

ONE WORLD OUTLOOK

THE PARALLEL ORDER

How the Global South Is Building
Its Own Development System

May
2026

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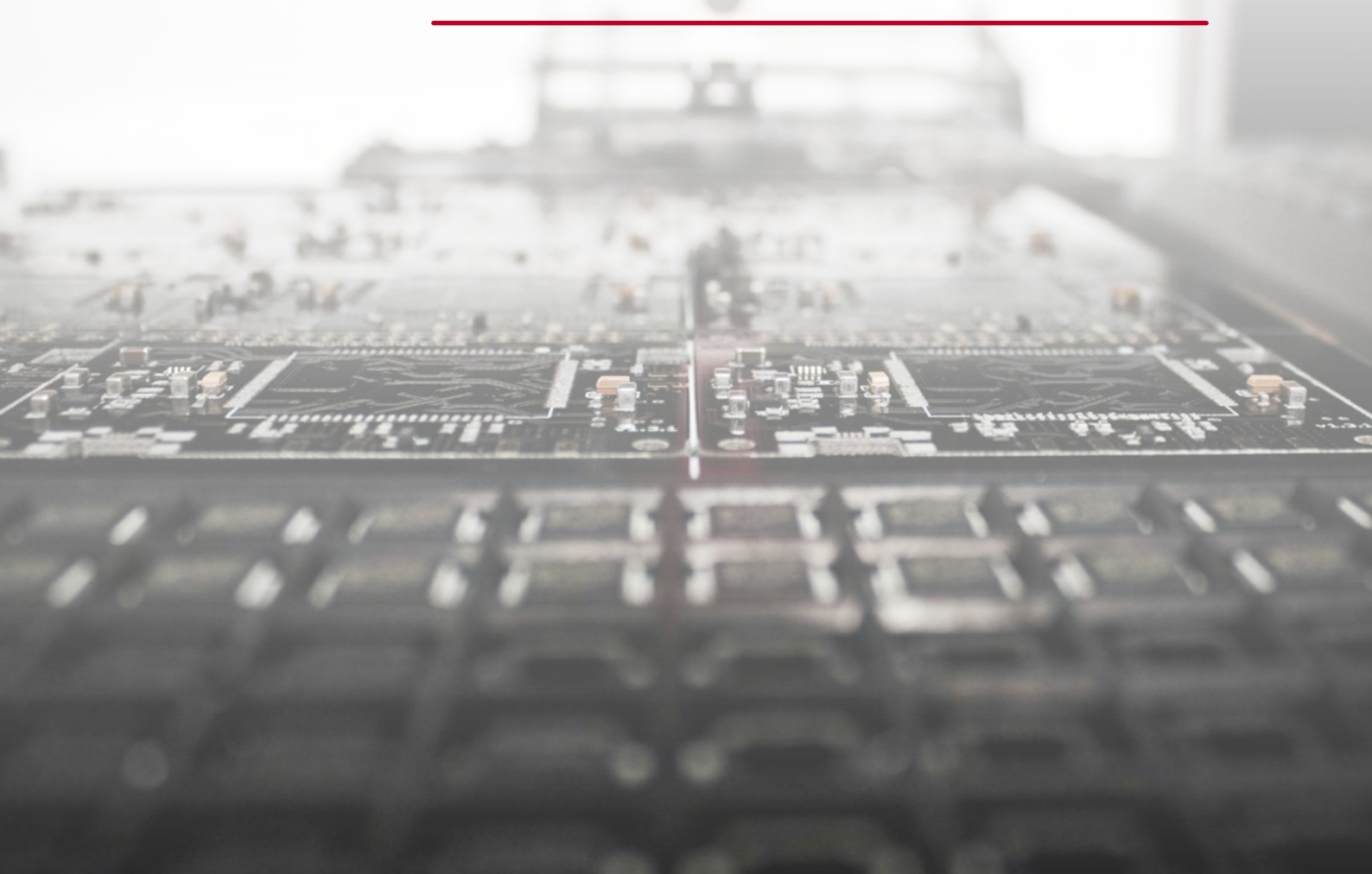
EXECUTIVE SUMMARY

The global political economy of 2026 is characterized by the fragmentation of hyper-globalization, the weaponization of interdependence, and the erosion of confidence in traditional North–South development regimes built around Bretton Woods institutions. Middle powers across Asia, Africa, and Latin America have responded by prioritizing “strategic autonomy” and diversified partnerships, reducing exposure to any single hegemonic center. In this context, South–South cooperation has moved from rhetorical anti-colonial solidarity to a dense web of pragmatic, commercially structured, and institutionally codified bilateral arrangements.

This report advances the thesis that contemporary South–South cooperation is best understood as a set of “development compacts” built around co-investment, institutional de-risking, and symmetrical technology and knowledge transfers, rather than aid relationships. Six bilateral case studies—Indonesia–Brazil, India–Egypt, Vietnam–Thailand, India–Tanzania, Ethiopia–Kenya, and India–UAE—demonstrate how these

arrangements simultaneously pursue growth, resilience, and autonomy in the domains of climate and natural capital, logistics and green industry, advanced manufacturing and fintech, higher education and artificial intelligence, regional power pooling, and digital finance and nuclear energy.

Collectively, these bilateral nodes are weaving a decentralized net that partially substitutes for, and partially circumvents, traditional Northern-centered architectures of trade finance, infrastructure funding, and technology transfer. Their economic significance is non-trivial: the partner countries in these six dyads together account for more than one fifth of world GDP in purchasing-power terms and close to one quarter of the world’s population, making their experimentation systemically relevant. The report concludes that this emergent South–South architecture is not a temporary stop-gap in the absence of Northern engagement but a durable, parallel system of governance whose viability derives from underlying commercial logic and convergence of interests.



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INTRODUCTION AND THEORETICAL FRAMEWORK

FROM BANDUNG TO 2026

The 1955 Asian–African Conference at Bandung brought together 29 newly independent states representing roughly 1.5 billion people—about half of the United Nations membership at the time—to articulate principles of anti-colonialism, self-determination, and non-alignment in a polarized Cold War order. Bandung’s “Ten Principles” emphasized sovereign equality, non-interference, and mutual benefit, creating the normative foundation for the Non-Aligned Movement (NAM) formally launched in 1961. However, the early decades of NAM were characterized by limited intraregional trade, weak financial intermediation among Southern economies, and chronic dependence on Northern capital and technology, making South–South cooperation more ideological

than transformative in macroeconomic terms.

By contrast, the contemporary Global South operates in a world where emerging and developing economies produce a majority of world output in purchasing-power terms and a rising share in nominal terms. Their role in global value chains, energy markets, and digital infrastructure is structurally more significant than in the Bandung era. The shift from a bipolar to a diffuse, multipolar system, combined with recurrent crises in North–South finance—most recently during the global financial crisis and the pandemic—has generated powerful incentives for intra-South experimentation with new instruments of cooperation.

REDEFINING THE GLOBAL SOUTH

Traditional cartographic or income-based demarcations of the “Global South”—such as the Brandt Line or low-income thresholds—are poorly suited to 2026 realities, as they group together hydrocarbon-rich Gulf states, upper-middle-

income industrial exporters, and low-income fragile states without capturing shared structural constraints. A more analytically useful definition treats the Global South as a coalition of countries that

- (a) face common development challenges such as climate vulnerability, technological dependency, and exclusion from the core of the global financial system, and
- (b) seek to assert sovereignty over domestic policy space, resource endowments, and digital architectures.

On this view, states such as India, Brazil, Indonesia, Egypt, Kenya, Vietnam, and the UAE belong to the Global South not because of per capita income levels alone, but because they are simultaneously providers and recipients of development finance, technology, and security, while still navigating

asymmetric power structures in global governance fora. Their cooperative arrangements are therefore not charity-based but framed as mutual responses to structural exclusion and as hedges against volatility in Northern capital and commodity markets.



FROM BRETTON WOODS CONDITIONALITY TO THE DEVELOPMENT COMPACT

The post-1970s North–South financial architecture—centered on the International Monetary Fund (IMF), World Bank, and later regional development banks—has been associated with structural adjustment programs, macroeconomic conditionality, and policy prescriptions emphasizing liberalization and austerity. Numerous empirical studies have linked such conditionalities to social and political costs, including reduced fiscal space

for social protection, pro-cyclical tightening during crises, and domestic political backlash.

In response, Southern providers of finance—most prominently India, China, Brazil, the Gulf states, and emerging African and Asian funds—have articulated an alternative model often framed in policy discourse as a “development compact”. This compact typically rests on five pillars:

- (1) mutual benefit without intrusive political conditionality;
- (2) demand-driven project identification by recipient governments;
- (3) concessional or semi-concessional lines of credit linked to local capacity building;
- (4) faster deployment relative to large multilateral projects; and
- (5) technology transfer arrangements that respect local regulatory sovereignty and data control.

Empirically, this model can be seen in India’s lines of credit to African partners, where tied procurement is combined with local training components; in Brazil’s agricultural research partnerships in Africa; and in China’s infrastructure financing under the Belt and Road Initiative, albeit with significant

variation in risk management and transparency. The six bilateral case studies analyzed below embody diverse national variants of this development compact, illustrating how Southern actors translate the five pillars into sector-specific institutional designs.

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Case Examples

CASE STUDY 1

INDONESIA–BRAZIL–DRC AND THE TROPICAL FOREST ALLIANCE

GEOPOLITICAL ALIGNMENT AND THE “OPEC FOR RAINFORESTS”

Brazil, Indonesia, and the Democratic Republic of the Congo collectively host around 52 percent of the world’s remaining tropical rainforests, making their territories the planet’s largest terrestrial carbon sinks. In 2022 the three governments announced plans for a coordinated alliance on rainforest conservation and climate finance, widely dubbed an “OPEC for rainforests”. The initiative, consolidated through a tripartite cooperation agreement on the margins of the G20 and COP negotiations, aims to align negotiating positions on carbon markets, biodiversity finance, and payment-for-ecosystem-services schemes.

For Indonesia and Brazil, this alliance provides a platform to reframe rainforest conservation as an asset underpinning claims for substantial, predictable climate finance, rather than as a constraint imposed by Northern environmental demands. Both countries face domestic pressures for agricultural expansion—soy, cattle, and biofuels in Brazil; palm oil and food estates in Indonesia—making monetization of standing forests an essential condition for politically viable conservation.

OPERATIONAL MECHANICS AND CLIMATE FINANCE

While exact fiscal envelopes remain under negotiation, public statements and analytical estimates suggest that the coalition seeks to leverage tens of billions of dollars in climate finance over the coming decade by coordinating minimum price floors for high-integrity forest carbon credits. If the alliance were to secure, for example, a floor price of USD 20–30 per ton of avoided emissions for jurisdictional REDD+ credits, the potential revenue stream from protecting even a fraction of the 1.8 billion acres of forests under their control would reach into the tens of billions annually, assuming conservative estimates of carbon density and deforestation baselines.

At the operational level, Indonesia’s National Institute for Space Research (LAPAN) and Brazil’s National Institute for Space Research (INPE) already maintain sophisticated satellite-based systems for monitoring land-use change and illegal logging, which are being aligned to support joint MRV (measurement, reporting, and verification) frameworks. The alliance also creates an institutional channel to standardize methodologies for biodiversity valuation and non-carbon co-benefits, enhancing bargaining power in evolving Article 6 carbon-market negotiations.



TECHNICAL SYNERGIES AND STRATEGIC IMPACT

Beyond pricing power, the Indonesia–Brazil–DRC coalition is experimenting with coordinated R&D in sustainable agroforestry, such as tropical silvopastoral systems and bioeconomy value chains built around non-timber forest products. Joint research programs aim to adapt Brazilian advances in low-carbon cattle ranching and soybean cultivation to Southeast Asian contexts, while Indonesia's experience with palm oil certification and peatland restoration informs Brazilian and Congolese policy debates.

Strategically, the Tropical Forest Alliance represents a shift from Northern-centric conservation narratives to Southern claims over natural capital as a basis for development finance. By acting as a coordinated bloc, Indonesia and Brazil (with the DRC) seek to exert OPEC-style oligopolistic influence over high-quality forest credits, thereby constraining the ability of Northern buyers and multilaterals to unilaterally dictate standards, prices, and access conditions.

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Case Examples

CASE STUDY 2

INDIA-EGYPT AND THE SUEZ GREEN HUB

GEOPOLITICAL ALIGNMENT AND SUPPLY-CHAIN GEOGRAPHY

India and Egypt have historically shared political affinities dating back to their joint role in the Non-Aligned Movement, but recent cooperation has pivoted toward logistics, green energy, and food security. Egypt functions as a tri-continental node—connecting African, Mediterranean, and Middle Eastern markets—while India provides a large-scale industrial and technological base with rapidly expanding renewable-energy capabilities. The Suez Canal Economic Zone (SCZone) has emerged as the focal point for this renewed axis.

In 2022 India's ReNew Power signed a framework

agreement with Egyptian authorities to invest approximately USD 8 billion in a green hydrogen and ammonia facility in the SCZone, with a planned output of up to 220,000 tons of green hydrogen and 1.1 million tons of green ammonia per year once fully operational. The project is structured in phases: an initial pilot producing 20,000 tons of green hydrogen and 100,000 tons of ammonia with an investment of roughly USD 710 million by the mid-2020s, followed by large-scale expansion through the later 2020s.

OPERATIONAL MECHANICS: CAPITAL, CONTRACTS, AND FOOD-ENERGY LINKAGES

The Suez green hydrogen complex relies on a mix of Indian equity, Egyptian sovereign participation, and multilateral or Gulf co-financing, with ReNew Power backed by investors such as Goldman Sachs and the Abu Dhabi Investment Authority. Long-term offtake is expected to target European and Asian markets seeking low-carbon maritime fuels and industrial feedstocks, leveraging Egypt's location at the chokepoint of the Suez Canal and proximity to major shipping lanes.

Parallel to energy investments, India has consolidated its role as a key supplier of wheat to Egypt, especially after disruptions to Black

Sea grain exports following the Russia-Ukraine conflict. In the 2022-2023 marketing year India briefly emerged as a potential alternative supplier when Egypt approved Indian wheat for imports, and while export restrictions later constrained volumes, the episode underscored the strategic complementarity between Indian agricultural surpluses and Egyptian food-security needs. A quid pro quo dynamic is emerging in which India's commitments to food and agritech support are reciprocated by preferential access to SCZone industrial plots, tax incentives, and logistical facilitation for Indian firms.



STRATEGIC IMPACT: A NON-WESTERN INDUSTRIAL CORRIDOR

The India–Egypt axis contributes to the diversification of energy transition value chains beyond OECD-centered hubs by anchoring electrolyser deployment, renewable generation, and green-fuel processing in a Global South location with privileged maritime access. For India, equity participation and project control in the SCZone extend its industrial footprint into West Asia and North Africa, securing market access for its firms and hedging against congestion or disruptions in more traditional chokepoints.

For Egypt, Indian participation provides not only capital but also technological and managerial expertise in utility-scale renewables, complementing existing Gulf and European investment and enhancing its leverage in negotiating offtake contracts. The partnership thereby exemplifies a development compact in which concessional or blended finance, technology transfer, and trade concessions are bundled into a mutually reinforcing industrial corridor largely outside Northern conditionality frameworks.

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Case Examples

CASE STUDY 3

VIETNAM-THAILAND AND
THE MANUFACTURING-
FINTECH BRIDGE

GEOPOLITICAL ALIGNMENT: COOPETITION IN ASEAN

Vietnam and Thailand are two of ASEAN's leading manufacturing and tourism economies, frequently competing for foreign direct investment in electronics, automotive components, and consumer goods. Yet both face the common challenge of retaining and upgrading their positions in global value chains in the face of rising labor

costs, technological change, and reshoring trends in advanced economies. This has encouraged a model of "coopetition" in which the two states coordinate to keep multinational production networks anchored within Southeast Asia rather than losing them to other regions.

OPERATIONAL MECHANICS: SUPPLY CHAINS AND QR CONNECTIVITY

On the manufacturing side, Thailand's Eastern Economic Corridor hosts major automotive and electronics clusters, while Vietnam's northern provinces around Hanoi and Hai Phong, and southern hubs like Ho Chi Minh City, have attracted large investments from firms such as Samsung, LG, and global contract manufacturers. Components often move back and forth between plants in the two countries before final assembly, with just-in-time logistics relying on improved cross-border infrastructure and customs facilitation.^[22]

Financially, the two central banks have pioneered cross-border QR-code payment linkages. In November 2022 the State Bank of Vietnam (SBV) and the Bank of Thailand (BoT) launched a joint QR

payment service allowing Vietnamese customers to scan Thai QR codes in Thailand and Thai tourists to scan VietQR codes in Vietnam, using their domestic banking apps and settling in local currencies. The linkage, implemented through Vietnam's NAPAS and Thailand's NITMX networks, eliminates the need for USD or other third-currency intermediation for small-value transactions.

The QR linkage is part of a wider ASEAN initiative to integrate national QR systems under a Local Currency Transaction (LCT) framework to reduce dependence on the US dollar in intra-ASEAN trade and tourism. Thai PromptPay QR and VietQR now function as interoperable standards, with banks in both countries joining in phases.



STRATEGIC IMPACT: CURRENCY RISK MITIGATION AND REGIONALIZATION

The Vietnam–Thailand QR corridor demonstrates how digital payment interoperability can tangibly reduce transaction costs, foreign-exchange spreads, and settlement risks for households and SMEs engaging in cross-border tourism, e-commerce, and services trade. Over time, similar linkages for B2B payments and remittances could enable a greater share of intra-ASEAN trade to be invoiced and settled in local currencies, modestly dampening exposure to global dollar liquidity cycles.^{[25][26][22]}

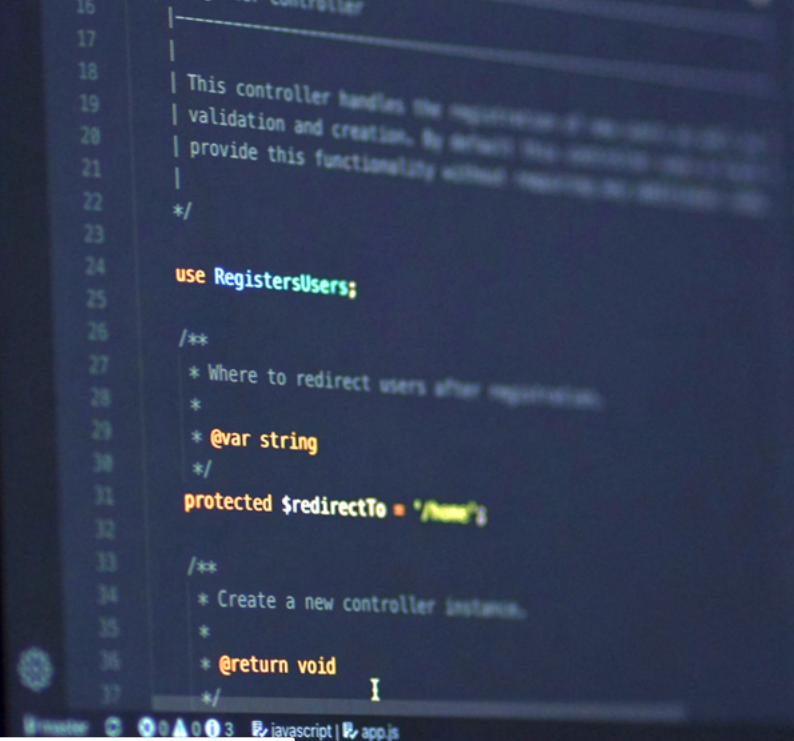
From a supply-chain governance perspective, the combination of integrated manufacturing networks and digital-finance interoperability helps lock multinational investments into a broader ASEAN production platform rather than into individual countries. This constitutes a form of meso-regionalization of value chains, in which South–South cooperation in standards and infrastructure yields collective resilience benefits.

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Case Examples

CASE STUDY 4

INDIA-TANZANIA AND THE IIT ZANZIBAR TECH-EDUCATION HUB



GEOPOLITICAL ALIGNMENT: HUMAN CAPITAL AND AI SOVEREIGNTY

India and Tanzania have long-standing political and economic ties, but the establishment of the Indian Institute of Technology (IIT) Madras campus in Zanzibar marks a qualitative shift toward co-created higher-education ecosystems. The campus, the first IIT branch outside India, is designed as a world-class science and engineering institution that serves Tanzanian, African, Indian, and other international students.

The initiative aligns with broader African priorities to expand STEM capacity, reduce dependence on Northern universities for advanced training, and localize research and innovation agendas around African development challenges. For India, exporting its premier public-education brand functions as a soft-power instrument and as a mechanism to embed its digital public infrastructure and AI capabilities in African markets.

OPERATIONAL MECHANICS: FUNDING, GOVERNANCE, AND PROGRAMS

A July 2023 Memorandum of Understanding between India's Ministry of Education, IIT Madras, and Zanzibar's Ministry of Education and Vocational Training sets out a governance model in which IIT Madras designs academic programs, curricula, and selection procedures, while the Zanzibar government covers capital and operating expenditures. Thus, infrastructural costs—from campus construction to laboratories—are financed by Zanzibar, while India effectively exports intellectual capital and institutional know-how.

Classes at the Zanzibar campus commenced

in October 2023 with two flagship programs: a four-year Bachelor of Science in Data Science and Artificial Intelligence and a two-year Master of Technology in Data Science and AI. Annual tuition fees were announced at approximately USD 12,000 for the undergraduate degree and USD 4,000 for the master's program, denominated directly in USD to facilitate international recruitment and cost recovery. The campus is planned to expand to additional engineering and applied-science disciplines as infrastructure and faculty capacity grow.



TECHNICAL SYNERGY AND STRATEGIC IMPACT

The IIT Zanzibar campus explicitly targets research themes tied to East African development priorities, including AI applications for tropical agriculture, coastal climate-risk analytics for the Swahili coast, and engineering solutions for the blue economy and deep-sea resource management. Joint supervision arrangements allow faculty rotations from Chennai to Zanzibar, blending Indian expertise with local knowledge and eventually building a permanent Tanzanian faculty base.^{[27][29]}

Strategically, the model flips the traditional direction of student flows, reducing the need for African students to migrate to Northern universities for elite STEM training and instead bringing high-end education into the region. It constitutes a development compact in which India provides an institutional template and academic quality assurance, while Tanzania invests capital and gains a regional hub for human-capital formation, with potential spillovers for local tech ecosystems and startups.

07

Case Examples

CASE STUDY 5
ETHIOPIA–KENYA
AND THE EASTERN
ELECTRICITY HIGHWAY

GEOPOLITICAL ALIGNMENT: INTRA- AFRICAN POWER POOLING

Ethiopia and Kenya, both members of the Eastern Africa Power Pool (EAPP), occupy complementary positions in regional energy geography: Ethiopia possesses large, underutilized hydropower potential—most notably through the Grand Ethiopian Renaissance Dam (GERD)—while Kenya has rapidly growing industrial and urban power demand and a history of reliance on expensive thermal generation. The Sodo–Moyale–Suswa high-voltage power line, also known as the Eastern Electricity Highway, was conceived to monetize

Ethiopia’s hydropower surplus and lower Kenya’s electricity costs through cross-border trade.

The project, comprising approximately 1,065 kilometers of 500 kV high-voltage direct-current (HVDC) transmission line, enables bi-directional transfer of up to 2,000 MW between the two countries and, by extension, within the EAPP. It represents the first large-scale publicly financed HVDC interconnector in Sub-Saharan Africa.

OPERATIONAL MECHANICS: FINANCE, CAPACITY, AND COST STRUCTURE

The Eastern Electricity Highway was financed by a consortium including the World Bank, African Development Bank, Agence Française de Développement, and the governments of Ethiopia and Kenya. The overall project budget for the Sodo–Moyale–Suswa line and associated substations has been estimated at around USD 1.26 billion, with the Ethiopian segment alone costing approximately USD 110 million, largely financed via AfDB credit.

Commissioned in December 2022, the line allows

Kenya to import up to 400 MW in the initial years, with capacity to scale up toward the 2,000 MW technical limit as GERD and other plants ramp up and as Kenya’s grid absorbs more baseload hydropower. Given that Ethiopian hydropower costs are substantially below the marginal cost of Kenyan diesel and heavy-fuel-oil generation, the interconnector is expected to reduce average wholesale power costs in Kenya and cut CO₂ emissions by displacing thermal plants.



TECHNICAL SYNERGY AND STRATEGIC IMPACT

Technically, the HVDC configuration minimizes transmission losses over long distances and provides flexibility in managing asynchronous grids. Joint operation and grid-code harmonization between the two national utilities constitutes a practical form of regulatory and technical integration under the EAPP framework.

Strategically, the Ethiopia–Kenya interconnector serves as a proof of concept for continent-wide power pooling and green industrialization. It

demonstrates how African states can co-finance and co-manage cross-border infrastructure that simultaneously addresses surplus management in one country and decarbonization and cost reduction in another, without relying exclusively on Northern utilities or IPPs. As the line extends southward toward Tanzania and links to the Southern African Power Pool, it will underpin a broader intra-African energy market.

08

Case Examples

CASE STUDY 6

INDIA-UAE AND THE NEW
WEST ASIA DIGITAL-NUCLEAR
CORRIDOR

GEOPOLITICAL ALIGNMENT: CAPITAL SURPLUS MEETS TECH SCALE

The India–UAE relationship has deepened across trade, investment, and migration corridors, with the UAE acting as a capital-rich Gulf hub and India as a large, tech-intensive emerging economy. More than three million Indian residents in the UAE and millions of annual Indian tourists create dense people-to-people and remittance linkages that provide a natural constituency for payments and fintech integration.

Politically, the two states have converged on a model of “minilateral” cooperation in West Asia and the Indo-Pacific, including participation in arrangements such as I2U2 (India–Israel–UAE–US), while also collaborating within BRICS+ and other Global South fora on de-dollarization and financial architecture reform.

OPERATIONAL MECHANICS: UPI–AANI, RUPAY–JAYWAN, AND DATA INFRASTRUCTURE

In February 2024 India and the UAE signed multiple MoUs, including agreements to interlink India’s Unified Payments Interface (UPI) with the UAE’s instant payment platform AANI and to connect India’s RuPay card network with the UAE’s domestic JAYWAN card scheme. The objective is to enable real-time, low-cost cross-border transfers and retail payments for residents and visitors, leveraging the existing UPI infrastructure and the newly created national payment entity Al Etihad Payments.

The JAYWAN card scheme itself is based on India’s RuPay technology stack, shared under a sovereign digital partnership, making the UAE the first Gulf Cooperation Council state to adopt a foreign digital card infrastructure as the basis for its domestic system. As interoperability between

UPI and AANI comes online, Indian workers and firms in the UAE will be able to send remittances and make payments in near real time, reducing reliance on SWIFT-based correspondent banking channels with higher fees and longer settlement times.

Alongside payments, discussions have encompassed data-embassy style arrangements for sovereign data storage and the creation of “virtual trade corridors” that use digital customs clearance, blockchain-based documentation, and integrated single windows to reduce friction in goods and services trade. Although specific capital envelopes for these digital infrastructure projects have not been publicly disclosed, they form part of a broader bilateral investment framework that also covers energy, ports, and industrial parks.



NUCLEAR AND CLEAN-ENERGY COOPERATION

While the UAE's Barakah nuclear plant has been built with Korean technology, India and the UAE have explored cooperation on small modular reactors (SMRs) and broader clean-energy investment, including Indian participation in UAE-backed renewable projects in India and third countries. These discussions complement existing Emirati investments in Indian infrastructure and renewables and Indian equity stakes in UAE hydrocarbon and downstream projects.

Strategically, the India–UAE corridor represents a fusion of capital surplus, digital infrastructure expertise, and demographic linkages that has the potential to create an autonomous regional payment and data ecosystem less exposed to unilateral Western financial sanctions. It exemplifies how South–South cooperation increasingly encompasses frontier domains of financial and digital sovereignty, not only traditional trade and aid.

09

**COMPARATIVE
ANALYSIS**
STRUCTURAL PILLARS
AND FRICTIONS

COMMON STRUCTURAL PILLARS OF SUCCESS

Across the six case studies, several structural features recur. First is a “trust dividend” rooted in shared historical experiences of colonialism or marginalization in the global financial system, and in the absence (or relative lightness) of intrusive political conditionality in their agreements. For example, IIT Zanzibar’s governance model, ReNew’s SCZone project, and the Ethiopia–Kenya power interconnector are all structured through government-to-government or state-linked compacts that prioritize functional outcomes over domestic political alignment.

Second is sovereignty preservation. South–South arrangements emphasize respect for domestic policy choices—whether around subsidies, data localization, or industrial strategy—while embedding cooperation in joint institutions

rather than externally imposed benchmarks. The Rainforest Alliance’s insistence on sovereign control over forest carbon pricing, ASEAN’s QR payment framework designed to promote local-currency use, and India–UAE’s digital-card sharing all reflect this logic.

Third is socio-economic and technological proximity. Technologies and institutional forms developed in India, Brazil, Vietnam, or Indonesia are often better matched to the income levels, factor endowments, and institutional capacities of partners like Kenya, Egypt, or Tanzania than are high-maintenance OECD solutions. Examples include Indian digital public infrastructure exported to the UAE and potentially to African partners, or Brazilian low-carbon agriculture adapted to Indonesian and Congolese contexts.

FRICION POINTS AND VULNERABILITIES

Nonetheless, South–South cooperation faces structural constraints. One is the “capital chasm”: while emerging Southern financiers have expanded their balance sheets, global development-finance volumes remain dominated by Northern institutions and private capital markets, limiting the scale and concessionality that South–South projects can achieve without blended finance. The Eastern Electricity Highway and SCZone green hydrogen complex both relied on multilateral or Northern co-financing alongside Southern sponsors.

Another vulnerability is political volatility and regime change. Shifts in domestic coalitions can alter priorities toward foreign partners, as seen historically in infrastructure and resource contracts across Africa and Latin America. Many of the

highlighted agreements are still relatively new; their durability will depend on institutionalization beyond leader-to-leader ties, through treaty codification, joint authorities, and dispute-resolution mechanisms.

A related risk is the reproduction of hierarchical dependencies within the Global South itself—the so-called “South–South middle-income trap” in which more advanced emerging economies become dominant creditors or technology providers to poorer Southern partners, potentially replicating some asymmetries of North–South relations. This risk is salient in relationships such as India–Tanzania or India–UAE, where one party’s firms and standards may shape the other’s digital and educational ecosystems.

INDIA'S STRUCTURAL FOOTPRINT AS "VISHWA MITRA"

India is a pivotal node across three of the six case studies—India–Egypt, India–Tanzania, and India–UAE—illustrating its strategy of exporting digital public infrastructure, higher-education capacity, and scalable climate and energy technologies rather than relying primarily on traditional bricks-and-mortar megaprojects. In Africa, India's lines of credit and grant-funded projects have historically focused on capacity building and small-to-medium infrastructure; the IIT Zanzibar campus and prospective digital-payments linkages signal

a further move into intangible infrastructure.

Compared to China's Belt and Road Initiative, which has emphasized large-scale transport and energy corridors backed by Chinese contractors and banks, India's approach in these cases is more distributed, centered on platforms and institutions (UPI, RuPay, IIT) that can be replicated and localized. This complementary model broadens the menu of South–South options available to partners and may reduce overreliance on any single provider.



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FUTURE OUTLOOK THE GLOBAL SOUTH IN 2030

MINILATERALISM AND NETWORKED GOVERNANCE

Looking toward 2030, South–South cooperation is likely to deepen through “minilateral” formats—small, interest-based coalitions focused on specific sectors—rather than through universal, slow-moving institutions. Arrangements like I2U2, BRICS+, ASEAN’s QR-payment network, and prospective rainforest alliances can be seen as early manifestations of such minilateralism, where a limited number of capable states jointly provide regional public goods.

These minilateral nodes may gradually displace or complement larger but less agile bodies such as the World Trade Organization or UNCTAD in setting de facto standards for areas ranging from digital payments to carbon credits and green-hydrogen certification. The six cases analyzed in this report indicate that the key governance vehicle is shifting from global, one-size-fits-all treaties to overlapping, sectoral compacts anchored in concrete projects.

FINANCIAL AND DIGITAL ARCHITECTURE DECOUPLING

Another trajectory is partial decoupling from dollar-centric financial pipelines. The expansion of local-currency settlement systems (LCSS) and central-bank digital currencies (CBDCs) across the Global South is already under way, with ASEAN, BRICS members, and Gulf–Asian corridors piloting arrangements to settle trade in local units. QR-payment linkages, UPI–AANI integration, and RuPay–JAYWAN interoperability are early retail-level expressions of this trend.

At the wholesale level, experiments with cross-

border CBDC platforms and alternative messaging systems could over time reduce the dominance of SWIFT-based networks and the extraterritorial reach of unilateral financial sanctions, although such changes will be incremental and uneven. For resource-rich and climate-vulnerable states, rainforest alliances and power pools monetizing natural capital and renewable energy may provide additional, relatively de-risked revenue streams denominated in diversified currency baskets.

RISKS OF FRAGMENTATION AND GOVERNANCE GAPS

However, a more decentralized South–South architecture also risks regulatory fragmentation, overlapping standards, and governance gaps. Divergent rules on data protection, AI ethics, carbon-market integrity, and infrastructure debt transparency could generate frictions and undermine the creditworthiness or legitimacy of some South–South initiatives. Without robust regional or interregional mechanisms for dispute resolution and oversight, projects could be vulnerable to opaque renegotiations or social-

environmental contestation.

Moreover, while South–South cooperation can mitigate some vulnerabilities associated with Northern dominance, it cannot by itself resolve structural issues such as global demand constraints, climate shocks, or technological races in critical sectors like semiconductors. The success of South–South initiatives will therefore depend on their ability to complement, rather than wholly replace, engagement with multilateral and Northern partners.

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CONCLUSION AND RECOMMENDATIONS

The six bilateral case studies examined in this report confirm that South–South cooperation in 2026 has matured into a dense, heterogeneous ecosystem of development compacts spanning climate finance, logistics, manufacturing, digital payments, higher education, and energy infrastructure. Unlike earlier eras of ideological solidarity, contemporary South–South initiatives are grounded in substantial capital commitments—ranging from the USD 8 billion ReNew green-hydrogen plant in Egypt to the roughly USD 1.26 billion Ethiopia–Kenya HVDC interconnector—and in sophisticated institutional designs tailored to the constraints and capacities of partner states.

These arrangements collectively amount to a parallel architecture of global governance whose resilience stems from commercial viability and mutual benefit rather than from appeals to anti-colonial rhetoric alone. Yet they also face structural challenges in financing scale, political durability, and intra-South equity that require deliberate policy attention.

Three broad recommendations follow. First, Global

South states should prioritize institutionalization: codifying bilateral deals into treaties, establishing joint authorities with clear mandates, and embedding projects within regional frameworks such as power pools or payment networks to reduce vulnerability to domestic political turnover. Second, regulatory harmonization should be accelerated in frontier domains—data protection, digital-identity standards, phytosanitary rules, and green-hydrogen certification—to allow bilateral nodes like UPI–AANI, QR-payment linkages, or rainforest alliances to scale and interconnect.

Third, South–South initiatives should be explicitly aligned with the Sustainable Development Goals (SDGs), particularly SDG 7 (clean energy), SDG 9 (industry, innovation, and infrastructure), and SDG 17 (partnerships), to attract complementary finance from multilateral and private sources and to safeguard social and environmental integrity. If these conditions are met, the emerging web of South–South bilateral compacts is likely to consolidate into a durable, decentralized pillar of the 21st-century international order.

12

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