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BEYOND AID
A WAKE-UP CALL FOR DEVELOPMENT COOPERATION TOUGH BUT TIMELY

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The era of relative stability grounded in post-Second World War idealism, and a global compact around the principle of supporting the most vulnerable, is coming to an abrupt close. In its place is hard-nosed realpolitik, raw power, and transactional politics. The current discordant, fractious epoch—despite the sense of foreboding and crises in some quarters—may yet create the space and conditions for much needed honest dialogue on the future of development cooperation. This dialogue should be based on principles of sovereignty, empowerment, equity, and inclusion. But this requires a political path forward and transformative leadership.

The ..retreat of the United States from various multilateral forums, has been mostly consistent with the Trump administration's first term in 2017. The abrupt dismantling of U..S.. Agency for International Development (USAID) operations worldwide, however, has sent shock waves throughout the development community. By linking the delivery of American aid and cooperation more generally with how its interests are served, the U..S.., in the clearest way possible, has exposed an inconvenient truth about one of the underlying- —if unspoken—goals of aid: that of garnering geopolitical advantage and influence in advancing the interests of a specific country or community. Upending of the norms around development cooperation and ODA by the U..S.., —the country that led the design of the liberal rules-based world order—raises questions not only about the rules and their endurability, but also points to a larger concern: if the entire global architecture for development cooperation can be derailed by a single country, how sustainable is the system? Which is why this conversation may be inconvenient, but also

The wider reality however, is that the global landscape of development cooperation has been changing for the last twenty years or more. Persistent questions and misgivings have been raised about several issues, including the dependencies created by aid, power asymmetries entrenched in the Western-led post-war development cooperation model, the undeclared interests of donor communities, and the role of international NGOs. There is however a sense – especially in the West - that the entire system is being tipped into crisis. This need not be the case. For all actors, it may prove to be an opportune time to review the many facets of development cooperation, with a view to elaborating a framework for the future. This should reflect changes in the landscape within which cooperation around development takes place, both in the context of evolving needs and the emergence of new actors.

As the mix of actors' changes, so does the power dynamics. Economic power is shifting from west to east, and impatience with the status quo has resulted in the development of non-Western institutions and mechanisms providing alternatives to Western instruments. Cooperation, rather than competition around development is a key requirement of a new model. Perhaps it is time to agree that striving toward one universally accepted model of multilateralism is faulty, and multilateralism can take many forms. In any event, new models of development co-operation are required that respond to the need for mutual respect, dignity, and mutual wins with leadership reflective of the world today. The time has come for uncomfortable conversations around inconvenient truths.

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1. CONTEXT

The retreat of the United States from various multilateral forums, including withdrawal from Agenda 2030 and the United Nations Sustainable Development Goals framework, the Paris Agreement, and several UN agencies and platforms, including the Fourth International Conference on Financing for Development in July 2025, is reminiscent of the wave of withdrawals that accompanied the Trump administration's first term in 2017. As such, these have been mostly unsurprising. The abrupt dismantling of U.S. Agency for International Development (USAID) operations worldwide, however, has sent shock waves throughout the development community.

It is not only the most vulnerable in the countries and communities where USAID medicines and food represented a lifeline that have been affected. The $35.49 billion gap left by America's withdrawal from aid in fiscal year 2025[1] has animated conversations about the future of aid, the integrity of the development framework, and how the financing gap can be filled. The effects are particularly hard-hitting because they are being implemented in the context of a renewed focus in the West on defense and security, which requires a redirecting of budgetary resources into military sectors, and against the backdrop of historic debt levels across much of the Global South, which has prompted the World Bank to warn of a decade of missed development.[2] NATO countries have announced plans to increase defense spending to 5% of GDP over the next few years, with implications for official development assistance (ODA). The era of relative stability grounded in post-Second World War idealism, and a global compact around the principle of supporting the most vulnerable, is coming to an abrupt close. In its place is hard-nosed realpolitik, raw power, and transactional politics.

The wider reality however, is that the global landscape of development cooperation has been changing for the last twenty years or more. Persistent questions and misgivings have been raised about several issues, including the dependencies created by aid, power asymmetries entrenched in the Western-led post-war development cooperation model, the undeclared interests of donor communities, and the role of international NGOs. While the withdrawal of the U.S. and its development agency as, in absolute terms, the world's biggest provider of development support[3] is perceived as a systemic shock, the overall architecture of development cooperation has been broken for some time. Attempts to fix the system have been cosmetic, not substantive. By linking the delivery of American aid and cooperation more generally with how its interests are served, the U.S., in the clearest way possible, has exposed an inconvenient truth about one of the underlying—if unspoken—goals of aid: that of garnering geopolitical advantage and influence in advancing the interests of a specific country or community. The U.S. approach might have been abrupt, but it is at least honest, and timely. The Global South should seize this as the opportunity to influence, shape, and plan for what comes next, while the international community should acknowledge that the current structure is beyond short-term fixes, and needs a complete overhaul.

1. USASPENDING.gov. Agency for International development (USAID). FY 2025. https://www.usaspending.gov/agency/agency-for-international-development?fy=2025

2. Andrea Shalal. World Bank warns of lost decade in global growth without bold policy shifts. World economic Forum. April 3, 2023. https://www.weforum.org/stories/2023/04/world-bank-warns-of-lost-decade-in-global-growth-without-bold-policy-shifts/

3. In absolute terms, the U.S. is the world's biggest foreign aid provider. However, as a percentage of GDP, the U.S. contribution to foreign aid is near the bottom, when ranked relative to other developed countries.

The U.S. moves provide clarity in at least three ways. First, they show that all countries exercise sovereignty in pursuit of their interests, and this truth forms part of the conversation around aid which has long been missing: that of the undeclared interests driving donor community action. Second, multilateral institutions and their policy prescriptions, driven in large measure by the constituents with the most power, have not always been supportive of national priorities or tailored to the circumstances of countries of the Global South. Instead, they have deepened historical systems of dependency. Third, the upending of the norms around development cooperation and ODA by the U.S.—the country that led the design of the liberal rules-based world order—raises questions not only about the rules and their endurability, but also points to a larger concern: if the entire global architecture for development cooperation can be derailed by a single country, how sustainable is the system?

These and other observations have inspired a flurry of meetings, discussions, and scholarly debate on the future of multilateralism and development cooperation, amidst the sense that the entire system is being tipped into crisis. This need not be the case. For all actors, it may prove to be an opportune time to review the many facets of development cooperation, with a view to elaborating a framework for the future. This should reflect changes in the landscape within which cooperation around development takes place, both in the context of evolving needs and the emergence of new actors.

2. CHANGING CONVERSATIONS AROUND DEVELOPMENT COOPERATION

For more than seventy years, countries of the Global South have called for reform of the global governance framework. Specifically, they have advocated for fairer terms of trade, integration into higher value global supply chains, and measures to address the high cost of development finance and debt repayment.

The call for structural reform of global development institutions has a long history. In the mid 1950s, the so-called 'Third World' countries established the Non-Aligned Movement (NAM) in the interests of solidarity, and also to leverage their chances as they negotiated entry into global systems of trade and financing as newly independent states. In 1974, as the G77, they tabled a resolution for a New International Economic Order (NIEO), calling for fairer trade and opportunities to scale up the global value chain, using their raw-material wealth to create more value at home. While the Independent Commission on Development Issues, established in 1980 by former President of the World Bank, Willy Brandt, provided a framework for cooperation between North and South around development, the resulting Brandt Report failed to garner the political support required to push through the systemic changes needed.

In the 1970s, the UN General Assembly (UNGA) adopted a resolution requiring developed countries to commit at least 0.7% of their national income to foreign aid. While this target became an important element in the UN's first Conference on Financing for Development, in Monterrey in 2002, few countries have met the commitment, with only five developed countries (all European

Union member states) meeting the target in 2023[4]. Nonetheless, a relatively long period of global stability, peace, and increasing globalization provided conditions conducive to economic growth, rising prosperity, and poverty reduction across much of the world.

At the same time, wealthy countries and blocs fine-tuned models of development cooperation, as the world transited from one of a few rich countries with far-flung empires, to one of newly independent but still poor sovereign states, seated behind their own flags in collective forums such as the UN, where their votes were solicited. Prototypes of two of the more important models of development cooperation emerged from those times.

First, in 1975, the Treaty of Georgetown established the Association of Africa, Caribbean, and Pacific States (ACP). Georgetown provided the forum for engagement around development cooperation between the (then) 10-member European Economic Community (EEC), and 46 ACP countries. In the 50 years since, the ACP membership has grown to 79, and the EU to 27. This relationship provided the foundation for the EU to burnish its credentials as a model for development cooperation between countries of the North and South. Headquartered in Brussels, the ACP represented the largest grouping of developing countries outside the UN, presenting an important opportunity to join forces in multilateral forums as a voting bloc. Today, the EU remains the world's largest donor in a classic model of North-South cooperation, though EU conditionalities, which require alignment with so-called shared values, have been increasingly challenged. Over time, countries such as South Africa have pushed the boundaries of the aid discourse to move beyond budgetary support measures to development cooperation around higher value objectives, including technology transfers, the green-energy transition, and industrialization aligned with the country's priorities.

Second, in 1972, China, though still a poor country, concluded construction of the 1860 kilometer TAZARA railroad, at a cost of $406 million (equivalent to $3.29 billion today). Rebuffed in their attempts to get Western support for financing a project deemed non-viable by the World Bank and others, Tanzania and Zambia turned to China's Chairman Mao for support. China provided not only financing, but designed and built the railway, the largest foreign project constructed by China at the time. The project became one of the earliest prototypes of China's model of development cooperation around capital infrastructure, formalized as the Belt and Road Initiative (BRI), unveiled in 2013. Today, middle powers, including the Gulf States with their sovereign wealth funds, together with India, Türkeye, Brazil, Indonesia, and others, are developing their own models in support of the development priorities of Global South countries outside the Bretton Woods framework. In doing so, they are providing a wider menu of options from which to choose.

3. ODA IN DECLINE

The Organization for Economic Co-operation and Development projects that ODA will decline by 9% to 17% in 2025, compounding a contraction of 9% in 2024. The future beyond 2025 is described as uncertain[5]. For the first time in almost 30 years, France, Germany, the United Kingdom (UK), and the U.S. all reduced ODA in 2024. The UK and U.S. announced further cuts for 2025, as have other EU countries, including Belgium. The 2008 collapse of financial markets, followed by

4. Hannah Ritchie, Pablo Arriagada. Five developed countries met the UN's target for foreign aid in 2023. Our World in Data. January 21, 2025. https://ourworldindata.org/data-insights/five-developed-countries-met-the-uns-target-for-foreign-aid-in2023

5. OECD. Cuts in Official Development Assistance. OECD Projections for 2025 and the Near Term. OECD Policy Briefs. 26 June 2025

the euro-area crisis of 2010-2012, and the crises starting at the end of 2019 with the onset of the COVID-19 pandemic, the wars in Ukraine and the Middle East, and the turbulence associated with the first months of the new administration in Washington, have all impacted ODA, placing future flows in jeopardy.

The OECD projects that bilateral support for the health sector will contract by 19% to 33% in 2025, affecting the delivery of services and aid to the poorest countries. Least developed countries (LDCs) are expected to suffer a 13% to 25% decline in net bilateral ODA from the OECD's 24-member Development Assistance Committee (DAC) in 2025, while the contraction for sub-Saharan African countries will range from 16% to 28%[6]. This is compounded by announcements by the U.S. and others of funding cuts to multilateral institutions, which will have cascading effects.

The scale of these cuts is significant, given that the 11 donor countries that have announced cuts contribute 62% of World Health Organization (WHO) funding, and 87% for the World Food Program (WFP). Four donors—the U.S., France, Germany, and the UK—have together contributed almost two-thirds of total ODA over the past decade, with the U.S. alone contributing almost a quarter. While the OECD has noted that a few other countries, including Ireland, Korea, Spain, and China, have announced increases in their contributions, the previously mentioned cuts are significant, given that over 50% of ODA to LDCs was delivered through multilateral flows sustaining critical humanitarian and health services. Kenya, South Africa, Uganda, and Mozambique are among the ODA recipients most exposed to cuts in health support.

The reality, however, is that ODA as a source of support for Global South countries has been declining (though not replaced) as a component of overall inflows. The shares of remittances, South-South cooperation, and private-sector investment have grown. Though private-sector investment has increased, risks associated with returns on investment in poorer countries have made it harder to attract private flows. For several African countries, assessments by global ratings agencies have long been a thorny issue, provoking a decision by the African Union (AU) to launch the African Credit Rating Agency (AfCRA), to provide credit ratings more attuned to Africa's specific circumstances.

Signs of shifting positions around development cooperation were evident in 2015 when the ACP and EU countries embarked on the process of negotiating a replacement to the Cotonou Agreement, which had guided relations between the parties for the previous 20 years[7]. Negotiating new terms proved to be challenging. EU member states, particularly eastern European countries, did not see the value of providing support to developing countries, unless this was positively correlated with enhanced prospects in terms of securing their interests. Unlike western Europeans, counterparts from the east did not share the colonial experience, and were not persuaded by any sense of nostalgia, moral obligation, or guilt. Their focus was much more explicitly transactional: money in exchange for political support for their interests in global forums, such as the UN.

The world had also changed. Countries of the Global South were no longer the Third World of mainly poor, former colonies. Many had attained middle-income status; a minority were already high income. South-South cooperation had become an important contributor to the development

6. Ibid.

7. The Treaty of Georgetown and the Lomé Convention of 1975 have been replaced by several successor agreements, including Cotonou 2000, and the Samoa Agreement 2023.

of the Global South, offering a wider menu of partnerships from which to choose. Global South countries leveraged this reality in pursuit of the best offers. The EU was no longer the only game in town; China's BRI and the Asian Infrastructure Investment Bank (AIIB) were providing significant alternatives for financing capital projects, without the conditionality of alignment to European values.

Other dynamics were also at play. During negotiations, ACP member states, particularly the African regions, demanded that their cultural heritage and values be taken into account (as opposed to purely EU norms and values) in their engagement with the EU. ACP members also raised concerns about the EU's role in signing off projects within the partnership, pointing to this as proof of the unequal relationship between donor and recipients, despite EU rhetoric of the relationship being one of 'equals'[8]. Negotiations were often at an impasse, with red lines on both sides. Ultimately, after a lengthy negotiating period, interrupted by the COVID-19 pandemic, the Samoa Agreement was signed on November 15, 2023, providing continuity with earlier conventions (Lomé 1975, and Cotonou 2020) albeit under different circumstances.

Important changes in the new agreement related to modifications to financing arrangements. While a special financing envelope was identified for Africa reflecting its geo-economic importance to the EU, parallel arrangements were not made for the Pacific and Caribbean regions. The EU focus on financing via direct engagement with the regions removed the coordinating function of the ACP secretariat as an important ACP-EU interlocutor[9]. For the first time, the EU Multiannual Financial Framework (the EU budget, MFF, 2020-2027) allocated more resources to the near neighborhood of eastern Europe than to development cooperation, largely to counter China's increasing investments and influence along Europe's eastern flank. Finally, in branding the European Commission as 'geopolitical' and expressing its interest in Africa and its mineral wealth, the EU made explicit the link between its interests and the allocation of its funding. In some ways, the movement from idealism to realism with respect to development cooperation had already taken place before the second Trump administration made the break with the past much more explicit.

4. FROM IDEALISM TO REALISM

From Monterrey in 2002, through Doha in 2008, and Addis Ababa in 2015, the global discourse on financing for development has tried, but largely failed, to move the needle on some of the core concerns around development cooperation. The attempt at Monterrey at a grand bargain focusing on partnerships, to support the economic development of poorer countries after the November 11, 2001, terror attacks in the U.S., was led by U.S. efforts to prevent poorer countries from becoming hotbeds for terrorism, in the belief that economic development fostered political and social stability. Seven years later, In the aftermath of the global recession of 2008-2009, Doha represented the long-awaited opportunity to frame global trade as a tool for development. Yet the trade negotiations, the so-called Doha Rounds, largely failed. In 2015, amidst talk of donor fatigue, the Addis Ababa Summit on Financing for Development focused on instruments to leverage billions in additional financing for development through the private sector, while also highlighting the role in supporting development of domestic resource mobilization through enhanced taxation and

8. It would be fair to note that much of the funding discussed was provided by the EU.

9. The author is of the view that this nonetheless provides the opportunity for the ACP Secretariat to focus on the elusive objective of transforming the group into a global actor in defense of the group's interests.

various domestic instruments, to channel diaspora remittances into development projects. While remittances increased as a source of financing, the transformation—'from billions to trillions'—failed to materialize.

While well intended, these global summits failed to tackle the core elements of the development framework, which have further entrenched power imbalances, rather than empowering poorer countries to support and control their development trajectories. While countries of the Global South were encouraged to dismantle tariffs and find alternative means of replacing lost revenues, today they must manage not only systemic inequalities that allow Western countries to provide subsidies to farmers and firms that are protectionist in character (such as the EU's Common Agricultural Policy[10] (CAP) and carbon border adjustment mechanism (CBAM), both of which erect obstacles to fair competition) but also the plethora of new tariffs unleashed since early 2025. Such measures undermine the ability of Global South countries to move up the value chain and secure better prospects for their people.

The UN's 4th International Conference on Financing for Development (FFD4) convened in Spain (July 2025) at a moment of much instability and polarization in the international community. Despite the withdrawal of the U.S., however, the Compromiso de Sevilla was signed by the majority of UN member states present[11]. With Spain in the Chair, supported by co-facilitators Nepal, Mexico, Norway, and Zambia, concerted efforts were made to ensure that Global South concerns were included in the Compromiso de Sevilla, the aptly named outcome document. Seville's 'new path for development' is constructed on three principles: a greater voice for the Global South in matters pertaining to debt and financing mechanisms, optimization of development impact, and empowering country-led initiatives and leadership. However, the results of Seville are somewhat of a mixed bag. A more detailed discussion follows:

- **Managing Debt and Debt Burdens:** A series of initiatives to lower and manage the debt burdens of developing countries have been agreed, though critical details remain to be fleshed out. Among initiatives agreed are several already in place through South-South cooperation and groupings, including BRICS and the Shanghai Corporation Organization (SCO), increased local-currency lending, a pause on debt payments during periods of crisis pioneered by the Bridgetown Initiative, and greater focus on debt swap modalities also initiated by Barbados, the first country to swap debt for climate resilience, in December 2024. These are Global South initiatives that are being mainstreamed. Among the new initiatives planned are the establishment of a Borrowers Forum under the aegis of the UN Conference on Trade and Development (UNCTAD) to support policy coordination among borrowing countries, a working group under the UN Secretary General to review lending and borrowing practices, and conversion of €230 million in African debt under Italy's Debt-For-Development Swap program.

- **Increasing Trade Access:** Increased preferential trade access and integration into global supply chains for Least Developed Countries (LDCs), aid-for-trade programs, and support for digital and e-commerce initiatives were agreed. Most are not new initiatives. How these will be managed given the EU's CBAM, and other regional trade arrangements which have not provided exemptions, remains to be seen.

10. CAP is an integrated system of policies and other measures in the EU which maintain commodity prices and subsidize production by providing as much as 50% direct income to EU farmers, making it harder for African farmers, for example, to compete.

11. Minh-Thu Pham. The Compromiso de Sevilla marks a New Path for Development Finance. Carnegie Endowment for International Peace. July 16, 2025.

- **Expanding Domestic Public Resource Mobilization:** Including support for tax-system modernization, increased domestic governance and accountability systems, and addressing illicit financial flows. All are long-running initiatives.

- **Supporting International Cooperation:** Recommitment to the 0.7% GDP target for ODA, additional lending by multilateral development banks, a global coalition to review measures of sustainable development beyond GDP, global solidarity levies on aviation; a UK-led coalition using the Bridgetown Initiative to scale up disaster financing by 20% by 2035, and support for the WHO initiative 3 by 35 taxes—on tobacco, alcohol, and sugary drinks—by 2035, are also on the drawing board.

While the conference was viewed as a win for the Global South, several initiatives have been tabled previously and failed to generate anticipated results. The use of variables other than GDP to measure sustainable development and vulnerability has long been discussed. Since 2002, summits have agreed an allocation of 0.7% of GDP for development, which has rarely been met, and these renewed commitments also come when major cuts to global flows of aid have already been announced. While a clutch of countries is using levies on aviation to support health and other development objectives, and a few others are using so called 'sin taxes' to generate revenue, it will be interesting to see whether or not such early efforts gain traction. Importantly, despite the consistent call for reform of the international financial architecture, and its inclusion in the Pact for the Future 2024, Global South countries were left disappointed by the deferral of this issue—yet again—to the governing bodies of institutions in which they are less well represented, compounding concerns around other issues, including the lack of substantive discussions on Special Drawing Rights (SDRs), and debt burdens[12].

Ultimately, time will judge the extent to which the targets laid out in the Compromiso de Sevilla are been met. And while the voices of the Global South were influential in Seville, these countries will continue to innovate and coordinate policies that support their interests, while pressing for change to current structures.

5. FRUSTRATION DRIVES GLOBAL SOUTH TO SECURE OTHER OPTIONS

Despite discord within the international community, development cooperation continues to be an important focus of global discourse, yet conversations are fragmented, taking place in different theaters but not feeding systematically into a larger process within which meaningful change can take place. The UN's Pact for the Future, adopted at the 79th General Assembly in September 2024, was an attempt to speak to the future of development cooperation, even as note was taken of the dismal progress on the SDGs. One year later, the UN is at the center of questions about its relevance[13]. The UN80 system-wide reform process, launched by the Secretary General in March 2025, is an important initiative, but the UN is itself facing existential threats and is fighting for survival. This makes it a difficult period in which to derive consensus on the type of structural reform envisaged by the Global South. In Seville, old commitments on ODA that have not been met are

12. Ibid.

13. Alec Russel, Abigail Hauslohner. Can the UN save itself from irrelevance? Financial Times. Big Read. World. September 23, 2025.

being recycled, raising questions about commitment.

As the G20 presidency rotated from Indonesia, to India, Brazil, and South Africa, each presiding country has sought to use this platform to advocate for multilateral approaches to tackle the major issues of development: food security, jobs and investment, trade and economic stability, in a bid to improve global growth prospects. On January 12-13, 2023, India's Modi hosted a 'Voices of the South' meeting as a prelude to assuming the G20 presidency, in an attempt to ensure that issues of development were given prominence in the G20 agenda. But divisions within the G20 have more often than not reduced the consensus required to deliver Summit declarations. The U.S., currently championing anti-multilateralism, will assume the G20 presidency in 2026, reducing prospects for its use as a forum to broker constructive change.

After years of frustrated attempts to secure changes in multilateral institutions to reflect the growing weight of countries of the South, China, India, Brazil, and others formed their own club in 2009. Today the BRICS has evolved into an attractive pole for countries of the Global South. Through the BRICS+ formulation, networks are being expanded and new mechanisms and institutions are being built, including the BRICS Multilateral Guarantee Initiatives (BMG) to cover the risks associated with poorer countries' access to capital markets. China, long frustrated with policies of the International Monetary Fund and World Bank, established the Asian Infrastructure Investment Bank (AIIB) in 2013. Today, it provides more funding for infrastructure than the World Bank and IMF combined.

At the September 2025 SCO Summit, members agreed to establish a new bank to finance trade and infrastructure projects. The Stability Fund of the BRICS, the AU's Financial Stability Mechanism, and settlement of trade invoices in local currencies represent innovative modalities being replicated across the Global South. These are complemented by mechanisms such as the Bridgetown and Debt Swap Climate initiatives, with guarantees provided by global NGOs and private-sector groups. Chinese firms are also providing open-source access to AI technology, in contrast to the commercial conditions of Silicon Valley, and China has also presented a Global AI Governance Action Plan. In addition, South-South cooperation has been identified as the fastest growing component of ODA in recent years[14]. As a result, new modalities built by the South, outside the Bretton Woods architecture, are growing in importance as new sources of financing for development.

In this changing landscape a new disrupter—the 'code diplomat'—has been added to the mix, as technology displaces traditional development support with the potential to change the future for millions living in rural areas[15]. Delivered by non-traditional means, development support is transmitted via tech giants alongside local entrepreneurs invested in domestic development. In Kenya, Ghana, and South Africa, examples are on full display, with healthcare services, ranging from vaccines, to lab tests, and medicines, engaging the use of drones. New AI training hubs delivering relevant regional models are providing skills and enhancing research capabilities in centers in South Africa and other areas, bridging the digital divide while upgrading skills, and providing training for an expanding labor force. While different in structure to traditional development models, these new modalities are providing tools, training, and infrastructure for future needs, raising questions about the capability of traditional development cooperation structures to scale up and meet the challenges of the future.

14. OECD report June 2025.

15. Maha Hosain Aziz. AI is Stepping up as the New Foreign Aid. Financial Times. June 30, 2025. https://www.ft.com/content/d02eb244-8b48-48b1-bd17-f5e48677e22b.

Meanwhile, the World Bank estimates that remittances to low and middle-income countries grew by 8% from 2021 to $647 billion in 2022, exceeding by three times the volumes of ODA ($179 billion) in 2021[16]. Across the Global South, remittances play a significant role in development, representing more than 10% of GDP ($38 billion) in the Philippines in 2021, and 31% in Somalia in the same year. Countries are also leveraging new instruments to enhance development finance through diaspora bonds, remittance mutual funds, remittance-backed securities, migrant investment funds, and remittance-linked deposits[17].

Diaspora bonds also provide low-cost financing for large development projects by governments. India is reported to have raised more than $11 billion in diaspora bonds to fund an array of projects, from railways to telecoms and irrigation. Türkeye, Mexico, and El Salvador are examples of successful government use of remittance-backed securities to generate financing on capital markets[18]. However, World Bank reports[19] show that since 2022, countries of the Global South have been paying more to service high-interest debt than they are receiving in new investment, with an estimated $25 billion in outflows, provoking Barbadian Prime Minister Mia Mottley's comment that countries of the Global South are "sacrificing development to pay for debt"[20].

6. TOWARD MUTUAL WINS

An April 2025 report analyzing Global South views on development cooperation noted the priority attributed to models of cooperation aimed at achieving mutual wins, national ownership, and respect for sovereignty. Diverse partnerships including public-private partnerships and regional integration, are seen as crucial for achieving development goals[21]. Rather than choosing sides, the desire for partners to cooperate around substantive issues of development was viewed as important. Shared learning and resource exchange through South-South co-operation was identified as an attractive element amongst options currently available. While not yet displacing multilateral and traditional bilateral aid flows, this model is seen as making big strides in terms of providing greater access to technology, offering stable financial resources, and supporting capacity building. Attracting investments that build productive capacity, rather than loans that carry debt, was seen as vital, with a focus on human investments in health and education as double pillars for sustainability. Global South countries are advocating for a development cooperation landscape that is more equitable, inclusive, and responsive to their unique needs and aspirations.

In the context of current discussions about the future of development cooperation, Africa and the EU provide a useful template for what a genuine partnership based on mutual respect, mutual benefits, and respect for sovereignty might look like. Africa and the EU have a history of 'joint' partnerships around several pillars, including the green-energy transition, but the two continents

16. Ramad Pay. Leveraging Remittances for Development: Innovative Mechanisms to Channel Migrant Funds. October 6, 2023.

17. Ibid.

18. Ramad Pay. Leveraging Remittances for Development: Innovative Mechanisms to Channel Migrant Funds. October 6, 2023.

19. World Bank Group. Developing Countries paid record $443.5 billion on public debt in 2022. December 13, 2023. https://www.worldbank.org/en/news/press-release/2023/12/13/developing-countries-paid-record-443-5-billion-on-public-debt-in-2022

20. Joe McCarthy. Barbados PM Mia Mottley Passionately Calls for Debt relief and Fair Financing to Fight Global Crisis. Global Citizen. September 23, 2022.https://www.globalcitizen.org/en/content/mia-mottley-unga-debt-relief-speech/.

21. Samantha Custer, Ana Horigoshi, Bentje Boer, Kelsey Marshall. Listening to Leaders 2025. Development Cooperation over a decade of disruption. AIDDATA. April 2025.

enter conversations around development at very different points, and Africa's goal of a clear path to industrialization seems to have been elusive[22].

Africa needs jobs and skills for a burgeoning population. Though amongst the most abundantly rich in natural resources, Africa is the world's most underdeveloped continent. The EU is Africa's nearest neighbor, with the two famously described by former European Commission President Jean-Claude Junker as "twin continents". While Africa is the world's demographically youngest continent, Europe lies at the opposite end of the spectrum. Questions about the European way of life and the ability of a shrinking workforce to support an ageing population, which is also living longer, raise concerns for future EU prosperity. The author has long highlighted that current global and regional dynamics provide opportunities for delivering wins for both parties[23]. Indeed, benefits may well prove to be strategic, as a genuine partnership could navigate the consequences of U.S.-China rivalry and current tensions with the U.S., while seeking to shore up European competitiveness and secure interests for both sides. What might such a partnership look like?

- **Incentivize Investments in Africa.** Incentivizing investment by EU companies in Africa, and seizing the opportunities derived from geographic proximity, particularly in green energy, will potentially deliver significant wins for all. Such investments will support EU climate strategies, enable strategic decoupling from China, support the competitiveness of EU firms relative to their U.S. competitors, and support the building of African capabilities in new green-growth industries, creating jobs and a clear path toward new industrialization.

- **Policy Coherence.** The European Green Deal presents challenges for Africa and ways should be found to redress the most egregious of these. Principles of climate justice and equity should be embedded in the relationship. CBAM is a useful place to start, given the critical importance of the agricultural sector to African economies. In addition, space should be found to ensure that energy poverty in Africa is given the same level of attention and urgency as Europe's energy security.

- **Skills and Jobs.** Africa will have the world's largest and youngest workforce of 830 million by 2050. While 10 million to 12 million young people are being added to the African workforce annually, only three million to four million new jobs are being created each year[24]. The EU considers underdevelopment in Africa as a security threat. Joint investments in jobs and training in Africa raise prospects for mutual wins, in that skills and training hubs can be established in Africa to integrate language training and skills required in Europe, including access to the well-resourced apprentice programs of countries such as Germany. Such training hubs could also provide skills that are needed to secure Africa's development, without the scourge of brain drain. R&D and the development of technology appropriate to the needs of African countries should also be part of that calculus. A strong Africa supports a secure Europe. Rather than building a fortress Europe, Europe should make smart investments in Africa to shore up its own dwindling demographic base.

22. Len Ishmael. EU Africa Relations. Energy and the Green Transition in an Era of Crises. Hanns Seidel Stiftung. September 2023.

23. Ibid.

24. Len Ishmael. Africa & Europe. Different Demographic Trends. Seeds for a smart partnership. Policy Center for the New South. Policy Paper PP-19/14 September 2019.

- **Cooperation not Competition:** Africa should be viewed as a zone of cooperation, not competition in securing the future of both continents. Rather than the EU Global Gateway being presented as an alternative to China's BRI, it is smarter to present it as complementary to Chinese investments. The idea of 'us vs them' in development co-operation no longer resonates with the rest of the world. And the idea that African countries are ill-equipped to make choices about which partnerships best suit their nationally identified priorities and needs seems to suggest that the exercise of sovereignty around the matter of choice is unequal between the North and the South. Africa has other suitors. As former European Commission President Junker noted: *"Africa does not need charity, it needs true and fair partnerships. And we, Europeans need this partnership just as much"*[25].

7. DEVELOPMENT CORPORATION IN TRANSITION

The current discordant, fractious epoch—despite the sense of foreboding and crises in some quarters—may yet create the space and conditions for much needed honest dialogue on the future of development cooperation. This dialogue should be based on principles of sovereignty, empowerment, equity, and inclusion. But this requires a political path forward and transformative leadership.

A resetting of relations between the Global South and the West is needed, and compromise and accommodation will be needed from all sides. And while it is important for the former to continue building the institutions, mechanisms, and policies as the building blocks to incrementally fashion the future they want, it is as important to ensure that space is also created that will enable the Global South and the West to engage on matters on which their interests converge.

The global commons are a good place to start. So too is the refashioning of the global governance architecture with representation from all blocs. The West has long leveraged money to buy influence. Others are following suit. Much of the wealth which supported the industrialization of Europe and the UK, for example, came from far-flung colonies and the spoils of empire. While most countries of the South have no such legacy, they are nonetheless using various means to secure greater control over their national assets. Ghana for example, announced plans in 2021 to phase out the export of raw cocoa beans to Switzerland,[26] to make high-value chocolates at home and export them to the world. Indonesia's ban on the export of raw nickel attempts to attract value-added investments at home. Argentina's, Chile's, and Bolivia's public-private partnerships to develop and export lithium together are other examples of this trend. Countries such as these seek support in moving up global value chains, but needs are not homogenous and there can be no one size fits all approach to the development cooperation model, which itself continues to evolve as new actors, wielding more economic and political power, take the stage. The latter include not only China, occupying a class of its own as a superpower deeply engaged with the Global South, but an array of middle powers parlaying increasing wealth into political power, acting as development partners with state-clients in their own right.

As the mix of actors' changes, so does the power dynamics. Economic power is shifting from

25. Europa.eu. State of the Union 2018: Towards a new Africa- Africa Partnership,

26. Ghana's President says Ghana will no longer export cocoa to Switzerland. March 11. 2021 ehttps://ec.europa.eu/commission/presscorner/detail/en/ip_18_5702.

west to east, and impatience with the status quo has resulted in the development of non-Western institutions and mechanisms providing alternatives to Western instruments. Cooperation, rather than competition around development is a key requirement of a new model. While development holds the key to prosperity, under-development, and the despair it brings is the single greatest threat to the economic, social, and political security of countries of the Global South—hence their strategic multi-alignment. Choosing sides between great powers is simply not in their interests. Perhaps it is time to agree that striving toward one universally accepted model of multilateralism is faulty, and multilateralism can take many forms. In any event, new models of development co-operation are required that respond to the need for mutual respect, dignity, and mutual wins with leadership reflective of the world today. The time for uncomfortable conversations around inconvenient truths has arrived.

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ABOUT THE POLICY CENTER FOR THE NEW SOUTH

The Policy Center for the New South (PCNS) is a Moroccan think tank aiming to contribute to the improvement of economic and social public policies that challenge Morocco and the rest of Africa as integral parts of the global South.

The PCNS pleads for an open, accountable and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and South Atlantic basins, as part of a forward-looking relationship with the rest of the world. Through its analytical endeavours, the think tank aims to support the development of public policies in Africa and to give the floor to experts from the South. This stance is focused on dialogue and partnership, and aims to cultivate African expertise and excellence needed for the accurate analysis of African and global challenges and the suggestion of appropriate solutions.

All opinions expressed in this publication are those of the author.

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