Small but Impactful

Nigerian-Led SSC Initiatives

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Introduction

South South Cooperation (SSC) basically refers to formal and informal sharing of resources, knowledge and technology among developing countries to fast-track economic growth and promote sustainable development. While SSC has been in existence for decades, it is only recently that momentum is building around it as a complementary mechanism for multilateral relation and global development finance. This new development is especially inspired through the growing role of developing countries like BRICS (Brazil, Russia, India, China and South Africa) within the global financial system. The BRICS countries account for one-fifth of world outputs. This has transformed SSC from a platform that exchanges only technical and policy ideas to include providing financial supports to other developing countries. The share of China's development cooperation between 2000 and 2014 is estimated at about $354.3 billion[1], which exceeded the contributions by majority of the OECD countries in the same period. In general, these developments have led to recognition of BRICS countries as an emerging economic bloc.

In spite of this, the discourse around the SSC has been dominated by the contribution of BRICS countries. In fact, the emerging institutional framework for SSC is fixated on BRICS dominant role. The objective of this piece is to draw attention to other promising SSC initiatives within other developing countries, especially in Africa. The landscape of SSC in Africa is quite broad, as such we draw on case study of Nigeria-led SSC initiatives to document subsisting regional and continent-wide programmes among other actors within the global south.

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1 https://www.npr.org/sections/goatsandsoda/2017/10/31/560278615/find-out-some-but-not-all-the-secrets-of-chinas-foreign-aid

Providing Development Cooperation through the Nigeria Trust Fund

The financial assistance component of SSC has mostly been regarded as a recent development. However, Nigeria has been providing development cooperation for more than three decades to low income countries through Nigerian Trust Fund (NTF). The fund is administered through the African Development Bank (AfDB), as a concessional loan to least developed countries. The assistance comes with less stringent rules, low interest rate, longer maturity period and domestic ownership of projects being financed. This makes it viable for poor countries, along the underlining principle of SSC—mutual respect and national sovereignty.

The initial capital for the fund was $80 million in 1976 and was later replenished to $76 million in 1980. The NTF was initially planned to last for 30 years (1976-2006). An independent assessment of the impact of the policy in 2006 reports a significant and positive contribution from the programme.[2] This led to a 10-year extension, starting in April 2008. Also, systemic reforms are been implemented to improve the impact of the fund, such as introducing regular Monitoring and Evaluation (M&E) into the fund disbursement, removal of the cap on NTF loan, which was initially set at $10 million per project and allowing recipients choose the financing instruments. Overall, the NTF has been impactful in low income countries that lack capacity to meet the stringent criteria for accessing concessional loans from the multilateral institution. No doubt the size of the financial contribution is small, but in the spirit of SSC, this complements other traditional financing mechanisms available to poor countries.

Technical Cooperation through Agriculture Sector Reforms

Before 2012, fertilizer subsidy in Nigeria was a vicious cycle that encouraged rent seeking and corruption. The whole distribution chain for channeling the subsidy revolved around government, who purchase and distribute fertilizers at discounted rate to farmers. In reality, few farmers benefited from the programme, as officials merely shared the fertilizers among themselves and resold to farmers at exorbitant prices. However, the fertilizer subsidy reform in Nigeria under the Growth Enhancement Scheme (GES) eliminates these abuses through removal of government direct intervention in the procurement and distribution of farm inputs (such as: fertilizers and seeds) as well as positioning the agriculture sector to be more business-oriented.

Under the policy, farmers and input suppliers interact directly in the distribution chain, while government subsidy are channeled to farmers through a voucher system called e-wallet. The scheme also tries to weed out the unintended beneficiaries through the development of a national farmer's database. The e-wallet is doled out only to registered farmers via their mobile phones, which serves as a unique means of identification. As at 2017, the agricultural subsidy reform is noted to be reaching 4 million farmers annually and enable government to have saved about

[1] https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/4%20-EN-%20Nigeria_Trust_Fund_%28NTF%29_-_Operational_Guidelines.pdf

$192 million.[3]

The success of the subsidy reform in Nigeria has inspired similar reforms in other developing countries. Afghanistan in 2017 introduced a similar reform, with assistance from Nigeria partners. The Nigerian Ministry of Agriculture and private firms involved in the reforms have also helped replicate the initiative in Liberia and Togo. Again, the chain of digitalization of agricultural subsidy taking place in many developing countries underscores the growing contribution of Africa-led SSC to economic development.

Political Cooperation for institutional building

SSC is often criticized for lacking in governance and institutional building component. This is because the emphasis on national sovereignty could incentivize authoritarians to benefit from cooperation among developing countries, without pressure for reforms. West Africa region has, however, provided a tangible mechanism through which SSC can engender institutional development. The Economic Cooperation of West Africa States (ECOWAS), of which Nigeria is arguably the most prominent member, has played a significant role in peace building and democratic support in the region. In 1990, the formation of regional peace-keeping force led to successful intervention in the Liberia civil war and subsequently in Sierra Leone.

More recently, the region has combined diplomatic and military pressure to address the problem of unconstitutional change or retention of power. In the case of Mali and Sao Tome and Principe, the military coups were reversed due to lack of support and pressure from the regional body. Also, attempts by incumbents in Ivory Coast and Gambia to subvert democratic principles in their countries were prevented.

An ongoing debate in SSC is with regards to demand driven principle of cooperation. A major point of contestation is as to who's demand does SSC fulfill, is it the state's demand or is it the people's demand? In these various interventions, the people's demand seems to be accorded more priority, but in a way that is not against the mutual respect and national sovereignty principles of SSC. The interventions were carried out through peer pressure, based on a mutually acceptable institutional framework by all member states, for violation means national sovereignty principle is inapplicable. In general, ECOWAS has played a crucial role in improving peace and stability as well as democratic institution development within the region over the past three decades.

Conclusion

SSC is prevalent in Africa, like in other developing countries. The major issue remains around scalability of these programmes, as most developing countries lack financial and technical capacity to assist others in replicating their homegrown development initiatives. This therefore indicates an important role for triangular cooperation. Going forward, there is need to develop an institutional framework for repository of the innovative development ideas emerging on the continent.

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1 http://velocitycapital-pe.com/?p=54