LOCAL IMPACTS

Struggling on all fronts

To understand what impacts multiple global crises have on everyday life in a developing country, consider the example of Kenya.

By Katharina Wilhelm Otieno

I have a second home in Nairobi and regularly work there, fulfilling my duties as a member of D+C/E+Z's editorial team. In recent weeks, Kenya's problems felt worse than they did in a long time.

To a certain extent, political stability has benefited from opposition leader Raila Odinga scaling down his resistance against President William Ruto. Last year, Odinga had led his supporters in week-long protests. He now has a new goal, however, hoping to become president of the AU commission. That is the top supranational position in Africa.

On the other hand, multiple global crises are currently hitting Kenya hard. The country has become a test case over what happens to a nation when the international community does not get a grip on global problems.

As many African governments do, Kenya's is spending a large share of its rev-

enues on debt servicing. Its sovereign debt now amounts to almost 68% of GDP. A Eurobond worth \$2 billion is due in June. Accordingly, the government is cutting social spending, and that means hardships in daily life.

About 3000 young physicians cannot find jobs, even though public hospitals are dramatically understaffed. In early March, a major trade union of medical doctors went on strike, so about half of Kenya's physicians stopped working for 56 days. The hospitals were empty, and a great number of people did not get medical treatment. Many hospitals also lacked pharmaceuticals and food. The strike affected poor patients most because they cannot afford treatment in expensive private clinics.

Nurses and technical staff similarly struggle to find work even though hospitals would need many more of them. Unpaid internships are common, after which hospitals demand free „voluntary“ work in exchange for the promise of a paid position – sometime in the future, whenever funding may become available again.

One medical technician told me he was now either sleeping in the clinic at night or

staying with friends. He has not been able to pay rent for a long time. He is ready to leave Kenya as soon as he gets a job offer. Many others share his attitude. People know that European countries need skilled workers.

The education sector is ailing as well. Public schools must do with about half of their official budgets. Struggling to keep operating, schools once again started the Easter vacations two weeks early, cancelling classes. The opening of the schools has then been postponed by another week at the last minute.

TORRENTIAL RAINS

This is again due to the fact that torrential rain had been falling for weeks. Large slum areas were flooded. At least 250 people lost their lives and dozens were missing. Every day, text messages from the Red Cross alerted people to broken dams and flooding in various parts of the country. In the current scenario, nobody is thinking about improving infrastructure or other adaptation measures. Only the North had been hoping for rain. After beginning to recover from extreme drought late last year, some regions there were now submerged as well.

Inflation has gone down a bit, and food and fuel prices have dropped slightly. Nonetheless, people's needs too often remain unmet. When humanitarian agencies distribute food, even elderly and sick people in supposedly stable regions travel long distances from remote villages to collect two small packages of maize meal.

Kenya is one of the 10 largest African economies. The Human Development Index ranks it 17th among African countries. The continent thus has countries which are worse hit by global crises and less prepared to deal with them.

Kenya is at peace moreover. Conflict-torn countries like Burkina Faso, the Central African Republic or South Sudan are certainly in a worse position. It is most concerning that a comparatively strong country like Kenya is on the brink of collapse, hardly able to withstand the pressure of global problems.



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ELECTED GOVERNMENT

Senegal on the brink of upheaval

Bassirou Diomaye Faye won Senegal's presidential elections in a landslide. It showed not only that the West African country's democracy is alive, but also that its people resent the influence of western governments.

By Markus Rudolf

Observers had expected the election to be close. After Diomaye's triumph, commentators praised Senegal as a beacon of democracy in a troubled world region. Military coups have toppled elected governments in several member countries of the Economic Community of West African States (ECOWAS). By contrast, western media could now happily emphasise Senegal's long history of peaceful transfers of power since independence in 1960, the strength of civil society, the independent judiciary and a properly working security sector.

Unfortunately, that is not the full picture. Spanish civil-society organisations are demanding that EU institutions investigate what role the EU played in the deaths of Senegalese protestors who had taken to the street when Macky Sall, the previous president, had stalled elections at the end of his term. Spanish activists suspect that the vic-

tims were killed by special forces who were equipped by the EU as border troops.

Senegal's democracy looks dented in other ways too. That it is considered a role model is mostly due to its having survived recurring attacks on its foundations. Sall's predecessor, Abdoulaye Wade, also only left office under the pressure of street protests in 2012. He too had wanted to stay in office for a third term. As was the case again now, the state institutions only stepped in to prevent an unconstitutional power grab after a broad-based protest movement had erupted and after attempts to suppress it had failed.

It is telling that professional observers from western countries did not properly assess the situation before this year's postponed election. Even though Sall had become very unpopular, they still expected a close race. Their misjudgement reflects the deep gulf between Senegal's small ruling elite, to which the supposed "experts" pay attention, and the vast majority of the people.

For quite some time, western media have been doing a poor job of assessing why democracy cannot be taken for granted in ECOWAS countries anymore. The plain

truth is that elected governments have often failed in the eyes of the people. Where western observers saw stability, the citizens experienced bad governance, corruption and flawed judicial procedures. Official development assistance made no difference in their lives, so they read aid flows as payments for the elites' willing cooperation with donor governments.

It fits the picture that western media now cast Diomaye and his prominent Prime Minister Ousmane Sonko as firebrand populists who threaten democracy. This kind of assessment overlooks the fact that Diomaye's election victory resulted from people's loss of trust in the country's previous government, which was supported by western governments, but only served elite interests.

Many Senegalese will tell you today that it is time to finally make the country truly independent some six decades after it won formal independence. They resent the west's lasting influence on governance and the economic system. They have seen corrupt leaders trample on fundamental rights while obtaining sinecures and positions of power relying on merely formally democratic methods. On the upside, elections showed that Senegal's people have not lost faith in the constitution and elections in principle.

Diomaye and Sonko have pledged to fight corruption, reduce unemployment, get inflation under control and promote Senegal's autonomy in regard to energy and resources in general. They have also declared that they want to push back against the influence of France, however, without taking an aggressively confrontational stance towards the former colonial power so far.

Senegal's new leaders' success would strengthen the country's democracy, whereas failure might easily undermine it further. At this point, criticism of Diomaye and Sonko only makes the western commitment to democracy look less credible in voters' eyes. If western governments are serious about promoting democracy, they should cooperate with Senegal's elected new leadership in a constructive manner.



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Diomaye supporters at campaign rally in March.

ISRAEL AND PALESTINE

“This is rich from an Israeli leader”

Prominent Jewish opinion-leaders disagree with Israel's government when it blames important recent developments on antisemitism. Relevant issues include the International Criminal Court considering an arrest warrant against Netanyahu, that Spain, Ireland and Norway will recognise the state of Palestine or that the International Court of Justice has demanded an end to Israel's attack on Rafah.

Quotes from four Jewish opinion shapers

On 20 May, Karim Khan, the chief prosecutor at the International Criminal Court (ICC) had announced that he was asking the court to issue arrest warrants for three Hamas leaders (Yahya Sinwar, Mohammed Deif and Ismail Haniyeh) as well as Israel's Prime Minister Benjamin Netanyahu and Defence

Minister Yoav Gallant. On 22 May, Spain, Ireland and Norway declared they would recognise Palestine as an independent state. On 24 May, the International Court of Justice (ICJ) ordered Israel to halt its assault on Rafah in the Gaza strip. The response of Israel's government included that these steps were signs of callous antisemitism. Prominent Jews disagreed. Here are quotes from four such statements. (To access original source, click on respective headline.)

KENNETH ROTH IN THE GUARDIAN

Khan is the ICC's most experienced chief prosecutor of the three to date. My conversations with him from early in his tenure suggest his approach to his job is conservative. He is unlikely to have pursued charges without solid evidence behind them (...).

The demand for solid evidence is probably why Khan began with Israel's starvation strategy, because the evidence was more readily available. Israel has barred his investigators from Gaza, where he would ordinarily want to investigate Israel's indiscriminate and disproportionate bombing. Khan made clear that his investigation “continues”. More charges could come.

Netanyahu's response was filled with evasions. He called the proposed charges “an attempt to deny Israel the basic right of self-defense”, which is preposterous. The proposed charges are not about whether Israel can defend itself but how – that is, not by committing war crimes. He said Israel had taken “unprecedented measures ... to ensure that humanitarian assistance reaches those in need in Gaza” – a claim belied by extensive evidence of Israel's arbitrary obstruction of food, medicine and other necessities to the civilian population of Gaza, to the point that famine has arrived in parts of the territory. Indeed, the US government has been outspoken in criticizing the Netanyahu government for its arbitrary obstruction of humanitarian aid.

Using the common last resort for defenders of Israel, Netanyahu accused Khan of “callously pouring gasoline on the fires



“Conservative understanding of office”: Karim Khan, the ICC Chief Prosecutor during a press conference at the Prosecutor General's Office of Ukraine in September 2023.

of antisemitism that are raging across the world”, claiming that “Khan takes his place among the great antisemites in modern times”. This is rich from an Israeli leader who has had no trouble embracing an antisemite – the Hungarian prime minister, Viktor Orbán – when it serves him. It also endangers Jews around the world, because if people see the charge of antisemitism as a thin cover for Israeli war crimes, it will cheapen the concept at a time when a strong defense is needed.

Kenneth Roth was the executive director of Human Rights Watch from 1993 to 2022 and is currently a visiting professor at Princeton University.

TSAFRIR COHEN IN A PRESS RELEASE OF MEDICO INTERNATIONAL:

Germany’s Federal Government must decisively reconsider its stance towards Israel and Palestinians. The ICC’s steps seem to confirm what is causing outrage around the world but is doubted and sometimes denied in Germany: Israel’s military course is murderous and the Federal Government’s approach is misled. For good reason, Germany supports prosecuting Hamas for crimes, but its current stance towards Israel is not only supporting potential war crimes, but also contributing to the erosion of international law and international criminal law. (...) In the past, the German government sided with human rights when serious crimes were dealt with by courts, for example when the Gambia brought a case against Myanmar

before the International Court of Justice because of the persecution of the Rohingya or in the case of Ukraine. The same standards must apply now. Anything else would weaken the rule of law and would further reduce Germany’s credibility.

Tsafir Cohen is the director general of medico international, the Frankfurt-based international non-governmental organisation. (Only available in German.)

THOMAS L. FRIEDMAN IN THE NEW YORK TIMES:

More than 140 countries and the Holy See have recognized the right of Palestinians to have a state in the West Bank, Gaza and East Jerusalem. What is noteworthy about this latest move, though, is that major Western European countries, and the United States, had resisted going there, arguing that peace should be worked out between the two parties. Until today.

My focus is always on the practical: Will these recognitions of a nonexistent Palestinian state with undefined borders lead to the only sustainable solution – a real-life peace between two states for two indigenous communities – Jews and Palestinians? The answer is yes and no.

In the short term, these diplomatic recognitions from fellow democracies will not move the Israeli public. (...) In the long term, though, it is precisely these kinds of diplomatic shocks that could lead the opposition leaders in Israel to finally escape from the gravitational pull of Prime Minis-

ter Benjamin Netanyahu — who dominates what is or is not permissible to say on this subject — and start calling for two states on terms Israel can live with. One can already see signs of that. If that does not transpire, though, Israel is heading for a world of hurt.

Thomas L. Friedman is the foreign affairs opinion columnist of the New York Times.

NOA LANDAU IN HAARETZ:

The International Court of Justice in The Hague has proved yet again, in contrast to the massive campaign orchestrated by the Netanyahu government against it, that it is an institution trying to fulfill its historical role under unprecedented restrictions and pressure, including explicit political threats. For the second time on the topic of the war in the Gaza Strip, the court demonstrated last Friday that it does not deny Israel’s citizens the right to defense and security, but is demanding that combat in Gaza be carried out while observing most of the principles of international law. (...)

Just like Netanyahu and his partners wish to shatter and undermine the public’s confidence in Israel’s legal system – the prime minister for his personal reasons, and they for the purpose of advancing their extremist ideology – they now want to undermine confidence in international legal institutions. It’s time to break free not only from Netanyahu the man, but from the narrative he has shaped here for more than a decade.

Noa Landau is the deputy editor-in-chief of Haaretz, the Tel Aviv-based newspaper.

Letters to the editor

JEOPARDISING GERMANY’S NORMALLY GOOD REPUTATION

Hans Dembowski: “Misguided fight against antisemitism” (D+C/E+Z Digital Monthly 2024/05)

I was delighted by this excellent issue of D+C/E+Z, and especially Hans Dembowski’s nuanced essay on antisem-

itism and misled philosemitism in German discourse. German policymakers and the current federal cabinet in particular are isolating themselves internationally, jeopardising Germany’s normally good reputation, for instance in African and Asian partner countries. I hope D+C/E+Z will help to bring about a re-

think in Berlin so criticism of Israel will not always be read as antisemitism.

Ulrich Nitschke, Bonn-Ramallah partnership association

We pretty much know where the Palestinian story is going – it’s going the route of extermination. There’s no doubt to us, and many people in the world, that what is happening is genocide and there is apartheid and colonialism as well. The only question for us,

which maybe you can answer, is, why is Israel getting away with all of this? I see white western pundits defending what’s happening and I’m reminded of the same type of people years ago rationalising why North Vietnam had to be pulverised, backing Pinochet and Marcos and supporting apartheid South Africa. I speak for a lot of people who aren’t white when I say there’s a growing outrage.

Alan C. Robles, Manila

FOCUS

BRICS plus partners

Expansion may weaken informal alliance

By André de Mello e Souza (p. 20)

No coordinated approach to West Africa

Interview with Vladimir Antwi-Danso (p. 22)

Serious internal tensions

By Henning Melber (p. 24)

Why Malawians want to maintain ties to the west

By Geoffrey Mzumara (p. 26)

China's global aspirations

By Matthias von Hein (p. 28)

Nepal is sandwiched between two giants

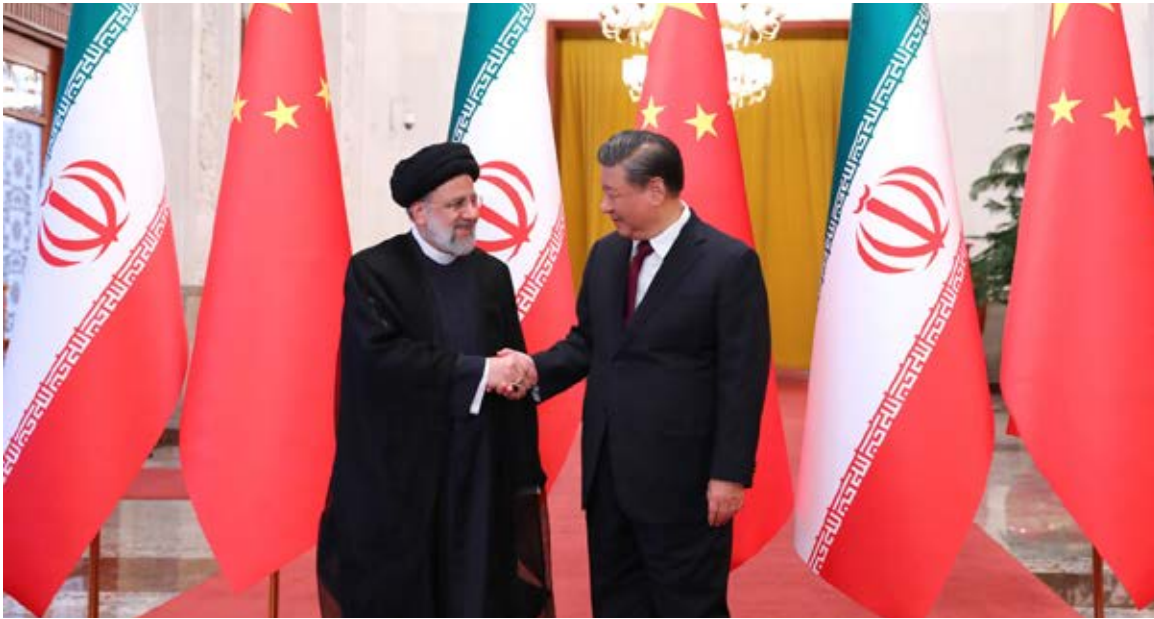
By Rukamane Maharjan (p. 30)

How India's foreign-affairs outreach may develop in the next ten years

By Jörn Geißelmann and Johannes Kummerow (p. 31)

Dilma Rousseff, president of the BRICS-owned New Development Bank, addressing the NDB's annual meeting in Shanghai in 2023.





Iran and China are likely to benefit most from BRICS expansion: Ebrahim Raisi, Iran's recently deceased president, with his Chinese counterpart, Xi Jinping, in February 2023.

INTERNATIONAL AFFAIRS

Why BRICS+ may prove weaker than expected

By admitting six new members to their informal group, the BRICS (Brazil, Russia, India, China and South Africa) may be thwarting its capacity for collective action.

By André de Mello e Souza

In a study published in 2001, Goldman Sachs economist Jim O'Neill coined the term BRIC, referring to Brazil, Russia, India and China. The acronym was meant to guide investors towards emerging economies with higher growth rates than high income countries. Moreover, these nations were large in terms of GDP (gross domestic product), population and territory. It seems ironic today that the term was coined by a Wall Street banker and initially lacked any political ambitions.

The acronym gained attention. Leaders from the BRIC countries began to meet and talk. At first, they did so on the sidelines of international events, but from 2009 on, they launched periodical BRIC meetings. BRIC thus became a political reality. The

joint objective was to get more say in international institutions – in particular the World Bank and the International Monetary Fund – in accordance with their growing economic power.

South Africa joined in 2010, thanks to a Chinese initiative. By including Africa's largest and most developed economy, the informal BRICS could now claim to represent this continent. To the original four members, moreover, South Africa became a gateway to the continent. A side effect was the weakening of IBSA, the more homogenous grouping of India, Brazil and South Africa. All three countries have fully operational democratic constitutions.

The west was always sceptical of the BRICS. Observers pointed to the diverging interests of five rather different countries which neither had much in common historically, nor much ongoing political and economic interaction. Members, moreover, could hardly be considered to be regional leaders with a mandate to speak for Asia, South America or Africa.

Nonetheless, BRICS initiatives expanded to various more or less institutionalised areas of international affairs. They range from think-tanks and academics to civil society, businesses, healthcare and tax authorities. Healthcare, in particular, always seemed a promising issue-area for BRICS cooperation. The members are highly impacted by HIV/AIDS and drug-resistant tuberculosis, but they also have impressive vaccine and drug manufacturing capacities.

However, international finance was and is the main area in which the BRICS have a common agenda. The 2008 financial crisis started in the USA and quickly spread to western Europe. Emerging markets weathered it relatively well by contrast. Accordingly, demands for reforms of international financial institutions seemed only logical. When the long-established powers refused to give the BRICS more say as fast and to the extent demanded, they set up institutions of their own. The Shanghai-based New Development Bank (NDB) serves as a counterpart to the World Bank and the Contingent Reserve Arrangement as one to the IMF.

Western BRICS scepticism was not entirely wrong, however. When a recession started in Brazil in 2014, some questioned whether it really deserved a place in BRICS. More recently, South Africa's economy has been sliding into stagnation too. Long-standing territorial disputes between India and China add to difficulties.

However, China's dominant role in the BRICS and its disproportionate geostrategic power also amount to a menace to the cohesion of the group. Intra-group tensions, however, did not lead to its collapse.

Even before its attack on Ukraine in 2022, Russia strove to turn the BRICS into an anti-US and even anti-western group. China has similarly taken an antagonistic stance towards the US, in both geostrategic and business terms. Western observers suspect that the BRICS may be an instrument in the budding new cold war.

The BRICS are still active, even though Russia's top leader Vladimir Putin missed last year's summit in South Africa. He did not travel there because the International Criminal Court (ICC) has issued an arrest warrant. South Africa, as a signatory of the ICC statute, would have had to detain and extradite him. Putin shied away from making South Africa choose between loyalty to the BRICS and loyalty to the ICC.

BECOMING BRICS+

At the summit last year, the BRICS decided to admit new members. With Russian support, China had pressed for such an expansion. India and Brazil initially opposed the admission, while accepting that additional countries could be admitted as observers or with some other kind of non-member status.

By 2023, more than 40 countries had expressed interest in joining BRICS, and 23 formally applied to join. In Johannesburg, China (and Russia) prevailed. Six new members were admitted into BRICS: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates (UAE).

Indonesia had also been invited to join BRICS but declined. A few months after the summit, Javier Milei, Argentina's new president, decided against joining – to the disappointment of Brazil's government, which had wanted its neighbour and Mercosur partner to become a BRICS member. Saudi Arabia has not formally joined yet but is still expected to do so soon.

The other four countries – Egypt, Ethiopia, Iran and the UEA – are now BRICS+ members. They are all in the Middle East and its surrounding region. Two are major oil-producing countries, and Saudi Arabia will probably become yet another fossil-fuel rich member.

“The main objective of the expanded BRICS is still not clear. To counter US hegemony may be the ultimate plan of China and Russia. But will other members follow suit?”

The choice of countries reflects China's interest in countering US influence in the Middle East. India and South Africa, however, share China's interest in access to fossil fuels. A further de-dollarisation of energy markets is to be expected and would serve the interests all BRICS+ members.

From the outset, the four-member BRIC faced difficulties in reconciling diverging interests. Apart from significant achievements in regard to international finance, the group has rather little to show. In particular, international security is an issue-area where the BRICS each go their own way.

Many may think that the inclusion of new members will strengthen the group. After all, the combined GDP, territory, population, natural assets et cetera became significantly greater. In reality, however, the strength of the BRICS does not result primarily from the joint significance of their economies. What matters is the capacity for collective action. In this regard, long-standing tensions between some of the new members are important. For example, the use of Nile water as a contentious topic for Ethiopia and Egypt may matter too.

It will probably matter more that Iran and Saudi Arabia compete for hegemony in the Middle East. The UAE is not only the Saudis' close ally, but also has territorial disputes with Iran regarding islands in the Persian Gulf. For decades, both Gulf monarchies have been maintaining close ties to the USA. On the other hand, China did succeed in brokering rapprochement between Saudi Arabia and Iran, and that may have impacts on the wider region.

Scholars have long pointed out that collective action is much easier and less costly in smaller than larger groups, because the influence of each individual member on joint decisions is greater and because monitoring is easier and cheaper in the former. Even with only five members, collective action by the BRICS mostly proved difficult. With four – and maybe five – additional

members, these difficulties may prove unsurmountable. The only original member that is expected to enjoy increased influence is China.

It is also striking that, after the withdrawal of Argentina, no new member is a democracy. None of them performs well in regard to human rights, gender rights or minority rights. These issues never figured prominently on the BRICS agenda and are now even less likely to do so.

Of the new BRICS+ members, Iran is likely to benefit the most, as it becomes less isolated and enjoys greater opportunities for trade and investment. Non-dollarised trade will help it too. More generally speaking, the BRICS+ is bound to become another channel for Chinese influence. However, it may turn out to be irrelevant if joint action becomes impracticable.

The main objective of the expanded BRICS is still not clear. To counter US hegemony may be the ultimate plan of China and Russia. But will other members follow suit? Though India, South Africa and Brazil also have a history of keeping their distance to Washington, they have been more open to cooperation with western governments in the past. Apart from Iran, moreover, the new members have all belonged to the pro-western camp for a long time.

Accordingly, the BRICS+ may not have much impact in international affairs. As for intra-BRICS+ relations, expectations do not seem much brighter. If they have failed to achieve concrete results before the expansion, they are even less likely to do so now. Even China seems to be hedging its bets. Rather than boosting the NDB, it established the Asian Infrastructure Investment Bank (AIIB) in Beijing. It is yet another multilateral development bank, but it involves western member countries.

The prospect of the BRICS+ taking a united stance on important global issues is not on the horizon. The group's explicit aspiration of becoming “the voice of the global south” looks exaggerated, given that it only includes one single least-developed country, Ethiopia.



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RUSSIA AND CHINA

New scramble for Africa

Various non-African powers are interested in African resources and eager to get a military foothold on the continent. However, BRICS members are not coordinating their efforts, as Vladimir Antwi-Danso, the dean and academic director of the Ghana Armed Forces Command & Staff College told D+C's Hans Dembowski.

Vladimir Antwi-Danso interviewed by Hans Dembowski

Stability is what Russian leaders seem to be promising West African military regimes. Do they mean anything more than the use of violent force and the repression of dissent? Well, the failed French intervention, which was meant to stabilise the Sahel region, had kinetic and non-kinetic dimensions. Kinetic means using force. The idea was to fight insurgents, but at the same time win people's hearts and minds by building things like hospitals and roads as well as promoting democracy. The military regimes, for obvious reasons, rely on the use of force. So far, Russia has not shown much interest in non-kinetic issues, even though they are surely relevant. As I have been saying for a long time, however, the French and their international allies, including Germany of course, failed to understand underlying problems when trying to apply non-kinetic means.

What are those underlying problems?

The most important one is that relevant ethnic groups, especially the Touareg, do not identify with the nation states that supposedly represent them. The Touareg have been demanding a state of their own, and fighting for it, for a long time. So-called "Islamist" militants are exploiting the resentment local people in the northern parts of the Sahel region have felt for a long time. As I told you in our interview a few months ago, I don't think the religious faith really matters very much. What matters is that vast areas of the northern Sahel have never had much of a state presence apart from violent oppression. The French troops did not change that, nor will Russian mercenaries who used to

operate on behalf of the Wagner militia but are now under the direction of Moscow's defence ministry with a new name.

Are they getting a grip on insurgents?

That is very hard to tell. Independent fact-finding missions have mostly become impossible. When authorities declare that so and so many so-called "terrorists" have been eliminated, we do not know how many

In view of tight national budgets and the need to repay sovereign debts, many governments have been cutting defence spending. Military leaders do not like that. On the other hand, they do appreciate Russian support in military matters.

What is Russia's track record in regard to resource exploitation?

The pattern is the same across Africa. When Russia becomes involved, they do not demand to be paid in monetary terms. They want to be paid in kind. They get the permission to exploit mines. These things are shrouded in secrecy, and there is very little accountability. The scenario serves both sides, the African governments and their



Coup supporters in Niger wave Russian flags.

were really perpetrators of violence and how many civilian casualties there were at the same time. Perhaps only innocent civilians died. The French largely ignored that supposed terrorists were often basically local politicians who represented local communities. In this regard, the Russians are no different.

What is driving the military regimes?

Well, they have been responding to imminent state failure. They are generally not very interested in non-kinetic approaches, but they do worry about military resources.

Russian partners. It is a safe bet, of course, that neither side pays much attention to labour standards or environmental protection.

Do you see any coordination between Russia and China regarding security, public finance or business affairs?

No, they are both players in the ongoing scramble for Africa, but there is no strategic cooperation. When the BRICS, the alliance of Brazil, Russia, India, China and South Africa, started to make headlines, many Africans hoped that South Africa would become a leader that would coordinate BRICS efforts

to develop the continent. Instead, South Africa really is only one of many African countries that hopes to become the recipient of BRICS largesse. It wants to attract as

“What we know is that people really are fed up with France, the former colonial power. I do not think that military regimes can solve their countries’ serious problems, nor that their Russian friends have any serious advice on how that might be done.”

much investment and support as possible from other BRICS members. This group has not become an alternative to the G7 group of leading long-established economies. At the same time, other countries – Turkey and Saudi Arabia, for example – are showing increasing interest in our continent. They all want access to oil, metals, timber and other commodities, and they all want a military foothold. It is very much the old colonial pattern, with previously uninvolved foreign countries now claiming stakes.

How do African governments assess these things?

To a large extent, they probably do not think much about their nation’s future but try to grasp whatever opportunities arise in the short term. The priority is to stay in power. At the same time, they do not have strong capacities for shaping their nations’ fates.

Does it not irritate them that China is an important creditor but refuses to cancel loans when debt becomes overwhelming?

The Chinese typically postpone payments, or sometimes opt for some kind of barter trade. Indebted governments appreciate that. It lets them off the hook temporarily.

What do fragile statehood and the new scramble for access to resources mean for the future of ECOWAS, the Economic Community of West African States?

Well, ECOWAS certainly has serious problems. However, I would say that the underlying issues predate the Russian interventions in Sahel countries as well as the various con-

tracts concluded with China. The two most important issues are that

- the leadership of member countries is not very dexterous and
- that all member countries have democracy deficits.

Corruption is rampant, for example, but the supranational entity cannot tackle it. We have beautiful ECOWAS papers dealing with many things, but those papers make very little difference in real life.

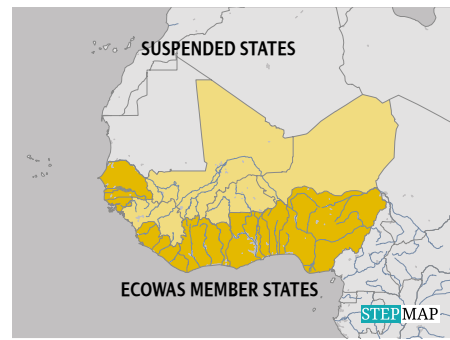
Please give an example.

ECOWAS has rules on how to prevent a violent overthrow of democracy, but those rules can hardly be enforced. Full-blown military interventions are not feasible, and sanctions are too weak. On the other hand, ECOWAS lacks rules to prevent power grabs by office-holders, for example when presidents decide to run for an unconstitutional third term. That happened in Côte d’Ivoire and, more recently, Senegal. In Côte d’Ivoire, President Alassane Ouattara got his way. In Senegal, determined protests ensured that President Macky Sall finally had to leave office and new elections were held. In both countries, the institutions failed. It actually resonates with many people when military leaders say that they really aren’t so different from elected policymakers. The plain truth is that the supranational ECOWAS cannot put right what is going wrong at the national level.

And that is especially true where, as you said earlier, the state seems to be absent from vast areas because there is no functioning system of subnational and especially local governance.

Exactly, and that is where anger and frustration are particularly dangerous.

After recent military coups, people actually rallied in support of both the regimes and



their Russian allies. Do you think Russia has won those people’s hearts and minds?


It is too early to tell. What we know is that people really are fed up with France, the former colonial power. I do not think that military regimes can solve their countries’ serious problems, nor that their Russian friends have any serious advice on how that might be done. Most likely, people will start resenting the Russians too. Whether they will be allowed to express such feelings is obviously another question.

The climate crisis is a huge global challenge. It is making water even more scarce in the Sahel region. Western countries have been taking action to protect the climate, though it so far remains insufficient. Russia, by contrast, has no real track record regarding the mitigation of climate change at all. Does this issue have an impact on public opinion in West Africa?

Well, people are certainly aware of climate impacts. Heat is getting unbearable. Droughts hurt farmers, and so does flooding. People see what is happening, but I am not sure that has an impact on what they think about powerful far-away countries. It is interesting, however, that the military leadership in Burkina Faso has recently started a huge tree-planting scheme. The regime in Niger has announced something similar. They have certainly noticed that people are increasingly becoming aware of climate impacts. In the past, elected West African governments certainly did too little, both in the sense of raising public awareness and taking action to adapt countries to what lies ahead.

Are the military regimes doing a better job?

Once again, it is too early to tell. So far, we hear what they say, but we have yet to see what they will actually achieve. What I know for sure is that the scramble for Africa will go on, and that it will involve an increasing number of players. I don’t think France has left for good, for example. They’ll probably become engaged again sooner or later.



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Someone was missing: Russia's Foreign Minister Sergei Lavrov came to the BRICS summit in South Africa in President Vladimir Putin's place.

BRICS ENLARGEMENT

The more, the merrier?

By expanding to BRICS+, the group aims to position itself more strongly as a global player. But economic, geopolitical and internal tensions remain, despite or perhaps because of the wider membership.

By Henning Melber

The BRICS summit scheduled for August 2023 in South Africa was followed with keen interest even before it began. Russia's President Vladimir Putin had been invited to the meeting despite being the subject of an international arrest warrant. He ultimately cancelled "by mutual agreement".

But Putin's participation was not the only reason for the heightened interest. It was also fuelled by the BRICS members' clear endeavours to position the group as a global player. Against the backdrop of

a global reconfiguration of alliances, the enlargement of the bloc (BRICS+) agreed in Johannesburg was a signal. It now remains to be seen how firmly the alliance of so-called non-aligned states can consolidate itself as an agent for the interests of the "global south" – and whether that alliance will pose a further challenge to the declining hegemony of western democracies.

The proportion of democratic countries in the group decreased with the accession of the new BRICS+ members at the beginning of 2024. Egypt, Ethiopia, Iran and the United Arab Emirates (UAE) are not renowned for strengthening protection and respect for human rights. The same applies to Saudi Arabia, which has not yet formally finalised its membership. But enlargement has increased the group's economic – and particularly financial and resource – options

for shaping global governance, not least because of the greater influence it could exercise in the area of fossil fuels.

The expanded grouping represents some 3.5 billion people, which is around 45% of the world population. Its members' economies have an aggregate volume of \$28.5 trillion, or nearly 30% of the estimated annual gross world product. Through Iran, Saudi Arabia and the UAE, the BRICS+ countries now produce more than 40% of the world's crude oil.

However, the individual members' contributions to these figures differ considerably. According to the World Bank, China alone accounts for almost two thirds of the bloc's total economic output, with a contribution of close to \$18 trillion. In comparison to that, the outputs of the other members are modest. In the middle ground are India (\$3.4 trillion), Russia (\$2.2 trillion), Saudi Arabia and Brazil (\$1.9 trillion each), followed by the "dwarf" economies of UAE, Egypt, South Africa, Iran and Ethiopia with \$0.5 to \$0.3 trillion each. The difference in the annual per capita income of the population is similarly large, albeit in a different

order, with the two Arab states clearly ahead of Russia and China, followed by Brazil and South Africa.

The Banque de France points out in a recent analysis that only eleven trade agreements have been concluded between BRICS+ members. That is out of a possible total of 45 regional trade agreements. What is more, economic relations with G7 countries (Germany, France, Italy, Japan, Canada, USA and UK) are significantly more important than those within BRICS+. Although Russia is China's largest trading partner within the bloc, it is only its tenth largest partner in the world.

The BRICS+ countries account for around a quarter of global exports. However, only 15% of exports are to countries within the bloc. Trade between BRICS+ members accounted for 3.7% of global trade in 2021. By far the largest part of this – 3.2% – was between the original five BRICS countries. These figures suggest that the reorganisation of global trade and exchange relations that is hoped for may for now remain wishful thinking.

RENMINBI IN PLACE OF THE DOLLAR

As for monetary policy, the BRICS countries ambitiously declared their intention to replace the dollar with a BRICS reserve currency even before the 2023 summit. But the widely differing performances of the members' economies present a considerable challenge to such a step, even though the Chinese state bank has now replaced the dollar with the renminbi in many intra-BRICS+ exchange relationships. This indicates that a cryptocurrency for trade transactions could at least be practicable. Iran, Russia and China in particular have already signed agreements to trade in local currencies. However, these can at best relativise the dominance of the dollar in terms of real global trade relations.

In view of currency and financial policy restrictions, a peg to the renminbi also holds little appeal for international investors because it is risky. Furthermore, there is new competition for an internal BRICS+ reserve currency from the riyal (Saudi Arabia) and the dirham (UAE). India is also endeavouring to strengthen the role of the rupee in international business, while the Russian rouble is largely out of the running at present due to the sanctions imposed over the

war against Ukraine. In each case, however, convertibility and volatility remain a challenge.

Enlargement has not reduced internal geostrategic conflicts. The replacement of Brazil's Trump ally Jair Bolsonaro by veteran leftist Luiz Inácio Lula da Silva may have brought relief but the relationship between India and China remains tense. Moreover, enlargement comes with acceptance of other disruptive factors arising from potential regional rivalries. Ethiopia and Egypt are embroiled in a long-running conflict over the use of the Nile's waters, with no end in sight. Iran and the UAE are anything but close friends. These internal dissonances could present obstacles to decision-making.

The fact that six of the countries are also members of the G20, the most important forum of industrialised and emerging countries, could in turn strengthen the role of the BRICS+ as the mouthpiece of the "global south" and promote lobbying thanks to its greater influence. The fact that Brazil, which is chairing the G20 this year, is inviting the UAE as a guest, points in this direction.

As in India last year, however, the G20 finance ministers failed to agree on a joint final declaration at their São Paulo meeting on the 1st of March. This was mainly due to differences over assessments of the wars in Ukraine and Gaza. The prospect of multilateral consensus-building is waning. It is hard to say how much BRICS+ will do to disrupt or strengthen common ground within the global community. There is no reason to expect a significant shift in the situation. Influential roles are likely to remain confined to a few members – primarily the permanent members of the UN Security Council, China and Russia.

FORTY NEW CANDIDATES

According to "TV BRICS", the international network of media companies in the BRICS+ countries, there are more than 40 more countries aspiring to membership. That long queue would promote diversity but certainly not unity. Many governments' desire to join the BRICS+ club may stem from a need to forge new alliances. They are also driven by disappointment since the collapse of the Soviet regime and the demise of the Non-Aligned Movement. Due to global polarisation, however, they are anything but

"Resentment of the dominance of western industrialised countries has not diminished in a system of asymmetrical power relations and mounting double standards – even when those asymmetries and double standards are clearly reproduced in contexts such as BRICS+."

united in their actions. It is safe to say that those differences will also come to light in an even bigger BRICS+.

The next BRICS+ summit is scheduled for October 2024 in Kazan, Russia. President Putin has already emphasised that BRICS+ should play a greater role in the international financial system and that the respective state banks should cooperate more closely and make greater use of BRICS+ currencies. He declared the overarching theme of the summit to be "Strengthening Multilateralism for Just Global Development and Security".

Even if, from a Euro-American point of view, with this the fox is set to keep the geese, the appeal of such slogans for economically weaker countries should not be underestimated. Resentment of the dominance of western industrialised countries has not diminished in a system of asymmetrical power relations and mounting double standards – even when those asymmetries and double standards are clearly reproduced in contexts such as BRICS+.

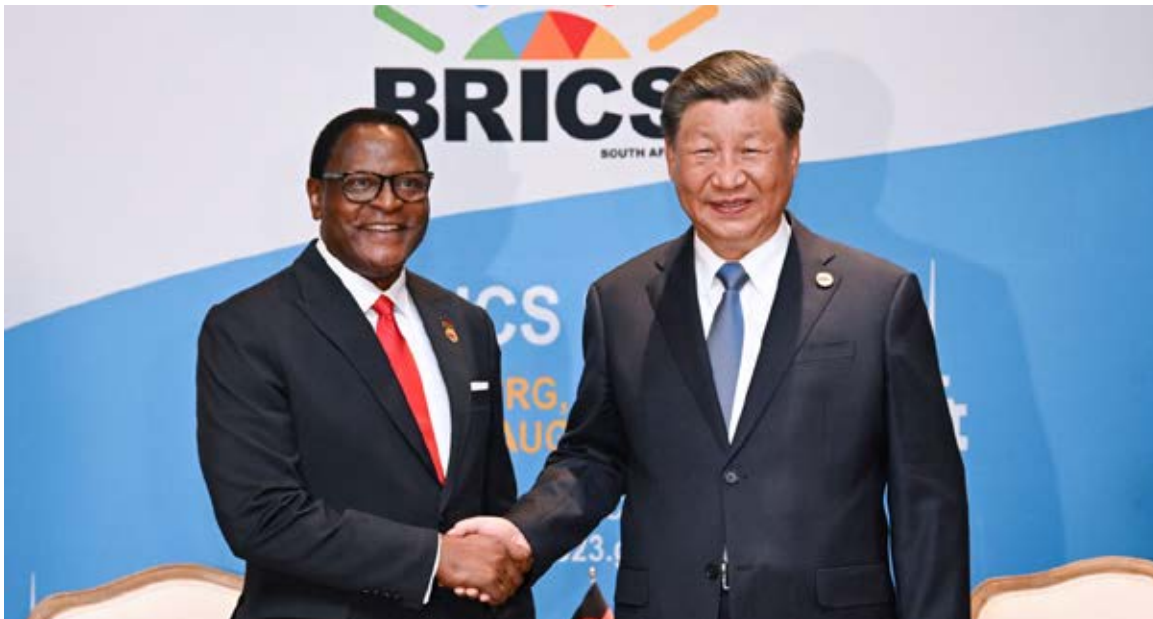
It remains to be seen how precarious the global situation will be in October, what shape the host country will be in and what progress BRICS+ will have made in the interim, both internally and as a player in the global system. The great turning point predicted at the 2023 summit is yet to come. There is still a long way to go before a viable alliance of non-aligned states is formed.



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Talks between China and Malawi on the sidelines of the BRICS summit 2023.

SOUTHERN AFRICA

Caught between two stools

With the presence of China and South Africa on the continent, African countries have little choice but to get involved with BRICS. At the same time, countries like Malawi do not want to lose touch with the western industrialised nations.

By Geoffrey Mzumara

When Malawi's President Lazarus Chakwera attended the 15th BRICS Summit in South Africa last August, he expressed Malawi's determination to work with the bloc to "confront the barriers that previously denied Africa a stake in global prosperity." Chakwera said: "We need to reboot the system. We need to reboot it now. And we are here to help BRICS nations design the software."

Cooperation between the BRICS and Africa is becoming increasingly important. Last year, Ethiopia and Egypt, along with other countries, were officially accepted into the bloc of major emerging economies now named BRICS+.

Since their foundation in 2009, the BRICS (Brazil, Russia, India, China and South Africa) have positioned themselves as

"the voice of the global south". China in particular has presented itself as an important partner for developing countries, especially in Africa.

However, critics consider China's relationship with Africa as exploitative and mainly beneficial to the Asian country. China is confronted with accusations of human-rights violations when Chinese companies operate in the mining or construction sectors in Africa, for example. At the same time, China has saddled the continent's countries with unsustainable debts.

"MODERN SLAVERY"

Relations between Malawi and China date back to 2008, when the southern African country cut its 41-year diplomatic ties with Taiwan. Since then, China has supported infrastructure projects in Malawi, such as the parliament building, the Bingu National Stadium, the Bingu International Conference Centre and the Malawi University of Science and Technology.

Like many African countries, Malawi is under pressure from constantly rising and unsustainably managed public debt.

According to a mid-year public debt report published by the country's Ministry of Finance in November last year, Malawi owed the International Monetary Fund, the European Investment Bank and the World Bank's International Development Organisation a total of almost \$2 billion. The Export-Import Bank of China and the Export-Import Bank of India were owed a total of \$306 million. The private sector had a domestic debt of around \$35.2 million.

A 2020 Afrobarometer survey conducted by the University of Malawi's Centre for Social Research found that many Malawians believe their country has borrowed too much from China. While some recognise the benefits of Chinese loans for infrastructure development, there are concerns about the long-term impact. One business journalist, who asked not to be named, likened the debt to "modern slavery".

In this context, Malawi's president emphasised at the BRICS summit in South Africa last year that talks on debt restructuring with China – and India – were high on the agenda. In March, Malawi's finance minister Simplex Chithyola Banda said Malawi was on track in debt restructuring negotiations with its bilateral and commercial creditors. He said the country had so far received assurances from the governments of China and India about their intention to restructure debt. However, China is a particularly tough creditor in debt negotiations, as others have reported in D+C/E+Z.

The business journalist commented: “Although restructuring can extend the repayment periods, it does not relieve the country of its debt, which may divert resources away from important development initiatives in the long term.”

SOUTH AFRICAN INFLUENCE

Like most African countries, especially in the Southern African Development Community (SADC), Malawi is not only dealing with China from the BRICS countries, but above all with South Africa. Although the country, which has been a member of BRICS since 2010, is the smallest of the five original players in the alliance, it offers the bloc access to the African market as a regional economic power. In Southern Africa in particular, the country’s economic and political strength is undeniable. The countries in the region therefore hope to benefit from improved market access in South Africa and attract foreign direct investment.

“It is uncertain what consequences increasing involvement with the BRICS will have for the relationship with western nations and their powerful institutions.”

There is also significant migration to South Africa within the region. Currently, there are an estimated 100,000 Malawian migrant workers in the BRICS country, driven there by low incomes at home – even if many of them still work in the informal sector. Citizens are also flocking to South Africa from other countries in the region.

Patrick Kambewa, Associate Professor of Economics at the University of Malawi (UNIMA), believes that South Africa’s influence on Malawi is enormous. “Whatever happens in South Africa has an impact on

us,” said Kambewa. “When South Africa went into lockdown during the Covid-19 pandemic, we were greatly affected as a country.” He therefore believes that whatever agreements South Africa reaches with other BRICS members “will always have an impact on Malawi”.

However, Kambewa points to the dilemma facing Malawi – and other African countries: It is uncertain what consequences increasing involvement with the BRICS will have for the relationship with western nations and their powerful institutions. “BRICS presents itself as a rival group to the west, but Malawi’s debt is actually mainly to western institutions. The country is therefore unsure whether to join either side”, says Kambewa.

GEOFFREY MZUMARA

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Container handling in the port of Mannheim in Germany.

CHINA

Global aspirations

China's development over the last 40 years has been unparalleled. Hundreds of millions of people escaped absolute poverty. Now the country is engaging in international development affairs – and using the BRICS+ as a platform.

By Matthias von Hein

Until the 1980s, China's economy was based on agriculture and the small, centrally planned manufacturing sector. The turning point came with Deng Xiaoping's policy of "reform and opening up". It gradually introduced competition and private enterprise.

The Communist Party stopped issuing dictatorial commands from the capital. Moreover, it evaluated policy outcomes in the regions in a comparatively objective manner, using what worked well in one place as a blueprint for others. Market incentives increasingly took the place of the planning bureaucracy. The outlook of access to China's huge domestic market made foreign investors make major concessions

regarding the transfer of technology and expertise.

As the "world's workshop", China initially made simple industrial products for international customers. Today, it is itself a major R&D (research and development) player in the fields of artificial intelligence, biotechnology, information technology and electromobility. The latest Global Innovation Index ranks China 11th in the world, ahead of France, for example.

As the world's second largest economy, China is now Germany's most important trading partner. According to a recent study by the German Economic Institute (IW) – a think tank with close ties to business – it also dominates trade with the major countries of the so-called global south. It has overtaken the EU and the USA as their top trading partner.

GEOSTRATEGIC INFLUENCE

Through its Belt and Road Initiative (BRI), the world's largest infrastructure initiative

(see box), China aspires to promote development in other countries. It is also using the BRICS group to expand its geostrategic influence. This alliance was originally forged by Brazil, Russia, India, China and South Africa and has now become BRICS+, as more countries have joined. With the exception of India and Brazil, all of its members are also part of the BRI.

Antara Ghosal Singh of the Indian think tank Observer Research Foundation points out that the BRICS+ members play dominant roles in supranational regional organisations. She believes that China hopes the BRICS+ will allow it to exert influence on the African Union, the Arab League, the South Asian Association for Regional Cooperation (SAARC) and Mercosur in South America.

The BRICS+ countries share a minimal consensus that suits Beijing's wishes: an international world order that is less dominated by western advanced nations. This stance does not necessarily imply hostility towards the west. Most members probably see things the way India's External Affairs Minister Subrahmanyam Jaishankar does. He said in September: "India is not anti-west but non-west". BRICS+ decisions require unanimity, so China, Russia and Iran cannot easily impose their respective anti-western positions. In fact, most BRICS+ members probably wish to avoid radical polarisation.

This is so even though the western allies that belong to the BRICS+ barely implement western sanctions against Russia or Iran. The reason is that they see the sanctions as a threat. Punitive measures such as freezing foreign-exchange reserves or excluding banks from the international payment system SWIFT trigger their desire for alternatives to the US-dominated financial system. That is true even of countries that are close to the west. Creating a real alternative, however, is difficult and takes time. That said, it is noteworthy that payments for gas and oil shipments from the UAE to India and China are already settled in national currencies rather than the dollar.

The BRICS have even set up an international financial institution (IFI) of their own: the Shanghai-based New Development Bank (NDB). Thanks to the accession of wealthy Gulf States, the bank could increase its capital and then become able to play a greater role. It might become more competitive alongside other IFIs – without

applying the conditions that typically go along with loans from the World Bank and the International Monetary Fund (IMF).

Low-income countries have not forgotten that established donor nations – just like China today – have always been partly motivated by a desire to access (and develop) markets. They also remember that austerity programmes in the wake of structural adjustment were often painful. China’s government is capitalising on the fact that established donors have lost faith among developing countries.

However, there is no way to know whether cooperation with Beijing will work out better in the long term. As a lender, the People’s Republic is generally opposed to forgiving loans in debt crises. Not all of the projects that got its supports prove sustainable. It causes further dissatisfaction that China mostly employs Chinese workers in projects and thus generates comparatively few jobs in partner countries.

At the same time, China obviously is facing serious economic problems domestically. Speculative failures in the real-estate

sector, the ageing of society and highly indebted state-owned enterprises mean that it will not be easy to continue the success story of the last four decades. The way forward is unclear – and that applies to China’s international engagement too.



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Not a blueprint

The Belt and Road Initiative (BRI) is the principal instrument of China’s long-term international-development policy. It is now the world’s biggest infrastructure initiative.

More than 150 countries and 30 international organisations have signed cooperation agreements under the BRI. In his opening speech at the third Belt and Road Forum in Beijing last October, China’s President Xi Jinping described the BRI as a win-win project, arguing that all participants benefit. What he did not say was that China has significantly reduced

funding in light of the Covid-19 pandemic and many countries’ growing sovereign debt problems.

With a shift in focus, the Chinese government now wants to reenergise the BRI. Xi spoke of transitioning to smaller and more effective projects. He emphasised green development, but also science, technology and innovation.

At the end of the conference, Xi pledged over \$100 billion in additional funding – something that many debt-ridden countries had hoped for. China is already one of the larg-

est providers of loans to low-income countries.

The Global Development Policy Centre of Boston University has published a nuanced appraisal of the BRI’s first ten years. The report highlights the benefits of additional funding for low-income countries, substantial economic growth and the establishment of a new model of South-South cooperation. At the same time, it warns of growing risks regarding both over-indebtedness and the environment (increase in carbon emissions, air pollution, threats to biodiversity and the land of indigenous peoples).

These risks reflect the high environmental price that China itself paid for its development in the past four decades: rivers, lakes and seas contaminated with waste, air pollution, massive increases in greenhouse-gas emissions and toxically contaminated soils.

It is not sure that the Chinese development model will work in other countries. China was able to attract foreign investors thanks to its huge domestic market. Moreover, it invested heavily in infrastructure with an eye to driving production and industrialisation. The Communist regime assessed policy results objectively, largely avoiding the favourit-

ism typical of dictatorships. To a considerable extent, it even established institutions to guarantee legal certainty to market players.

Whether the experiences of the People’s Republic are transferable is an issue that figures in inner-Chinese debate. Shi Yinhong, a foreign-policy expert at Beijing’s Renmin University, warned last year that China should not believe that its infrastructure development model would be welcome – or indeed practicable – in every country around the world. He also stressed the need for BRI projects to be financially viable in the long term. China’s financial resources are insufficient, according to Shi, for supporting a host of loss-making projects.

From the western perspective, such warnings can be read as an appeal for China to take established economic powers’ experience in international development seriously. Western countries also originally focused on rapid infrastructure development without paying much attention to local specifics or long-term financial viability. That they now consider these and other matters of governance to be important is the result of a long history of failed projects. MVH



The electric Blue Line in Lagos, Nigeria, is one of many BRI projects.

LANDLOCKED NATION

Sandwiched between two giants

Nepal is a least-developed country with only two neighbours: India and China. Keeping relationships good with both is a tight-rope walk.

By Rukamane Maharjan

Nepal is a small Himalayan nation of about 30 million people. Its two giant neighbours each have 1.4 billion people, and both are keen on expanding their global influence. Though India and China are members of the loose alliance BRICS+ (Brazil, Russia, India, China and South Africa plus several newly admitted countries), they are also rivals who want to shape their neighbourhood.

Nepal has friendly relations with both, and that is evident in cooperation at various levels. The government of Nepal describes the ties as “age old and deeply rooted”. However, the constant frictions between China and India cast a long shadow, influencing every aspect of life in Nepal.

India is Nepal’s most important trade partner, and China is the second most important one. In both cases, Nepal is running huge trade deficits. Nepal imports different kinds of manufactured goods, including high-tech items, as well as energy and some staple foods. Its exports consist of agricultural products and handicrafts. It is a constant challenge to reduce imports and expand exports.

The links Nepalis have to India are quite different from the ones they have to China. In terms of language and culture, Nepal and India are actually quite similar. In both countries, roughly 80% of the people are Hindus, moreover. The shared border is 1850 km long and open. Masses of people regularly cross it in either direction. Nepalis migrate to India for job opportunities and education, with many working in low-skill sectors like construction or agriculture. Significant numbers – mostly men – go to India for seasonal work. However, Indians also come to Nepal for work in sectors like construction and agriculture.

By contrast, Chinese culture and language are very different. The 1400 km bor-

der runs through largely inaccessible mountains. There is far less migration. Nepalis go to China primarily for higher education or specialised work opportunities. To some extent, Chinese investment projects are creating such opportunities. In everyday life, Nepalis thus feel closer to India.

The two neighbours are also quite different in terms of ideology and governance. China is a Communist one-party state, whereas India is multi-party democracy with an independent judiciary and elected sub-national authorities that have considerable autonomy.

Nepal used to be a monarchy with a Hindu king. In 2008, however, it became a republic, and the constitution of 2015 defined it as secular democracy. The political system thus resembles India’s more than China’s.

India’s domestic politics also affect Nepal more. An important reason is that India’s Prime Minister Narendra Modi, who is currently running for office in another general election, has politicised the Hindu religion. His party, the Bharatiya Janata Party (BJP), has a long history of aggressive identity politics, and it is worrisome that its Hindu-supremacism is encouraging extremists in Nepal.

Indeed, Nepal has a royalist party, the Rastriya Prajatantra Party, which wants the country to abandon secularism and become a Hindu state. Nepali Hindu-supremacists,

moreover, have been attacking people of other faiths, accusing them of forcing Hindus to convert to their respective religions. These things are seen to result from Indian influence in one way or another.

On the other hand, it is widely believed that Nepal’s Communist parties, which are quite important, receive financial and ideological support from China. So far, however, the Communists have accepted Nepal’s multi-party system and have been playing a mostly constructive role within it.

The presence of Tibetan refugees in Nepal, however, is a sensitive issue. China seems to want to restrict their activities. Indeed, Buddhists from Tibet are not allowed to celebrate the birthday of the Dalai Lama, their spiritual leader, in public in Nepal. It is widely thought that the authorities have taken this course to please Beijing. The Dalai Lama fled to India when China invaded and annexed his country in 1959 and has since been leading a government in exile.

BORDER DISPUTES

China, India and Nepal have some contentions regarding borders. The Lipulekh Pass is the most important route from the South-Asian subcontinent to Tibet. Both India and Nepal lay claim to the pass and the surrounding Kalpani area. Though Nepal considers it part of its sovereign territory, it is administered by the Indian state of Uttarakhand.

Lipulekh matters in Sino-Indian relationships. The pass has been mentioned in several agreements. For example, the 2015 Sino-Indian pact considers it to be the tri-junction between Nepal, India and China. The pact was concluded without either party consulting Nepal.



Handicraft items figure among Nepal’s exports: woman weaving a shawl at a trade fair in Kathmandu in early 2023.



At the same time, China and India also have border disputes. Both maintain a significant military presence in the mountains. Occasional border clashes pose a threat to Nepal's territorial integrity.

Both China and India provide development assistance to Nepal. Early on, from 1951 to 1954, India supported the construction of the airport in Kathmandu. That was the beginning of Nepal's and India's partnership. India has since assisted various other infrastructure projects, provided humanitarian relief after natural disasters and invested in community development. India

has also donated ambulances, school buses and election vehicles. Indian aid generally comes in the form of grants.

For Nepal as a landlocked country, robust cross-border infrastructure is very important. It is a prerequisite for economic growth. The links to India are quite good. They include railway connections, roads and fibre links. There even is a cross-border petroleum pipeline as well as cooperation on hydropower. Indian investments were essential for building these links.

China provides three types of assistance, namely, grants (aid gratis), interest-free loans and concessional loans with subsidised interest rates. China has helped to improve roads, construct the Pokhara International Airport, build hydropower facilities and restore border bridges.

Seven years ago, Nepal became a partner of China's Belt and Road Initiative (BRI). The related documents are not available to the public, so the terms of cooperation with China remain not transparent. Some observers warn of potential debt traps.

Not least because of the high mountain range, cross-border infrastructure is weaker in the North. As trade with China is growing, connectivity is becoming increasingly important, and the BRI may yet make a difference.

All summed up, Nepal maintains friendly relationships with both neighbouring giants, but the situation is not easy. Nepal must cope with trade imbalances, manage border disputes and prevent disruptive foreign interference. So far, Nepal has been able to maintain a neutral stance, cooperating with both China and India, but not alienating either of them. That they both belong to the BRICS+ is hardly relevant to Nepal's diplomacy. Seen from Kathmandu, the two giants seem to compete fiercely with one another and certainly do not look closely aligned.



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INTERNATIONAL COOPERATION

How India's global influence could develop

India's global role in the next ten years will be shaped by its domestic development, its relationship to China and the west and the orientation of the BRICS+. These factors will change cooperation with India. A GIZ analysis showcases four scenarios.

By Jörn Geißelmann and Johannes Kummerow

Significant geopolitical power shifts are shaping the current world order. Parts of the so-called global south are questioning the values and leading role of the west. The influence and political demands of ambitious emerging economies have increased dramatically. China has become a serious

challenge to the global pre-eminence of the USA. Thanks to its size, history and sustained economic growth, India is also on its way to becoming an important pole in this new world (dis)order (see box). Evidence of this can be found in the ambitious agenda of India's 2023 G20 presidency, with its explicit commitment to being a mouthpiece for the global south.

In light of these developments, in September 2023 a GIZ expert discussion was organised, with two renowned Indian experts as well as GIZ employees from India, Germany and sub-Saharan Africa. A specific method called "Strategic Foresight" was applied – a systematic, multidisciplinary analysis of medium to long-term developments under

conditions of uncertainty. Central to this method is the requirement to think in terms of alternatives and to anticipate the scope of possible developments at an early stage.

The conversation focused on two questions: how could India's global influence develop over the next ten years? And what would various future scenarios mean for international cooperation?

Based on this discussion, interviews and extensive literature research, the authors created four scenarios (abridged here). Key factors are India's socio-economic and political development as well as its foreign-policy approach. Even though the scenarios specifically address India's changing role in the world, the authors believe that they are also valuable for the general discourse about the growing influence of the global south.

SCENARIO 1: BACK TO SQUARE ONE

In 2033, India's economic growth is weakening, digital progress has come to a halt and the green transformation is threatening to fail. The people's unfulfilled development



Republic Day celebrations in Gurugram in the Indian state of Haryana on 26 January.

expectations are stoking social tensions in the country. Politically, India is wrestling with the legacy of 15 years of rule by the Hindu-nationalist Bharatiya Janata Party (BJP). The new government is orienting itself more strongly towards the west in the hope of emerging from the economic crisis.

India – in absolute numbers still an economic giant – has to concentrate on domestic issues and set less ambitious foreign policy targets due to its more limited funds. Because of the challenges it faces in its own country, India's global influence has fallen far behind China's. China is also confronting India militarily in the Himalayas. India has significantly reduced its development assistance and is itself once again receiving more funds to fight poverty.

SCENARIO 2: GLOBAL POWER AND VISHVAGURU

India's difficult socio-economic transformation bears fruit in the early 2030s. Investment in the country's (digital) infrastructure, along with ambitious social programmes, provide a moderate degree of prosperity to most people. India cooperates closely with Australia, Japan and the USA on

security and has become an effective counterweight to China, which is also increasing tensions between the two countries.

India is growing its development funds and focusing on Southeast Asia and South Asia in order to actively counter China. Moreover, it is pursuing strong partnerships with African states, where it can use the Indian diaspora as leverage. India is effectively employing its soft power – Bollywood, cuisine, yoga and Indian philosophy – all over the world in line with the political idea of Vishvaguru (India as the “teacher of the world”). It is also successfully building bridges between industrialised countries and the global south and actively promoting triangular cooperation – development projects that are planned, financed and implemented by a recipient developing country, a main partner (India) and a supporting partner.

SCENARIO 3: BHARAT IN AN AUTHORITARIAN IMPASSE

Existing inequalities have sharply increased by 2033 – both between federal states and within the population. Social tensions are worsening and frequently erupt along eth-

nic or religious divisions. The BJP, which has now governed for almost twenty years, has transformed the federal state structure and constitution into a Hindu-nationalist republic, thereby contributing to the decline in social cohesion.

In terms of foreign policy, India, which now calls itself Bharat – a Sanskrit term mainly used by Hindus – wants to live up to its claim of being a regional power with global ambitions. In reality, however, these ambitions often fail due to the country's limited funds for diplomacy, security and international cooperation. In order to exert international influence, India operates above all in the context of the BRICS+, which have now grown to over 30 states. Yet its opportunities are sharply curtailed by China, which has transformed the BRICS+ into an anti-western club under Chinese leadership. India concentrates its development funds on a few prestige projects in sub-Saharan Africa and the Middle East.

SCENARIO 4: FOCUS ON GROWTH AND INDIA FIRST

In 2033, India's economy is following an authoritarian development model and

achieving impressive growth. The green and just transformation has largely fallen by the wayside. The digital transformation is being driven by the state, which is increasingly using it to monitor citizens. Now the third largest economy in the world, India is a confident international actor with significant influence. It is distancing itself from the declining west, which never adequately engaged with India's interests and values.

China and India have reconciled for the time being and are mutually profiting from trade. Thanks to the paralysis of the UN and G20, the BRICS+ are now the decisive player on the international stage. India's rhetoric is becoming increasingly aggressive towards neighbouring Pakistan, and the security situation in the border region Jammu and Kashmir is declining. In terms of development policy, India largely acts in its national interest and is securing, for example, rare commodities in sub-Saharan Africa as well as important supply chains in South and Southeast Asia.

STRATEGIC IMPLICATIONS FOR INTERNATIONAL COOPERATION

As the four scenarios show, India's international role in the next ten years will be shaped in particular by its domestic devel-

“In future, India will position itself even more confidently as a global partner with its own ideas, approaches and demands.”

opment, relationship to China and the west, and the orientation of the BRICS+. These factors will further change the requirements for cooperating with India. The following trends, already observable today, will likely intensify in coming years:

1. In future, India will position itself even more confidently as a global partner with its own ideas, approaches and demands. Therefore, it will be more important than ever to coordinate mutual interests when engaging in development and international cooperation with India. Doing so will require the corresponding time and resources to build consensus.
2. Attractive, state-of-the-art service offerings are necessary for cooperation with India. Traditional development-policy issues will likely lose importance over time and be replaced by cooperation on large transformations like the energy transition, urban development and mobility, digitalisa-

tion, environmental protection and climate change.

3. Indian partners expect a high degree of technical and intercultural expertise and practical experience from employees of international organisations. These expectations are likely to increase.
4. India's interest in triangular cooperation and playing a mediating role in the global south will probably increase, too. At the moment, many factors seem to indicate that India is becoming more and more interested in triangular cooperation with African states. One very promising topic is food security, including agro-economic approaches. India's digital development ought to be of interest to other regions as well.



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A major player

With more than 1.4 billion people, India is the most populous country in the world and is now the fifth-largest economy. The per-capita income is around \$2400, so the World Bank still classifies India as a lower middle-income country. In the Human Development Report by the UN Development Programme (UNDP), India ranks 134th out of 193, which puts the country in the medium human-development category. The socio-economic differences between states are enormous. Moreover, India is an excep-

tionally diverse country, with hundreds of ethnicities, 23 official languages and about 200 million Muslims in an 80% Hindu-majority society.

The political system is characterised by a federal structure with states that have considerable self-governing power. Since 2014, Narendra Modi of the Bharatiya Janata Party (BJP) has been prime minister. During his tenure, a number of political measures have been implemented that modernised the country and promoted growth. At the same

time, the BJP under Modi is attempting to transform India from a secular, multicultural nation into an increasingly authoritarian Hindu-majority state.

India's foreign policy is characterised by its difficult relationships with its neighbours, particularly Pakistan and China. With its strategy of “multi-alignment”, India relies on alliances with many countries in order to preserve its independence and strategic autonomy. The country sees itself as a major international actor in a multi-polar world. This attitude is currently on display first in India's reserved stance towards Russia's war

against Ukraine and second in its efforts to ensure that the expansion of the BRICS is not seen as a phalanx against the west.

India is now one of the largest donors of development assistance from the global south, with regional emphases in South Asia and Africa. Its financing rose from \$264 million to \$1.32 billion between 2001 and 2019. India invests many times this amount through the New Development Bank (NDB, formerly the BRICS Development Bank) and the Asian Infrastructure Investment Bank (AIIB). It cofounded both the NDB and the AIIB in 2014 and 2016 respectively. JG, JK



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