



South-South Economic Integration for Sustainable Recovery

UNCTAD Thematic Solutions Forum GSSD Expo 2022

Draft Concept Note and Programme

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CR3, United Nations Conference Centre

Bangkok, Thailand

I. Context

The Covid-19 pandemic has created new development challenges for the South. Millions of people are losing their jobs and being pushed into extreme poverty. The global economy contracted by 3.9 per cent in 2020 (UNCTAD, 2021) and 255 million full-time jobs were lost (ILO (2021)). The prospects for 2022 are also bleak as UNCTAD estimates global economic growth will decrease to 2.6% from 3.6% for 2022. Developing countries have not only been hit harder economically by this crisis but will also take more time to recover because of their limited financial resources. To respond to the pandemic shock and reach resilient and sustainable recovery, developing countries need to act at the national, regional and global level, particularly through building South-South solidarity and economic cooperation and integration. Meanwhile, climate change and the associated risks will pose more profound long-term challenges for developing countries with the impact on its economic, social and environmental sustainability. The developing countries therefore need to take efforts, both individually and collectively, to build economic resilience, diversify economic structure and balance climate actions and economic growth goals.

Since the turn of the millennium, South-South economic cooperation and integration has developed very rapidly. South-South merchandise trade now accounts over one-fourth of the world total. The cooperation in terms of finance, investment, industrial policy, and macroeconomic coordination has also expanded significantly. The active role of SSC mechanism such as the Southern Summit, G77, BRICS, New Development Bank, and GSSD Expo are further shaping the global economic governance and multilateralism.

Against this background of changing global governance in the post-Covid era, it would be very timely and relevant to explore to the ways to strengthen South-South economic

integration through finance, trade, investment, industrial, digital, technology and innovation for facilitating sustainable recovery of developing countries. To facilitate such global efforts in promoting South-South Cooperation for Sustainable Development, UNCTAD has been implementing a series of projects including *South–South Integration and the Sustainable Development Goals: Enhancing Structural Transformation in Key Partner Countries of the Belt and Road Initiative*, *Development policies for sustainable economic growth in Southern Africa*, and *Promoting economic diversification and resilience in Barbados for a sustained recovery from COVID-19 shock*. Those projects have achieved numerous achievements and contributed to the existing studies, practices and policy strategy formulation in developing countries in achieving the UN 2030 Agenda for Sustainable Development.

II. Objective and Questions

The main objective of the Thematic Solution Forum is to provide an opportunity to governments, international organizations, and academia to reflect and debate on the role of South-South economic integration in the post-Covid recovery of developing countries. The Forum will also launch two latest UNCTAD products on South-South Cooperation.

The Forum discussion will pool high-level policy makers and head of international/regional organizations together to discuss two critical issues facing developing countries in their efforts to achieve SDGs:

- **Boosting sustainable recovery from the Covid-19 shock.** Covid-19 pandemic has hit the world economy heavily and the developing countries has been affected disproportionately given their vulnerabilities and limited fiscal space to deploy stimulus packages. Despite some positive recovery signs from last year, the inflationary pressures may cause the rise of interest rates in advanced economies which could further result in global liquidity constraints particularly for developing countries. Meanwhile, other structural issues such as unequal access to the vaccines, narrow economic structure, and deteriorating terms of trade remain. The consequences of the crisis in such a difficult context should be carefully examined, and the recovery strategies and scenarios, including the contribution of South-South economic integration, need to be explored at both international and regional level. As UNCTAD suggested in a publication on [“South-South Cooperation at the time of COVID-19: Building solidarity among developing countries”](#), South-South cooperation could contribute significantly to the crisis response and post-covid recovery of developing countries through various action areas including scaling up South-South finance, building SSC for trade and industrial recovery, strengthening regional integration and regional value chains, and building strategic partnership.
- **Building resilience through successful climate adaptation.** Boosting economic recovery from the pandemic shock will also require effective climate adaption strategy in the medium and long run. Humanly induced climate change has become a major concern for all economies across the globe. According to the IPCC analysis, global mean surface temperature (GMST) for the decade 2011-2020 is 1.09°C above the 1850-1900 period. The global warming and associated extreme events have caused widespread adverse impacts on land and ocean ecosystems, which in turn have reduced food and water security, affected

physical health of people, impacted settlement and infrastructure and hindered efforts to achieve UN 2030 Sustainable Development Agenda. Climate change has also resulted in huge economic damages and lower economic growth that disproportionately affect developing countries. Therefore, they will have to adapt to the adverse impacts of climate change to foster economic and climate resilience through integrated policy strategies. However, developing countries are also constrained by inadequate institutional capacity, insufficient access to climate finance and green technologies in developing successful climate adaption strategy. In this regard, South-South cooperation could play a unique role as it may not only provide complementary resources to ODA but also facilitate South-South technology transfer, and peer learning of policy strategies.