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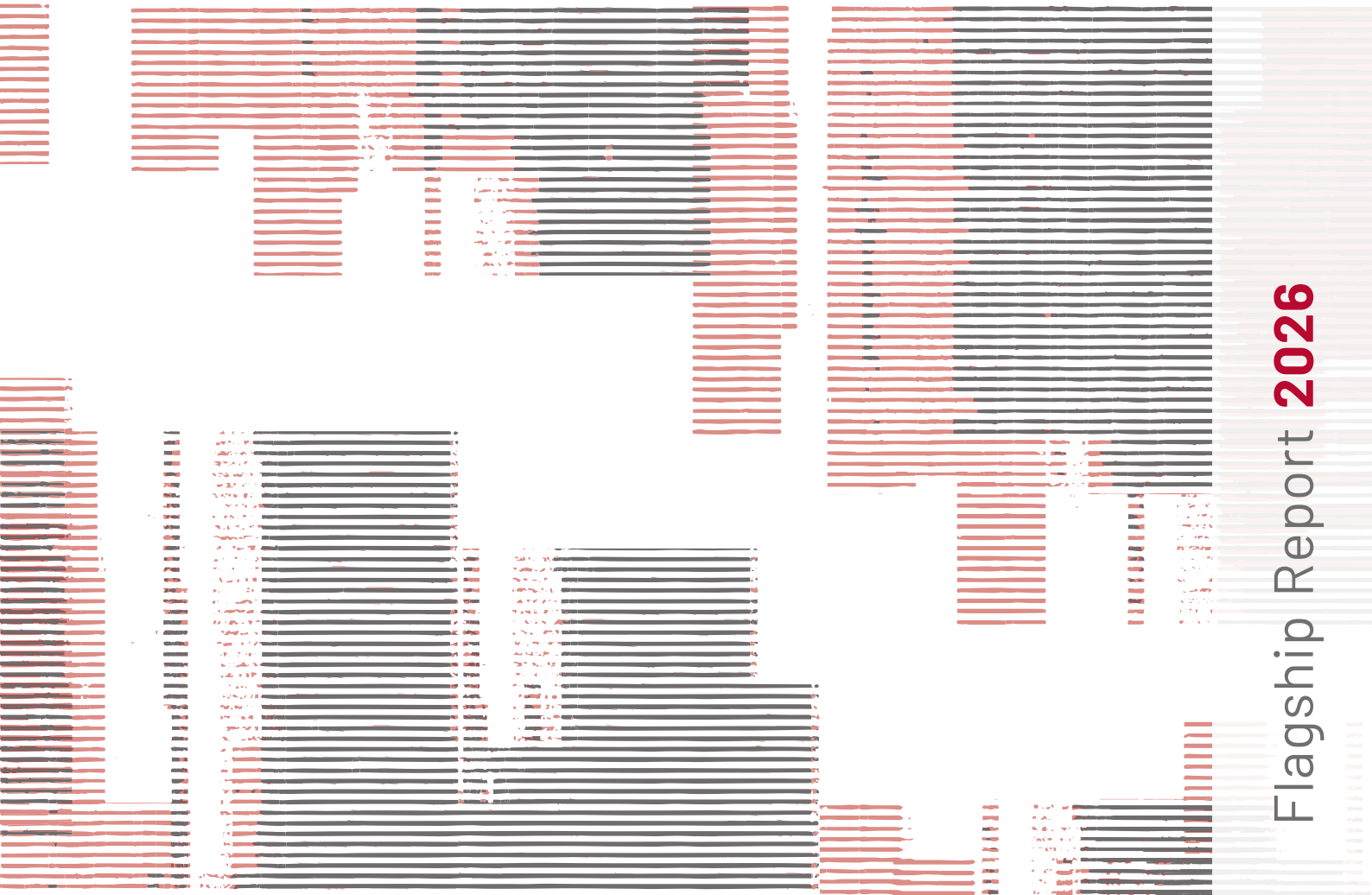
IDOS German Institute of Development and Sustainability

Disruption & Reform

Sustainable Futures at Stake?

The Case for Politics of Cooperation and Perseverance

Anna-Katharina Hornidge
& Axel Berger (Eds.)



Flagship Report 2026

Editors

Anna-Katharina Hornidge is Director of the German Institute of Development and Sustainability (IDOS) and Professor for Global Sustainable Development at the University of Bonn. The development and knowledge sociologist holds a habilitation in development research from the University of Bonn, and a PhD in Sociology from the Technical University of Berlin and the National University of Singapore. Her research focuses on the role of different types of knowledge in and for processes of change, as well as questions of natural resources governance in agricultural and marine contexts. Professor Hornidge serves – among other positions – as Co-Chair of the German Advisory Council on Global Change (WBGU), the Chair of "research" of the German Commission for UNESCO and is a member of the North Rhine-Westphalian Academy of Sciences, Humanities, and the Arts.

Axel Berger is Deputy Director (interim) at IDOS and Managing Director of the Sustainable Development Solutions Network (SDSN) Germany. He holds a doctorate in Political Science from the University of Duisburg-Essen and an MA from the Munich Ludwig-Maximilians-University in Political Science, Economics and Modern History. His research focuses on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on developing countries. He also works on the negotiation and design of a future global sustainability framework beyond 2030.

Scientific Coordinator

Sarah-Lea Effert works as Scientific Advisor to the Directorate at IDOS. She holds an MPhil in Politics (Political Theory) from the University of Oxford and is currently pursuing a doctorate degree in Political Philosophy at the University of Duisburg-Essen. Her research focuses on questions of global justice and global order, with an interest in questions of epistemic (in) justice and knowledge relations.

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IDOS | German Institute of Development and Sustainability

© German Institute of Development and Sustainability (IDOS), 2026
Tulpenfeld 6, 53113 Bonn
Deutschland | Germany
Telefon: +49 228 94 927-0
Telefax: +49 228 94 927-130
idos@idos-research.de
www.idos-research.de

t1p.de/e5b7z
bsky.app/IDOS_research
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Media designer

Statement on the use of generative AI

Individual contributors used generative AI tools at different stages of preparing this volume, including to support brainstorming, summarising and organising existing material, the development of ideas for graphics, language editing and revision, and the generation of draft alternative text for figures. AI tools were used to support, rather than replace, human creative, intellectual and editorial work. All AI-assisted outputs were reviewed and revised by the authors and editors as appropriate. The authors remain fully responsible for the content, accuracy, originality and integrity of their contributions.

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Abstract

In a world undergoing tumultuous transition, sustainable futures are at stake. Disruptive policy-making is on the rise, taking the form of new waves of authoritarian nationalism and the systematic erosion of rules-based politics. Yet, reform initiatives are simultaneously taking shape. Rather than proclaiming the collapse of the multilateral order or focusing on disruptive trends, this volume highlights the institutions, actors and coalitions that are advancing and shaping reform to sustain and rebuild cooperation in a multipolar world. It builds on the premise that, in this era of *concurrent* disruption and reform, Germany and Europe need to invest in politics of cooperation and perseverance.

Drawing on research and policy engagement by the German Institute of Development and Sustainability (IDOS) and its partner networks, the publication identifies practical and political pathways for reform. These include opportunities for middle-power coalitions; new forms of plurilateral cooperation and institutional adaptation; reconfigured partnership and financing architectures; and new cultures of cooperation and political leadership. These pathways are explored across four thematic sections: geopolitics, partnerships and a new global order; multilateralism in a multipolar world; sustainable transformation architectures; and (social) innovation and transformative capabilities.

The volume does not seek to resolve the tension between disruption and reform, but to equip its readers to understand where reform is already taking shape and the actors who may need to be persuaded or supported to take the lead. It thereby aims to offer the expertise and inspiration needed to turn disruptive change into reform dynamics that enable the pursuit of sustainable futures.

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Abbreviations

AI	artificial intelligence
ASEAN	Association of Southeast Asian Nations
CBD	Convention on Biological Diversity
CELAN	Community of Latin American and Caribbean States
COP	Conference of the Parties
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DFG	Deutschen Forschungsgemeinschaft
DFI	development finance institute
DRM	domestic revenue mobilisation
ETF	Enhanced Transparency Framework
EU	European Union
EUR	euro
GDP	gross domestic product
IDOS	German Institute of Development and Sustainability
IFD	Investment Facilitation for Development
INGO	international non-governmental organisation
IPCC	Intergovernmental Panel on Climate Change
LMICs	low- and middle-income countries
MC14	14th WTO Ministerial Conference
MDB	multilateral development bank
MDG	Millennium Development Goal
MPIA	Multi-Party Interim Appeal Arbitration Arrangement
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
T7	Think 7
T20	Think 20
TWP	Thinking and Working Politically
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
USD	United States dollar
VAT	value added tax
WTO	World Trade Organization

Introduction

Sustainable Futures at Stake? The Case for Politics of Cooperation and Perseverance

The Authors



Axel Berger
is Deputy Director (interim) at IDOS and Managing Director of the Sustainable Development Solutions Network (SDSN) Germany. He holds a doctorate in Political Science from the University of Duisburg-Essen and an MA from the Munich Ludwig-Maximilians-University in Political Science, Economics and Modern History. His research focuses on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on developing countries. He also works on the negotiation and design of a future global sustainability framework beyond 2030.



Anna-Katharina Hornidge
is Director of the German Institute of Development and Sustainability (IDOS) and Professor for Global Sustainable Development at the University of Bonn. The development and knowledge sociologist holds a habilitation in development research from the University of Bonn, and a PhD in Sociology from the Technical University of Berlin and the National University of Singapore. Her research focuses on the role of different types of knowledge in and for processes of change, as well as questions of natural resources governance in agricultural and marine contexts. Professor Hornidge serves – among other positions – as Co-Chair of the German Advisory Council on Global Change (WBGU), the Chair of "research" of the German Commission for UNESCO and is a member of the North Rhine-Westphalian Academy of Sciences, Humanities, and the Arts.

> ***"It ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new."***
>
> **Niccolò Machiavelli, The Prince**

We live in a world undergoing tumultuous transition. This transitional phase is characterised by disruption and reform, not as sequential processes but as simultaneous ones standing side by side and reinforcing each other. Often, the disruptive element is more apparent and direct, affecting institutions and people. Assessments that the current world order and the multilateral system underpinning it are in decline are widespread and dominating headlines. The reforms taking place in parallel, however, are less discussed and not well-understood, and their outcomes are often still unclear. Two examples: Although major powers are using unilateral trade measures to promote their national economic interests at the expense of their trading partners, groups of like-minded countries are pursuing plurilateral agreements in specific issue areas with the aim of upholding and reforming rules-based trade and international cooperation. Whether these plurilaterals are transforming or undermining the multilateral trading system is nevertheless up for debate (see Berger & Brandi in this volume). Moreover, while the United Nations (UN) enters its second year of a liquidity crisis and faces deep funding cuts from its largest donors, its Secretariat and member states are simultaneously engaged in far-reaching, system-wide reform discussions, with a new Secretary-General due to take office (see Novoselova & Patz in this volume). Alongside these reform discussions, the parties to the three Rio Conventions on climate change, desertification and biodiversity loss will hold their respective Conferences of the Parties in close succession in the second half of 2026. Whether a deliberate push to better coordinate their agendas and reporting structures for the first time will lead to integrated policy designs remains to be seen (see Bauer, Wagner & Dombrowsky in this volume).

In this volume, we will therefore not ask whether the multilateral order is collapsing. Yet, what is necessary to acknowledge is that multilateralism is in a structural crisis. This crisis, however, also represents an opportunity for reform. And the seemingly continuous stream of disruptions in the global system – from the direct developmental effects of the blockade of the Strait of Hormuz to the more normative effects of a G7 that cannot agree to actively address climate change or refer to the 2030 Agenda in its final communiqué – rather confirm both the need and the opportunity for reform.

We thus start from the premise that institutions established in the post–Second World War era are, in fact, still functioning as convening spaces for serious negotiations and producing multilateral outcomes, however imperfect and contested. The more consequential question, as stated in the opening quote by Machiavelli, concerns actorness and agency. Who is shaping processes of disruption and reform? Who is taking the lead in reforming institutions at the multilateral, regional and domestic levels, despite resistance from status quo powers that benefit from the old order? What kind of partnerships are needed to steer far-reaching structural transformation processes and respond to ongoing challenges facing humankind – the climate and biodiversity crises, demographic change, the governance of artificial intelligence (AI) (see Sinanoglu & Roll in this volume), (geo)political realignment, persistent poverty and deepening inequalities (see Strupat, Srigiri & von Haaren in this volume) – in ways that enable sustainable futures.

Great powers increasingly treat international institutions as leverage to pursue national interests rather than an obligation to maintain cooperative relationships. Several chapters in this volume argue that middle powers should help to fill the leadership vacuum by acting in partnership with other like-minded actors to shape reform processes in different international and thematically defined cooperation fields, for example in the international trading system (see Berger & Brandi in this volume), in the negotiation of a global sustainability framework beyond 2030 (see Berger & Leininger in this volume) and in international science cooperation (see Effert & Hornidge in this volume). What stands out, however, is that the term "like-minded" does not apply to a clearly de-

fined group of countries. It refers to coalitions of states that have similar interests on some issues but not necessarily on others. This reflects an increasingly widespread pattern of multi-alignment, whereby states deliberately avoid binding themselves to a single geopolitical camp, instead building overlapping and often issue-specific partnerships. The European Union (EU) plays a special role in this respect. As it is not a state, it is difficult to argue that it is a great power, and most of its member states are too small to be counted as middle powers (see Keijzer & Furness in this volume). However, the EU has the potential to take the lead, as described in the quote by Machiavelli, in driving reforms together with middle powers that preserve and promote rules-based international cooperation.

Politics of cooperation and perseverance

Disruptive policy-making currently takes the form of sometimes aggressive and sometimes subtle "our nation first" politics and the systematic undermining of the primacy of rules-based politics itself. The world is facing a new wave of authoritarian nationalism and has seen the highest number of violent conflicts since the Second World War (see Fiedler, Leininger, Lorch & Mross in this volume). An unprecedented rise in military spending is diverting critical resources that are needed for climate-stabilising and socially just transformations. However, Germany and Europe should not just focus on the logic of defence but also on the logic of cooperation. The logic of defence should apply only in cases where the logic of cooperation has failed. Several chapters in this volume argue that cooperation must be understood as a strategic resource and thus strengthened. In a multipolar world in which many partner countries have greater agency and can choose with whom they cooperate, international cooperation is not charity, but a deliberate investment in trust-building, partnership formation and reformed multilateralism that serves the interests of all parties involved.

Perseverance, meanwhile, refers to the discipline that is required to sustain cooperation in a multipolar world. Where great powers can afford to test the limits of the current order through unilateral action, middle powers and smaller actors dependent on a rules-based order typically cannot. Their interests relate to the durability of international frameworks, norms and rules, as well as to the partnerships necessary to support a cooperative multipolar order (see Berensmann, Bambe & Brandi as well as Sen & von Haldenwang in this volume). Perseverance is necessary to build and sustain credibility as a reliable cooperation partner. Several chapters make this case explicitly: that partnerships, not spheres of influence, are the more durable foundation on which a reformed order can be built.

The volume builds on the premise that, in this era of simultaneous disruption and reform, Germany and Europe need to invest in politics of cooperation and perseverance. The four parts that follow are organised around these two notions, moving from cooperation towards perseverance and converging on the volume's overarching concern: sustainable futures. Sustainable futures become possible if social, political and economic systems are transformed so that the needs of present generations are met, while the planetary foundations of human life are protected and the capabilities of future generations are safeguarded. Crucially, this is not envisioned as a single transformation, but as a range of context-specific, sustainable and futures-oriented pathways. Achieving this requires participatory and inclusive forms of imagining, designing and pursuing such futures (see Domingues, Grimm & Tamimi in this volume), an aspiration increasingly contested in a geopolitically and geoeconomically dominated world.

1 Geopolitics, Partnerships and a New Global Order

The first section of this volume analyses key geopolitical entry points shaping cooperation in the new multipolar order, from peace and security to new forms of partnerships and leading actors. Fiedler, Leininger, Lorch and Mross trace how the return of interstate war and a new wave of autocratisation are eroding civilian approaches to conflict prevention. They assess emerging opportunities to revitalise, adapt and localise peacebuilding instruments. Berger and Brandi turn to the multilateral trading system, arguing that disruption and reform are unfolding simultaneously rather than sequentially: As unilateral tariffs and institutional paralysis erode the World Trade Organization's (WTO) foundations, plurilateral negotiations are contributing to a hybrid trading architecture. Keijzer and Furness close this part by asking what role Europe should play in this contested order. They propose "package deals" that combine investment, budget support, technical assistance and mobility partnerships as the basis for a more coherent European international cooperation policy that is capable of anchoring a coalition of middle powers.

2 Multilateralism in a Multipolar World

The second part examines how core multilateral institutions are adapting under pressure. Novoselova and Patz assess the UN80 Initiative as a "productive failure": a process that fell short of resolving the geopolitical drivers of institutional dysfunction, yet leaves a new Secretary-General with lessons and modular reform options to build on. Berger and Leininger argue that, despite geopolitical fragmentation, a global sustainability framework beyond 2030 remains not only feasible but also geopolitically rational, providing coherence, a shared normative language and a reference point for the plurilateral partnerships that middle powers increasingly rely on. Bauer, Wagner and Dombrowsky argue that environmental multilateralism resists the narrative of terminal decline: The parties

to the three Rio Conventions continue to convene and negotiate even as institutional fragmentation calls for closer coordination across agendas, actors and levels of governance.

3 Sustainable Transformation Architectures

The third part shifts from institutional adaptation to the financing and delivery architectures that sustainable transformations require. Berensmann, Bambe and Brandi diagnose why blended finance has fallen short of its promise in mobilising private capital at scale, proposing reforms that could unlock its potential, particularly in high-risk contexts in low-income countries. These include harmonised standards and a shift from project-based de-risking towards a "making markets" approach. Sen and von Haldenwang turn to domestic revenue mobilisation, arguing that closing the financing gap requires not only stronger tax administrations but a renewed fiscal contract grounded in reciprocity, transparency and reform of the tax expenditures that quietly narrow the tax base in many low- and middle-income countries. Strupat, Srigiri and von Haaren close this part by mapping four plausible futures for global health cooperation beyond 2030, insisting that whichever institutional form prevails, the core principles of rights, equity and solidarity must be actively defended rather than assumed.

4 (Social) Innovation and Transformative Capabilities

The final part turns to the human and organisational capacities that any of the preceding reforms ultimately depend on. Sinanoglu and Roll show that development cooperation has thus far used AI mainly to work faster, not to work differently. They argue that realising AI's transformative potential requires rebuilding the organisational structures and incentives that enable genuine learning. Effert and Hornidge examine the fragility of scientific knowledge production itself, proposing a "pluralist transnational knowledge architecture" as a deliberate alternative to both retrenchment and narrowly instrumentalised, technology-focused science policy. Domingues, Grimm and Tamimi close the volume by turning to the people who must carry out this work in practice, arguing that navigating tectonic shifts requires cultivating new competencies and the peer networks, both formal and informal, through which such competencies are sustained and passed on.

Taken together, this volume seeks not merely to identify disruptive trends but also to make visible the reform processes already underway and the actors driving them. The contributions reflect, in a cursory manner, the research, policy advice and knowledge cooperation undertaken at IDOS and within its partner networks under the institute's 2025/2026 theme, "Disruption and Reform", and guided by its 2025-2031 strategy, "Sustainable Futures". This work has fed into reform debates at multiple levels: nationally, in discussions on the reform of development policy and national security strategy; regionally, in debates on Europe's role and responsibilities; internationally, through the Think 7 (T7) and Think 20 (T20) networks; and multilaterally, from the UN to the WTO. If this volume succeeds, it will not be because it resolves the tension between disruption and reform, but because it equips its readers to recognise where reform is already taking shape and which actors might have to be persuaded or supported to take the lead. It thereby aims to offer the expertise and inspiration needed to turn disruptive change into sustainable futures.

1

Geopolitics, Partnerships and a New Global Order

1.1 From Crisis to Change: The Future of Global Peace and Security

Can civilian peacebuilding still deliver, or does it need to be reinvented in the face of a fundamentally changing global security landscape?

The Authors



Charlotte Fiedler
is a Senior Researcher in the Transformation of Political (Dis-)order department at IDOS. She holds a PhD from the University of Essex and engages in research and policy advice on peacebuilding and social cohesion in conflict-affected countries. She is also interested in political transformation processes and the effectiveness of international support thereto.



Julia Leininger
is Head of the Transformation of Political (Dis-)order department at IDOS. She holds a PhD and an MA in Political Science from Heidelberg University. Her research focuses on processes of democratisation and autocratisation, social cohesion and scenario development for sustainable futures. She co-chairs the Advisory Board to the Federal Government for Civilian Crisis Prevention and Peacebuilding.



Jasmin Lorch
is a Senior Researcher in the Transformation of Political (Dis-)order department at IDOS. She holds a PhD from the University of Freiburg. Her research interests include democratisation and autocratisation, civil society, secular-religious relations as well as state fragility and violent conflict, with a regional focus on South and Southeast Asia and North Africa. She has published widely on the role of civil society in political transformation processes.



Karina Mross
is a Senior Researcher in the Transformation of Political (Dis-)order department at IDOS. She holds a PhD from the University of St. Gallen. Her research focuses on how regime change and political institutions impact on peace and social cohesion in conflict-affected contexts. Moreover, she investigates the role that international engagement such as peacebuilding efforts, democracy promotion and transitional justice support can play.

Five years of accelerating disruption – including the return of interstate war, rising armed conflict and a new wave of autocratisation – have reshaped the global security landscape. At the same time, states' growing focus on national security, disregard for international law and increasing rejection of the liberal world order mark our times. These tendencies are undermining global peace and security, while, at the same time, the capacities of the international community to respond to these challenges through civilian means are declining. Responding to these disruptions requires both defending and reforming civilian approaches to international crisis prevention and management.

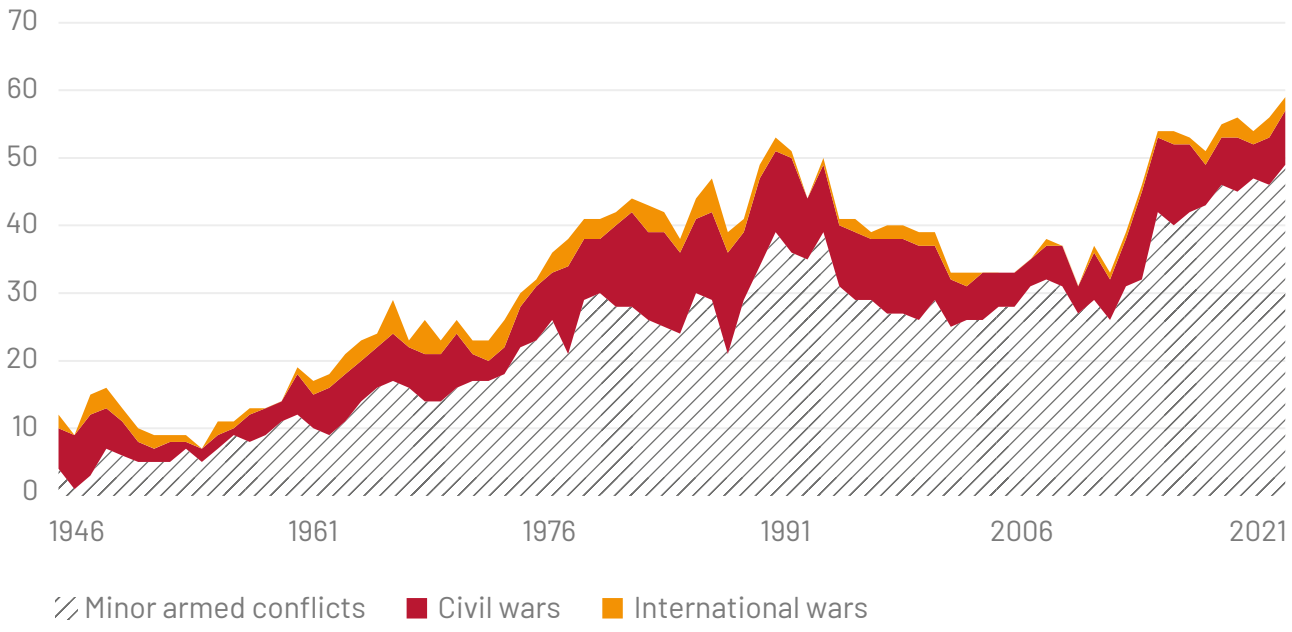
The re-emergence of violence as an accepted means in international relations

The resurgence of violence as an acceptable form of politics represents a major disruption in international politics. The number of intra- and interstate conflicts has reached a new peak: Currently, there are more armed conflicts than at any time since the end of the Second World War, and we are witnessing the highest number of international wars since the mid-1980s (Rustad, 2026). Most prominently, international relations have been shaken by Russia's attack on Ukraine and, more recently, the unilateral attacks on Iran by the United States and Israel. The prohibition on the use of force in relations between states, as enshrined in international law (ius cogens), forms a legal cornerstone of peace and security under the United Nations (UN). However, it is increasingly being undermined (Lorch, 2026). Against this background, there are good reasons to fear that the trend towards increasing international conflict will likely persist, creating rising humanitarian needs as well as severe disruptions of global trade and supply chains (see Berger & Brandi in this volume).

Despite the attention that prominent interstate wars are receiving, intra-state conflicts still account for the vast majority of all violent conflicts (see Figure 1). In fact, their number has reached a new record high, while the nature of internal conflicts is also changing: Countries are increasingly experiencing multiple simultaneous conflicts, jihadism is spreading and internal civil conflicts are increasingly internationalised (Rustad, 2026). This means that internal conflicts are becoming significantly more complex and involve multiple actors – both domestic and international.

Adding to the challenges, the third wave of autocratisation continues unabated, with severe consequences for conflict and security. In 2025 alone, there were 10 newly autocratising countries, i.e. countries that experienced significant declines in their levels of democracy (Nord, Altman, Fernandes, Good God, & Lindberg, 2026). This means that by 2025, autocratic regimes clearly outnumbered democracies globally (92 vs 87), a trend that has important implications for global peace and security. Autocratisation is associated with a higher risk of war between states (Ko, 2025). Studies also indicate that autocratisation increases the risk of internal armed conflict

Figure 1: Number of violent conflicts by type, 1945-2023



Source: Authors, based on UCDP/PRIO (2024)

(e.g. Hegre, Ellingsen, Gates, & Gleditsch, 2001). A current IDOS research project is analysing this relationship to better understand the conditions under which this is the case (IDOS, 2024). Initial results suggest that autocratisation can lead to power struggles that result in violent military coups or civil resistance, especially when combined with economic downturns. The world is witnessing a new wave of coups, with 11 successful military takeovers since 2020 in Africa alone (Hammou & Powell, 2025). The relatively widespread public support that these coups have garnered also speaks to the increased legitimacy of violent means in politics as well as the delegitimatisation of weak democratic rule.

Peace and security: a rapidly changing field

The simultaneous rise of great power competition – increasingly carried out by violent means – and autocratisation is reshaping how states and societies think about security. What was once a broad agenda of international cooperation is increasingly filtered through a security lens, with consequences for multilateralism, development policy and civil society alike.

Military logic is reasserting itself as the dominant frame for international politics. Global military expenditure reached USD 2.9 trillion, or 2.5 per cent of the world's gross domestic product, the highest level since the beginning of reporting (SIPRI, 2026). Military spending has risen in almost all world regions. The doctrine of deterrence has returned as the default model for interstate relations, crowding out diplomatic and cooperative civil approaches. At the domestic level, governments across the political spectrum are redirecting resources towards defence. Germany's Zeitenwende is only one prominent example of a broader trend: Rearmament is no longer a fringe position but a cross-party consensus in many democracies.

This renewed focus on military security and deterrence has important implications for the international peacebuilding order. For a long time, international efforts to prevent and manage violent conflict through civil means have rested on the financial contributions of a small number of North American and European donors (Li, Biller, & Rothmann, 2025). Today, peacebuilding, conflict prevention, and dialogue-based mechanisms – the infrastructure of peaceful conflict management – are losing ground both financially and politically. Most drastically, the near-complete withdrawal of the United States Agency for International Development (USAID), together with the closure of the United States Institute for Peace (USIP) since February 2025, has had severe consequences for the field of conflict prevention and peace-buidling. Moreover, the institutional architecture of development policy is being reoriented towards the security and geopolitical interests of donor states. This matters not only normatively, but also empirically: Research shows that prioritising short-term stability over democratic governance and civic agency does not produce durable peace and may actively undermine it (Fiedler, Grävingholt, Leininger, & Mross, 2020; Mross, 2019).

What do these disruptions in the field of global peace and security mean for international engagement more generally, and civilian crisis prevention and peacebuilding more specifically? Do they also offer an opportunity for renewed engagement in these areas?

Opportunity for reform 1: reviving international civil engagement and conflict prevention

To address these challenges, international attention needs to refocus on the relevance of civil means to prevent and manage conflict. Various approaches to international civilian crisis prevention and peacebuilding have proven effective in reducing violence and casualties as well as preventing the outbreak and recurrence of violent conflicts. In many cases, UN peacekeeping has reduced violence against civilians, helped to avert a return to civil war, lowered the number of fatalities and contained the spread of violence (Walter, Howard, & Fortna, 2021). A comprehensive analysis of different areas of peacebuilding (Mross, Fiedler, Grävingholt, 2022) shows that certain types and combinations of instruments influence whether conflict reoccurs. In contrast, countries neglected by the international community have been prone to renewed conflict. Cross-national studies also show that international support for democratisation processes contributes to ensuring that these processes remain peaceful and that outbreaks of violence are prevented – including in post-conflict situations (Fiedler, Lorch, Mross, & Leininger, 2026; Mross, 2021; Savun & Tirone, 2011). We thus need a revitalisation of these instruments. Although this is not easy in times of constrained budgets, the resources required are comparatively modest, and their preventive effect is highly cost-effective compared with the costs of violent conflict (e.g. Mueller & Rauh, 2022).

This also means putting conflict prevention back on the agenda. Proactive crisis prevention is currently giving way to reactive crisis management. The sheer number of simultaneous conflicts is stretching institutional capacities to the breaking point. Early warnings are largely unheeded; prevention is deferred. Substantial reductions in aid can additionally fuel conflict, as both prior and very recent research on USAID clearly indicates (e.g. Rohner, Sunde, Vanden Eynde, Wright, & Zeng, 2026). The result is a governance trap: The more reactive the international system becomes, the more crises multiply and the less space remains for the structural, long-term investments that might avert conflict in the first place (see also Keijzer & Furness in the volume on the rationale for proactive EU efforts to rebuild international cooperation architectures).

Opportunity for reform 2: adapting civilian approaches to the changed circumstances

Civilian peacebuilding instruments must be adapted to the changed global circumstances, turning challenges into opportunities for reform. International actors must better understand how to respond effectively to – or prevent – conflict in an increasingly complex and fragmented conflict environment, and how to strengthen social cohesion in its aftermath. This means developing faster, more flexible funding mechanisms that offer a longer-term perspective but are readily adaptable to changing circumstances. This requires strengthening conflict analysis capacities that enable up-to-date and in-depth assessments of changing dynamics. Careful and targeted use of AI may be useful in this regard (see Sinanoglu & Roll in this volume). The increasing number and diversity of conflicts also point to the need to better align civilian and military approaches to achieve maximum impact on stability and security.

The role of autocratisation in driving violent conflict suggests that building and sustaining strong democratic institutions is essential for increasing resilience and reducing the risk of armed conflict at the national and international levels. At the same time, increasingly autocratic partner countries may no longer allow international peacebuilding that places a strong emphasis on democracy. This implies a need to explore how peacebuilding can be adapted to allow international actors to stay engaged and strengthen peace without reinforcing autocratic regimes. One opportunity may lie in a social cohesion approach to peacebuilding that more explicitly aims at strengthening societal relations.

Opportunity for reform 3: localisation as a response to crumbling international peacebuilding

Another opportunity lies in the localisation of peacebuilding and the growing inclusion of local actors (on the latter, see e.g. Paffenholz, 2015). Proponents of a "local turn" have long criticised liberal peacebuilding for sidelining local actors, its overreliance on "Western" templates and its underestimation of the systemic causes of conflict, including colonial legacies and continuing forms of "Western" domination (Mac Ginty & Richmond, 2013).

Current examples of the agency of local peacebuilding actors in the context of declining international engagement by Europe and the United States include the role of local mediators in the Sahel. A recent study shows how these local mediators negotiate with conflict actors – including jihadist insurgents – over the protection of local communities and issues relating to territorial control (Herrberg, 2026). This illustrates how local actors navigate violent conflicts, at times contributing to their transformation.

In war-torn Sudan, Emergency Response Rooms constitute important examples of community resilience. Led by volunteers, these community-based groups provide basic services such as food, health care and psychological support for survivors of conflict-related sexual violence. They also contribute to social cohesion, rehabilitation and reconstruction, even during armed conflicts (Otim, 2025). Localisation presents an important opportunity for local ownership, emancipation and the de-colonisation of peacebuilding practices, and it is thus an important avenue for reforming existing peacebuilding approaches. In addition, local peacebuilding can be more cost-effective, making more efficient use of limited remaining budgets.

However, shifting resources and decision-making power to local actors is no panacea. The power balance between armed groups and local civil society actors and mediators is tilted heavily in favour of the former, limiting the capacity of local peacebuilders to transform conflicts. Moreover, local peacebuilding actors are often themselves embedded in local power structures and patterns of local elite domination, limiting their neutrality (Paffenholz, 2015). Consequently, localisation requires donors to develop a comprehensive understanding of local peacebuilding contexts. This is hampered in cases where international donor agencies are forced to downsize or close field offices. Moreover, if local mediators and peacebuilders are to take the lead, they need material support – even if the funding required is lower than the cost of standard international engagement. Yet, support for these actors has also dropped sharply due to current aid cuts (GIWPS, 2025).

Strategic priorities for peacebuilding in an era of autocratisation and war

The peace and security landscape is undergoing simultaneous crises and disruptions: the return of interstate war, the proliferation of complex intra-state conflicts, global autocratisation and its negative implications for peace and security, a crumbling international peacebuilding order and the growing securitisation of European domestic policy agendas. Although these developments pose significant risks to global peace and stability, they also offer an opportunity to reassess established approaches and develop more resilient and inclusive forms of civil conflict prevention and peacebuilding. Accordingly, budget allocations and any cuts need to be carefully targeted on the basis of strategic peacebuilding priorities and evidence. Revitalising civilian instruments, strengthening local ownership, safeguarding democratic institutions and restoring the focus on prevention are essential to responding effectively to the challenges of an increasingly violence-prone world.

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1.2 Reforming the WTO in an Age of Power-based Trade

Does plurilateral trade cooperation present a lifeline for the embattled World Trade Organization, or will it hollow out the system?

The Authors



Axel Berger
is Deputy Director (interim) at IDOS and Managing Director of the Sustainable Development Solutions Network (SDSN) Germany. He holds a doctorate in Political Science from the University of Duisburg-Essen and an MA from the Munich Ludwig-Maximilians-University in Political Science, Economics and Modern History. His research focuses on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on developing countries. He also works on the negotiation and design of a future global sustainability framework beyond 2030.



Clara Brandi
is Head of the Transformation of Economic and Social Systems department at IDOS and Professor of International Economics and Development Economics at the University of Bonn. She studied in Freiburg and Oxford and received her PhD from the European University Institute. She has almost two decades of experience in research and policy advice at the national and international levels.

The rules-based trading system has long served as a central pillar of the post–Cold War international order. Predictable economic relations and the reduction of trade barriers supported an unprecedented expansion of global trade and economic integration. Institutions such as the World Trade Organization (WTO) establish a multilateral framework of shared principles designed to prevent protectionism and resolve disputes peacefully (Hoekman & Kostecki, 2009). That system contributed significantly to economic growth and poverty reduction, particularly in emerging and developing economies (e.g. Baldwin, 2016).

That same system is now under acute stress (Brandi, Zoryana, & Stender, 2026), but it is not yet broken. The question of how it will be shaped over the coming years remains genuinely open. The WTO's structural crisis is real: waves of unilateral tariffs, the paralysis of the Appellate Body since 2019, the collapse of the Doha Development Round and the growing use of trade policy as a geopolitical instrument have all eroded the foundations of a rules-based order. The failure of the 14th WTO Ministerial Conference (MC14) in Yaoundé in March 2026 to produce a final declaration or agreed reform work plan offered the most visible confirmation yet that the multilateral trading system cannot be taken for granted. Ahead of MC14, WTO Director-General Ngozi Okonjo-Iweala herself described the system as being under greater pressure than at any point since the end of the Second World War.

Yet the story of Yaoundé is not simply one of failure, as plurilateral approaches are gaining importance. Sixty-six WTO members, representing roughly 70 per cent of global trade, moved forward with plans to implement the world's first baseline E-Commerce Agreement on an interim basis outside the formal WTO framework, with the explicit aim of integrating it at a later stage. The Multi-Party Interim Appeal Arbitration Arrangement (MPIA), now joined by 61 members, continues to function as a working substitute for the blocked Appellate Body of the WTO. In 2021, 72 WTO members adopted an agreement on Service Domestic Regulation, which entered into force in 2024. Another plurilateral agreement on Investment Facilitation for Development (IFD) was concluded after only three years of negotiations. The IFD agreement is supported by 131 members, mainly low- and middle-income countries (LMICs). Although integration into the WTO's legal structure is being blocked by one member – India – the IFD signatories have already begun assessing member states' technical-assistance and capacity-building needs for effective implementation of the agreement.

Moreover, in the aftermath of MC14, the reform discussions that began under Norwegian facilitator Ambassador Petter Ølberg have returned to Geneva. They have not been abandoned but remain ongoing. Ministers from 48 diverse WTO members reaffirmed their commitment to fossil fuel subsidy reform. The EU and the 12 members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) issued a joint ministerial statement backing WTO reform while agreeing to advance digital trade rules together. Even without a formal declaration, the Yaoundé package remains on the table.

This chapter takes that ambiguity seriously. Rather than treating disruption and reform as sequential phases, it reads them as simultaneous developments. Disruption and reform are happening at the same time, often in the same rooms. The question is not whether the multilateral trading system will be reformed, but who will shape that reform, towards what ends, and with what vision for inclusive and sustainable development at its centre.

The architecture of disruption

Three interlocking pressures are reshaping the global trading environment in ways that demand both analytical precision and political creativity.

Power-based trade politics: The most visible dimension of disruption is the shift from rules-based to power-based trade relations. Recently, successive waves of US tariffs have strayed far from the WTO's foundational principles of non-discrimination and reciprocity. China's subsidisation of strategic industries has distorted global markets in ways that existing WTO disciplines were not designed to address. The EU, for its part, has introduced unilateral measures, including the Carbon Border Adjustment Mechanism (CBAM) and its deforestation regulation, whose compatibility with WTO rules remains contested.

Geopolitical fragmentation: Global trade is increasingly mediated by geopolitical logic. Tariffs, export controls and industrial subsidies are being deployed to protect strategic industries or reduce exposure to geopolitical rivals. Concepts such as "friend-shoring" and "de-risking" signal a structural shift towards more politically filtered economic relations (Jakubik & Ruta, 2023). Recent empirical research shows that economic linkages between geopolitically distant blocs have declined significantly, though "connector" countries – those with ties to multiple blocs – have so far prevented full-scale decoupling (Gopinath, Gourinchas, Presbitero, & Topalova, 2025). For many LMICs, this fragmentation is not merely inconvenient; it is structurally threatening. Smaller economies depend heavily on open global markets (Barrot, Calderón, & Servén, 2018), face pressure to align with competing spheres of influence and often lack the institutional capacity to navigate a more complex and fragmented trade environment. Around 80 per cent of world trade takes place within global value chains, in which LMICs typically occupy low-complexity, low-margin positions – a structural vulnerability that geopolitical fragmentation intensifies (Asian Development Bank et al., 2025).

Institutional paralysis: The WTO's decision-making difficulties are, at their core, a collective action problem. India's re-

fusal at MC14 to allow the IFD agreement to be incorporated into the WTO legal framework – while all the other members supported it – is a clear illustration. This pattern, in which one or a small number of members can prevent outcomes that serve the overwhelming majority, is the WTO's deepest structural problem and calls for creative institutional responses.

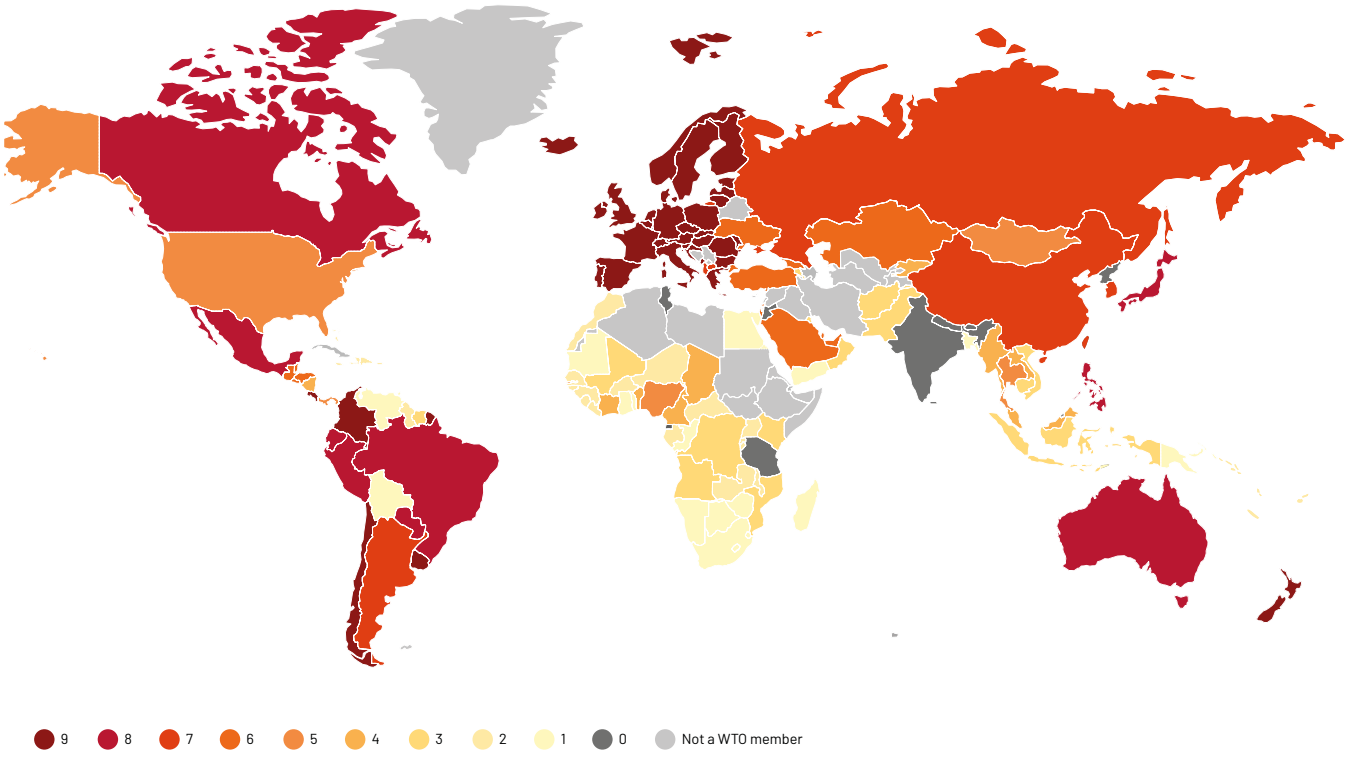
Entry points for reform

Several pockets of innovation offer concrete entry points for reform.

The plurilateral (re-)turn as a systemic adaptation: The most significant structural innovation in WTO governance over the past decade is the development of so-called Joint Statement Initiatives (JSIs) among coalitions of willing members to negotiate issue-specific plurilateral agreements (see Figure 2). Far from circumventing the multilateral system, plurilateral agreements were a legitimate and well-established feature of the General Agreement on Tariffs and Trade (GATT), the WTO's predecessor. They are again receiving more attention today out of necessity (Hoekman & Mavroidis, 2024). The agreement on Service Domestic Regulation, which entered into force in 2024, demonstrates that plurilateral outcomes can be embedded in the WTO framework when the right integration mechanism exists. The E-Commerce Agreement, now moving forward through interim arrangements among 66 members covering 70 per cent of global trade, represents the most ambitious plurilateral outcome yet to govern digital trade. The emerging EU-CPTPP digital trade agreement, confirmed in the joint ministerial statement at MC14, points towards a further track: plurilateral agreements negotiated outside the WTO framework but with an explicit commitment to eventual multilateralisation. This "negotiate plurilaterally, aim multilaterally" logic is pragmatic without being defeatist. It is one of the most promising architectural models currently available for a functioning global trade order.

The MPIA as a proof of concept: The MPIA – now covering 61 members, including the EU, China and Brazil – demonstrates that the most vital function of the multilateral trading system, enforceable dispute resolution, can be maintained through coordinated workarounds when the formal mechanism is blocked, in this case by the United States. The MPIA is not intended to be a permanent solution. Restoring a fully operational Appellate Body remains a foundational reform priority, and MC14 discussions reaffirmed members' commitment to that goal. But the MPIA has prevented the dispute settlement system from collapsing, and its expansion continues to generate new jurisprudence and institutional habits that will matter when restoration becomes politically possible.

Figure 2: Participation in WTO plurilateral tracks



Note: The figure shows the number of plurilateral tracks in which each WTO member participates (status: 7 August 2026).
Source: Authors, based on data from the World Trade Organization (2026) and Geneva Trade Platform (2026)

Middle powers as the new reform entrepreneurs: One of the clearest lessons of MC14 is that middle powers have important agency. The interim arrangements for the E-Commerce Agreement were shepherded to a conclusion by the co-convenors Australia, Japan and Singapore. None of these countries are the largest economies in the WTO, but all of them are willing to invest sustained political capital in outcomes that serve the broader system. Canadian Prime Minister Mark Carney's prominent advocacy for multilateralism at Davos earlier in 2026, followed by Canada's active role at MC14, illustrates the same dynamic. Looking ahead, WTO reform will require the EU to lead a coalition of middle powers – Canada, Japan, Australia, Brazil, South Africa and, ideally, India as well – precisely because major powers such as the United States cannot currently be relied upon to drive systemic reform in the interest of the broader membership. When middle powers, which have a demonstrated interest in stable, predictable, rules-based trade, act together, they can shape outcomes. The task now is to convert the episodic coordination seen in Yaoundé into a durable reform alliance.

WTO reform discussions in Geneva: Contrary to the narrative of total failure, the WTO reform process is not dead. The draft Yaoundé Ministerial Declaration on WTO Reform and its accompanying work plan, developed under Ambassador Ølberg's facilitation and endorsed by a large majority of members, remain on the table. Discussions are structured around three tracks: decision-making reform; development, including special and differential treatment; and level-playing-field issues. The WTO's new Chief Economist characterises the post-MC14 moment as one of "cautious realism": Members continue to see value in the institution, understand its problems as interconnected rather than isolated and recognise that the task is not reinvention of the system but renewal (Staiger, 2026). For example, transparency – in notifications, subsidy reporting, and the basic conditions for monitoring and negotiation – has emerged as one of the most tractable and consequential reform priorities, and one where progress need not wait for grand bargains.

Who should do what

The EU combines the capacity, interest and credibility to drive multilateral reform right now. Its stated commitment to the rules-based trading system is a genuine comparative advantage at a moment when that commitment is otherwise in short supply among major powers. But this advantage is only real if the EU acts on it consistently. Indicating flexibility with regard to the most-favoured-nation principle, even in the context of tariff retaliation, sends the wrong signal at a time when the WTO most needs its largest remaining supporter to hold the line. The strategic priority for the EU is to lead middle-power coalitions and invest in finalising the Yaoundé package. The EU should cooperate with other middle powers to support the reform discussions, drive plurilateral negotiations and strengthen implementation capacity in LMICs (see also Keijzer & Furness in this volume).

Middle powers such as Canada, Japan, Australia, Brazil, South Africa, New Zealand and South Korea hold the key to converting Yaoundé's near-misses into durable outcomes. The success of the interim arrangements for the E-Commerce Agreement demonstrates their collective capacity to act. The immediate task is to maintain political engagement through the Geneva process, prevent the Yaoundé package from losing momentum during the transition from ministers to instruction-bound ambassadors in Geneva and build on the EU-CPTPP joint statement as a working model for plurilateral reform leadership. Brazil's role is particularly important: As one of the economies that blocked the extension of the e-commerce moratorium, its eventual convergence, which appeared close at MC14, will be decisive for the coherence of the reform coalition.

The WTO Secretariat and the Director-General have facilitation and norm-articulation roles that should not be underestimated. DG Okonjo-Iweala's framing of the Yaoundé package as an "important achievement" within reach and her call to "not leave it on the table" reflects exactly the kind of sustained institutional advocacy that prevents accumulated progress from being lost. The new Chief Economist's "cautious realism" framework – renewing what works and rebuilding member confidence in the institution – offers a practical, actionable reform philosophy grounded in the institution's remaining strengths (see Novoselova & Patz in this volume on a similar role for the incoming UN Secretary-General).

Many countries in the Global South, especially least-developed country groupings and the African Group, have both a stake and a voice in shaping reform outcomes. Their reform proposals before MC14 – on development, special and differential treatment as well as level-playing field issues – represent substantive inputs, not symbolic participation. Development cooperation has a direct role to play here by supporting the institutional capacity required for meaningful participation in WTO processes.

Research and policy communities, including development research institutes, have a specific role in providing the empirical and normative basis for reform arguments. They can provide the conceptual vocabulary for positive-sum reform: framing trade governance not as a zero-sum struggle over policy space but as a collective investment in the predictability and inclusiveness that all trading nations need in an uncertain world.

Towards a hybrid trading system

The multilateral trading system is not at a crossroads in the sense of a decisive fork in the road where one path leads to reform and the other to collapse. It is in a moment of lay-

ered and overlapping contestation, in which disruption and innovation are running in parallel. The outcome is still being shaped, and sustained political investment by a critical mass of actors who believe in rules-based trade can make a decisive difference.

If the e-commerce example sets a precedent, we are heading towards a hybrid multilateral trading system (Berger & Brandi, 2026). The WTO would then serve as a platform for bringing together "willing" countries and negotiating new agreements in specific regulatory areas. But such agreements would be implemented outside the formal WTO system. This may appear pragmatic in the short to medium term.

In the long term, however, it is not a viable strategy for the WTO, as it unleashes centrifugal forces that further undermine the system (Berger & Brandi, 2026). One glimmer of hope remains: The provisional application of plurilateral agreements could generate sufficient economic and political momentum to increase pressure on veto actors, namely countries whose use of the veto seems to matter more to them than the interests of the overwhelming majority of WTO members. The hope is that those who cannot stop the train may eventually want to board it.

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1.3 Europe's International Cooperation as a Key Component of a Stable World Order

How can the EU's international cooperation contribute to building a "middle power alliance"?

The Authors



Niels Keijzer
is a Senior Researcher and project lead at IDOS. He is based in the Inter- and Transnational Cooperation department, where he coordinates a research project on the European Union's development and foreign policy. He further represents IDOS in the European Think Tanks Group (ETTG) and in the European Research Alliance for Sustainable Development (ERASuD).



Mark Furness
is a Senior Researcher in the Inter- and Transnational Cooperation department at IDOS. His research and policy advisory work focuses on German and EU development policy, development cooperation with the Middle East and North Africa (MENA), aid effectiveness, fragile and conflict-affected countries, and crisis response and resilience.

The "post-post-Cold War" global order is in a state of disruption, to the extent that we can ask whether a "global order" still exists at all today. Powerful actors have breached the international norms and rules that underpin the global order, mostly with impunity. Europe has reacted inconsistently to these disruptions of the global order, issuing verbal and written statements in response to some crises and engaging in military and financial interventions in others, in the hope that the system will revert to its post-Cold War state. With Europe's own territorial integrity under threat, Europe's leadership has come to realise that this is unlikely to happen.

The "post-post-Cold War" order has succeeded the global order dominated by Western democracies that followed the collapse of the Soviet Union and the end of the Cold War. The post-Cold War order did not offer protection, stability, predictability or development opportunities to all, and some nations and peoples have not lamented its demise. Some of the world's most powerful countries have wilfully violated the post-Cold War order's basic principles, especially respect for sovereignty and human rights.

The post-post-Cold War order is characterised by growing multipolarity, weakened inter-national institutions and polycrises, but also by the persistence of global norms that actors tend to interpret in ways that suit their interests. What remains of these norms and institutions needs to be reformed if there is to be any chance of saving them. Failure to do so raises the risk that Gramsci's morbid symptoms (popularly referred to as "time of monsters") become permanent (Gramsci, 1971). The basic principle of the post-Cold War order – that sovereign actors agree to interact on the basis of agreed rules, even when they are in conflict with each other – is crucial to the survival of human civilisation. International cooperation in support of sustainable development depends on the survival of the order and, ideally, on its further evolution in directions that make it more universal.

Three scenarios for the post-post-Cold War order

In a recent IDOS publication on the future of international development cooperation, we outlined three potential scenarios, presented in Table 1. A new "post-post-Cold War" order may end up being a combination of these three scenarios.

The European Union (EU) and its member states find themselves at the centre of what was termed the "middle power alliance" (Prime Minister of Canada, 2026) by the Canadian prime minister in his speech at Davos in 2026. This alliance currently remains a concept, and initial results have yet to materialise. Recent developments have made it ever clearer to its prospective members that they need to act together – and Europe is key to the alliance attaining critical mass and influence. The EU is not a state and therefore cannot be

Table 1: Three scenarios for a post-post-Cold War global order

1	2	3
Imperial spheres of influence (US, China, Russia)	**Cold War between "Eastern" authoritarian and "Western" neoliberal capitalism**	**Survival and evolution of the "rules-based order" under a coalition of middle powers**
Under this scenario, China dominates East and Southeast Asia, Russia dominates Europe and the US dominates the Western Hemisphere. All three are expected to compete for influence in Africa.	This scenario foresees competition between two loosely organised blocks, one consisting of authoritarian oligarchies and the other of nominally democratic, but also increasingly oligarchy-dominated countries. Since many countries in the "Global South" function as oligarchic states, this scenario may already be taking shape.	This scenario requires middle powers to take the lead in addressing the liberal order's inherent weaknesses so that it delivers for all of its members. Its success depends to a large degree on salvaging and completing existing global development agendas, including through international cooperation.

Source: Furness and Keijzer (2026, pp. 2-3)

a "great power", while most of its member states are too small to be "middle powers" in their own right. The EU and its member states have established institutions, rules and norms governing their engagement with one another and with other countries. Potential "like-minded" states include Canada, Australia, New Zealand, Japan, South Korea, Mexico, Chile and the United Kingdom, as well as possibly countries such as Turkey, India, Brazil, Nigeria and South Africa.

One area where middle powers can build global influence is international cooperation. Although it has been driven by various motives and, from the outset, has often focused strongly on the national interests of the country providing it, international cooperation also has the potential to support the provision of mutual benefits and public goods. These include clean air and water; the exchange of goods, people and knowledge; public health and pandemic preparedness; food security and biodiversity; and effective public administration. By delivering such mutual benefits and public goods, middle powers may strengthen ties, rebuild legitimacy and create a critical mass in support of sustainable development.

The relevance of international cooperation

International cooperation in a broad sense – including economic, development, scientific, security and socio-cultural cooperation – is key to building a strong middle power alliance. The reason is that, barring a few notable exceptions, middle powers generally lack strong militaries and nuclear weapons and instead rely on soft power and regulatory spheres. The EU provides a key example of the conflict-preventing potential of economic and regulatory intervention, and of how pursuing regional public goods can benefit all those who contribute to their equitable and sustainable provision (see also Fiedler, Leininger, Lorch & Mross in this volume). As a key element of a strong middle power alliance, the EU must work with other middle powers around the world that aspire to build democratic and strong institutions, including beyond the Organisation for Economic Co-operation and Development (OECD).

The EU has strong international cooperation credentials and frequently emphasises that it collectively constitutes the world's largest development cooperation actor. This raises expectations that Europe will take the lead at a time when the international cooperation system – and the wider global order – is under severe strain (Keijzer, 2026). So far, the EU has not met these expectations or expressed any intent to do so, although some European countries, including the United Kingdom and Germany, are seeking to launch bilateral initiatives to this end.

Although current discussions on "Buy European" and Global Gateway may suggest otherwise, Europe should resist acting on the tempting adage "if you can't beat them, join them" with regard to self-interested great powers. Instead, Europe should pursue the long game of promoting a stable world order and contribute to international regulatory frameworks and arrangements that benefit all – including the EU, which is currently the world's largest trading block (see Berger & Brandi in this volume).

However, this does not mean we should pretend that nothing has changed or that it is 1990 again. Instead, international cooperation – led by a coalition of middle powers – should prioritise the creation of benevolent interdependencies and strong alliances to advance global governance, with the ultimate objective of strengthening resilience against powers that disregard and undermine the global order.

The objectives such international cooperation should pursue require a focus on both the challenges that each country faces (e.g. providing universal health care and education) and on those that can only be addressed through cooperation among countries (e.g. climate change and water security). They should also pursue strategic interests, for example energy sovereignty (including renewables), access to labour (both in Europe and via nearshoring), managed migration, and peace and stability. A middle power alliance for international cooperation also requires a stable structure that pursues ownership among OECD and non-OECD countries, while respecting and not replacing existing United Nations (UN) fora such as the Development Cooperation Forum and the High-Level Political Forum (on prospects for the UN, see Novoselova & Patz in this volume).

Reforming European international cooperation

For Europe to play a key role in this alliance, it needs to reform its international cooperation agenda, structures and approaches along the broad lines set out here. The overall aim of such reform would be to demonstrate to partners that rules-based cooperation with Europe is more beneficial to them than other models. That is not to say that Europe should endeavour to become an exclusive partner, since most countries face chronic underinvestment and may thus rationally seek to maximise international cooperation opportunities with other partners as well. Rather than competing with other international cooperation actors and seeking to beat them at their own game, Europe should develop and project its own unique approach to cooperation. Doing so is in Europe's own interest, because investing in long-term sustainable development ultimately strengthens relationships and enables investment for mutual benefit, whereas abandoning Europe's development cooperation capabilities in favour of investment alone is, at best, a mediocre choice.

In an evolving global landscape, one proposed strategy for the EU's international cooperation is the comprehensive "package deal" (Megerisi, 2026). This approach moves beyond traditional, siloed policies by integrating various tools to create

Figure 3: European package deals for sustainable development



Source: Authors

multifaceted partnerships. The idea is to present a holistic offer that combines investment, budget support, technical assistance and mobility partnerships to build relationships based on mutual interests. This would allow the EU to foster sustainable development and good governance while advancing its strategic priorities. The European Commission President's manifesto sets out such an approach through integrated Global Gateway offers that combine trade, investment and macroeconomic support (von der Leyen, 2024, p. 27), while the Commissioner for International Partnerships recently announced similar package deals focused on migration management (Síkela, 2026). Beyond the Commission's own efforts, the EU's "Team Europe" approach, which aims to coordinate the actions of the EU, its member states and financial institutions, is an example of this push for greater coherence in external actions. Figure 3 illustrates the type of package deal that the EU could offer.

Investment mobilisation is a key pillar of any package deal. For this to be effective, a two-pronged approach is necessary. Firstly, the EU must increase the scale of its public infrastructure investments and seek to offer an approach that is different from, and ultimately preferable to, those of other global actors, such as China through its Belt and Road Initiative. The EU's flagship Global Gateway strategy has this intention, aiming to mobilise significant capital for connectivity and infrastructure projects guided by values such as transparency and good governance (Furness & Keijzer, 2022). Secondly, beyond large-scale public investment, the EU needs to become more adept at facilitating private investment, both large and small. This requires a smarter approach that goes beyond established development finance practices and better reflects the diversity of the private sectors across the EU's 27 member states, as well as the highly varied investment climates abroad. It involves providing better information on market opportunities and potential partnerships, as well as offering robust investment protection via loans and risk insurance to de-risk private capital in complex markets.

This economic cooperation could be further reinforced through the strategic use of budget support packages and technical assistance; there have been discussions on making better use of European public-sector expertise. The EU has a long history of employing innovative instruments – including direct budgetary support to partner countries – to enhance political engagement and manage for results at the country level (Grimm, 2008). A more strategic approach would shift the focus of this support. Instead of being used for short-term, transactional goals such as migration management, budget support could be better leveraged to incentivise systemic improvements. This includes strengthening public financial management, which is noted as a key area for improvement in reviews of budget support effectiveness. Channelling more funds towards foundational public sectors such as health and education could help provide a basis for sustainable development and social stability, especially in more fragile partner countries (Tavakoli & Smith, 2013). Such initiatives can be presented to European taxpayers as addressing mutual interests, for example by reducing global health risks.

Technical assistance could complement financial cooperation more effectively than it currently does. Whereas finance provides the necessary resources, technical assistance builds the essential capacity of the public sector – and sometimes also the private sector – to use those resources effectively. By improving administrative and governance capacities, technical assistance helps partner countries absorb investment, manage public funds transparently and successfully implement the reforms that budget support is designed to encourage. Technical assistance can provide clearly defined expertise to support effective reforms, particularly in local governance and in projects with broader impacts (Meuleman, 2021). Technical assistance also builds networks and thereby provides access to, and influence over, decision-making. Given the high degree of trust and ownership needed for technical assistance to be effective, the EU should prioritise the involvement of its partners throughout the planning cycle – from articulating demand and recruiting the support to evaluating its results (Keijzer & Black, 2020). By contrast, unilaterally pushing such technical assistance projects – including determining the experts involved – is likely to waste the time of all involved and may have adverse effects.

In addition to budget support and technical assistance, perhaps the most underutilised, yet potentially powerful component of this package is the expansion of the EU's visa and talent partnerships. This represents a potentially major area for expanding cooperation and can also be framed as a positive, proactive approach to the often divisive migration issue. While individual member states have sometimes restricted visas in disputes with specific countries, the EU as a whole could make a much greater strategic effort to strengthen mobility as a policy tool. Beyond its potential benefits for Europe's ageing societies, migration could also help address significant labour and skills shortages in key segments of European economies. The prospect of visa liberalisation has also been used as a significant incentive in negotiations with neighbouring countries, demonstrating its value as a political asset (Laube, 2019).

Expanding talent partnerships could be a transformative step. Training programmes that offer visas to live and work in Europe for fixed periods can be highly attractive to people in countries of the Global South (see Domingues, Grimm & Tamimi in this volume). This appeal makes them a potentially powerful soft-power tool for incentivising policy choices sought by partner governments. Crucially, this must not become a one-way street that leads to brain drain. Programmes can increase capacity in key sectors facing labour shortages in partner countries themselves, especially in critical areas such as health, IT and skilled trades. This creates a "circular migration" model that fosters mutual benefits, addresses shared labour needs and builds goodwill much more effectively than transactional migration-management policies. Although there is strong private-sector interest in labour migration, this potential is hampered by a lack of coordination among EU member states and, in some cases, within their governments. A more unified approach could turn labour mobility into a significant lever for encouraging better governance and building more equitable global partnerships.

Last but not least, over several decades, the EU has developed a strong capacity to negotiate trade deals and has produced a wide range of association agreements, economic partnership agreements and unilateral trade preference schemes. These arrangements have created detailed legal frameworks for trade and a predictable environment that facilitates complex value chains and just-in-time delivery. The EU has made great strides in expanding its trade liberalisation agreements, including by recently reaching political agreements with MERCOSUR and India. The free movement of goods is also a hallmark of Europe's strong internal market, as disparities in the size of member states' economies could distort competition and encourage state intervention, to the detriment of all.

The middle power of attraction

By bringing together investment mobilisation, development cooperation and mobility in a single, coherent package, Europe can create a uniquely attractive and effective model for international cooperation. The goal should be to develop comprehensive offers that partners find impossible to refuse, thereby making the best use of Europe's unique resources and strengths. No other global actor brings together this combination of tools and values in the same way.

To amplify its impact, Europe must actively seek to work with other "like-minded" middle powers: Japan, South Korea, Canada, Australia, New Zealand, the United Kingdom, Mexico and Chile as well as, ideally, countries whose democratic structures could be strengthened, such as Brazil, Nigeria, Turkey, South Africa and India. However, for such an alliance to be credible and strong, Europe must practise what it preaches when it comes to its own values. This commitment to principles is crucial to its legitimacy on the world stage and is the foundation on which a powerful middle-power coalition can be built.

Looking ahead, these strategic ambitions need to be translated into concrete action at the EU level. The upcoming negotiations on the next Multiannual Financial Framework present a critical opportunity to embed this integrated "package deal" approach in the EU's budget and long-term planning, ensuring that the necessary resources and political will are aligned to make this vision a reality. While the EU provides the basic framework for joint European action, it needs the full involvement of its member states and their respective international cooperation resources and capabilities. In turn, member states need to ensure that they retain these capabilities and therefore refrain from further short-term cuts to public budgets for international cooperation.

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2

Multilateralism in a Multipolar World

2.1 A Bold Post-UN80 Reform Agenda for the Next UN Secretary-General

What can the new Secretary-General do to drive the transformation of the UN system amid the current geopolitical upheaval?

The Authors



Anna Novoselova
is a Researcher in the Inter- and Transnational Cooperation department at IDOS. She holds a PhD in Political Science from the School of Social Sciences and Technology at the Technical University of Munich, Germany, and focuses on the UN development system, UN reform and global governance questions.



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Ronny Patz
is a Researcher in the Inter- and Transnational Cooperation department at IDOS. He holds a PhD in Political Science and Government from the University of Potsdam, Germany, and specialises in the financing and resourcing of the UN system and its reform.

The final year of United Nations (UN) Secretary-General António Guterres' second five-year term is 2026. The incoming Secretary-General (referred to here as "she" pending the appointment) will face an almost impossible task. At the time of writing in mid-2026, public hearings have taken place for a range of candidates, but a successor has not yet been selected. She will have to navigate a divided and fragmented global order, steer a UN Secretariat through the third year of a severe liquidity crisis and guide a UN system in the midst of Guterres' UN80 reform process. Many proposals on what a new Secretary-General could and should do have already been published, and many more are likely to be published before she comes into office. Many of these recommendations concern policy decisions, such as an increased focus on peace and security, while others may require far-reaching structural and governance reforms of the UN Secretariat and the broader UN system (Haug, Novoselova, & Patz, 2026). She will need to decide which reform path to take – a restrained, incremental approach or a bolder and more transformative one (see Figure 1).

If the new Secretary-General decides to pursue a bold reform path, she can learn from the failures and successes of the UN80 Initiative, which António Guterres launched in response to the disruptive cuts in UN system funding by the Trump administration and major donors, including Germany. Guterres' initiative triggered extensive system-wide reform discussions at the UN and enabled a range of efficiency gains whose effects may become apparent in the years to come. At the same time, he shied away from initiating a discussion with member states on difficult governance reforms and chose to drive reform by presenting member states with a large number of proposals, instead of guiding them towards targeted negotiations on impactful reform options.

We argue below that, despite the missed opportunities, UN80 can serve as a starting point for bold(er) UN reform that responds to current geopolitical disruptions through structural and governance reforms. Although there is no guarantee of success, a sustainable future for global multilateralism requires such reform discussions, and the new Secretary-General will have the mandate and authority to initiate them early in her term. The Secretary-General can achieve the greatest impact by utilising her symbolic, convening and agenda-setting authority (Cepei, 2026) – the question is whether she chooses to set the agenda for a tamed or a bold reform path.

The UN80 Initiative as a missed opportunity

We have argued elsewhere that the UN80 Initiative, launched by Guterres in March 2025, was a missed opportunity to adapt the UN to new geopolitical realities (Haug et al., 2026) – missed not only by member states, but in particular by the UN's leadership, on which we focus in this contribution (see Berger & Brandi in this volume on the role of WTO leadership). Launched shortly after Donald Trump's second inauguration as President of the United States and following significant cuts to UN system funding, the UN80 reforms were framed as a major repositioning of the UN system and explicitly presented as more than a cost-cutting exercise. However, the backdrop of reforming the UN during a financial crisis has been present since the early days of UN80 (Patz, 2025). Making the UN "more agile" and "integrated" – so that it can do "more, more effectively, and with fewer bureaucratic burdens" (UN, 2025) – was presented as key to making the world organisation "fit for purpose" in a volatile global environment. However, many of the concrete proposals focused primarily on saving costs wherever possible, without addressing the underlying causes of dysfunction.

In one respect, these reform efforts responded to geopolitical disruptions: the US government's withdrawal of financial and, more importantly, political support for global multilateralism and for peace and development efforts (see also Fiedler, Leininger, Lorch & Mross in this volume). They also responded to marked reductions in financial commitments by other donors to sustainable development and humanitarian aid. However, the geopolitical disruptions that have become ever more visible in 2025 and 2026 are far more profound, accelerating trends that had already become apparent over the previous decade. These disruptions have affected global multilateralism even more deeply following the withdrawal of the United States. By 2025, China had become the second-largest contributor to the UN's regular and peacekeeping budgets, almost on par with the United States. This is just one of many indicators of a global power shift. The deep divisions evident in regional wars with global dimensions (Russia-Ukraine; Israel-Gaza-Lebanon; United States-Iran-Israel) and the shifting patterns of alliances alongside the demands of middle powers (from North and South to East and West) to have a voice in the changing global order, not only went unaddressed in the UN80 Initiative but were effectively ignored.

In other words, UN80 tried to be disruptive through a broad set of technocratic fixes that did not address geopolitical dimensions, as though these alone could make the UN fit for purpose at a time when its very purpose is being questioned. Key issues that were not, or were insufficiently, addressed included donor behaviour, the formulation of underfunded UN mandates by member states and the existing distribution of power, which does not reflect ongoing power shifts. The reform team responsible for implementing the UN80 Initiative presented member states with a long list of proposals organised around three workstreams – efficiencies, mandates and structures – and summarised in the lengthy UN80 Action Plan published in late 2025. These proposals were largely administrative and failed to address the underlying political realities and systemic dysfunctions. Nor did the proposal treat the UN system as a whole, which would have allowed for a more coherent and integrated reform, rather than a reform process that tackles each pillar individually without considering the implications of reform in one pillar for the others. Moreover, many of the concrete "Work Packages" and "Actions" in the Ac-

tion Plan were designed as "take-it-or-leave-it" proposals for member states either to adopt or to take note of. Many other proposals were vague and lacked clear guidance for negotiations among member states, instead of containing distinct reform options and the trade-offs that member states could consider in their negotiations.

Member states, in turn, did not question this technocratic approach and responded largely reactively to the proposals put forward by the UN leadership, instead of providing a vision for the UN's role in a disrupted world. Such a vision could have guided the reforms and encouraged member states to reflect critically on their own ways of engaging with the UN and on how these contribute to the organisation's dysfunctions.

The UN80 Initiative as the starting point and a learning exercise

Although the Secretary-General holds the highest managerial post in the UN bureaucracy, the formal powers of the office are relatively constrained. In fact, many parts of the UN system lie beyond the legal or hierarchical authority of the Secretary-General. As part of the budgeting process, formal decisions on the organisational restructuring of the UN Secretariat require near-consensus support among the 193 member states in the General Assembly, as agreement requires package deals acceptable both to a majority of G77 states to major powers and the largest budget contributors. Policy and operational reforms beyond the UN Secretariat need substantial voluntary funding, which is currently provided by a small number of major donors that dominate discussions on the executive boards of major operational UN entities such as the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). System-wide changes, such as mergers of major UN agencies, are impossible to achieve without the agreement of each entity's governing body. For entities established by a General Assembly mandate, this is followed by approval from the General Assembly, which is increasingly difficult to acquire in a geopolitically divided intergovernmental space.

Despite the shortcomings outlined above and in previous contributions, the UN80 reform process has nevertheless engaged the UN system in its most comprehensive, system-wide discussions about reform in years. The process has brought previously disconnected, smaller reform efforts together under a common framework, although some reform elements have advanced further than others. Thus, UN80 may be described as a "productive failure" (Patz, 2026), with selective gains in cost-cutting and limited organisational change.

A new Secretary-General can learn from these failures and build on the productive aspects of the process. Most importantly, the ability of the Secretary-General to drive a large-scale reform process such as UN80 – one that extends well beyond the legal limits of the authority of the office and touches upon the entire UN system – underlines the far-reaching potential of a new Secretary-General's convening and agenda-setting authority.

The momentum following the selection of the new Secretary-General will differ from the context in which Guterres launched the UN80 Initiative. UN80's underlying rationale was to respond to legitimate concerns about the UN system's efficiency and effectiveness – concerns shared by many member states that went beyond geopolitical divides. Even without returning to the negative "back to basics" and "bloated bureaucracy" rhetoric directed at the UN, primarily by US officials, few people who follow UN affairs closely would deny the persistence of duplication and fragmentation, unnecessary bureaucracy and top-heavy structures. At the same time, academic research has shown that many of the UN's shortcomings result from member states' inability to prioritise, their need to protect areas of interest, and the UN's celebration of UN pet projects. These dynamics prevent the merger of duplicative structures and the reduction of mandates and reporting tasks that are more symbolic than impactful (Patz, 2026).

Consequently, the lessons from UN80 are that major reform requires an honest and open diagnosis of dysfunction and duplication, as well as engagement with all member states across UN entities and governing bodies. Where UN80 fell short, and where a new Secretary-General should go further, is in moving beyond problem diagnosis and technocratic fixes to openly address, and foster discussion of, the geopolitical and intergovernmental drivers of dysfunction across the UN system.

First, the implementation of too many reform ideas – such as relocating or retaining 5 or 50 UN posts in a certain member state's capital – has been driven by individual states' interests rather than by a systemic consideration of where, and to what extent, the UN should be present in a 21st-century UN system with changing global needs and challenges. When donor or host-state interests – and not collectively defined multilateral or operational considerations – determine relocations, the system cannot adapt to shifting global patterns of power and need. Guterres did not encourage an open, high-level political debate on whether the logic underpinning global and regional headquarters, designed decades ago, should be questioned or reaffirmed, or in which different ideas for the UN's regional and country-level presence could be openly considered.

Second, many large-scale inefficiencies are created by mandate-generating negotiations among member states, in which disagreements between great powers, geopolitical blocs and emerging alliances are not resolved but instead woven into unimplementable and un(der)funded mandates. Responsibility for failures to deliver is often put on the UN's administration, even where the political process has not produced the outcomes necessary to improve efficiency

and impact. UN80 included a reform track ("Workstream 2") through which member states identified mandate overload, duplication and fragmentation. However, in the absence of strong guidance from the Secretary-General, member states failed to address the mechanisms that generate overlap and fragmentation. Guterres did not indicate to member states the most prominent examples of duplication and overlap. This would likely have opened a Pandora's box of geopolitical disagreements, but it would also have triggered necessary discussions about the future work of the UN. Thus, outdated and overlapping mandates were not addressed.

A mandate register designed to "help" member states identify these issues themselves was yet another technocratic solution to a political problem. Hoping that member states are able to identify key mandates that are worth merging, reforming or abandoning by providing them with online registers is not enough. A Secretary-General concerned with mandate overload and duplication across the UN system will need to identify where overlaps result from member states' intended or unintended mandating. The UN80 discussions on mandate implementation and review indicated that this would encounter pushback, but a new Secretary-General should be ready to handle it in order to enable reform discussions.

Third, organisational and mandate fragmentation by policy – and even within UN global policy domains – persists because member states' own interactions with the UN system are fragmented. National health ministries may focus on the World Health Organization (WHO), while foreign ministries focus on General Assembly affairs. This can result in limited coordination at the national level, with one UN entity concentrating on developing health-related resolutions, while the other focuses on non-sectoral global policies. Such fragmentation undermines progress towards global health goals (see Strupat, Srigiri & von Haaren in this volume) and spreads responsibilities too thinly. Resolving mandate fragmentation and overlap across the system requires member states to change the way in which they interact with the UN system.

Resolving the drivers of a fragmented UN system that does not adapt to geopolitical or geoeconomic change is not easy. This challenging task – because it involves difficult political discussions that cannot always result in winners – is further complicated by the current geopolitical upheaval and open contestation of multilateralism by powerful actors.

However, the new Secretary-General may learn from UN80 that excluding hard questions of governance and fundamental disagreements about the functioning of global multilateralism results in reforms that produce small-scale efficiencies and marginal adjustments, rather than a UN system built to accept, channel and resolve disagreements. The goal of reform should be a multilateral system with functioning normative, operational, policy and geographical structures that function even amid significant disagreement. These structures should also be capable of scaling up when a new multilateral consensus emerges around a global crisis, when new functional needs for cooperation arise or when the heads of state and government of global and regional powers finally move away from war-mongering and rejoin humanity. With regard to the UN's normative role, these structures should allow it to become an anchor in a fragmenting, plurilateral order (see Berger & Leininger in this volume with regard to sustainable development).

Post-UN80: a bold(er) reform path

Looking at the experiences of UN80 and previous UN reforms, the post-UN80 trajectory could unfold in very different ways – from the current initiative dissipating and leaving behind an increasingly dysfunctional UN, to UN80's technocratic logic giving way to far-reaching structural reforms that address geopolitical realities. The most likely outcome lies somewhere in between (Haug et al., 2026).

Rather than treating UN80 as an end point, it should be understood as a stepping stone and as a foundation for more fundamental, politically ambitious reform. The question is: Which path will the new Secretary-General choose, and which one will she be able to follow through with?

The new Secretary-General and her team cannot be expected to reform the UN single-handedly; the choice of a bold(er) path is not left to her discretion. What she can be expected to do, however, is to lean into her convening and agenda-setting authority to its fullest potential and bring member states to the table at a high political level to increase the chances of making a bolder move. The aim is not merely to deliberate on UN reform for its own sake, but to identify how member states themselves drive UN dysfunction and to facilitate negotiations until decisions addressing the underlying sources are reached.

This will require member states to move beyond the status quo. They may need to compromise on lower-priority positions in order to make progress on issues at the top of their agendas. Going from saving a few symbolic UN leadership positions to investing in critical UN functions is essential if the system is to work for all nations. Where the UN80 process avoided (difficult) political questions, the new Secretary-General must engage them directly to ensure that member states with divergent preferences – including geopolitical adversaries – are brought into the same room for reform discussions. UN multilateralism cannot work if only a group of like-minded states is committed to making it work in a certain way. A reform-oriented Secretary-General needs to be a broker of intergovernmental engagement oriented towards concrete outcomes, not merely its convener.

The new Secretary-General could offer modular reform options that can be negotiated independently or combined into package deals with different geopolitical and structural

Table 2: Two paths for UN reforms under a new Secretary-General

	Tamed, incremental path	Bold, transformative path
Pace	Incremental, low disruption, low impact	Bold, high disruption, high impact
Risk for the SG	Low	High
Risk for the UN system	High risk of inaction, little change	High risk, but potential gains are also high
Scope	Segmented, isolated	System-wide, integrated, cross-pillar
Role of the SG	Manager	Visionary and political broker
Role of member states	Reactive	Visionary co-owners
What is addressed	Technocratic and bureaucratic details	Governance and systematic dysfunctions

Source: Authors

trade-offs. Trade-offs are geopolitical where they directly affect member states' interests and structural where alternatives for UN system structures have differentiated effects. This modular approach would allow groups of member states to focus on the parts of the UN system they consider most important. The role of the Secretary-General would then be to demonstrate the interlinkages between modules and the political trade-offs of different choices – a process likely to require high-level political negotiations.

In practice, a modular approach with clearly defined options could look as follows.

A first module, focused on improving intergovernmental coordination of mandates across the UN system, could offer Option 1: a high-level session of the UN Economic and Social Council (ECOSOC) to make recommendations on lead agencies for major mandates. This option would reduce the authority of the governing bodies of (semi-)independent UN entities. Or it may offer Option 2: increased donor coordination, whereby major contributors decide or signal annually how they will allocate their national contributions across the UN system, helping to ensure that collectively agreed mandates are supported not only politically but also financially. Both options are in line with the UN Charter and address different underlying causes of duplication and fragmentation. The first would require difficult, near-consensual agreement, whereas the second could sideline countries with lower levels of financial contribution. Other modules may offer reform options that could be combined into a package deal and help decide the appropriate model of intergovernmental coordination.

This approach will require the new Secretary-General to question fundamental structures that have grown organically over the past century, many of them since the League of Nations. She will have to advance proposals that not all member states will initially welcome, not to offend them but to clarify the tough geopolitical trade-offs at stake. Such a blunt approach will likely hinder her chances of securing a second term. However, a bold reformer should not shy away from taking political risks and challenging member states in the interest of saving global multilateralism. This may be exactly what the current moment requires.

Guterres' approach to proposing reforms at the scale of UN80 can serve as an example: As he was not seeking re-election, he made UN80 a legacy project, framed it in bold terms – although it was more technocratically than politically bold – and tried to advance it as far as his political will and time in office allowed. The new Secretary-General should be equally willing to put bold proposals on the table, while accepting the political friction this may entail for herself and the UN's global membership.

Reform of this scale requires a Secretary-General who is not just the chief administrative officer of the UN Secretariat, but also a strategic and political leader for the entire system. Bold reform proposals need to be system-wide and integrated, connecting peace and security, development and human rights, while also considering all forms of funding and the growing importance of multilateral development banks (see also Berensmann, Bambe & Brandi in this volume). UN80 demonstrated the limitations of segmented reforms that target individual pillars or organisations rather than the system as a whole. Addressing different parts of the UN system in isolation produces adjustments that do not resolve systemic dysfunctions. A new Secretary-General should therefore work across pillars simultaneously and treat the UN system as a whole. By pushing geopolitically sensitive and contested ideas, she will need to involve senior national political leaders to negotiate and, ideally, resolve key trade-offs or build

package deals that mid-level diplomats are usually not authorised to conclude.

The result might be a heated reform debate lasting at least five years, but one in which participants seek political solutions to political problems instead of relying on technocratic fixes to address geopolitical divisions. By delegating the day-to-day management of the UN Secretariat's affairs to her team, the new Secretary-General should focus on the more consequential, higher-level political task of driving and participating in negotiations aimed at producing outcomes capable of repositioning the UN system for a changing world.

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2.2 The Geopolitics of a Global Sustainability Framework Beyond 2030

Is a shared sustainability agenda beyond 2030 wishful thinking or a strategic imperative in a fractured world?

The Authors



Axel Berger
is Deputy Director (interim) at IDOS and Managing Director of the Sustainable Development Solutions Network (SDSN) Germany. He holds a doctorate in Political Science from the University of Duisburg-Essen and an MA from the Munich Ludwig-Maximilians-University in Political Science, Economics and Modern History. His research focuses on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on developing countries. He also works on the negotiation and design of a future global sustainability framework beyond 2030.



Julia Leininger
is Head of the Transformation of Political (Dis-)order department at IDOS. She holds a PhD and an MA in Political Science from Heidelberg University. Her research focuses on processes of democratisation and autocratisation, social cohesion and scenario development for sustainable futures. She co-chairs the Advisory Board to the Federal Government for Civilian Crisis Prevention and Peacebuilding.

Why talk about a global sustainability agenda when the world seems to be moving in the opposite direction? As geopolitical tensions rise, multilateral cooperation fragments and economic interdependence becomes a tool of strategic competition, the idea of a shared global framework for sustainable development beyond 2030 may appear increasingly detached from political reality. Yet this chapter argues that such a framework is more necessary than ever, not despite the polycrisis, but because of it.

An overarching global sustainability framework beyond 2030 fulfils key functions of enhancing coherence that issue-specific cooperation alone cannot deliver, a statement supported by a large body of literature but contested in current politics. We argue that a global sustainability framework enhances resilience amid the polycrisis, helps to revive a new shared normative language to support sustainability, serves as a reference point for plurilateral partnerships and guides the transformation of economic systems to promote prosperity. These functions explain why the (re)negotiation of a beyond-2030 framework is also rational from a geopolitical perspective. The term "renegotiation" is deliberately defined broadly in this text, as a new sustainability framework beyond 2030 could mean either an actual renegotiation of a new set of goals or rather a continuation of the current goals. However, given the current global power shifts, we acknowledge the possibility that a renegotiation would be difficult to achieve. Both in the case of renegotiation and continuation, the emphasis should also lie on a stronger implementation and accountability architecture.

The 2030 Agenda under pressure

The international community has set itself global goals since 2000: first the Millennium Development Goals (MDGs) and since 2015 the Sustainable Development Goals (SDGs). These frameworks define what (sustainable) development is and how worldwide progress can be achieved and measured. The success of this "Governance by Indicators" (Davis, Fisher, Kingsbury, & Engle Merry, 2012; Kanie & Biermann, 2017) approach is far from clear. The period of the MDGs coincided with significant progress in a number of socio-economic indicators, especially the reduction of poverty, the reduction of child mortality and the combating of diseases such as HIV/AIDS and malaria (UNDESA, 2015). The MDGs also influenced the normative justification and programmatic agenda of many donor agencies. However, research on the MDGs, inter alia, criticises their top-down conceptualisation, questions the causality between socio-economic progress and the goals, and reveals insufficient links with broader environmental dimensions (e.g. Fukuda-Parr, 2017).

The SDGs broaden the concept of development, especially by incorporating economic indicators, tackling additional environmental challenges, addressing inequality and emphasising the importance of inclusive and transparent institutions. Whereas the MDGs had to be reached only by low- and middle-income countries (LMICs), the SDGs are a universal framework that creates commitments for high-income countries as well. Moreover, the SDGs were discussed and negotiated in a relatively participatory and science-based process, and they were initiated by countries from the Global South (Caballero & Londoño, 2022).

As political support is waning, progress towards achieving the SDGs remains limited. Only 36 per cent of the SDG targets are on track or show moderate progress, 32 per cent display marginal progress and 32 per cent are stagnating or even regressing (UN, 2026). The reasons for these lacklustre performances are manifold, ranging from the impact of multiple and overlapping global crises, to structural deficiencies of international regimes and domestic governance (Breuer, Malerba, Srigiri, & Balasubramanian, 2023; IGS, 2023). Political support for the SDGs is stalling in several countries and regional contexts, including the European Union (EU). Moreover, the United States and Argentina have not only explicitly withdrawn their commitment to the goals but are also actively working against the SDGs.

Despite this challenging background, support for the SDGs is still palpable in multilateral forums. The Pact for the Future, containing a comprehensive set of 56 actions to support sustainable development and address global challenges, was adopted by the General Assembly in September 2024 by consensus of all United Nations (UN) members. An amendment proposal by Russia and its allies to restrict the participation of non-governmental actors in multilateral processes was rejected by an overwhelming majority of members. Incidentally, the counter-proposal to not vote on the amendment by Russia and its allies was initiated by the Republic of Congo, on behalf of the African Group, and supported by 143 members (7 members voted against, 15 abstained).

In addition to the Pact for the Future, the multilateral system has continued to produce landmark agreements on sustainable development, even amid growing geopolitical tensions. The outcome document of the 4th International Conference on Financing for Development, the Sevilla Commitment, was also adopted in July 2025 by consensus after the United States withdrew from the conference (see Berensmann, Bambe & Brandi in this volume). A number of additional multilateral treaties and agreements have been adopted in the past years addressing key sustainability dimensions, including the Kunming-Montreal Global Biodiversity Framework (adopted in 2022), the Agreement on Fisheries Subsidies by the World Trade Organization (2022), the High Seas Treaty (2023) and the Pandemic Agreement of the World Health Organization (2025).

In particular, the challenging developments and limited progress in achieving the SDGs raise the question of what the significance of an overall framework for sustainable development is. Put differently, what would be lost without the con-

tinuation of a global sustainability framework beyond 2030 and why should UN members invest scarce political capital in its renegotiation?

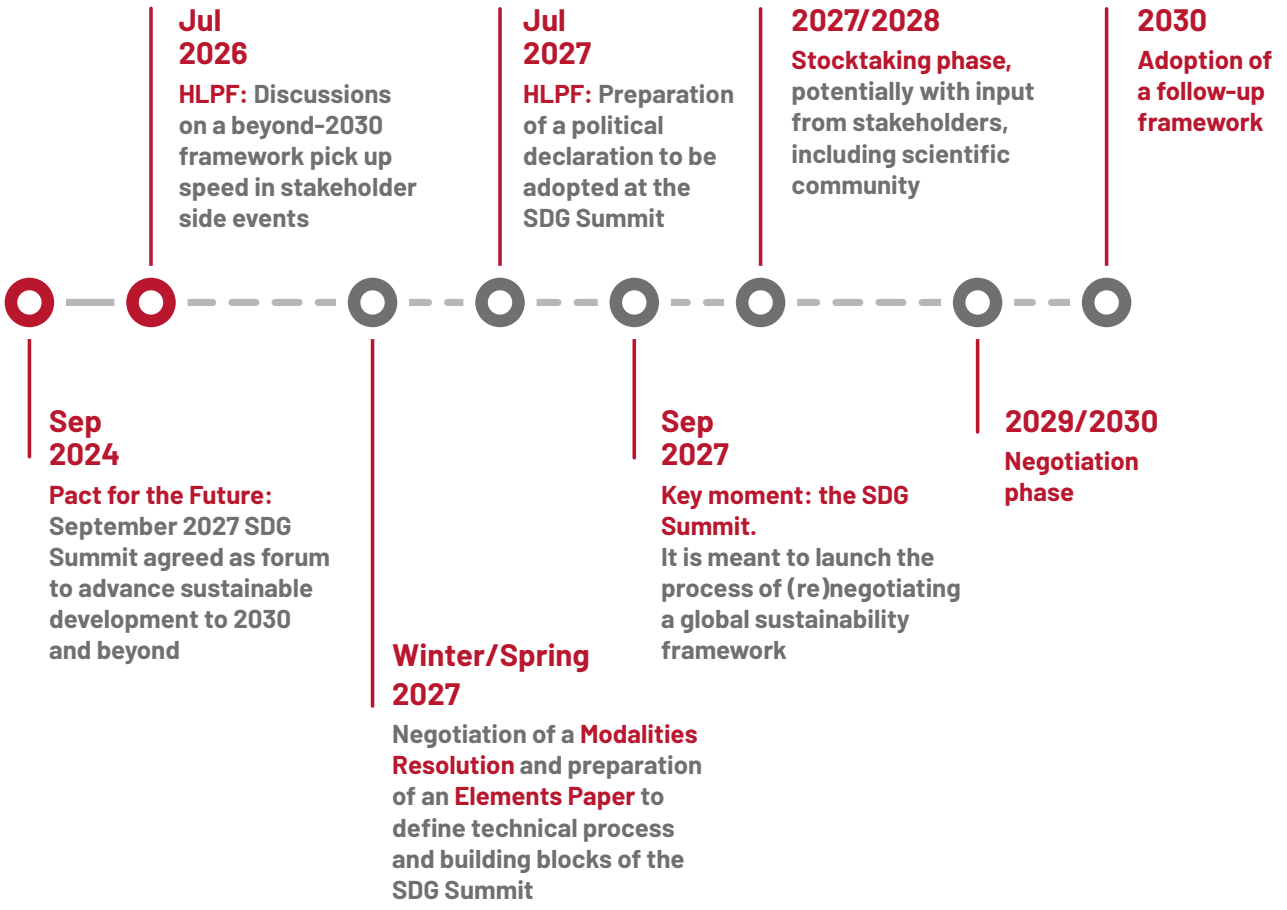
Geopolitical significance of a global sustainability framework

The Summit of the Future in 2024 set the stage for launching a process to negotiate a follow-up framework (see Figure 5). Action item 12 of the Pact for the Future identified the SDG Summit in September 2027 as the starting point for the discussion of a beyond-2030 framework, or in more convoluted diplomatic language, UN members "[i]nvite the HLPF, under the auspices of the General Assembly [commonly known as the SDG Summit], to consider in September 2027 how we will advance sustainable development by 2030 and beyond, as a priority and at the centre of our work". The vagueness of this negotiated text makes clear that the launch of an ambitious multilateral process to negotiate a new set of global sustainability goals is far from certain.

The chances for success of the process are impacted by the fractured geopolitical landscape as well as the crisis of multilateralism, especially the UN itself. During the roughly one year still available to lay the groundwork for the SDG Summit, negotiators will have to deal with a lot of technical, yet politically important process-related questions (see e.g. von Haaren & Berger, 2026). Equally important will be the mobilisation of domestic support and international partnerships to advance an ambitious follow-up framework.

In this respect, it is important to emphasise that the SDGs are highly political in nature and not just a technical exercise of international diplomacy and national-level accounting. As the liberal international order fragments, norms erode, trust declines and uncertainty becomes a more prominent feature of international politics, the demand for predictability and dependable expectations is growing among states, businesses and civil society alike. In this environment, a beyond-2030 sustainability framework could serve as more than an environmental or developmental agenda. If politically negotiated and strategically framed while receiving substantial support

Figure 4: Timeline towards a beyond-2030 framework



Source: Authors

from UN member states, it could provide a shared point of reference for governments and stakeholders at all levels, helping these actors navigate uncertainty, coordinate action and sustain cooperation in an increasingly contested world (for the importance of this in the area of health, for example, see Strupat, Srigiri & von Haaren in this volume). Four key contributions of a beyond-2030 framework stand out:

- **Resilience through coherence:** Recent overlapping global crises – including extreme weather events as a result of climate change, the Covid-19 pandemic and the blockages of various global supply chains – underline that the current highly integrated economic system is vulnerable to external shocks (IGS, 2023). Geopolitical rivalries and rising inter- and intra-state conflicts exacerbate these vulnerabilities (see Fiedler, Leininger, Lorch & Mross in this volume). An ambitious and interconnected global sustainability framework could support integrated policy-making, which is a key foundation for enhancing coherence (Breuer et al., 2023). It allows state and non-state actors to better assess and address the trade-offs arising from responses to overlapping crises. A globally agreed set of sustainability goals also has the potential to support policy-making and structural reforms that increase transparency of the hidden costs of short-term policy solutions. Especially in the age of polycrisis (Tooze, 2022), a global sustainability framework offers stakeholders an instrument to pressure governments to address these shortcomings to increase resilience and stability.

- **A global language:** The 2030 Agenda and the SDGs represent a joint vocabulary to define key sustainability challenges that not only require attention at the (sub-) national level but also cooperation across borders and stakeholder groups. In addition to defining the key sustainability areas, the 2030 Agenda also emphasises that siloed approaches are insufficient and that synergistic approaches are needed to govern the interlinkages between different goals. Without such a joint frame of reference, a further fragmentation of policy-making at the national and international levels is likely and would hamper an ambitious sustainability transformation. Without an integrated framework, actors may pick and choose the goals that they want to pursue without considering spillovers with regard to other goals or across borders.

- **Basis for new partnerships:** A common global sustainability framework also provides the foundation for new partnership formats. Especially European middle powers increasingly depend on new partnerships in light of great power rivalries, geopolitical competition and the weaponisation of economic interdependencies (see Keijzer & Furness in this volume). In his influential speech in Davos in January 2026, Canadian Prime Minister Mark Carney argued that middle powers could build a viable alternative to great-power rivalry through strategic diversification and issue-specific coalitions. International cooperation in a multipolar world is increasingly organised not through stable alliances among like-minded powers, but through a growing number of plurilateral and issue-specific partnerships built around particular policy domains (see also Berger & Brandi in this volume on plurilateral trade agreements). This proliferation creates its own coherence problem: Without a shared global reference point, these partnerships risk pursuing overlapping or even contradictory objectives. A common global sustainability framework provides a shared normative anchor that can align such plurilateral initiatives with one another, reducing duplication and increasing the coherence of an otherwise fragmented partnership landscape.

- **Safeguarding prosperity:** Research on corporate sustainability has documented a shift among pioneering businesses from treating sustainability as a purely normative obligation towards integrating it as a source of competitive advantage and innovation (e.g. Porter & Kramer, 2011). Standardised global sustainability targets do not merely measure progress but actively shape corporate risk assessment and investment decisions by providing a common metric against which performance can be benchmarked. Against the background of recent geoeconomic competition and disruptions to global supply chains, sustainability-oriented strategies have additionally acquired a resilience function, aiming at reducing vulnerability in highly integrated economic systems. Absent such shared benchmarks, investors, development banks, companies and policy-makers face divergent and potentially incompatible standards, which raises transaction costs. This coordination function is particularly consequential for middle powers and economies dependent on an open, rules-based world economy, for whom a common framework can help to safeguard prosperity.

These arguments underline why especially the EU countries that rely heavily on rules-based international cooperation with new partners beyond the traditional alliance structures depend on a functioning global sustainability framework.

What's next: towards the 2027 SDG Summit

The preceding analysis suggests that an overarching global sustainability framework performs important functions that issue-specific cooperation cannot: It can serve as a shared point of reference that can become an anchor of resilience; it can provide a shared normative language; it can be a reference point for plurilateral partnerships; and it can be a benchmark for economic transformation. Despite these general functions of global sustainability goals, a mere continuation of the current framework risks reproducing the weaknesses of the SDGs, especially the underperformance of their means of implementation. A beyond-2030 framework that merely rolls over the existing goals and indicators without addressing geopolitical limitations or shortcomings in its implementation

architecture would risk delegitimising it from the beginning. The more consequential design question for the beyond-2030 framework is not primarily what the (new) goals should be, but what would make the means-of-implementation architecture more credible: a question that has not yet been answered politically and merits attention well before the formal 2027 process begins.

Two implications follow for how UN members, and Europe and Germany in particular, should approach the process ahead.

First, invest in coalitions beyond the traditional alliance structure. The roughly one year of preparatory work before the SDG Summit will be consumed by technical and procedural questions (von Haaren & Berger, 2026). However, substantive positioning and coalition-building cannot wait and need to begin immediately. The African Group's role during negotiations on the Pact for the Future is instructive: It was a Global South-led coalition that enabled the adoption of the Pact. For EU member states, whose dependence on plurilateral partnerships with middle powers and LMICs was outlined above, learning from this means treating Global South partners as co-authors of the beyond-2030 framework from the outset, rather than as an audience for a European or Northern initiative (this supports arguments made by Effert & Hornidge in this volume).

Second, it is important to treat process design as substance, not as a procedural technicality. The participatory, science-based character of the original SDG negotiations is widely credited for the framework's legitimacy (Caballero & Londoño, 2022). The design of such a process, learning from the successful negotiation of the SDGs (von Haaren & Berger, 2026), is itself a substantive choice with consequences for the resulting framework's design.

For Germany specifically, this suggests a dual task: to use its convening capacity to broker the implementation-architecture debate early, and to support, rather than lead, Global South-driven coalition formats, consistent with the EU's own structural interest in a functioning, rules-based multilateral order, as articulated throughout this chapter.

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2.3 Environmental Multilateralism in 2026: More Robust Than Disruption Narratives Suggest

Is environmental multilateralism fit to tackle the global ecological crisis or is it bound to collapse under geopolitical pressures?

The Authors



Steffen Bauer
is a Senior Researcher in the Environmental Governance department at IDOS and the convenor for IDOS as Earth System Governance (ESG) Research Centre Bonn. He holds a PhD in Political Science from Freie Universität Berlin and his research and policy advisory work focus on international organisation and global environmental and climate governance. He is a Senior Research Fellow of the international ESG Project and a member of its Scientific Steering Committee. He is also a member of the Research Council of the United Nations Association of Germany (DGVN).



Niklas Wagner
is a Researcher in the Environmental Governance department at IDOS and the University of Geneva (UNIGE). He holds a PhD in Knowledge and Environmental Sociology from the University of Bonn, and his research focuses on legitimacy and power in global environmental governance, particularly within the stocktakes of the Rio Conventions. He is a Research Fellow with the Earth System Governance Project and founder of the Bonn Climate Camp.



Ines Dombrowsky
heads the Environmental Governance department at IDOS and is an Honorary Professor at Leuphana University of Lüneburg. She holds a PhD from the Martin-Luther University of Halle-Wittenberg, and her research and policy advisory work specialises in coordination and cooperation in environmental and water governance across sectors, governance levels, actor types and scales. She inter alia chairs the selection committee of the Alexander von Humboldt Foundations International Climate Protection fellowships.

Current disruptions to the rules-based international order, widely perceived as a resurgence of geopolitics, have placed multilateral governance under pressure. Environmental multilateralism is no exception, even as an interconnected ecological crisis comprising climate change, biodiversity and ecosystem loss, and the degradation and pollution of vital land and water resources calls for far-reaching governance responses and structural transformations to safeguard the possibility of sustainable futures.

If the yardstick for delivering the necessary transformations is the ability to avert and minimise global heating, mass extinction and plastic pollution (among other ecological risks), the record of multilateral environmental governance is mixed at best, even during less geopolitically charged times. While it has enabled a large and highly heterogeneous group of sovereign states to converge normatively around common environmental objectives, which is no mean feat, it has fallen significantly short of solving the world's ecological problems. This implementation gap is widely recognised and supported by scientific evidence from intergovernmental scientific bodies such as the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). It is therefore evident that multilateral environmental institutions warrant reform if they are to address global ecological challenges effectively. This was the case before the recent geopolitical disruption. However, that disruption – combined with environmentally harmful geoeconomic competition, territorial conflicts over strategic land, water and mineral resources, and nationalist pushback against scientific evidence and environmental "restrictions" – makes progressive reform even more pressing (Bauer, 2026).

We argue that the disruptive dynamics of current geopolitics constitute not only an imperative for reform, but also an opportunity to pursue it. This chance should be seized to enhance international cooperation through multilateral environmental institutions and to narrow evident implementation gaps by making those institutions more efficient and effective. Aligning agendas and policy priorities across levels of governance and across the full range of pertinent multilateral environmental institutions will be an essential first step. Enhancing coordination between the three "Rio Conventions" – the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD) – would provide an obvious starting point.

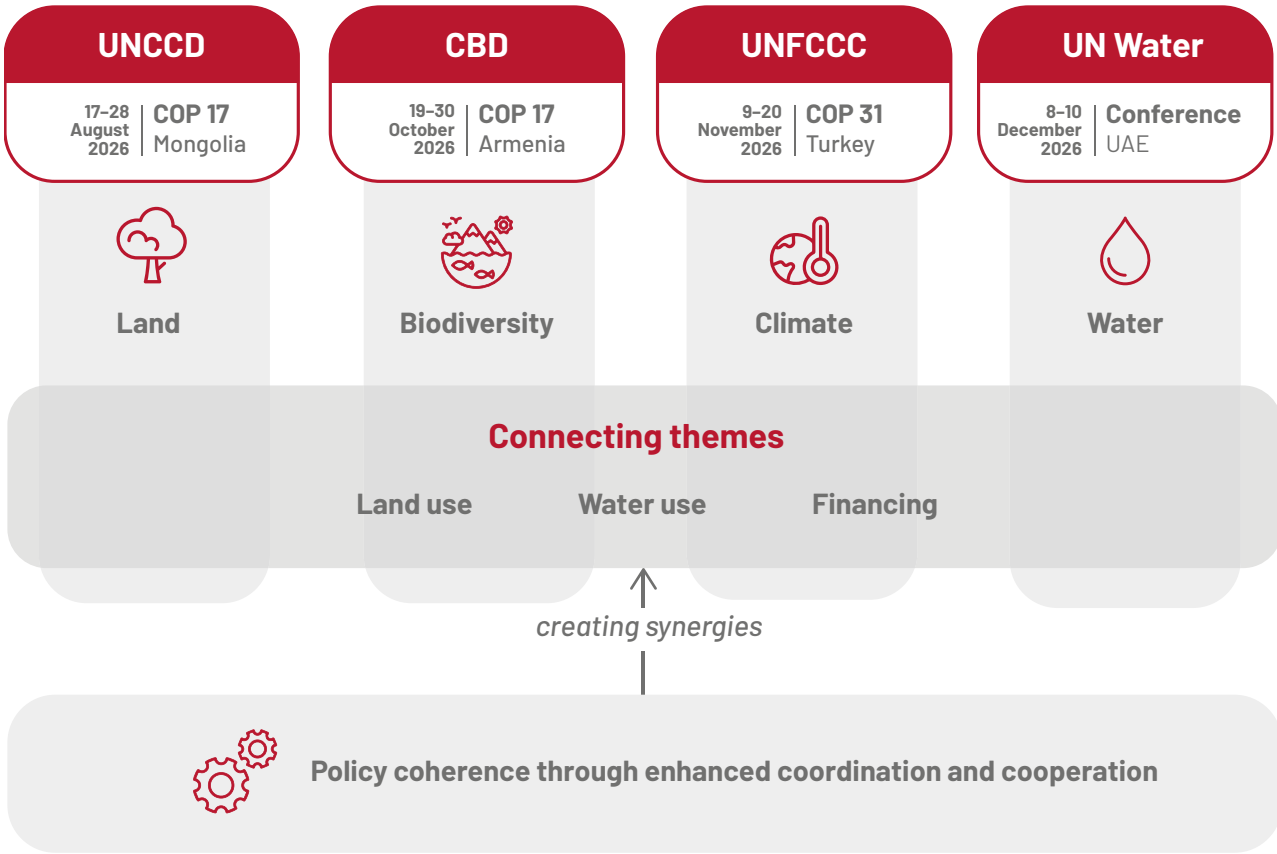
The continued relevance of environmental multilateralism

Notwithstanding the bleak backdrop of ecological crises and geopolitical disruptions, multilateral environmental governance continues to operate, sustaining institutional routines at both technical and political levels. Contrary to predictions, including following the second Trump administration's withdrawal from the IPCC and the UNFCCC in early 2026, states are not abandoning multilateral environmental institutions in large numbers. The second half of 2026 will see a rapid succession of major multilateral environmental meetings, including the Conferences of the Parties (COPs) to the three aforementioned Rio Conventions: UNCCD COP17 (Mongolia, 17-28 August), CBD COP17 (Armenia, 18-30 October) and UNFCCC COP31 (Türkiye, 9-20 November). These are immediately followed by the UN Water Conference in the United Arab Emirates (8-10 December) (Figure 5). Despite geopolitical news cycles, the procedural run-up to, and governmental preparations for, these milestone environmental-diplomacy gatherings strongly suggest business as usual. Environmental multilateralism is therefore far from dead.

Indeed, many states that are parties to the respective multilateral environmental agreements are committed to demonstrating the resilience of these institutions and their ability to adapt to changing geopolitical dynamics. The case for institutional reform to overcome policy silos and promote synergies and policy coherence across a broad range of environmental issues is hardly new (Aleksandrova et al., 2024; Iacobuţă, Brandi, Dzebo, & Duron, 2022). However, the underlying rationale becomes imperative in the context of a polycrisis in which political priorities are shifting and fiscal space for environmental cooperation is contracting. This contraction includes significant budget cuts affecting the secretariats responsible for administering and supporting multilateral processes. At the same time, climate change, biodiversity loss and (plastic) pollution continue to worsen, with increasingly visible and attributable consequences.

As sectoral policy-makers and implementers struggle to be heard and seen by political decision-makers while facing substantial budget cuts, reaching across silos to maximise synergies and impact should be more attractive than ever. The relevant institutions –understood here as agreed sets of norms, rules and procedures – are already in place. However, divergent institutional trajectories and functional differentiation across a diverse range of environmental issues have produced redundancies, while competing constituencies and objectives constrain coherence. Paradoxically, this demonstrates that multilateralism is in fact working and is not inherently dysfunctional. Nevertheless, the very persistence of institutions, once established, makes it difficult to reform individual institutions, let alone to coordinate and align multiple institutions.

Figure 5: The 2026 triple-COP year – aligning the Rio Conventions and UN Water Conferences



Source: Authors

Moreover, these challenges extend across levels of governance. In many ways, redundancies and incoherences at the international level are mirrored in domestic institutions, where national agencies and stakeholders compete for attention, mandates and resources. Accordingly, efforts to enhance the alignment of multilateral institutions at the international level need to take account of corresponding interests and dynamics at the regional, national and subnational levels. Indeed, the challenges of pursuing greater policy coherence at the international level are often mirrored domestically, reflecting issue-specific conflicts of interest and political economies within governments that may resemble those between states at the international level.

Yet, this is not an anomaly. Conflicts of interest are inherent in environmental governance at the international, national and local levels, and they become more pronounced where environmental concerns interlink with other sectors, notably economic policy, energy and transport infrastructure, agricultural production, industrial development, water management and health governance, among other areas. Cooperation structured and guided by designated institutions (such as the multi-agency Environment Management Group of the UN system), provides a means of addressing these interlinkages and resulting conflicts constructively. Such cooperation is, fundamentally, political.

Accordingly, aligning the ways and means of distinct multilateral environmental institutions is enabled or hindered by political decisions and resolve. After all, the political masters of these institutions, that is, the legal parties to the respective agreements, are, by and large, the same. Geopolitical disruptions, ideologically driven pushback against science-based policy making, and a transactional turn in international diplomacy may alter the framework conditions for multilateral cooperation, but they do not imply a path dependency towards the collapse of multilateral institutions. Rather, even in times of crisis, environmental multilateralism coexists with a more transactional playing field on which geopolitical powers – typically represented by authoritarian, nationalist and "post-truth-oriented" governments – challenge the rules-based international order in pursuit of short-term gains. This field does not replace multilateral environmental institutions as much as it complements and potentially weakens them.

Nevertheless, transactional actors will also face transboundary environmental challenges that ultimately need to be dealt with: Political power does not render science negotiable (see Effert & Hornidge in this volume).

The challenge for proponents of environmental multilateralism, then, is not to fret over geopolitical disruption, but to pool institutional resources and political capacities to strengthen the resilience of environmental institutions. These must be further developed to enhance their effectiveness and close implementation gaps despite adverse circumstances. In this way, multilateral environmental governance can reinforce its international legitimacy and, over time, raise the costs of inaction and non-cooperation for transactional free riders and opportunistic bystanders.

The imperative for enhanced coordination across agreements and governance levels

Improving coordination between multilateral environmental agreements can only be a first step to that end, but it could be a promising basis for more comprehensive institutional reform and enhanced implementation. While the three Rio Conventions and their respective governing bodies have evolved into highly specialised and diversified institutions, they are mandated with similar governance functions by their parties and share key thematic objectives and procedural commonalities. As a case in point, land use, land-use change and land management are central to the UNFCCC and climate governance (with regard to mitigation, adaptation and averting loss and damage); the CBD and biodiversity governance and nature conservation; as well as the UNCCD and desertification governance and dryland degradation. They are also inextricably linked to the use, governance and management of terrestrial freshwater resources, which are the domain of the UN Water Conference.

Likewise, the Conferences of the Parties generally provide political guidance; adopt common rules and standards; promote transparency and accountability by monitoring general compliance and progress on implementation; mobilise means of implementation, including financial resources, capacity-building and technology transfer; and facilitate knowledge exchange and learning (Obergassel et al., 2022). Moreover, owing to the prevailing paradigm of neoliberal economic globalisation in the early 1990s, when the three Rio Conventions were negotiated and adopted, they share a propensity for market-based governance instruments that face similar technical challenges and political contestation.

Yet, because addressing and negotiating these and related issues is structured through distinct and largely disconnected institutional processes, political attention is inevitably dispersed (with climate change arguably receiving a disproportionate share of attention relative to biodiversity and desertification), even though the political principles of the respective Conferences of the Parties are largely the same. Consequently, technical capacity for engagement in fragmented processes and implementation of the corresponding policies is stretched, while budget allocations are spread across different institutions, their respective secretariats and an expanding range of funding mechanisms.

However, there is growing recognition that this fragmentation is inefficient and may no longer be affordable as public resources for climate and environmental policy, related international cooperation and research decline. For proponents of environmental multilateralism, the current sense of crisis therefore creates an unprecedented push for better coordination. Rather than prompting disintegrative turf battles and competition for scarcer resources, it should create incentives and opportunities to enhance policy coherence across major environmental agreements and to pool resources and capacities for more efficient and coherent implementation across levels of governance.

In this respect, it is encouraging that such efforts do not need to start from scratch. Recognition of the potential benefits of enhanced coordination has entered the agendas of multilateral environmental governance processes. The Belém Joint Statement from the UNFCCC COP30 Presidency et al. (2025), issued at UNFCCC's COP30 in November 2025, illustrates this political momentum. It identifies 2026 as the "Triple COP Year" and a litmus test for incoming COP presidencies to commit to shared workplans and aligned implementation. A review of the existing landscape of coordination initiatives and mechanisms provides valuable lessons and entry points for tangible steps towards enhanced coordination and synergies (Pettorelli et al., 2026).

Current developments at the interface between climate and biodiversity governance, notably concerning the UNFCCC's Enhanced Transparency Framework (ETF), appear promising. Initial reviews suggest that the ETF provides a viable platform for demonstrating linkages between issues that should be conducive to aligning, for instance, National Biodiversity Strategies and Action Plans under the CBD with Nationally Determined Contributions and National Adaptation Plans under the UNFCCC (Pettorelli, Folkard-Tapp, & Williams, 2026). If achieved, this could also promote better alignment among the respective policy documents at the national level. Given the legally binding nature of the Paris Agreement and the mandatory status of its ETF, this could make the contribution of biodiversity action to climate change mitigation and adaptation more visible; comparable provisions could also demonstrate the interlinkages between dryland conservation and climate action.

Along similar lines, a White Paper jointly advanced by the German government and the UN Environment Programme (UNEP) at UNFCCC COP30 identifies changes needed to create synergies across the Rio Conventions: Parties should plan together across conventions rather than separately; fund-

ing should support integrated action rather than siloed programmes; and monitoring should serve multiple agreements simultaneously (BMUKN & UNEP, 2025). However, structural imbalances hinder progress. As the de facto primus inter pares, the UNFCCC has come to dominate multilateral environmental governance politically and financially, inadvertently leaving UNCCD and CBD with less political leverage and fewer resources. This pattern is also evident across governance levels, as national governments are confronted with competing pressures from different ministries and constituencies that are naturally protective of their own mandates and stakeholder constellations.

In line with these proposals, Panama's "Nature Pledge" warrants attention. This initiative provides a concrete illustration of what unified reporting could look like and, crucially, why it is reasonable to integrate three commitments under technically separate conventions into one reporting document (Government of Panama, 2025). The example demonstrates that such coordination is feasible in practice, while also illustrating how deeply institutional fragmentation runs: separate budget lines, separate reporting timelines and competing departmental interests can all impede alignment. Nonetheless, the lesson is that coordination mechanisms can work where governments demonstrate genuine political resolve to overcome the institutional barriers that typically keep subsystems apart.

Coordination is political and therefore possible

Calls for better coordination are a longstanding feature of institutional reform debates and are not, in themselves, innovative. Nevertheless, it can be a constructive step towards more efficient implementation, institutional learning and reform. It is encouraging that enhanced coordination among the three Rio Conventions, technically referred to as "Cooperation with other international organizations", has been established as a distinct agenda item across the respective multilateral processes. At the same time, resistance to this agenda item, as demonstrated at the UNFCCC's intersessional Bonn Climate Change Conference (SB64) in June 2026, demonstrates how political coordination can be. It needs to be understood that coordination is not merely a technical matter that can be achieved through a few simple administrative adjustments. Rather, it is a negotiation process that can affect a great number of stakeholders in multiple ways (see also Berger & Leininger in this volume on the potential of greater coordination through a beyond-2030 framework and the political nature of coordination).

Enhanced coordination is therefore not a low-cost solution that can be achieved without substantive effort. In light of the above, the European Union and its member states, potentially in partnership with other middle powers, should strive for enhanced coordination across and beyond the Rio Conventions. To this end, they will need to demonstrate credible leadership on institutional reform, pursuing seemingly low-hanging fruit, such as integrated national reports, as stepping stones for more far-reaching efforts. This will require adequate political and diplomatic investment, backed by commensurate financial support, rather than budget cuts superficially reframed as efficiency gains. If policy alignment and enhanced coordination between multilateral environmental processes and institutions can be achieved in this way, a lot of time, energy and resources could be saved over the medium term. Ultimately, this should help pave the way for more efficient and effective implementation that capitalises on thematic synergies and minimises procedural trade-offs.

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3

Sustainable Transformation Architectures

3.1 Development Finance: Proposals to Make Blended Finance (Finally) Deliver

How can blended finance be scaled up and its development impact enhanced?

The Authors



Kathrin Berensmann
is a Senior Researcher and project lead at IDOS. She holds a PhD in Economics from the University of Würzburg, Germany. She has more than 25 years of experience in research and policy advisory work on international financial architecture as well as development and sustainable finance for various national and international public institutions.



Bao-We-Wal Bambe
holds a PhD in Economics from the University of Clermont Auvergne, France. Since 2024, he has been a junior Researcher at IDOS. His work combines applied research and policy advisory activities aimed at strengthening private capital mobilisation in developing countries, with a particular focus on monetary, fiscal and macroprudential policies, as well as multilateral development bank guarantees and blended finance instruments.



Clara Brandi
is Head of the Transformation of Economic and Social Systems department at IDOS and Professor of International Economics and Development Economics at the University of Bonn. She studied in Freiburg and Oxford and received her PhD from the European University Institute. She has almost two decades of experience in research and policy advice at the national and international levels.

As governments increasingly prioritise national interests, security concerns and geopolitical competition over collective global responsibilities, traditional development finance mechanisms are being weakened, repurposed or redirected towards advancing narrow strategic objectives. The Organisation for Economic Co-operation and Development projects a 23 per cent decline in official development assistance (ODA) between 2024 and 2025 (OECD, 2026). This reduction not only has immediate consequences for the lives and livelihood of millions of people in low-income countries (LICs) who depend on external assistance, but also creates uncertainty for partner countries, disrupts long-term development planning, and undermines the legitimacy and effectiveness of development cooperation. At the same time, development finance needs have risen sharply and continue to rise due to the climate crisis, the impacts of the COVID-19 pandemic, supply chain disruptions and rising food and energy prices. Together, these pressures have contributed to a projected USD 6.4 trillion financing gap for achieving the Sustainable Development Goals (SDGs) by 2030 (OECD, 2025a).

Against this backdrop, mobilising greater volumes of private capital aligned with the SDGs has become increasingly important (on the need for the European Union to become more adept at facilitating private investment, see the contribution by Keijzer & Furness in this volume). In particular, blended finance has frequently been promoted as one key instrument to achieve this objective (on domestic revenue mobilisation as another key approach, see the contribution by Sen & von Haldenwang in this volume). However, despite growing attention from policy-makers and development institutions, the scale of blended finance has remained well below expectations and so far made only a limited contribution to closing the SDG financing gap. Although transaction volumes increased from USD 11.5 billion in 2020 to USD 18.3 billion in 2024, they remain small relative to the estimated USD 4 trillion annual SDG financing gap (Convergence, 2025; OECD, 2025a). As such, the Sevilla Commitment (UNCTAD, 2025) calls for scaling up private capital mobilisation through blended finance and a broader use of risk-sharing instruments.

This chapter discusses the benefits and limits of blended finance as well as reforms that are needed at different levels to scale up blended finance and enhance its development impact.

Blended finance as a response to disruption in development finance?

Although definitions of blended finance vary across authors and institutions, there is broad agreement that it refers to the strategic use of public development finance to mobilise private capital for sustainable development in emerging and developing economies. Rather than constituting a standalone financial instrument, blended finance is an approach that combines concessional public capital with pri-

Box 1: Example of guarantees

Guarantees are public finance instruments that reduce investment risks and are used in blended finance to mobilise private capital by encouraging investors and lenders to participate in projects they might otherwise consider too risky. They are among the most important financial instruments in blended finance and the most widely used ODA instrument for mobilising private capital.

In 2024, guarantees accounted for USD 22.8 billion of the USD 76.8 billion in total private finance mobilised. (OECD, 2026). As they can mitigate investment risks, guarantees are an important tool for leveraging private capital, including in the context of blended finance.

However, they have so far been used only to a limited extent, primarily due to their complex structure and low level of transparency. This suggests significant potential for expanding their use (Bambe, 2025; IEG, 2023).

To improve the scalability of guarantees and reduce transaction costs, risks can be pooled, for instance through providing guarantees for entire portfolios. Over the past three decades, World Bank guarantees have mobilised approximately four times the amount of guaranteed funds for project and financing investments (IEG, 2023).

Source: Furness and Keijzer (2026, pp. 2-3)

vate capital to improve the risk–return profile of investments and attract private investors. In practice, blended finance structures typically combine multiple financial instruments – such as debt and equity financing – with risk mitigation mechanisms, including guarantees (see Box 1), grants and first-loss capital (OECD, 2025b).

The OECD Development Assistance Committee has developed five Blended Finance Principles, which are intended as a standard for donors and other suppliers of development finance, to ensure high-quality blended finance. Introduced in 2017, these Principles have become a widely recognised international benchmark for policy-makers and other stakeholders, providing clarity on what constitutes effective blended finance. The Principles place particular emphasis on additionality, transparency and alignment with the priorities of partner countries. Alongside the 2020 implementation guidance, the Principles have played a key role in helping a wide range of stakeholders to design and deliver more effective blended finance operations (OECD, 2025b). These principles have become an integral part of the international development architecture and are now widely adopted and implemented by countries, donors, organisations and other actors using blended finance instruments (Berensmann, 2021).

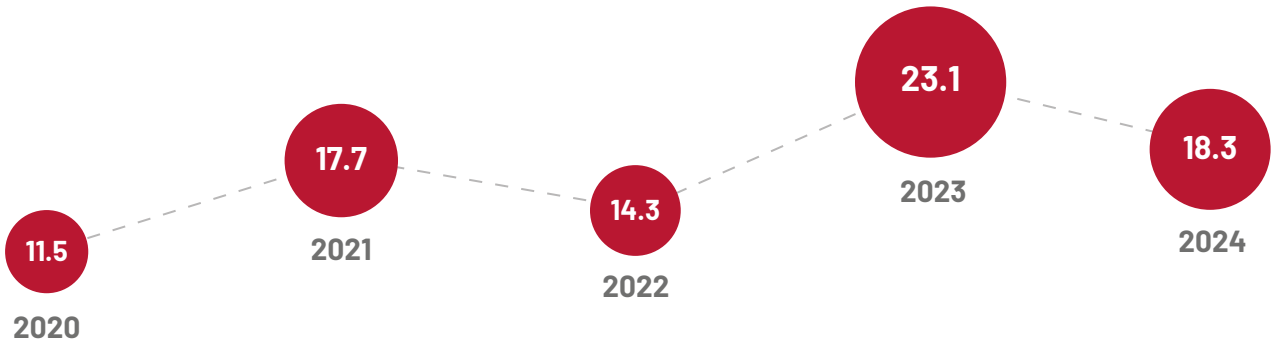
Blended finance has increasingly become a component of international development cooperation. It also plays a prominent role in the Sevilla Commitment, the outcome document of the 2025 4th International Conference on Financing for Development. However, blended finance is not a silver bullet for achieving the SDGs and Paris Agreement targets, but it can mobilise private investment and scale up sustainable finance in emerging market and developing economies, especially under fiscal constraints. Yet, its full potential remains constrained by persistent barriers. Many transactions are overly complex, narrowly targeted or too small in scale, while ongoing challenges in impact measurement, transparency and local ownership continue to limit its broader and more effective application and its ability to generate systemic impact (Bambe & Tamasiga, 2026; OECD, 2025b).

Despite the rapid expansion of blended finance flows in recent years (see Figure 6), their capacity to leverage private capital remains limited. This challenge is particularly pronounced in high-risk and low-income countries, where blended finance mobilises only USD 0.37 of private investment per public dollar, compared to USD 0.65 in lower-middle-income countries (Attridge & Engen, 2019). Private investors often perceive investments in LICs as significantly riskier than in industrialised or emerging economies due to a combination of economic, institutional and political factors. In least developed countries, macroeconomic instability, weak institutions and political uncertainty further increase perceived risk, while project-level challenges such as high transaction costs, limited data and untested business models add additional barriers. In some cases, blended finance may also contribute to debt vulnerabilities by creating contingent liabilities or increasing overall debt levels (Berensmann, 2021). One notable example of blended finance in poorer countries is the International Development Association's Private Sector Window. According to the World Bank (2025), by the end of 2024, USD 5.4 billion in commitments through the facility had mobilised more than USD 31 billion in private investment and supported the provision of approximately four million loans to small businesses.

Problems associated with leveraging

High leverage is often regarded as a key indicator of successful private capital mobilisation in blended finance, as it reflects the ability of public development finance to mobilise private investment efficiently. However, prioritising high leverage can shift blended finance towards lower-risk markets where private investors are more willing to invest, potentially neglecting high-risk contexts with greater development

Figure 6: Blended finance market – annual financing flows, 2020-2024 (USD billions)



Source: Authors, based on data from Convergence (2025)

needs. Leverage targets should therefore remain aligned with broader development objectives and policy priorities (OECD, 2025b).

The measurement of leverage is associated with several challenges. First, the concept of leverage is used inconsistently, as differing reporting standards, data sources and calculation methods limit comparability across institutions and reports (Attridge & Gouett, 2021). Second, attribution remains difficult because multiple donors, development banks and instruments often contribute to the same financing outcome, whereas leverage effects are frequently assigned to individual interventions; in blended finance approaches, public co-financing by multilateral development banks (MDBs) and development finance institutions (DFIs) is also sometimes conflated with genuinely mobilised private capital (Attridge & Engen, 2019). In addition, assessing additionality is methodologically complex due to the lack of counterfactual scenarios and limited data, making it difficult to determine whether investments would have occurred without public support and raising the risk of windfall gains for private actors (Habbel, Orth-Rempel, Richter, & Schimko, 2021; OECD, 2025b). Finally, a strong focus on monetary leverage can create trade-offs with development impact, as high levels of private mobilisation do not necessarily translate into stronger development outcomes (Pegon, 2023).

In addition, blended finance instruments often focus on de-risking individual investments at the project level, whereas a "making markets" approach aims to create structural market conditions that enable the long-term mobilisation and scaling of private investment (Zattler, 2024).

Key reforms to enhance the effectiveness of blended finance

To make blended finance more effective, reforms are needed at both the global and local levels to improve transparency, standardisation and impact measurement across blended finance structures. In addition, public and development finance institutions should strengthen risk-sharing mechanisms and create stronger incentives for private investors to mobilise capital at scale for sustainable development projects.

Promote the implementation and adherence to the OECD Blended Finance Principles: Governments, DFIs and international organisations should further strengthen and harmonise blended finance principles to ensure consistent implementation, greater transparency and measurable development impact across all financing initiatives. In addition, stronger coordination between global and local actors is needed to align blended finance instruments with national development priorities and long-term sustainability goals.

Improve transparency, data and methodology: To enhance the effectiveness and credibility of blended finance, MDBs, DFIs, the OECD and donor governments should advance the global harmonisation of definitions, reporting standards and measurement methodologies. Reforms are needed to ensure more transparent, consistent and comparable reporting on public and private capital mobilisation, leverage ratios and the assumptions underpinning these measurements. Furthermore, improved methodologies are required to better assess additionality and capture the long-term development impact of public development finance.

Simplify and standardise financial instruments: At the global level, MDBs, DFIs and donor governments should further standardise and simplify guarantees as well as blended finance and risk-sharing instruments. High complexity, transaction costs and lack of consistency current¬ly limit scalability and make participation by institutional investors more difficult. Standardised, portfolio-based guarantees could therefore significantly facilitate the mobilisation of additional investment.

Transition from transaction-based approaches to "making markets": MDBs and DFIs should shift more decisively from de-risking individual investments through blended finance towards a broader "making markets" approach. Accordingly, public development finance should focus primarily on strengthening local financial markets, improving regulatory frameworks and addressing structural barriers to investment. It should also support the development of new markets – particularly in the climate and transformation space, including renewable energy markets – through investments in enabling infrastructure, policy reforms and the combination of financial support with technical assistance. MDBs and DFIs should also place greater emphasis on supporting domestic financial systems through equity investments in national development banks, portfolio guarantees, local currency financing and capital market development. This approach can generate larger and more sustainable leverage effects than project-based support while simultaneously strengthening the long-term financing capacity and risk-bearing ability of local institutions. In several African countries, such approaches are already emerging.

Align donor incentives with more effective risk-sharing mechanisms and greater flexibility in financing structures: Concessional senior loans, that is, debt instruments that have the highest repayment priority within a project or investment structure, remain the dominant instrument in blended finance, yet they are limited in their capacity to absorb risk and catalyse private investment in higher-risk projects. MDBs, DFIs and bilateral donors should move beyond their current reliance on these lending instruments. They should adopt innovative financing instruments in blended finance, such as more streamlined guarantees to lower transaction costs

for all actors, first-loss mechanisms (where public or philanthropic investors take on the initial risks), investment platforms and hybrid capital structures (which combine elements of loans and equity). These can help reduce risks and attract private capital to projects that would otherwise be difficult to finance. This shift is particularly important for mobilising private investment in high-risk environments, especially in LICs.

Expand policy reforms and transformation programmes: MDBs and DFIs should provide stronger support for policy reforms aimed at improving the investment climate. This requires integrated approaches that combine policy-based lending, technical and financial cooperation, and sectoral transformation programmes.

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3.2 Domestic Revenue Mobilisation, the Financing Gap and Why Tax Expenditures Matter

Can the reform of tax expenditures be an option for low- and middle-income countries to strengthen domestic revenue mobilisation?

The Authors



Kunal Sen
is Professor of Development Economics at the Global Development Institute, University of Manchester, and former Director of UNU-WIDER. He holds a PhD in Economics from Rutgers University, USA, and works on the political economy of taxation.



Christian von Haldenwang
is a Senior Researcher and project lead at IDOS. He holds a PhD in Political Science from the University of Tübingen, Germany. He is the co-founder and co-director of the Tax Expenditures Lab, a joint initiative of IDOS and the Council on Economic Policies (CEP).

Developing countries face a persistent and widening financing gap as they attempt to fund essential public services, infrastructure and long term development goals (Strupat, Srigiri & von Haaren explore this topic for the area of health in this volume). External finance – whether in the form of aid, concessional loans, private capital or bond market access – has traditionally played a central role in filling this gap (see Berensmann, Bambe & Brandi on development finance in this volume). Yet in recent years, securing sufficient external resources has become increasingly difficult. At the same time, domestic revenue mobilisation (DRM) has emerged as a critical, though challenging, pathway for countries to strengthen their fiscal autonomy and reduce vulnerability to external shocks.

The shrinking space for external finance

Official development assistance (ODA) has long been a cornerstone of development finance. However, global crises – including geopolitical tensions, climate related disasters and domestic fiscal pressures in donor countries – have led to a significant reduction in ODA, with a cut of 23 per cent in 2025 alone (OECD, 2026). This has contributed to a widening gap between development aspirations and available financing, estimated at USD 4 trillion for developing countries per year. Even targeted commitments to support DRM have fallen short. Under the Addis Tax Initiative, donors pledged in 2015 to double ODA for DRM by 2020. Yet ODA for tax projects rose only from USD 220.5 million in 2015 to a peak of USD 382 million in 2016, before declining to USD 345 million by 2022, well below the target of USD 441 million needed to meet the doubling commitment (ATI, 2025). This shortfall reflects the broader challenge: External public finance is not keeping pace with needs.

Private external finance – such as foreign direct investment, portfolio flows, and commercial borrowing – has also become more difficult to secure. Global investors are increasingly risk averse, especially in the face of rising interest rates, geopolitical uncertainty, and concerns about debt sustainability in low and middle-income countries. Many of these countries face higher borrowing costs or limited access to international capital markets – not least because they often entered the 2020s with elevated debt levels. The COVID 19 pandemic, commodity price shocks and currency depreciations further strained public finances. As debt service burdens rise, credit ratings deteriorate, making external borrowing more expensive or inaccessible. This creates a vicious cycle: Countries need external finance to support development, but high debt levels make that finance harder to obtain.

A renewed focus on domestic revenue mobilisation

Given the constraints on external finance, DRM has become a central pillar of sustainable development finance (OECD, 2025). DRM is essential for countries to finance economic growth, achieve development priorities and build resilience to shocks. Yet 75 per cent of low-income countries (LICs) and 46 per cent of lower middle income countries (LMICs) collect less than 15 per cent of gross domestic product (GDP) in taxes – a level widely considered necessary to support growth and vital public investments. Of particular concern is sub-Saharan Africa, which is most affected by cuts in ODA and where the non-resource tax-to-GDP ratio has remained stagnant at around 13 per cent for a decade and a half. By increasing domestic revenues, low- and middle-income countries can reduce their vulnerability to fluctuations in aid, commodity prices or global financial conditions. This is particularly important in an era of shrinking aid budgets and heightened global uncertainty.

In recent years, there is clear recognition of the importance of DRM in meeting financing for development needs among low- and middle-income countries and development partners. However, much of the policy discussion has focused on improving tax administrations, strengthening enforcement and broadening the tax base with the appropriate use of tax policy instruments. There is less recognition of the other side of taxation: the fiscal contract between the state and the taxpayers (citizens and firms), which is about taxation being considered fair, worthwhile and credible.

What constitutes a fiscal contract?

At the core of the fiscal contract is the understanding that citizens and firms contribute to the exchequer through taxation in exchange for public goods, services and protections provided by the state (Besley & Persson, 2011). The most important element of a fiscal contract is reciprocity. Taxpayers agree to finance the state, and in return, the state is expected to use those resources responsibly and fairly. This includes providing essential services such as health care, education, infrastructure, social welfare and national security. It also includes maintaining the rule of law, protecting rights and ensuring economic stability. When this exchange feels balanced, taxpayers tend to trust their government, comply with tax obligations and participate more actively in civic life.

A second key dimension is voice and accountability. A strong fiscal contract requires the state to be transparent about how public money is collected and spent. Taxpayers expect clear rules, predictable taxation and mechanisms to prevent corruption or misuse of funds, along with access to political decision-making through electoral vote and strong political collectivities. In democratic systems, elections, audits, independent institutions, freedom of expression and public

reporting help reinforce this accountability (Savoia, Sen, & Tagem, 2023). When governments use mechanisms to ensure that tax revenues are spent effectively and equitably, the fiscal contract strengthens. When they fail to do so, trust erodes, and taxpayers may resist taxation or disengage from political processes (Masi, Savoia, & Sen, 2026).

The fiscal contract may vary across societies. In countries with strong institutions, citizens and the private sector often accept higher taxes because they see tangible benefits: reliable infrastructure, universal health care or robust social safety nets. In societies where public services are inconsistent and corruption is more visible, the fiscal contract can be weaker. Taxpayers may feel they receive little in return for their contributions, leading to tax avoidance, informal economies or political instability. Strengthening the fiscal contract in such contexts often requires improving service delivery, promoting transparency, building trust and enhancing visible reciprocity. It also means communicating clearly how taxes are used and designing systems that visibly reduce corruption and favouritism.

Why tax expenditures matter

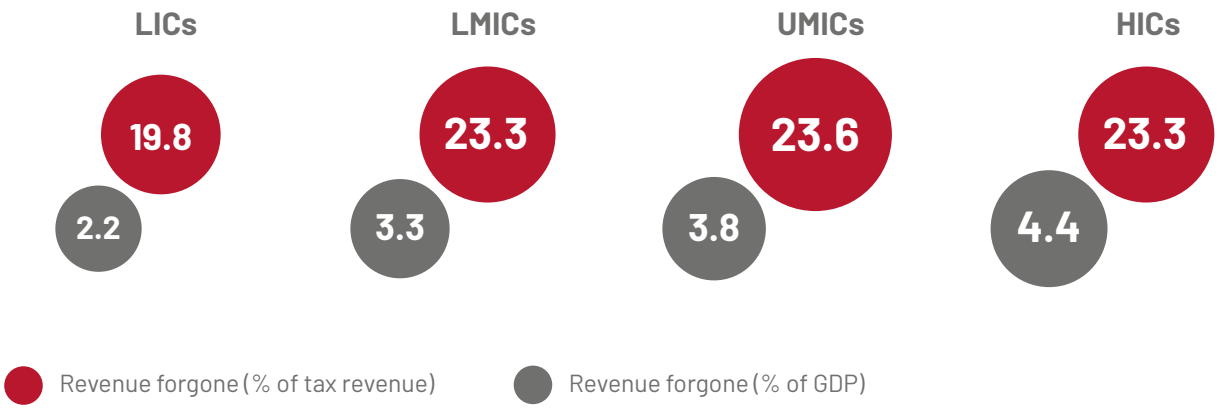
A core element of fiscal policy that is frequently overlooked when discussing DRM is tax expenditures. Coming in many forms and under many names – tax breaks, holidays, reliefs, incentives, exemptions, etc. – tax expenditures are deviations from a benchmark tax system that benefit a specific group, sector, region or activity. Using tax expenditures means that governments forgo certain amounts of revenue today in the hope of benefits for the public good tomorrow, be it in terms of economic growth, employment, social welfare or other public policy objectives. The amounts are by no means negligible: As data from the Global Tax Expenditures Database show, the long-term global average of revenue forgone reported by governments lies at 3.7 per cent of GDP and almost a quarter of actual tax revenue (Redonda, von Haldenwang, & Aliu, 2025). Country income groups differ with regard to the extent of tax expenditure use (see Figure 7).

High-income countries (HICs) report more revenue forgone, but the numbers are quite impressive for other country income groups as well: 33 out of 82 countries classified as low- and lower-middle-income countries (LICs and LMICs) in 2023 report revenue forgone from the use of tax expenditures for that year. Taken together, the reported figures amount to a staggering USD 137.4 billion for these two country income groups alone (Redonda et al., 2025). Obviously, the total figure would be much higher if all countries reported the revenue forgone of all tax expenditures they used.

To be sure, not all revenue forgone from tax expenditures is revenue lost. Some provisions may be effective in achieving their objectives, such as attracting investment or promoting growth. More often than not, however, the true costs and benefits of tax expenditures remain unknown. The available evidence indicates that they often have a strong impact on the distribution of the tax burden within a given society, both in terms of horizontal equity (unequal taxation of similar activities or assets) and vertical equity (a shift of the tax burden in favour of the wealthier segments of society). Also, their large fiscal impact affects the ability of governments to finance public services through direct spending.

There are additional ways in which tax expenditures affect the fiscal contract. Tax expenditures are frequently set up or maintained through decision-making processes that are less transparent and formalised than those used for ordinary budget decisions or tax reforms. Once introduced, tax expenditures often fly under the radar of public scrutiny. The

Figure 7: Revenue forgone from tax expenditures by country income group, 1990–2023



Note: UMICs are upper-middle-income countries.

Source: von Haldenwang, Redonda, Aliu and Berg (2025)

benefits they generate are quickly considered entitlements by taxpayers, which helps to explain why it is often so difficult to remove them – even if they have been proven ineffective or harmful. Not least, tax expenditures add to the complexity of tax systems – both for tax administrations and for taxpayers.

Take Benin, for example. The country is being praised for the high quality of its tax expenditure reporting, ranking 8th of 116 countries listed on the Global Tax Expenditures Transparency Index (Redonda, Millan-Narotzky, von Haldenwang, Berg, & Aliu, 2026). Yet, in 2023 Benin reported a total of 247 different tax expenditures, 106 of which could not be costed. This is not an extraordinarily high number – Italy, for instance, had 626 measures in place in 2023, of which only 453 came with revenue forgone estimates – but it is easy to see how such a large number of provisions undermines the transparency, simplicity and certainty of the tax system and complicates the work of Benin's revenue authority.

What can policy-makers do?

In sum, DRM is central to financing development. There is no question that many countries – poorer ones in particular – are profoundly challenged by the current development finance situation. But treating taxation as a purely technical problem and focusing solely on improving tax administrative capabilities risks undermining the very institutional foundations of a sustainable and broad-based fiscal contract. The implication is not to abandon reforms of tax administrations, but to ensure that enforcement and legitimacy move together.

In many countries, reforms of the tax expenditure regime could free up additional fiscal space, reduce the regressivity of tax systems, remove unnecessary market distortions and improve the efficiency of tax administration. It is true that tax expenditure reform can be a challenging political undertaking. Quite frequently, those who benefit from specific reliefs are more powerful and better organised than those paying for them – taxpayers at large. There are many cases in which phasing out inefficient tax expenditures has met with fierce resistance. Dismantling VAT and fuel tax reliefs in particular has triggered violent protests in several countries, even though poorer households often benefit much less than the wealthy segments of society.

However, if well communicated and accompanied by tangible improvements in public service delivery, tax expenditure reforms can be a core element of sustainable development finance. Beyond the revenue mobilisation aspect, they offer a chance to make tax systems fairer and simpler. It is this feature that sets them apart from many other tax policy measures.

Regional workshops conducted by IDOS and CEP jointly with the Addis Tax Initiative (ATI) in Africa, Asia and Latin America have shown that the following areas for tax expenditure reform have the potential to improve DRM: a) create a system of effective reporting and monitoring of tax expenditures so that they do not undermine fiscal sustainability, b) use reform to modernise tax administration, so that dismantling tax expenditures translates into actual revenue growth, c) improve institutional capacity to assess and evaluate the fiscal impact of tax expenditures, d) make equity an explicit goal of reforms by rebalancing towards progressivity and expanding or introducing pro-poor transfers and e) signal fairness and reciprocity to strengthen the fiscal contract by publicly linking the removal of ineffective incentives to visible improvements in services.

Most of these approaches are already well known to policy-makers but may still be difficult to put into practice in many countries. Exchanging experiences with peers and learning from their reforms have proven useful in addressing political bottlenecks: Observing that certain reforms have been feasible and beneficial in neighbouring countries can be a powerful argument in one's own reform efforts. Promoting these exchanges and strengthening multilateral formats of tax policy-making are highly relevant for the future of international tax cooperation.

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3.3 Global Health Beyond 2030: Protecting Ambition in a Fragmented World

How can ambition in global health cooperation be maintained beyond 2030?

The Authors



Paula von Haaren
is a Senior Researcher in the Directorate and the Transformation of Economic and Social Systems department at IDOS. She holds a PhD in Development Economics from the University of Heidelberg. Her research and advisory work centre on two main threads: the global health and climate nexus, and the geopolitical dynamics shaping a beyond-2030 sustainable development agenda. Her advisory work has included engagements with the BMZ, the Hamburg Sustainability Conference and the World Bank, among others.



Christoph Strupat
is a Senior Researcher and project lead in the Transformation of Economic and Social Systems department at IDOS. He holds a PhD in Health Economics from Ruhr-University Bochum/Ruhr Graduate School in Economics. His work focuses on global health, health economics, health financing and the resilience of health systems in low- and middle-income countries. He also advises Germany's Federal Ministry for Economic Cooperation and Development (BMZ) on global health and health financing.



Srinivasa Srigiri
is a Senior Researcher in the Environmental Governance Department at the German Institute of Development and Sustainability (IDOS). He holds a PhD in Agricultural Economics from Humboldt University Berlin. Drawing on a polycentric governance perspective, his research focuses on institutions and governance arrangements for addressing natural resource management, climate change adaptation, One Health, and other complex sustainability challenges. A cross-cutting question in his research is how institutions and governance mechanisms can enable coordination among actors with diverse interests and responsibilities to advance local and global common goods.

The Sustainable Development Goals (SDGs) were agreed in 2015 in a political environment in which broad multilateral agreement still appeared possible. They reflected the belief that universal goals, shared language and collective implementation could organise international cooperation, even if they were never free from contestation (Biermann, Kanie, & Kim, 2017; Chaturvedi et al., 2020). For global health, this mattered. The 2030 Agenda broadened the health agenda beyond selected infectious diseases and maternal and child health. It included universal health coverage, non-communicable diseases, mental health, sexual and reproductive health and rights, and the wider social, economic and environmental determinants of health (Murray, 2015; WHO, 2015).

With only a few years left until 2030, progress remains uneven and many health-related targets are off track. At the same time, the political context for a future global development framework has changed substantially. Global health cooperation is increasingly shaped by donor retrenchment, weaker multilateralism, geopolitical competition and ideological polarisation (Held, Kickbusch, McNally, Piselli, & Told, 2019; Kickbusch & Liu, 2022). Issues such as gender equality, vaccination, climate action and migration have become more contested. These tensions now affect financing, norm-setting, institutional stability and the conditions under which cooperation remains possible.

Three shifts are particularly important. First, financing has become more uncertain. Aid cuts and donor retrenchment weaken multilateral health institutions and create incentives for selective, interest-driven cooperation (Poddar & Rao, 2025; Witter et al., 2025). Second, ideological polarisation makes established health commitments more contested, especially around sexual and reproductive health and rights, vaccination, and climate and health (Greene, 2026; Khosla & Allotey, 2025). Third, the global health order is becoming more multipolar. Regional organisations, middle powers, South-South cooperation and issue-based coalitions are gaining influence (Bull & Banik, 2025; Franz et al., 2024; Lal, 2026). Together, these shifts affect who leads, which priorities are defended and how ambition is defined.

At stake is not only whether new commitments can be agreed, but whether the core principles of global health cooperation can be preserved. These include rights-based commitments, universality and equity, national ownership in implementation and international solidarity through coordinated collective action. These principles are grounded in the normative framework of the World Health Organization (WHO) and reflected, although unevenly, in the 2030 Agenda and subsequent declarations on universal health coverage (UN, 2015, 2019, 2023; WHO, 1948). The risk is not only stagnation. A more serious risk is selective rollback. Commitments that seemed relatively stable during the SDG period may become vulnerable in post-2030 negotiations. This applies particularly to sexual and reproductive health and rights, vaccination and climate-related health commitments (Haeuser et al., 2025; Khosla & Allotey, 2025; Romanello et al., 2024). If consensus becomes harder to reach, the price of agreement may be dilution. A future framework may preserve the language of multilateralism while narrowing the substance of global health ambition (see also Berger & Leininger in this volume).

Four plausible futures for global health beyond 2030

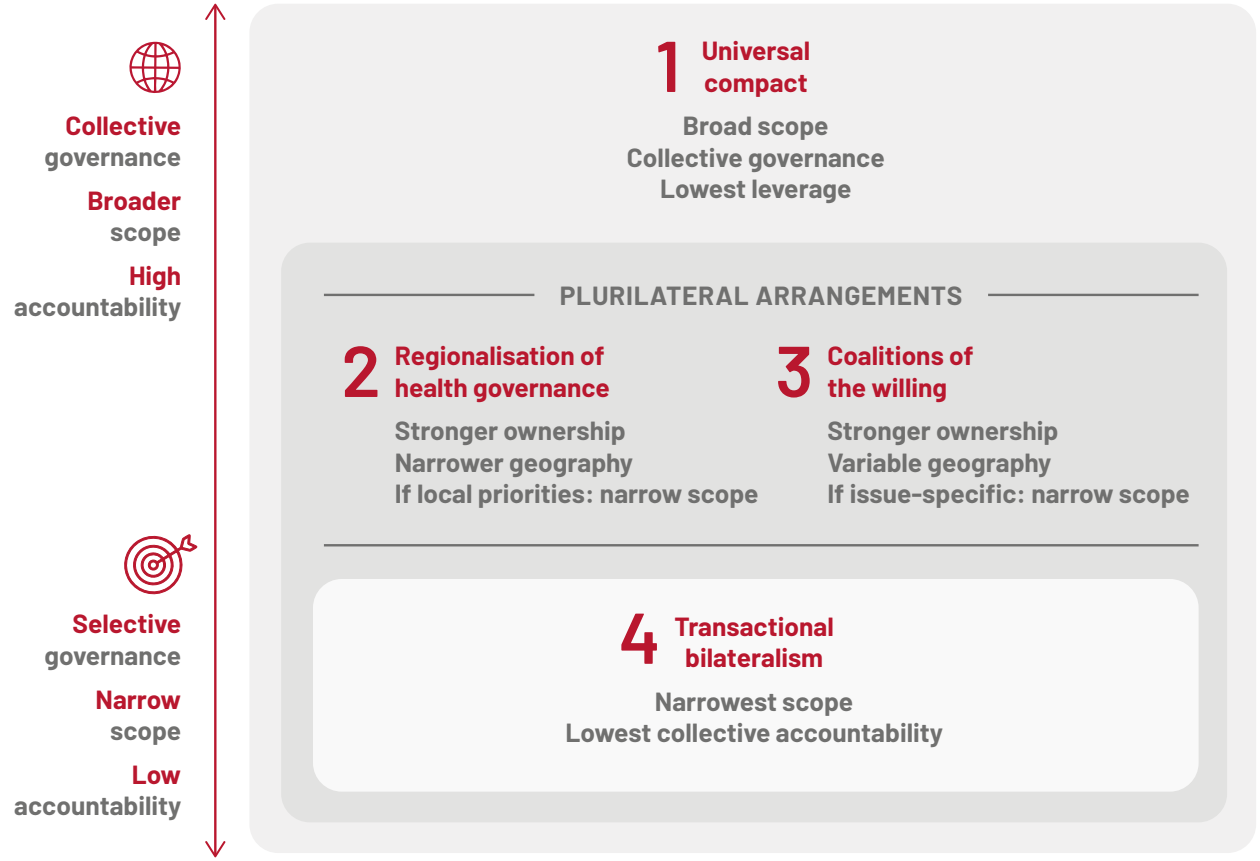
As 2030 approaches, the central challenge is how global health cooperation can adapt to a more fragmented political environment without diluting existing commitments. Current scenarios do not fully capture the dimensions most relevant to the future of global health governance. As Carlsen (2026) argues, sustainability scenarios often cluster around familiar archetypes, while geopolitical scenarios tend to focus on recurring drivers such as pandemics.

The scenarios presented here are not predictions based on empirical or theory-led modelling. Rather, they are heuristics for examining the structural pressures, strategic choices and trade-offs likely to shape global health governance beyond 2030 (for a discussion of similar approaches in science policy, see Effert & Hornidge in this volume). This approach is particularly relevant because the geopolitical forces unsettling international cooperation involve deep uncertainty and may have irreversible consequences (Linnér et al., 2026).

Current global health governance already combines universal frameworks, regional arrangements, coalitions and transactional bilateral cooperation. As shown in Figure 8, the four scenarios should therefore not be understood as entirely separate futures, but as coexisting layers of governance that differ in scope, accountability and political ambition. Each scenario describes a configuration in which one of these layers becomes dominant within the broader architecture. Fragmentation shifts the centre of gravity towards narrower and less accountable forms of cooperation, while concerted convergence efforts can move it towards broader and more accountable arrangements.

The political imperative is twofold. First, core commitments must be protected through strategies that remain effective across different scenarios. Second, convergence efforts should seek to shift the centre of gravity upwards: from transactional bilateralism towards coalitions, from coalitions towards regional cooperation and from regional cooperation towards renewed universalism. The following scenarios describe the conditions under which each layer may come to dominate the post-2030 architecture and assess the implications for the preservation or rollback of contested health commitments.

Figure 8: Layered coexistence of beyond-2030 global health governance scenarios



Source: Authors

A first scenario is a renewed universal compact. A universal framework remains possible if governments decide to preserve procedural continuity and maintain the idea of a shared global development agenda. This would protect the formal architecture of universal cooperation, but it could also lower ambition. One route would be an extension or simplification of the SDGs. Although this may appear attractive because it avoids difficult negotiations, simplification can become a vehicle for substantive narrowing. A smaller and less contested agenda may focus on "the basics", for example basic primary health care, while politically sensitive commitments are weakened or excluded (Cernev & Fenner, 2024). Sexual and reproductive health and rights, vaccination, and climate-related health commitments would be particularly exposed (Khosla & Allotey, 2025; Romanello et al., 2024). The advantage of this scenario is that it maintains common language and minimum accountability. The risk is that consensus is achieved only at the lowest common denominator.

A second scenario is the regionalisation of health governance. Regional organisations such as the African Union, Africa Centres for Disease Control, the Association of Southeast Asian Nations (ASEAN), the Community of Latin American and Caribbean States (CELAC) and the Arab League could gain greater influence in setting priorities and organising implementation. This reflects the principle of subsidiarity, since health challenges, institutional capacities and development pathways differ across regions (Adeyi & Laxminarayan, 2026). Regionalisation could improve relevance, ownership and adaptation to regional disease burdens, financing conditions and political realities. It could also create space for perspectives often underrepresented in global frameworks, including pluricultural understandings of wellbeing and development (van Norren & Seehawer, 2025). However, regionalisation also carries risks. Pandemic preparedness, pathogen-sharing, antimicrobial resistance and equitable access to medicines and vaccines require coordination across regions (Romanello et al., 2024; WHO, 2025a). Regionalisation may also fragment normative standards, especially on rights-based health commitments.

A third scenario is the growing importance of coalitions of the willing and plurilateral arrangements. This is already visible through issue-specific initiatives around pandemic preparedness, climate and health, access to medicines as well as in other areas such as trade (see Berger & Brandi in this

volume). Such coalitions may include states, international organisations, development banks, philanthropies, civil society, city networks and research institutions (Biermann, 2023; Bull & Banik, 2025). Coalitions can help preserve ambition where universal agreement is no longer possible. They may be particularly important for contested areas such as sexual and reproductive health and rights and vaccination. Their advantage is flexibility. They can move faster than universal frameworks and include non-state actors central to implementation. However, their reach is narrower, their financing often thinner and their legitimacy may be contested. They can also be disrupted by transactional bilateralism if powerful states offer faster or less conditional financing in exchange for political alignment (Evaborhene, 2026).

A fourth scenario is transactional bilateralism and no agreement. In this scenario, governments fail to agree on an ambitious post-2030 framework. The SDGs may continue as a loose reference point, but they would lose political force. Implementation would shift to national plans, sectoral platforms, city networks, donor programmes and bilateral compacts. Health cooperation would become less rules-based and more leverage-driven. Powerful states could use health financing, technical cooperation or access to medical goods as instruments in broader geopolitical negotiations (Evaborhene, 2026; Kickbusch & Liu, 2022). For global health, this scenario carries the highest risk of rollback. Rights-based commitments, universality, equity, ownership and solidarity would lose normative force. Global public goods would become particularly vulnerable, including pandemic preparedness, antimicrobial resistance governance, pathogen sharing and regulatory harmonisation (Romanello et al., 2024; WHO, 2025a).

What needs to be protected and how?

Across all four scenarios, the key question is: What must be protected from rollback? The central task is not to design an entirely new global health framework from scratch. Instead, the priority should be to preserve the core principles that make ambitious global health cooperation politically and institutionally viable: rights-based commitments, universality and equity, national ownership in implementation, and international solidarity through coordinated collective action. These principles are grounded in the normative framework of WHO and reflected, although unevenly, in the 2030 Agenda and subsequent declarations on universal health coverage (UN, 2015, 2019, 2023; WHO, 1948).

The challenge is therefore not only to reaffirm these principles normatively, but to protect them politically under more difficult geopolitical conditions. Different scenarios create different risks. Three strategic priorities follow.

First, the political ground should be prepared early and with different scenarios in mind. Before formal negotiations begin, governments and other actors should map national positions, identify likely veto points and distinguish between issues where broad consensus remains possible and those where rollback is likely (von Haaren & Berger, 2026). In a universal compact scenario, politically vulnerable commitments need early defence, careful wording and coalition management. In a regionalised scenario, the task is to strengthen links across regional blocs. In a coalition-based scenario, ambitious actors need to identify partners early and build alliances around specific commitments. Inclusive and science-based preparatory processes can support this by providing evidence, broadening constituencies of support and keeping attention on issues that risk being dropped, including sexual and reproductive health and rights, vaccination and gender equality (Kamau, Chasek, & O'Connor, 2018; von Haaren & Berger, 2026).

Second, core principles should be protected during negotiations rather than reopened. Existing frameworks – including the WHO Constitution, universal health coverage declarations and the International Health Regulations – can help establish that rights, equity, ownership and solidarity are already part of the normative and institutional basis of global health (UN, 2019, 2023; WHO, 1948, 2025a). The strategic task is to avoid turning these principles into bargaining chips. Vulnerable issues should be shielded from dilution through careful drafting and alliance-building. At the same time, ambitious actors can use issue-specific coalitions to defend contested topics and to embed these principles in emerging areas such as mental health, climate health adaptation, artificial intelligence in health, telemedicine and One Health (WHO, 2025b; World Bank, Inter-American Development Bank & KfW, 2025).

Third, ambition should be pursued less through extensive revision of goals and targets and more through stronger means of implementation. If political consensus on new commitments is weak, implementation becomes the main space where ambition can still be preserved (Biermann, 2023). This means strengthening predictable financing, technology and data-sharing, fair access to medicines and vaccines, institutional capacity and partnerships across levels of governance. In a universal compact, implementation can preserve substance even if negotiated language becomes weaker. In a regionalised setting, it can adapt global commitments to regional and national realities. In coalition-based settings, implementation becomes the vehicle through which ambitious actors continue to move forward.

Overall, preserving ambition beyond 2030 will depend less on reopening these principles than on protecting them strategically across different governance scenarios. The aim should be to prevent dilution where universal agreement remains possible, maintain coherence where regional approaches become stronger, use coalitions where ambition cannot be carried universally and limit the damage of transactional bilateralism where multilateral cooperation weakens.

Protecting ambition beyond 2030

Global health beyond 2030 will be negotiated in a more fragmented and contested geopolitical order than the SDGs were in 2015. The central question is therefore not simply what should come next, but what can still be defended and advanced. The main risk is not only slow progress, but selective rollback.

The priority should be to preserve the principles that have long underpinned ambitious global health cooperation: rights-based commitments, universality and equity, national ownership and international solidarity through coordinated collective action (UN, 2015; WHO, 1948). These principles will come under pressure in different ways, depending on whether the future architecture is shaped mainly by universal cooperation, regionalisation, coalitions of the willing or transactional bilateralism. Ambition beyond 2030 will therefore depend less on the number of new promises than on the political and institutional capacity to preserve and implement the commitments that matter most.

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4

(Social) Innovation and Transformative Capabilities

4.1 AI's Potential to Facilitate More Agile Development Cooperation

How is AI currently being used in development cooperation and what are future opportunities and risks?

The Authors



Semuhi Sinanoglu
is a Senior Researcher in the Transformation of Political (Dis-)order department at IDOS. He holds a PhD from the University of Toronto and his research and policy advisory work focuses on how to counter authoritarian digital propaganda. He is leading a multi-agentic AI initiative on depolarisation in collaboration with the United Nations Development Programme and DW Akademie.



Michael Roll
is a Senior Researcher in the Transformation of Political (Dis-)order department at IDOS. He holds a PhD in Sociology from the University of Wisconsin–Madison, and his research and policy advisory work focuses on public-sector reform, urban sustainability transformations, and adaptive or agile development cooperation.

Two features of AI stand out among technological innovations: It is exceptionally powerful, and its (computing) power is increasing faster than any previous technology in human history. AI is not a tool that can simply be added to the existing arsenal just for the sake of task automation and increased efficiency (Sinanoglu, 2025a). Its consequences are so profound that using it to advance broader development objectives requires changes to some of the ways development cooperation works.

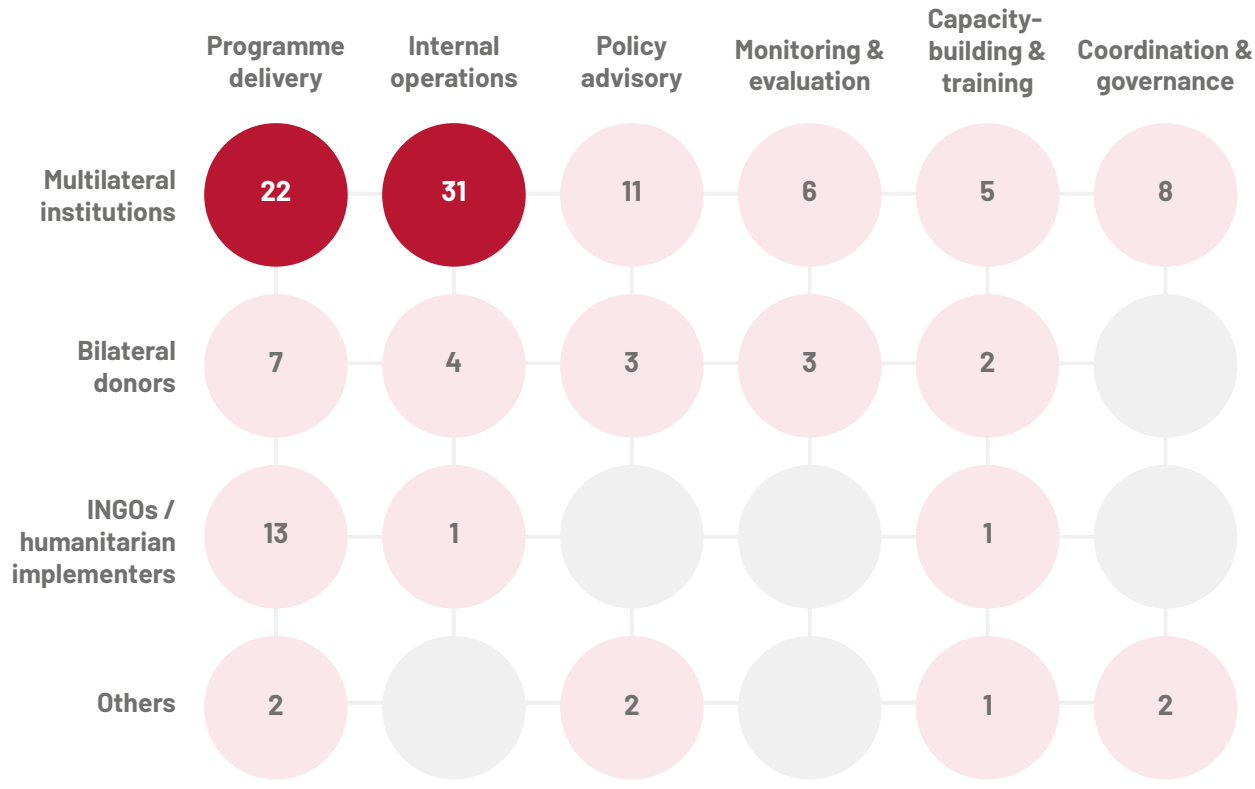
In this chapter, we go beyond more general assessments (OECD, 2025) of the use of AI by governments (OECD, 2026) and of the global development risks posed by AI (United Nations Independent International Scientific Panel on Artificial Intelligence, 2026). We argue that successful development cooperation for sustainable futures depends on collaboration with others in iterative and adaptive ways to exploit opportunities for positive change more effectively in challenging contexts. To this end, current development-cooperation structures and processes should be reformed to facilitate and encourage organisational learning (Brandi & Büge, 2026) and adopt a more iterative approach to cooperation.

To what extent does development cooperation currently deploy AI tools for such organisational learning? By "AI", we mean generative and agentic artificial intelligence. We also distinguish between "AI in development" and "AI for development". Whereas the former refers to how AI is used in middle- and low-income countries, the latter refers to how the development sector can use AI.

We catalogued how the supply side of development cooperation (donors, ministries, agencies, development banks, United Nations (UN) entities, humanitarian implementers and funders) uses AI in its own operations, programming, advisory work and evaluations. The database comprises 172 AI deployments and, while not exhaustive, provides a comprehensive primary-source snapshot that lets us answer three questions empirically: Who is deploying AI? What for? And how far has it matured? (See Figure 9)

Our data suggest that almost 60 per cent of recorded uses fall into just two functions: getting services to people in the field (programme delivery) and speeding up the back office at headquarters (internal operations). Together, the functions most closely tied to organisational learning – monitoring, evaluation, planning and coordination – account for only roughly 19 per cent of deployments. In short, the sector is now using AI to do its existing work faster, but not yet to change how it works and learns.

Figure 9: AI deployments by use and type of organisation



Source: Sinanoglu (s.a.)

Opportunities and risks of using AI in development cooperation

What opportunities and risks does AI present for development and development cooperation? The distinction we make here is between development ministries or the headquarters of development organisations, which are usually located in the countries where those organisations are based, and their implementing agencies or local offices in partner countries.

Ministries or headquarters conduct political and strategic planning, hold lower organisational units accountable, and communicate and mediate between those units and higher authorities, such as parliaments or ministries. AI can help provide systematic information based on both general and internal data and is therefore potentially useful for all of these tasks. However, the bottleneck to successful organisational learning is not typically more and better information, but rather the creation of organisational structures (Roll & Moore, 2026) that encourage the use of this information to learn together and institutionalise evidence-based organisational change (Sinanoglu, 2026). Current structures and processes such as incentive systems in development cooperation, as in many other sectors, often do not yet do that.

Implementing organisations and local offices of development organisations can use AI to gather general and locally-specific information in more systematic ways and to automate selected processes. This can be of enormous help for understanding the context better. As for ministries and headquarters, AI can help local offices free up and improve capacity for other tasks. In partner countries, this includes discussions with local stakeholders to better understand political and economic dynamics. Especially in fragile or rapidly changing settings, this information is often only available through personal interactions and networks (see Fiedler, Leininger, Lorch & Mross in this volume on the need for localisation approaches in conflict settings), and AI may be less helpful there. Depending on the context, combinations of research findings, AI-supported and locally acquired information are critical to supporting local change and navigating political hurdles, as development approaches such as "Thinking and Working Politically" (TWP) suggest (McCulloch & Piron, 2019).

In terms of AI-enabled opportunities, therefore, development ministries, headquarters and local offices have a lot in common. By assisting with and automating certain tasks, more capacity may be available for organisational learning and more effective support for change. But to enable and encourage the use of capacity in this way, structures and procedures in development cooperation have to change. In most organisations, planning processes are still often linear, with objectives and indicators pre-defined in great detail years in advance. Moreover, the processes of planning, implementation, and monitoring and learning are often separated. The communication between ministries or headquarters and local offices also tends to be too formalised, with reports crowding out open exchange and learning in favour of rigid accountability objectives (Esser & Janus, 2023).

AI enables and requires changes to these structures and procedures. For example, planning processes could be much more iterative and adaptive. While overall goals and indicators can be agreed upon, the ways of getting there could be left to local offices and stakeholders, with more frequent check-ins in between. Instead of separating planning, implementation and evaluation, this would mean working more iteratively: building on what works, discontinuing what does not and learning along the way. Communication and reports could also be used to more openly discuss lessons learnt, which could be fed into broader organisational learning processes. To be sure, these kinds of practices already exist informally, and they are not new to development experts (Teskey & Tyrrel, 2021). But current systems and procedures are not built to enable or even encourage them; de facto, they often prevent them. Case studies of more explicit and systematic attempts to work more adaptively in development cooperation show that approaches such as TWP or Problem-Driven Iterative Adaptation can lead to more effective, efficient and sustainable results, for example in Jordan's waste management sector (Roll, Abu-Qdais, & Kornprobst, 2025). AI may be an important element in transforming development cooperation accordingly.

Alongside the opportunities that AI provides to development ministries, headquarters and local offices, there are also risks. There is a need to be receptive to opportunities while also ensuring that AI does not become an end in itself. Like anywhere else, there is a risk that AI is used in a plug-and-play fashion in the development sector. AI is then simply added on top of existing practices, rather than prompting the reorganisation of tasks and processes to make use of AI-enabled opportunities and lessons learnt about more effective development cooperation. In that case, the use of AI may crowd out more local information gathering and more agile cooperation. As journalist Josh Tyrangiel (2026) has recently argued, based on his analysis of positive use cases of AI for public purposes, it often requires non-AI-expert "smart pragmatists" (on capacities needed for transformative development approaches in general, see Domingues, Grimm & Tamimi in this volume). These pragmatists work hard to tweak AI models in specific ways so they become useful tools for addressing the problems at hand.

How development organisations currently deploy AI

Our database of 172 existing AI deployments in the development-cooperation sector shows some interesting patterns (Figure 9). First, who is deploying AI? UN entities alone account for half of all deployments (86 of 172 = 50 per cent). Once development banks, European Union institutions and other inter-governmental organisations are added, multilat-

eral bodies make up two-thirds of the catalogue (115 of 172). We identified 20 AI initiatives launched by bilateral donors and their agencies (Development Assistance Committee and non-DAC together). One explanation for this asymmetry is that the UN and multilateral bodies publish operational-use inventories, whereas bilateral ministries and contractors do not always disclose internal tools, so their true footprint is likely understated.

We also classified every deployment by its primary function into six categories (programme delivery, internal operations, policy advisory, monitoring and evaluation, capacity-building and training, coordination and governance).

Programme delivery (60 records, 35 per cent) involves the outward-facing use of AI for the work itself: early warning (Sinanoglu, 2025b) and anticipatory action, field analytics, cash-and-voucher targeting, geospatial mapping and service chatbots, among other categories. For example, the International Organization for Migration (2025) partnered with Microsoft's AI for Good Lab to harness Displacement Tracking Matrix data and satellite imagery to identify communities facing climate risks. Another illustrative case is the World Food Programme's newly released AI-assisted forecasting tool HungerMap Live (WFP, s.a.) – created in partnership with Google – to predict famine trends.

Internal operations (40 records, 23 per cent) involve the use of AI within the organisation, including staff GenAI assistants and chatbots, knowledge management, and data analytics applied to internal documents and data. For instance, the UN Development Programme's DFx AI (UNDP, s.a.) is a generative-AI assistant for staff that answers questions from a built-in library of UNDP publications and speeds up everyday work by drafting text, code, emails and notes in a secure environment. Together, these two categories account for two-thirds of all use. On the other hand, monitoring and evaluation, together with coordination and governance, account for about 19 per cent of deployments, compared with 58 per cent for delivery and back-office productivity.

The data also indicate that programme maturity is modest. More than half of deployments are mid-stage (medium, 57 per cent), and just under a quarter are reported at scale (high, 23 per cent). Almost one in six pilot or experimental deployments (17 per cent) has already been discontinued (partly due to funding cuts in the sector).

AI may facilitate more agile development cooperation

We argue that the bottleneck to using AI to promote organisational learning is not more information, but the structures and procedures that turn information into institutional change. The data suggest that the sector is not yet spending its AI effort there. The current footprint looks more like "plug-and-play efficiency" than a deliberate redesign of institutionalised learning.

Development research and AI can help stakeholders learn, standardise and automate wherever feasible. However this should not be done as an end in itself, but rather to free up and improve organisational capacity for those processes that are inherently local, informal, cooperative and frequently political. Becoming more agile in handling these processes, which are at the very heart of development, is critical to the future of development cooperation. If used wisely, AI may facilitate such reforms.

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4.2 Resilience in Knowledge Infrastructures: Science at a Juncture

What does it take for science to become an engine of resilience in a fractured world, rather than a casualty?

The Authors



Sarah-Lea Effert
works as Scientific Advisor to the Directorate at IDOS. She holds an MPhil in Politics (Political Theory) from the University of Oxford and is currently pursuing a doctorate degree in Political Philosophy at the University of Duisburg-Essen. Her research focuses on questions of global justice and global order, with an interest in questions of epistemic (in) justice and knowledge relations.



Anna-Katharina Hornidge
is Director of the German Institute of Development and Sustainability (IDOS) and Professor for Global Sustainable Development at the University of Bonn. The development and knowledge sociologist holds a habilitation in development research from the University of Bonn, and a PhD in Sociology from the Technical University of Berlin and the National University of Singapore. Her research focuses on the role of different types of knowledge in and for processes of change, as well as questions of natural resources governance in agricultural and marine contexts. Professor Hornidge serves – among other positions – as Co-Chair of the German Advisory Council on Global Change (WBGU), the Chair of "research" of the German Commission for UNESCO and is a member of the North Rhine-Westphalian Academy of Sciences, Humanities, and the Arts.

Academic freedom and independent scientific knowledge production are fragile achievements – first secured during the Enlightenment in Europe in the 17th and 18th centuries – that now face substantial headwinds. In the United States in 2026, the Trump administration has advanced further proposals to reduce science spending (Grimm & Hornidge, 2025). Most notably, the White House foresees a 55 per cent cut in funding for the National Science Foundation in 2027 compared with 2026 levels (Garisto & Nature Magazine, 2026). However, the threats to science systems in the United States and beyond cannot be reduced to – drastic – budget cuts alone. Political interference in scientific quality assurance and decisions about which research receives funding is also reported to have increased substantially, particularly in the United States (e.g. Finucane, 2026). Although the Trump administration's actions are notably blatant, attacks on science systems, academic freedom and knowledge cooperation, whether overt or subtle, can be observed in countries across income levels and continents. In Germany, the German Research Foundation recently published a position paper on threats to academic freedom and the German science system, explicitly referencing the positioning and influence of the right-wing political party AfD, as set out in its "government programme" for the state election in Saxony-Anhalt (Ad-hoc-Arbeitsgruppe, 2026).

At the same time, the Organisation for Economic Co-operation and Development announced in 2026 that China's research spending had reached parity with that of the United States (OECD, 2026). This is also the year in which the African Union Commission and the African Union Development Agency (AUDA-NEPAD) launched the Science, Technology and Innovation Strategy for Africa 2034 Implementation Plan. According to the AUDA-NEPAD, this marks "Africa's determination to move beyond overreliance on imported technologies and towards the sovereign production of globally competitive knowledge, stronger industrial capabilities, and socio-economic value creation" (AUDA-NEPAD, 2026). Moreover, in 2026 the European Commission adopted a recommendation on the first-ever European Union (EU) framework for science diplomacy. Finally, on the multilateral level, 2026 marks two years since the launch of the UNESCO International Decade of Sciences for Sustainable Development, with UNESCO holding a large international conference with the ambition to "spotlight how transdisciplinary research, open science and strengthened science-policy-society interfaces can drive more inclusive and equitable futures for all" (UNESCO, 2026).

With these developments shaping science systems in 2026, how is Germany positioning itself through national science policy to further develop its science and innovation systems and invest in transregional science cooperation as an engine for mutual learning, innovation and change?

In early 2026, the German Science Council addressed the rise of anti-pluralist and anti-academic forces in a paper envisioning Germany's science system in 2040 (Wissenschaftsrat, 2026). In it, the Council identifies four possible scenarios. Two scenarios assume substantial investment in science and in the science system as a whole: Scenario one outlines a well-funded German science and innovation system in a geopolitically turbulent world marked by high levels of societal polarisation, security risks and non-alignment with EU partners; scenario four envisages a global research area in which science cooperation is closely coordinated by a supranational organisation, creating cross-regional innovation spaces but also less localisation, and a decoupling of research and education as well as of research and society and policy. The two remaining scenarios give science far lower priority. Scenario two envisions a system in which science is predominantly instrumentalised for economic gain, while scenario three depicts science as marginalised, struggling for funding and political attention, and barely able to realise its potential.

In the following, we explore selected developments in science policy in 2026, differentiate between different types of innovation policy and argue for the role of knowledge cooperation in creating shared innovation spaces. Finally, we bring this analysis together with the German Science Council's scenario perspective and propose an additional, more visionary scenario that policy- and science-system-related decision-makers should strive to realise.

Investment in social, technological and institutional innovation

One of the most striking trends currently observable in German science policy is a sustained commitment to science funding, although the budget share of the Federal Ministry of Research, Technology and Space (BMFTR) is at its lowest level since 2022. This commitment is specifically oriented towards technological competitiveness. The German government has geared its 2026 budget towards a comprehensive "modernisation course", with annual expenditure of around EUR 525 billion and investment growing to just under EUR 129 billion (Hornidge, 2026). Chancellor Merz has described innovation policy as "a high, if not the highest priority for the German government" (BMFTR, 2026). This innovation policy is centred on the Hightech Agenda Germany, with its focus on future technologies such as artificial intelligence, quantum technologies, microelectronics, biotechnology, fusion and battery technology. These developments reflect political trends observable in other contexts.

Between 2014 and 2024, EU spending per inhabitant in the "industrial production and technology" socio-economic category increased by 53 per cent (Eurostat, 2026). Following the association of Australia, New Zealand, South Korea and Japan, the programme from 2028 onwards is expected to place greater emphasis on technology development in Europe and dual-use applications – a focus which will likely restrict options for science cooperation, in particular with countries from the Global South. In the United States as

well, the previously described attack on science is uneven and affects some sectors more than others. Congress rejected the proposed cuts last year, but the White House is circumventing this by blocking the release of appropriated funds, and current subcommittee decisions point in the same direction. However, although they seek to maintain NASA's total budget, they foresee reductions in its research and, in particular, science-education funding, while allowing more radical cuts to the National Science Foundation (Garisto & Nature Magazine, 2026).

Germany's priorisation of technological competitiveness and innovation is accompanied by a focus on targeted knowledge cooperation with what might be termed "technology champions", largely from high-income countries. At the same time, key structures supporting knowledge and innovation cooperation with middle- and low-income countries, as well as for foreign cultural and educational policy, are being hollowed out. Germany's development ministry budget is set to decline again in 2026, falling to EUR 10.06 billion, almost 25 per cent below its 2022 level. Although the Federal Foreign Office budget will increase slightly to around EUR 6 billion in 2026, it remains significantly below its 2024 level. The share allocated to foreign cultural and educational policy has fallen to 0.19 per cent, from 0.28 per cent in 2018. These reductions are particularly evident in the planned discontinuation of the kulturweit international volunteer programme administered by the German Commission for UNESCO, as well as in the termination of development-policy postgraduate scholarship programmes supported by the German Academic Exchange Service. Furthermore, the political and educational cooperation work of German political foundations abroad is substantially affected.

Although these cuts do not appear to reflect a deliberate political intention to scale back science cooperation with low- and middle-income countries, this is nevertheless the practical consequence. Current science-funding decisions reflect a shift towards short-term, marketable innovation. This approach is shortsighted and risks neglecting the conditions under which long-term, sustainable and socially beneficial innovation emerges – including through cooperation that shapes technological advancements (see Sinanoglu & Roll in this volume on AI). Creativity, the capacity for cooperation and critical thinking are central prerequisites for economic stability and social progress (see also Domingues, Grimm & Tamimi on knowledge cooperation and training in this volume). Sustained and equitable knowledge partnerships across all research areas provide a foundation for sustainability transformation.

The role of collaborative transnational knowledge cooperation

How knowledge cooperation is shaped and prioritised will have a crucial impact on scientific knowledge production, innovation capacities, wider societal transformation and global relations in the coming years. There are three major reasons why collaborative transnational knowledge cooperation is important.

First, scientific knowledge production and innovation fundamentally depend on inspiration and learning processes that transcend the boundaries and limitations of nationally organised, disciplinary, thematic and gendered knowledge systems (Hornidge, Herbeck, Siriwardane-de Zoysa, & Flitner, 2020; Partelow, Hornidge, Senff, Stäbler, & Schlüter, 2023). This is particularly true for research on shared global challenges, including climate change and biodiversity loss, demographic change, social cohesion and technological advances. Given the differentiated, overlapping and urgent nature of the challenges and crises facing societies worldwide, transformative knowledge must be generated through cooperative knowledge systems (German Commission for UNESCO, 2024). It must integrate existing knowledge – including knowledge outside scientific systems – to a far greater extent than is currently the case in order to support local understanding and implementation strategies (on the importance of local knowledge, see also Fiedler, Leininger, Lorch & Mross in this volume).

Second, in an era of fundamental disruption to the international order, characterised by the growing strength of authoritarian actors and the prevalence of fragile contexts, civil society and science cooperation become increasingly important. With a view to sustaining, rebuilding and strengthening new cooperation architectures, it is paramount to ensure that societal exchange and cooperation structures endure when state-to-state cooperation becomes increasingly difficult. Moreover, investment in educational and cultural exchange structures as part of science systems is crucial to building the capacity required for cooperation architectures.

Third, investing in knowledge cooperation structures with science systems in low- and middle-income countries strengthens their agency and transformative and innovative capacities. Beyond considerations of global justice, economies and societies, including Germany's, have a vested interest in making such investments in partnership with these countries: Germany has built its position in the international system since the post-war period through cooperative approaches in particular and should aim to uphold this position credibly as a reliable partner in international cooperation (Berger & Hornidge, 2025). The recent rejection of Germany's application for a non-permanent seat on the UN Security Council is a warning of how quickly its standing in the international arena can be undermined. Furthermore, as major powers such as the United States and China pursue

uncompromising power politics based on spheres of influence (Berger & Hornidge, 2026), middle powers in the Global South become crucial allies in preserving multilateralism in a multipolar world (Keijzer & Furness also make this argument from an EU perspective in this volume). Thus, strengthening science systems in low- and middle-income countries is an investment in our shared futures.

A pluralist transnational knowledge architecture

Combining this analysis with the observable shifts in funding and institutional arrangements outlined above – what does it mean for the future of science policy? We draw on the scenarios developed by the German Science Council and outlined above. Drawing in particular on the scenarios building on strong investment in and prioritisation of science, while taking seriously the threats to science systems that inform all scenarios, we develop an explicitly desirable vision from which to derive policy recommendations. This is the scenario of a pluralist transnational knowledge architecture:

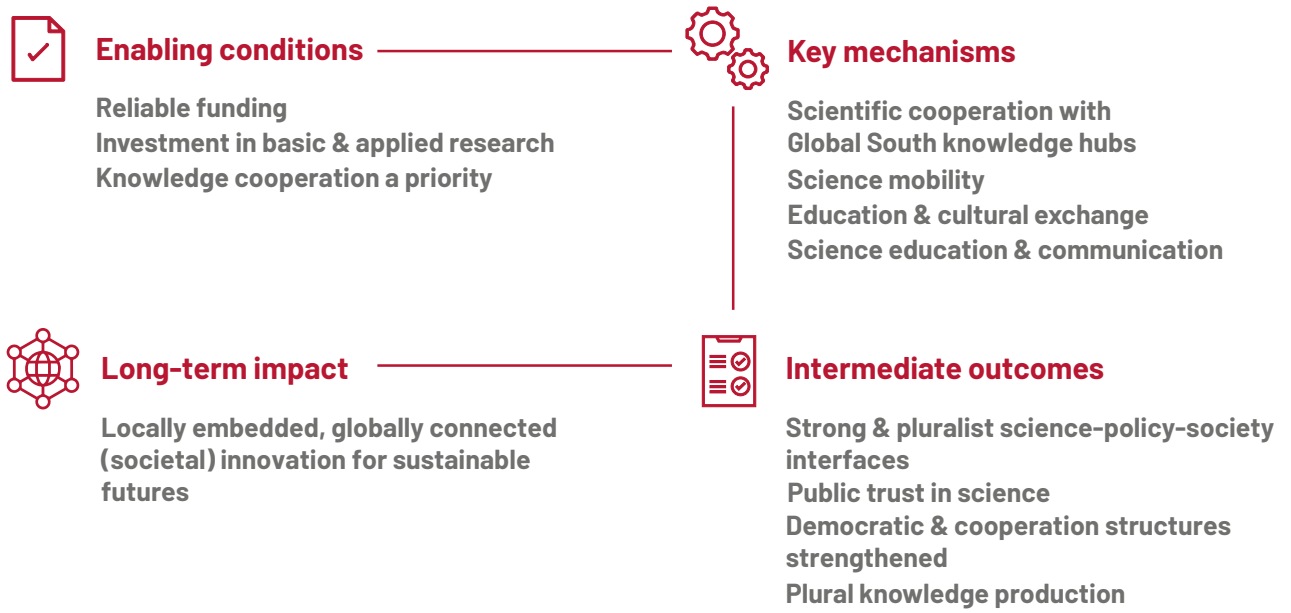
The German science system forms part of, and has significantly shaped, a pluralist architecture for knowledge cooperation. Funding sources are reliable, and significant investment is directed to basic and applied research across all disciplines. This investment takes place within deliberately promoted knowledge cooperation, particularly with the science systems of middle and regional powers in the Global South. Integrated into these knowledge cooperation structures are educational and cultural exchange initiatives and the promotion of scientific mobility. Additionally, dedicated funding supports science education and science communication across disciplines, countries and audiences. This has resulted in broad societal support for science as part of democratic and transnational cooperation structures; strengthened and more pluralistic science–policy–society interfaces; and greater ability among young people, in particular, to translate science into concrete innovation in their respective local contexts embedded in transnational networks.

To contribute to realising such a scenario, German policymakers are advised to:

1) Stop any further cuts to science funding, international knowledge cooperation and foreign cultural and educational policy.

2) Actively promote science cooperation with dynamic knowledge hubs in Asia, Africa and Latin America. Instruments include joint professorships at universities in different countries; mechanisms that enable the transfer of funds to partners; joint funding lines with international partners; collaborative doctoral schools; researcher-mobility schemes; shared research infrastructures; capacity-strengthening programmes; and long-term institutional partnerships with universities and research organisations across Asia, Africa and Latin America.

Figure 10: Pluralist transnational knowledge architecture



Source: Authors

3) Invest in long-term, equitable knowledge partnerships to create shared spaces for innovation and co-creation among countries across all income groups and continents. The German Commission for UNESCO's (2024) "Recommendations for Equitable Scientific Cooperation Worldwide" outline key pathways towards such partnerships and shared knowledge spaces. These include joint agenda-setting for funding lines and calls for proposals; strengthening scientific institutions and funding structures in partner countries; recognising a plurality of knowledge and knowledge holders in knowledge creation; promoting plurality in assessment and quality assurance; and strengthening the effectiveness of global agenda-setting (German Commission for UNESCO, 2024, pp. 25ff).

Given the importance of cooperation, these steps should be pursued in alliance with like-minded partners across all income groups and continents. In a world of profound disruption, international knowledge cooperation is not a luxury but a strategic necessity.

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4.3 Training Competencies to Navigate Tectonic Shifts and Shape Change

When institutions strive for reform, can transnational knowledge cooperation networks make the difference?

The Authors



João Vitor Domingues
is the Head of the institutional relations department at Escola Nacional de Administração Pública (ENAP). He was one of the winners of the Apolitical Global Public Service Team of the Year Award in the "Community of Innovators" category. He has played a leading role in ENAP's internationalisation project, the partner relationship management (PRM) project, and the Country Relationship Index. He is an alumnus of the MGG programme of 2018.



Sven Grimm
is Head of the department Knowledge Cooperation and Training at IDOS and Extraordinary Professor at Stellenbosch University. He studied in Hamburg, Accra and Dakar and received his PhD from the University of Hamburg. His work focuses on international cooperation and the changing dynamics of global partnerships, particularly involving rising powers in Africa, Asia and Europe.



Zahrina Tamimi
is a Civil Service Trainer at the Indonesian National Institute of Public Administration. She holds an MA in Literature from Universitas Indonesia. Her work focuses on capacity-strengthening, adult learning and knowledge cooperation. She is an alumna of the MGG programme of 2022.

When we speak of tectonic shifts, we usually refer either to geology or to the international order. In geology, tectonic plates shift and build up tension until it is released. Likewise, since the end of the Cold War, the international order has experienced mounting pressure, and seemingly entrenched global structures have begun to shift. At the same time, societies and cooperation systems are under internal pressure from the growing impacts of environmental and climatic change, younger generations' demands for new opportunities, and technological advances, not least in artificial intelligence. In reaction to both external and internal pressures, reforming complex systems is challenging and requires skilled, dedicated people and well-connected institutions (Reiber & Reiners, 2019). Transnational knowledge cooperation has thus gained substantial relevance (see Lynders, 2024).

Systems under pressure: nationally and globally

Systemic pressure on governance at the national and global levels is partly caused by a failure to adapt to development successes and new challenges. Especially large middle-income countries – including China, Brazil, India, Indonesia, Mexico and South Africa – have gained economic and political influence, which requires administrations to address new challenges while keeping sustainable development in view (Grimm, Plasencia, & Alves, 2022; also see Keijzer & Furness in this volume). At the same time, these countries do not see their growing influence adequately represented in global structures. Other countries, notably in Africa, have benefitted from these global power shifts and the turn to geopolitics: They have gained greater room for manoeuvre (actorness) in international cooperation, access to additional external finance and new partners seeking to explore and develop markets (Grimm & Hackenesch, 2019).

Global interlinkages have generated economic gains, but they can also create risks that need to be managed. Domestically, the need for reform reflects public expectations and the need to ensure that growth is shared across population groups and regions. Furthermore, accelerating innovation cycles require swift adaptation in global value chains. At the same time, human activity is causing large-scale disruption to the natural environment. Extreme weather events and (global) health crises, such as the COVID-19 pandemic, particularly affect the livelihoods of poorer population groups (see Strupat, Srigiri & von Haaren in this volume), putting societies under additional pressure and exacerbating internal tensions in many countries as previous development gains are lost. Additionally, the effects of disruptive technological change (digitalisation) are unequally distributed (Grimm et al., 2024b; Reiners & Grimm, 2018). The younger generation, in particular, is struggling to attain economic independence through (self-) employment and often feel that their concerns are marginalised in political systems dominated by older office holders (Grimm et al., 2024a).

Yet, despite the global nature of these challenges, political decision-makers and public administrators do not engage sufficiently in strategic transnational cooperation (a point also made by Effert & Hornidge in this volume). To address these challenges, this transnational engagement will become an increasingly important competency that must also be developed through on-the-job training.

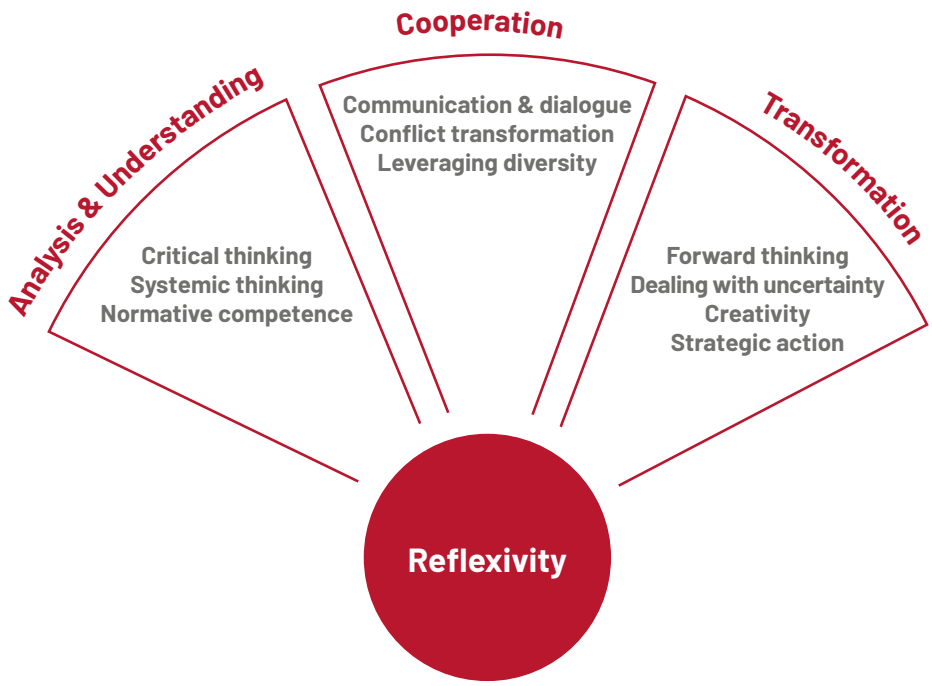
Training needs: knowledge and cooperation

As general levels of technical skills have substantially increased in many countries, the need for and demand for more equitable cooperation across different levels of economic development have also grown. While expert knowledge remains crucial, training should emphasise social skills, such as the ability to understand complex contexts and diverse perspectives, including diverse forms of knowledge; use communication to integrate various interests; and manage ambiguities without losing sight of the long-term aims of cooperation. Uncertainty is substantial, particularly in situations of change. How can individuals and institutions in key positions be supported to navigate and shape reform processes?

Demands on individuals' technical skills, critical thinking, moral integrity, positive attitudes and contextual understanding have increased substantially in recent decades. At the individual level, training must address technical expertise, but it should also go beyond it. Training in sense-making in cooperative settings with diverse actors – settings that are typical of public administration – should also lead to awareness and reflection regarding one's own norms and predetermined patterns of interpretation. Second, equally important are communicative skills and capacities for conflict transformation – in other words, cooperative competencies. Third, transformative competencies also entail future thinking, the ability to navigate uncertainty and the capacity for strategic action (see Figure 11, IDOS competency model, IDOS, 2026). These competencies need to be nurtured through concrete examples so that they are meaningful to, and can be tested by, training participants.

Individuals operate within mandates and defined institutional frameworks, in fields shaped by strict predefined rules. This applies particularly to civil servants. Yet, while training individuals, it is essential to include the broader system and its interlinkages. At the management level, it may be possible to fix elements of an overstretched or even crumbling structure. More promising, however, is a systemic perspective that improves understanding of both a particular sustainability challenge and the specific context in which actors operate or seek to intervene to generate impact. Only a comprehensive overview and a profound understanding of challenges – including trends, underlying structures and mental models (CLI, 2020) – will enable civil servants to develop innovative and

Figure 11: IDOS competency model



Source: IDOS (2026)

transformative solutions. A system can be understood as a network of interconnected elements, including actors; social, cultural, economic, political and biophysical conditions; and the relationships and dynamics that connect them. These elements "[…] constitute a whole, like a business, community, a society, a nation, a region, the world as a whole, or an ecosystem". In such a system,

> *stakeholders are people or institutions that have an interest in a particular course of development, or a particular decision, either as individuals or as representatives of a group. This includes people who influence a decision, who are key actors in implementation, or who are affected by the development. (CLI, 2020)*

Furthermore, challenges often exceed the mandates of individual actors and even institutions. Training must thus also include cooperative competencies. In a fragile world filled with polycrises, trust-building is key to advancing sustainability (Reiber & Reiners, 2019). For training programmes, this also implies the need for human interaction to build trust, enable more open exchanges about challenges and nurture the willingness to share good practices. In other words, some training can be delivered online and supported by AI, but technology cannot replace human interaction (see Sinanoglu & Roll in this volume on how targeted use of AI should open space for personal interaction). Alliance-building initiatives often focus primarily on the technical outcomes of partnerships, such as training programmes for civil servants in key countries as well as research on the transformative potential of digitalisation for sustainability (Grimm et al., 2024b; Reiners & Grimm, 2019). This is certainly needed. Yet change management – action that goes beyond reaction – must nurture both a change-maker mindset (individual level) and a curated network of people (collective level) with a can-do attitude, complementary skills and integrity (see Vogel & Reiners, 2025). Together, these elements build a culture of cooperation within and across national systems (knowledge cooperation). Through transnational cooperation, we aspire to:

1) **Unlock innovation:** Collaborative efforts among a diverse range of (international) actors can lead to innovative interventions, elements of which have been tested elsewhere. This can help address complex challenges effectively at the local, regional and global levels.

2) **Reveal new opportunities:** Engage a diverse group of stakeholders in a dialogue model that uncovers new actors and solutions (exposure) to pave the way for new patterns of cooperation and collective action. The aspiration is to overcome negative patterns of conflict and limiting mental models, and instead identify leverage points and pursue common interests (socialisation).

3) **Balance local and global perspectives:** Highlight the critical need to understand local realities while maintaining a global perspective, which fosters effective cooperation across borders and sectors. This makes leverage points

particularly important, "where a small shift in one thing can produce big changes in everything" (Meadows, 1999).

Creating and nurturing networks

In training, dialogue-oriented tools should enable the emergence of collective intelligence and foster joint learning. How can individuals position themselves within and manage diverse, inter-sectoral networks? How can the diversity of perspectives in pluralistic societies and immediate work environments be managed and integrated? The long-term goals of IDOS training programmes include, first, establishing platforms for dialogue that enable stakeholders to share needs, perspectives and good practices while inspiring collective action. Second, such platforms can help cultivate long-term relationships based on trust, shared values and common sustainability goals, ensuring a collaborative foundation and a resource pool for future efforts. Third, they should encourage joint initiatives and collaborative mechanisms that leverage diverse expertise and resources. These aspirations apply at all levels, from the local to the national and, in our cooperation context, and also aim to enhance international cooperation for sustainable development. The networking level can ultimately be understood as the connection between the individual and systemic levels: It transcends organisations and adds a meso-level of interactions for change (Lynders, 2024; Vogel & Reiners, 2025).

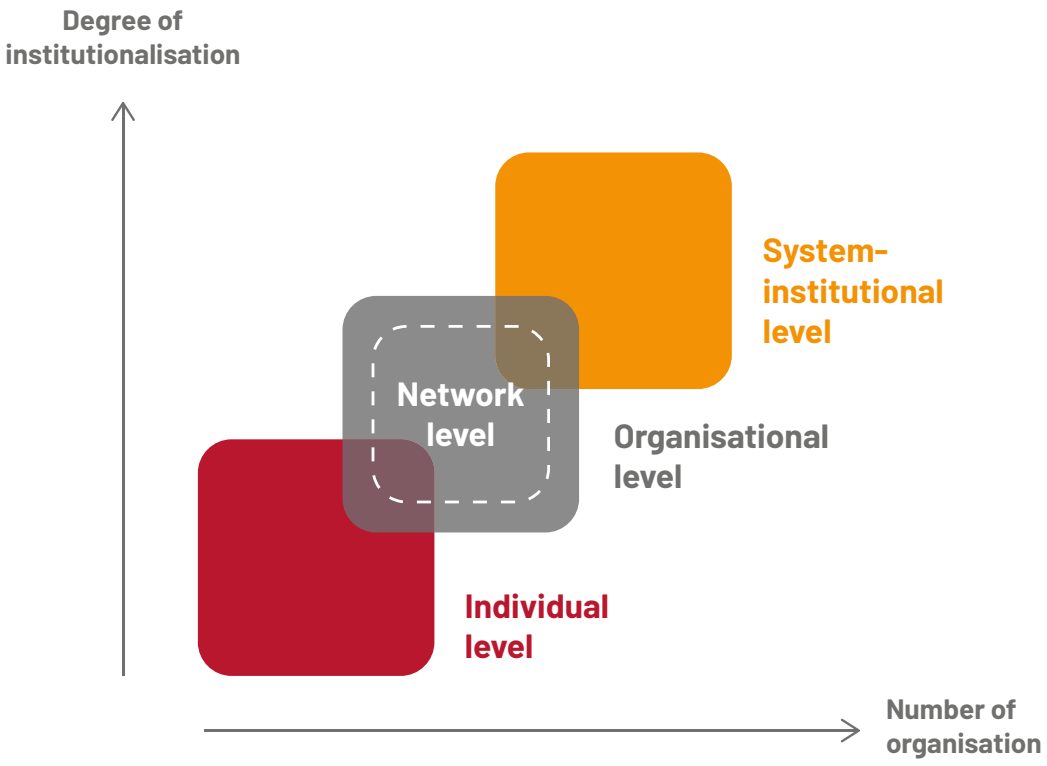
Curating networks means considering types of networks that go beyond one's own identity, skills and worldview. Such networks can thereby foster innovation and support the initiation and implementation of adaptive, socially just change within (sub)systems.

1) Peer networks among civil servants

In Indonesia, for instance, informal communities of civil servants, such as *negarawan.id, abdimuda, sharingasn* and *asnation*, have become important peer-learning spaces for public officials facing similar governance challenges across regions. Although the Indonesian Civil Service (KORPRI) already provides a formal organisational structure, collaboration through formal structures often involves lengthy bureaucratic processes and hierarchical coordination. As a result, many public officials rely on more flexible and community-driven networks to initiate collaboration, exchange experiences and build trust more organically.

These informal networks are especially important in Indonesia, which has more than 17,000 islands with unequal infra-

Figure 12: Impact levels of networks



Source: Vogel and Reiners (2025)

structure and levels of digital development. They help public officials, particularly those outside major urban centres, to remain connected, reduce institutional isolation and bring local concerns and regional experiences into broader governance discussions.

2) Multi-stakeholder networks beyond government institutions

Public officials also need networks that connect them with actors outside the bureaucracy, including academia, civil society organisations, technology communities and the private sector. Governance challenges such as AI adoption, digital transformation, climate resilience and social inequality cannot be addressed solely from within administrative institutions. These networks enable public officials to gain broader and more comprehensive perspectives beyond the public-sector lens, while also helping institutions remain responsive to societal needs, technological developments and emerging public concerns.

3) International knowledge cooperation networks

To remain adaptive amid global crises and rapid systemic transformation, public officials also require transnational networks focused on competency development and collaborative learning. In this context, partnerships such as the Managing Global Governance (MGG) Network, organised by IDOS and involving institutions such as NIPA/LAN, ENAP and other partners, are particularly important.

These networks function not only as training platforms, but also as ecosystems that foster long-term trust, mutual learning and institutional cooperation. Through training programmes, exchanges and collaborative engagement, the MGG Network has cultivated trust-based relationships that support public officials in navigating uncertainty, strengthen systems-thinking capacities and collectively respond to global governance challenges (Vogel & Reiners, 2025).

Nurture peer exchanges for innovation

Cooperation and change are driven by individuals who successfully (co)operate in networks. Training is required for those who administer and innovate within societies and those who engage in international cooperation directly. Although this training builds on schooling, higher education and a job-entry system, individuals must continuously update their knowledge to successfully navigate the system and work towards reform.

Innovation and change are accelerating, and disruptive pressures are mounting in the system. This requires effort throughout individuals' lives and careers in order to channel these forces, advance reform and support sustainable futures for their societies. While learning must happen within societies and across groups, transnational cooperation can be particularly effective in advancing change and innovation. It allows participants to gain perspectives beyond their daily routines and provide good practice examples.

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Futuring Politics of Cooperation and Perseverance: A Possible World in 2040

The Authors



Sarah-Lea Effert
works as Scientific Advisor to the Directorate at IDOS. She holds an MPhil in Politics (Political Theory) from the University of Oxford and is currently pursuing a doctorate degree in Political Philosophy at the University of Duisburg-Essen. Her research focuses on questions of global justice and global order, with an interest in questions of epistemic (in) justice and knowledge relations.



Sven Grimm
is Head of the department Knowledge Cooperation and Training at IDOS and Extraordinary Professor at Stellenbosch University. He studied in Hamburg, Accra and Dakar and received his PhD from the University of Hamburg. His work focuses on international cooperation and the changing dynamics of global partnerships, particularly involving rising powers in Africa, Asia and Europe.



Christopher Wingens
is a Researcher in the Transformation of Political (Dis-)order department at IDOS. He holds a PhD in Political Science from the University of Bonn. In his research and policy advisory work, he focuses on political drivers of sustainability transformation in an era of autocratisation, specialising in scenario modelling and democracy protection.

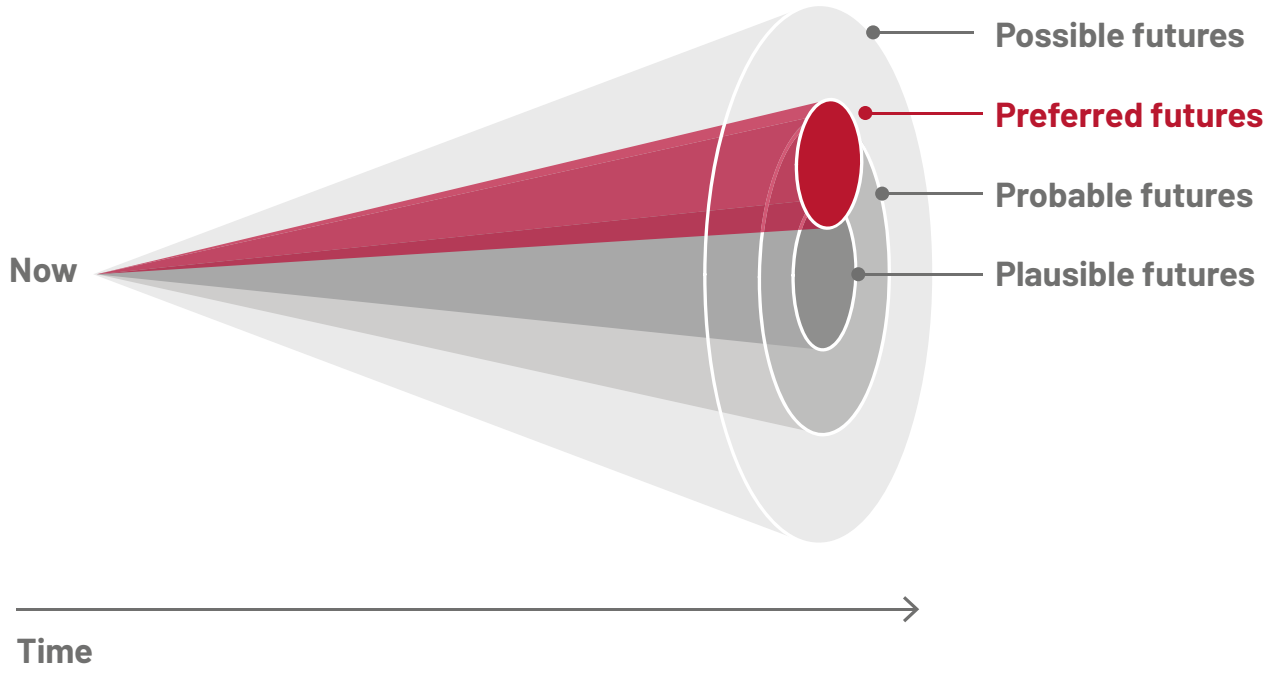
Today's disruptions and reforms are paving the way for a wide range of possible futures. A key endeavour of IDOS is to contribute to sustainable futures in an increasingly multipolar order, which we are convinced requires cooperative approaches. While people and societies around the world are facing disruptions and uncertainties collectively – albeit unevenly – our intention at IDOS is to co-shape concrete action that enables us to respond to and navigate these challenges productively.

Our aspiration with this final, more exploratory, contribution to the publication is to provide a coherent scenario for a desirable (preferred) future based on the sector-specific recommendations made by the authors in this volume. In this futuring exercise, we describe the state of the world in the year 2040 – understood as an important intermediate point at which our joint vision of sustainable futures is reachable. We aim to showcase an accessible, optimistic narrative depicting a world in which our proposed reform options have been adopted and are part of a broader global push towards cooperation and sustainable development. Envisioning this scenario can provide strategic orientation for the reform pathways we have to choose today. It can be used to highlight the long-term implications of policy shifts and the potential of agency to overcome existing path dependencies. Its value lies in broadening the sense of what is possible and highlighting our agency.

Localising our scenario within the "futures cone" (Voros, 2003), it clearly describes a path towards "plausible and preferred futures" (see Figure 13). As such, it is neither goal-agnostic nor the representation of a simple continuation of current trends. Long-term futuring exercises exploring plausible, and especially preferred, futures should – with intellectual honesty – always highlight underlying assumptions, uncertainties and elements that are currently unclear. In fact, there are always yet unknown determining factors that may give rise to further possibilities – thereby opening up a broader cone of possible futures.

Importantly, when looking to the future from today's perspective without assuming additional reform efforts – representing another plausible future – a prolongation of current developments suggests that we would certainly miss our targets (as indicated e.g. by the latest IPCC (2023) report on climate action). At IDOS, we therefore contribute to the exploration of plausible and preferred alternative futures in inter- and transdisciplinary scenario analysis exercises. In close collaboration with partner institutes, we have co-developed a set of Sustainable Development Pathways that cover the full spectrum of sustainable development (Dombrowsky et al., 2025; Soergel et al., 2021, 2024). We also investigate how political institutions influence the transformation towards sustainability through the ongoing, jointly conducted DFG-funded project Political Futures in Climate

Figure 13: Localising our scenario in the futures cone



Source: Authors, adapted and extended from the "futures cone", developed by Voros (2003)

Scenarios (PoliClim), carried out with the Potsdam Institute for Climate Impact Research (PIK) (see also Leininger et al., 2024). In addition, we explore social-ecological transformation processes as expressions of "future-making" in rural areas in Africa as part of the CRC Future Rural Africa (see e.g. Kativu, Mella, Muunda, & Hornidge, 2025). The joint exploration of sustainable futures further guides our training and policy-advice activities (see deliberations during the IDOS conference on "Beyond 2030" in June 2026; IDOS, 2026).

So, let us assume it is the year 2040. There is great political momentum for a multipolar world characterised by hybrid governance, plurilateral coalitions and issue-based initiatives to integrate – once again, yet in renewed ways – into a more genuine and full-fledged form of multilateralism working towards sustainable development. This political momentum has emerged based on the sustained development of overlapping and often fragile, limited and pragmatic cooperation architectures throughout the late 2020s and particularly the 2030s. They have now accumulated a sufficient record of success, generated convening power and issue-linked pressure to drive greater integration and ambition – across thematic areas as well as among actors. With regard to the sustainable development agenda, which succeeded the 2030 Agenda, not all goals are on track to be reached by 2045 across all countries, with some regions and coalitions having championed specific elements of the agenda in recent years. Yet, improved mechanisms of implementation and success in safeguarding many of the gains from the first comprehensive sustainable development agenda have renewed confidence in and commitment to the agenda. Worldwide, the autocratisation trend from the late 2020s and 2030s has slowly been halted. While the effects of climate change become increasingly visible across most regions of the world, important progress has been made to coordinate strengthened climate action. Inequality within and between societies persists as an ongoing challenge, but it is recognised as a shared responsibility. Between societies, alliances across middle powers and low-income countries from the Global South – supported by significant investment in their knowledge and innovation systems – have helped overcome some of the sharpest divides. This also required facing up to colonial legacies, a process in which cultural exchange, mobility schemes and fairer burden-sharing in environmental governance were all crucial. Within societies, strong civil society engagement was a key mechanism through which policy-makers developed policies to reduce inequalities. Early thinking and negotiations on an agenda to guide the world through the next half of this century centre on narratives, re-envisioned goals and mechanisms for sustainable futures for all.

In retrospect, the following were the most crucial drivers and enablers that took root in the 2020s and fuel the politics of cooperation and perseverance in the 2040s:

Middle power alliance built on shared exposure: Middle powers have recognised their shared reliance on a rules-based order and invested in plurilateral agreements and coalition-building, including in the areas of trade and environmental governance, anchored, as far as possible, within existing multilateral fora during periods of disruption and reform. These new alliances have served as an important counterweight to the dominance of superpowers pursuing aggressive power politics, reducing shared exposure to unilaterally discriminatory actions.

Europe recognising the need to invest in its credibility: For Europe in particular, this included recognising the need to re-establish itself as a reliable partner, which required a credible commitment to being a strong actor for sustainable development. The "package deal" approach has been crucial to this effort – bundling investment, budget support, technical assistance and mobility partnerships into single, coherent offers – as has been a revitalisation of civilian conflict prevention approaches and investment in science cooperation systems, in particular with emerging knowledge societies in the Global South.

Plurilateral and issue-specific coalitions requiring coordination frameworks: Political actors, but in particular initiatives emerging from science–policy–society interfaces, have advanced understanding of the emerging hybrid system that is based on plurilateral and regional agreements requiring coordination and shared points of reference. This has been supported by an understanding of coordination processes as fundamentally political, while also being inherent in the entanglements and nexus relations of different policy areas. It was actors from the Global South in particular, including from low-income countries, who pushed for a beyond-2030 framework, with Europe as part of an alliance of middle powers backing their efforts. This framework, co-authored rather than merely endorsed by Global South coalitions, in the 2040s now serves as the shared reference point that keeps a broader landscape of regional and plurilateral partnerships – on environment, health and trade alike – from pursuing conflicting objectives. Advanced blended finance mechanisms taking a "making-markets approach", as well as tax expenditure reforms, helped to narrow the sustainable development financing gap, with these initiatives emerging both from countries of the Global North and the Global South.

Crisis as catalyst for reforms and targeted political measures: In the face of immense budget cuts to development cooperation in the mid-2020s and a pervasive polycrisis, a number of actors had chosen to approach this not purely as a constraint, but also as an enabler and catalyst for reform. The search for cost-effective investments identified, among other things, renewed investment in civilian approaches to conflict prevention – which, in the 2040s, has become a recognised and funded first line of response rather than an afterthought to reactive crisis management. The targeted use of AI – not only to complete existing workloads faster, but to change how organisations work and learn – has freed up resources, including for strengthening localisation approaches.

This has allowed local and community-based actors to become routinely relied upon partners rather than substitutes for absent international engagement. As trust in the international cooperation system was gradually restored, budget cuts to development cooperation were stopped and, in many countries, even reversed, with development policy widely understood and pursued as cooperation policy.

Individual political leadership and cultures of cooperation: Interestingly, the drivers described so far have not had an even or steady impact; the measures outlined had not been implemented simultaneously across a wide range of countries, which, back in 2026, made it look like a disorganised and disparate future. Yet, a crucial mechanism for creating political momentum has been individual countries taking the initiative, with others learning that reforms were feasible and that they too might benefit from similar approaches. Examples from the mid-2020s include Panama's integrated reporting across the Rio Conventions, and countries leading the way in tax reform and renewing their states' fiscal contracts, now widely replicated well beyond their original contexts. Crucially, this has extended to strong political leadership and bold reforms in the secretariats of multilateral organisations, most visibly with the United Nations guiding member states to confront their responsibility for the UN's own dysfunction and to face political trade-offs, rather than try to work around them, and reshape its structures accordingly. A broader culture of learning and cooperation has been supported by scaled-up and integrated network-building across civil servants, multi-stakeholder governance and international knowledge cooperation networks. These networks have become a lasting and somewhat decentralised feature of how public institutions work together, rather than merely serving as an informal supplement.

In our scenario, we do not naively ignore current challenges, but the exercise allows us to define plausible paths towards sustainable futures. They are intended to guide actors in devising locally adapted policies. In addition, our key assumptions and potential constraints (e.g. resource limitations, institutional capacity or political will) directly affect the plausibility of our scenario. Nevertheless, the exercise enables the identification of needs and gaps as well as enablers and obstacles; offers space for reflection and creativity; and provides a positive vision that can guide action. Certainly, adjustments will be required on the way, as events rarely unfold as planned. And yet, with positive visions of plausible, probable and possible futures, we can have a lodestar in navigating uncharted waters, allowing us to maintain course and focus while responding to external challenges. We can build better futures than those currently before our eyes – something that is especially challenging yet, we argue, especially important in times of often sombre forecasts, which are often rooted in well-founded analyses of contemporary events. The same is true of more hopeful visions of the future. Developments rarely simply happen, and in any case, our reactions to them are deliberate and can be consciously made; they shape futures globally. This might not even require initial consensus, but rather leadership by example and "coalitions of the willing" forging ahead and demonstrating how cooperation can improve "fate". Our scenario is not the only vision of the future worth considering. Some might think it is beyond reach, while others may urge us to be even bolder, more hopeful or even utopian. Above all, we hope that, together with the authors of this volume, our contributions might inspire reflection on further pathways towards sustainable futures.

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