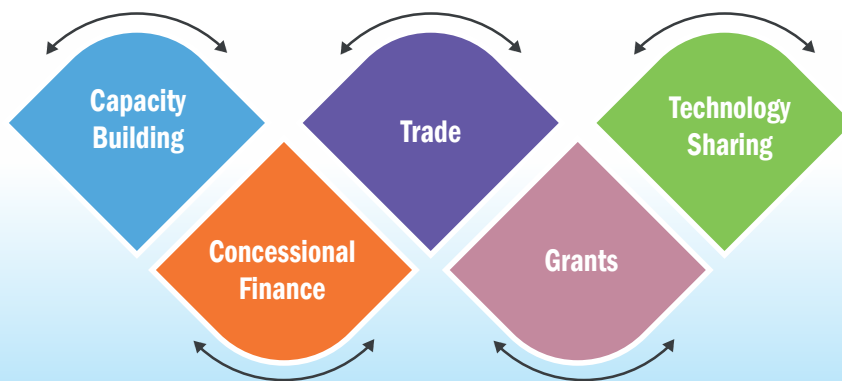


GLOBAL DEVELOPMENT COMPACT

Rebalancing the Partnership Modalities



Pathway for South-South and Triangular Cooperation



RIS

Research and Information System
for Developing Countries

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली



FAQs on Global Development Compact

What is Global Development Compact?

The 'Global Development Compact' is a human-centric, multidimensional and multisectoral operational model consisting of five broad intersubstitutable modalities. These include capacity building for sustainable growth, trade for development, technology sharing, project specific concessional finance, and grants. This time-tested Indian development cooperation model is based on domestic priorities of partner countries. Through this mechanism India has been sharing its development journey and experiences with fellow developing countries for decades. This model is now primed to be scaled up and adopted by other countries in the world for implementing their projects in the Global South.

Why is Global Development Compact unique?

Availability of finance is an important element but not a sufficient condition to realise sustainable development. Other factors such as non-availability of relevant and adaptable technology, lack of well-trained human resources, and limited institutional capacities are equally important for the development of most countries in the developing world. Within this context 'Global Development Compact' proposes to alleviate developmental concerns of the Global South in a holistic manner.

What is the background of Global Development Compact?


Prime Minister of India Mr. Narendra Modi spelt out a vision and approach for the Global South that India follows and indicated other countries to adopt this approach for safeguarding partner countries from adverse economic conditionalities. Speaking at the 3rd Voice of the Global South Summit (VoGSS), the vision of '*Sabka Saath, Sabka Vikas*' (Together with

All, Development for All), underpinned by India's philosophy of *Vasudhaiva Kutumbakam* (World is One Family), was evident when India placed balanced and sustainable development at the centre-stage. Prime Minister proposed a 'Global Development Compact' for the countries of the Global South.

What is Voice of the Global South Summit (VoGSS)?

India hosted a special virtual Summit called the Voice of Global South Summit from January 12-13, 2023, during its G20 Presidency under the theme - 'Unity of Voice, Unity of Purpose'. It was an initiative that envisaged bringing together countries of the Global South and share their perspectives and priorities on a common platform across a wide range of issues. Over the years with two subsequent Summits, VoGSS has emerged as a platform for bringing together countries of the Global South for sharing their perspectives and development experiences. The 2nd VoGSS summit held on November 27, 2023, among other things, established the Global South Centre of Excellence - DAKSHIN at RIS.

The 3rd VoGSS held on August 17, 2024, with the overarching theme of "An Empowered Global South for a Sustainable Future" acted as a platform to expand discussions held in the previous VoGSS on a range of complex challenges that continue to affect the world, such as conflicts, food and energy security crises, climate change - all of which disproportionately affect developing countries in a severe manner. At the Summit, the countries of the Global South continued deliberations on challenges, priorities, and solutions for them particularly in the short and medium terms. It was during the 3rd VoGSS that the Indian Prime Minister Narendra Modi announced the model of 'Global Development Compact'.



Modality 1

Capacity Building for Sustainable Growth



Countries of the South have traditionally believed in supporting each other in enhancing capacities and in human resource development. Almost all SSC partners have engaged through this modality. These programmes under SSC have evidently evolved from simple training modules aimed at handholding and sharing of technical expertise; to more sophisticated domains of scientific and technical knowledge, extending to professional fields like management, administration, policy and global governance. Such assistance is also extended through delegating experts under specific projects in partner countries to meet specific requirements if there is deficiency in local capabilities. This format is mainly used for skill-intensive areas, especially when technical assistance in installing plant or machinery is involved.

Common Indicators

People trained (in host as well as partner country including through exchange) with sector specificity

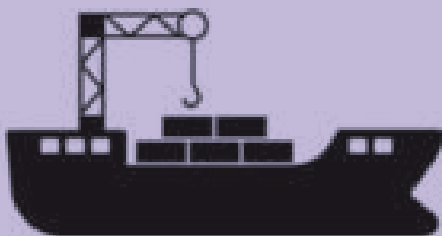
Resource persons deputed to partner countries for teaching/skill development

Training institutes, capacity building centres established in partner countries

Beneficiaries of scholarships and exchange programmes

Modality 2

Trade for Development



Common Indicators

Trade facilitation and trade promotion initiatives

South-South value chain

Tariff lines under Duty Free Quota Free (DFQF) Scheme

Trade finance by Southern partners

Swap Agreements

Bilateral investment funds

Increasing volumes of South-South trade have imparted strength and resilience to widespread dynamism in the South. South-South trade is often found to be followed by increased investments from Southern partners (with implications for technology transfer and capacity building) essential for integrating with global value chains (GVCs) and improving technology intensity of exports. Market access for LDCs through duty-and quota-free (DFQF) schemes, is one important instrument that leads to collective advantage (win-win). Trade financing among Southern partners as well as currency swap arrangements is further strengthening South-South Cooperation, enabling developing countries to forge new economic relations.

Modality 3

Technology Sharing



Building technological capabilities and expanding scientific knowledge base are important emerging areas of engagement for the South. The similarity between the countries in their stages of development and context of adaptation makes diffusion and adaption a relatively successful exercise. Southern partners have engaged in these exchanges for several years, largely as a means of achieving self-reliance. The modalities may include joint R&D projects aimed at co-creation of knowledge and technology, cooperation towards continuous scientific exchanges aimed at gradual capacity building in frontier domains and technology transfer. Such programmes may help Southern economies to develop suitable solutions to bridge developmental gaps and build long term competitiveness.

Common Indicators

Joint R&D projects/ S&T
Cooperation agreements/
technology development/
prototype development

Co-creation of knowledge and
technology (joint publications
and patents) emerging from
joint R&D projects/ technology
development

Establishment of technical
institutes/technology
demonstration centres/ testing
facilities in partner countries

Indigenous technologies
shared/ transferred

Modality 4

Project Specific Concessional Finance



Common Indicators

Quantum of lines-of-credit
(LoCs)

Projects under LoCs

Countries as recipient of LoCs

Sector specificity of LoCs

As an instrument for supporting partner countries, concessional finance has existed since the late 1940s and has found general acceptance in the South. Goods, services (including consultancy services), machinery and equipment are exported to partner countries under an agreement generally supported by the respective Exim banks. The value of goods and services rendered under such schemes differ from country to country. Interest rates on such advances also vary depending on the quantum, the nature of the projects concerned, and the time over which advances are approved. Concessional finance primarily falls under two categories: loans at concessional rate of interest with or without capacity building component; and loans at commercial rate of interest with different time periods.

Modality 5

Grants

Grant is an important modality under South-South cooperation which, depending on the need and the context, has covered larger humanitarian assistance and in-kind contributions to support development and economic activities in partner countries. Grants under SSC have played pivotal role in ensuring convergence of modalities and has been delivered through industrial goods, equipments and other commodities including agricultural products. With rising economic heft of some of the Southern countries the quantum of monetary assistance has gone up considerably. On some occasions, LoCs have been turned into grants a la debt forgiveness, a process under which minimal cost is borne by the partner country.



Common Indicators

Quantum of Grants

Projects executed with grants

Countries and nature of debt write-off

Bilateral in-kind assistance

Occasions of humanitarian assistance and disaster relief



“On behalf of India, I would like to propose a comprehensive “Global Development Compact”. The foundation of this Compact will be based on India’s development journey and experiences of development partnership....We will focus on trade for development, capacity building for sustainable growth, technology sharing, project specific concessional finance and Grants.”

Prime Minister Narendra Modi at the Inaugural Leaders’ Session of the 3rd Voice of Global South Summit, 17 August 2024.



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