



The Future of Aid: the Changing Face of International Cooperation

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DISCLAIMER

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List of Abbreviations

ABC	Brazilian Cooperation Agency
ACLED	Armed Conflict Location and Event Data Project
ADB	Asian Development Bank
ADF	Asian Development Fund
ADFD	Abu Dhabi Fund for Development
AGCI	Chilean Agency for International Development Cooperation (Agencia Chilena de Cooperación Internacional para el Desarrollo)
AIIB	Asian Infrastructure Investment Bank
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates
CDRI	Coalition for Disaster Resilient Infrastructure
CIDC	Committee for International Development Cooperation of the Republic of Korea
CONCORD	European NGO Confederation for Relief and Development
CSIS	Center for Strategic and International Studies
CSO	Civil Society Organization
CTS	Creative Technology Solution
DAC	Development Assistance Committee
dPAW	Post-Aid World Dialogue
Enabel	Belgian Agency for International Cooperation
FTS	Financial Tracking Service
GAC	Global Affairs Canada
GDP	Gross Domestic Product
GNI	Gross National Income
GPGs	Global Public Goods
HDP	Humanitarian, Development and Peace
HEKS	Aid Organization of the Protestant Churches of Switzerland

(Hilfswerk der Evangelischen Kirchen Schweiz)

HIPCs	Heavily Indebted Poor Countries
IDA	International Development Association
IDS	International Development Institute
ISA	International Solar Alliance
ITEC	Indian Technical and Economic Cooperation
KazAID	Kazakhstan Agency of International Development
KOICA	Korea International Cooperation Agency
MDB	Multilateral Development Bank
MEA	Ministry of External Affairs of India
MOPAN	Multilateral Organization Performance Assessment
NATO	North Atlantic Treaty Organization
NDB	New Development Bank
Norad	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
ORF	Observer Research Foundation
QFFD	Qatar Fund for Development
RDC	Rethinking Development Cooperation
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
Sida	Swedish International Development Agency
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TICA	Thailand International Cooperation Agency
TIKA	Turkish Cooperation and Coordination Agency
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

This research explores the evolving landscape of international cooperation by analyzing the key shifts that are reshaping the humanitarian and development aid architecture. Drawing on a comprehensive literature review, in-depth expert interviews, a participatory workshop conducted in collaboration with the Swiss Agency for Development and Cooperation (SDC), and a SWOT analysis, the study captures diverse stakeholder's perspectives and experiences. Based on these insights, a set of findings was developed that examines emerging trends, the role of new development actors, and the strategic responses of bilateral agencies to an increasingly dynamic aid environment. Grounded in this analysis, the report offers reflections on how SDC can adapt to and engage with these evolving dynamics, while seeking to answer a fundamental question: *What is the future of aid?*

Evolving Trends in International Cooperation

This study concludes that intersecting global challenges, such as escalating conflicts, forced migration, food insecurity, and the climate crisis, which has emerged as a cross-cutting issue affecting multiple sectors, are collectively contributing to a 'polycrisis' that is significantly impacting the delivery, composition, and allocation of aid. Additionally, in recent years, several development actors have increasingly focused on the preservation of the Global Public Goods agenda, reflecting a shift in aid priorities beyond traditional development goals that were primarily centered on poverty reduction. While financial resources remain limited, the scale and complexity of global challenges continues to grow.

Furthermore, politicization of aid and far-right governments in several countries have impacted not only aid budgets, but also the identity, objectives, and, in some cases, existence of aid agencies. In several cases, aid budget reductions have been driven by rising geopolitical tensions, leading to a trade-off between defence spending and aid. In parallel, while the discourse on decolonization of aid continues to gain momentum, its material realization remains an ongoing and contested process.

Multilateralism and Emerging Actors

Another key trend is the shifting nature of multilateralism and the rise of emerging actors, such as growing economies from the Global South as well as new multilateral development banks. Contrary to popular discourse portraying multilateralism as being in crisis, this research finds that it is, instead, shape-shifting and being reimagined through new norms of aid, driven by the emergence of new actors and their aspirations. The presumed altruistic sensibilities historically underpinning international development are being challenged and contested by emerging actors, with a growing recognition of aid as an instrument of political and economic diplomacy. Emerging actors are increasingly shaping their own development agenda and forging new platforms for collaboration. Additionally, the categorization of donors into traditional and emerging is challenged as it hinders a more complex and comprehensive understanding of the diverse range of actors.

Response of Bilateral Agencies

The research finds that the response and adaptation strategies of bilateral agencies have been multifaceted. There has been an increased emphasis on climate finance and collaboration with private sector actors. Humanitarian assistance has also expanded, with regional prioritization often shaped by broader geopolitical considerations. As discussed earlier, political influences have impacted the internal functioning and strategic coherence of aid agencies, with many increasingly aligning themselves with national interests and rebranding their missions as a means of institutional survival.

Moreover, heightened scrutiny of aid has intensified the focus on monitoring and evaluation mechanisms to improve its effectiveness and efficiency. There is also a growing interest in partnering with new and emerging donors, not viewing them as competitors but as collaborators. This sentiment was echoed by emerging donors themselves, who emphasized the pursuit of shared development goals. Lastly, while bilateral agencies maintain their engagement with the multilateral framework, they are simultaneously assuming a more directive role within it.

Challenges and Opportunities for SDC

In addressing the final research question, the study identified key strengths, weaknesses, opportunities and risks for the SDC. The main strengths include its long-term and flexible funding mechanisms, reputation of neutrality, technical expertise, and institutional experience and access to International Geneva. In contrast, a risk-averse orientation, hierarchical organizational culture, and insular communication practices are identified as areas for improvement. External factors such as a growing global crisis, rising demand for international aid, political influence, and geographical uncertainty are perceived as a threat to SDC. Meanwhile, expanding partnership dynamics, technological advancement, and strong public support for humanitarian aid present valuable opportunities.

Despite these constraints, the SDC is well positioned to bridge the gap between traditional and non-traditional donors, contributing to a more inclusive aid architecture. Geneva's diplomatic heritage can be leveraged as a platform for addressing global instability and renewing political commitment to international development cooperation. Importantly, there is recognition to center innovation in its approach, creating space for adaptive learning, flexible practice and responsible experimentation in development cooperation.

In conclusion, international cooperation is undergoing profound transformation. This study highlights four key takeaways about the future of aid :

- The traditional view of aid as a one-way altruistic transfer from the Global North to the Global South is shifting towards a model driven by mutual interests and national priorities. Aid is increasingly being used as a strategic tool aligned with foreign policy and marked by a more explicit political dimension.
- While poverty reduction remains important, it is increasingly being embedded within broader frameworks that address global interdependence. The growing emphasis on global public goods, infrastructure-focused to development and the operationalizing of Humanitarian-Development-Peace Nexus are examples of these broader frameworks.
- Emerging donors, along with their distinct sensibilities and aspirations, are reshaping the aid landscape and dissolving the traditional donor-recipient binaries. These actors

are taking a more directive role in their own development trajectories, while also engaging with established multilateral frameworks as well as forging new platforms for collaboration. This indicates that multilateralism is evolving and not disappearing.

- The cooperation dimension of development cooperation is gaining renewed significance. There is a growing recognition among actors of the need for collaboration, dialogue, and inclusive engagement as essential for navigating shared global challenges.

As stated by one of the interviewee's, "Aid is not going anywhere, but its discourse is evolving rapidly." Aid is far from absent in the future imaginaries of development cooperation; rather, it is assuming new forms. The sections that follow seek to explore and critically examine the evolving aid landscape.

INTRODUCTION

International development cooperation is at a major turning point. Long-standing assumptions about aid, rooted in ideas of solidarity, altruism and a clear divide between donors and recipients, are being questioned. At the same time, global challenges that affect both developing and developed countries, such as conflicts, climate change, food insecurity and forced migration, are becoming more severe. In response, many donor countries are increasingly aligning aid with their national interests.

The weakening of traditional aid structures, including the recent dismantling of USAID are mirroring a broader trend that is affecting the entire development ecosystem. New actors, including emerging economies, private foundations and newly established multilateral development banks, are offering alternative models of cooperation. Meanwhile, bilateral development agencies, historically the backbone of Official Development Assistance (ODA), are being challenged to rethink and adapt their approaches to evolving global realities.

Against this backdrop, this research project, conducted in partnership with the SDC, explores these changes. Through a literature review, expert interviews, and a participatory workshop, it examines four key questions:

- i. What forces are reshaping development cooperation?*
- ii. Who are the new actors, and how are they operating?*
- iii. How are bilateral aid agencies adapting to this fast-changing environment?*
- iv. Considering the above, what are the challenges and opportunities for the SDC, and how should the SDC respond?*

Rather than framing the current moment only as a crisis, this report argues that it represents an opportunity: a chance to rethink the principles of international cooperation, build more equitable partnerships, and make the aid system better suited to a complex and multipolar world.

METHODOLOGY

This qualitative study employed both descriptive and analytical methods for data collection and analysis to gain a comprehensive understanding of the research questions. A three-step approach was adopted, each step building on the previous one: (1) literature review, (2) expert interviews, (3) workshop incorporating a SWOT analysis. Secondary data sources included a literature review, which contributed to partially answering the first and second research questions. Primary data sources included expert interviews, which addressed the second and third research questions, and the workshop, which supported the response to the fourth research question. Each of these steps is explained in further detail below.

Literature Review

An extensive literature review was undertaken to explore the evolving landscape of international development cooperation, with the objective of identifying both internal and external factors driving change and critically assessing overlooked areas.

Given the applied nature of the research question, both academic and grey literature were reviewed, with sources selected primarily based on their relevance. In light of the rapidly shifting dynamics in international cooperation, particularly following the announcement of the USAID shutdown on January 20th, media discourse, including articles, webinars and podcasts, was also incorporated to capture timely insights and evolving perspectives. The literature reviewed encompassed academic books, journal articles, research reports, policy documents, reflection papers, annual reports, strategy notes, white papers, and content from organizational websites. In addition, databases such as those provided by the OECD and AidData were consulted. These materials were analyzed using critical discourse analysis.

While the literature provided valuable insights into the forces reshaping international development cooperation and the emergence of new actors, a gap remained regarding the operational practices of these emerging actors and how bilateral development agencies were adapting to the changing context. This highlighted the necessity for primary data collection to address these knowledge gaps.

Expert Interviews

Semi-structured interviews were selected as the most appropriate method for qualitative data collection in this study. Given the specific focus of the research, non-random purposive sampling was employed to ensure a diverse representation of international actors across various sectors. Interviews were conducted with individuals affiliated with bilateral development agencies, multilateral development banks, think tanks, academic institutions, non-profit organizations, philanthropic foundations, media, and government bodies to ensure a range of perspectives. A total of 17 interviews were conducted.

Chart 1 - List of Interviewed Organizations¹

OECD DAC Donors	<ul style="list-style-type: none">• Enabel (Belgian Agency for International Cooperation)• Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation• KOICA (Korea International Cooperation Agency)• Norad (Norwegian Agency for Development Cooperation)
Non-DAC donors	<ul style="list-style-type: none">• Chinese media (Official state media agency)• Qatar Fund For Development (QFFD)• Retired official from India's Ministry of External Affairs
MDBs	<ul style="list-style-type: none">• AIIB (Asian Infrastructure Investment Bank)• ADB (Asian Development Bank)
CSOs	<ul style="list-style-type: none">• Alliance Sud (Coalition of Swiss NGOs)• Gates Foundation India• HEKS (Swiss NGO)
Think tanks/ Academia	<ul style="list-style-type: none">• IDS (Institute of Development Studies, based in the UK)• ORF (Observer Research Foundation, based in India)• ODI (Overseas Development Institute, based in UK)

The Asian Infrastructure Investment Bank (AIIB) was selected as an example of new Multilateral Development Banks (MDBs). For comparative purposes, the Asian Development Bank (ADB) was selected among traditional MDBs. The choice of these two institutions was

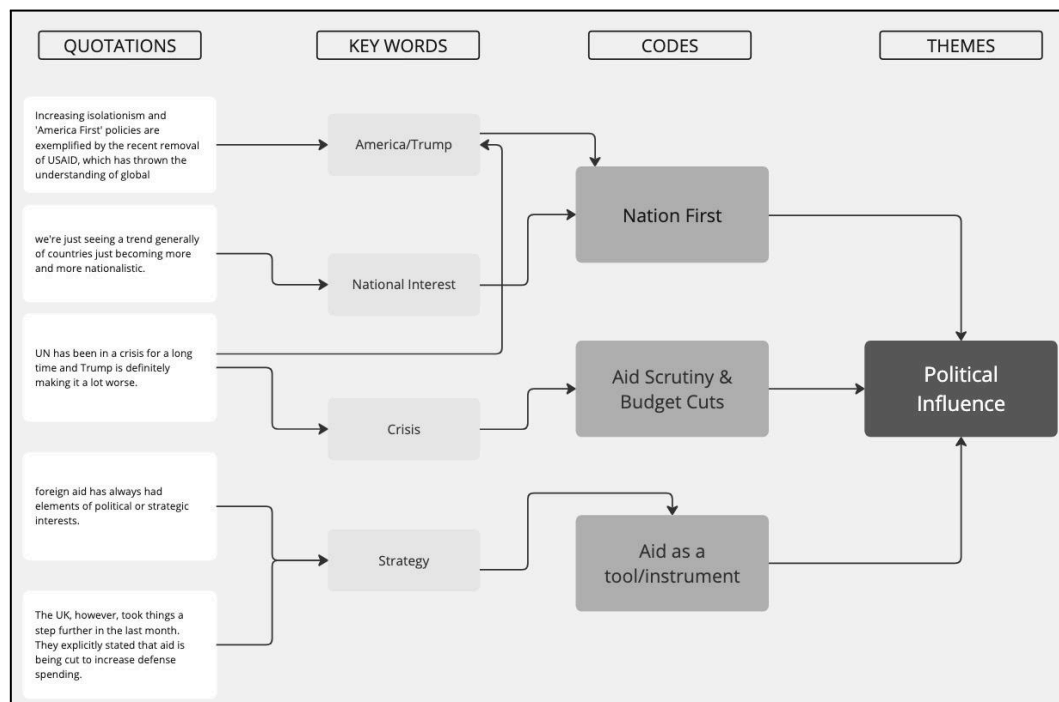
¹While this list includes 15 organizations, a total of 17 interviews were conducted. This is because two interviews involved separate representatives from the same organizations - NORAD and Enabel.

justified by their shared regional focus on Asia, to examine continuity and transformation in development finance. By analyzing these cases, the research aimed to draw meaningful insights into the evolving roles and approaches of traditional versus emerging MDBs.

The selection of India, China, and Qatar as case studies of emerging actors was guided by the literature review, which highlighted the increasing influence of these countries in international development cooperation. In parallel, the selection of Norad (Norway), Enabel (Belgium), and KOICA (South Korea) as bilateral development agencies was informed by discussions with the SDC, which identified them as “like-minded” agencies based on structural and operational characteristics. Also, an effort was made to include a non-European agency (KOICA) to diversify the sample.

Thematic analysis was employed to identify recurring themes, patterns, contrasts, and insights relevant to the research questions. Following initial familiarization with the data, it was coded according to a set of themes that were mutually agreed upon by the researchers. These codes were then systematically applied across the dataset and organized into broader thematic categories. A codebook with thematic analytical maps was developed to guide the analysis of the interview data and ensure consistency.

Figure 1 - Example of analysis of the interview data



One limitation of this method was the potential for confirmation bias, influenced by existing knowledge from the literature review and the researchers' perspectives. Efforts were made to remain aware of these biases throughout the analysis, and steps were taken to mitigate their impact by maintaining reflexivity and engaging in regular peer discussions during the coding and interpretation process.

Workshop and SWOT analysis

A workshop was conducted in collaboration with the SDC on April 3rd 2025. The session, designed for SDC staff members, was structured around the findings of the first three research questions. Its primary objective was to address the fourth research question, which focused on identifying potential risks, opportunities, and future strategic orientations for SDC.

The workshop served as both a platform for validating preliminary findings and a space for participatory engagement. Through discussions, participants were encouraged to reflect on the presented insights and contribute diverse perspectives on SDC's evolving role in international development cooperation.

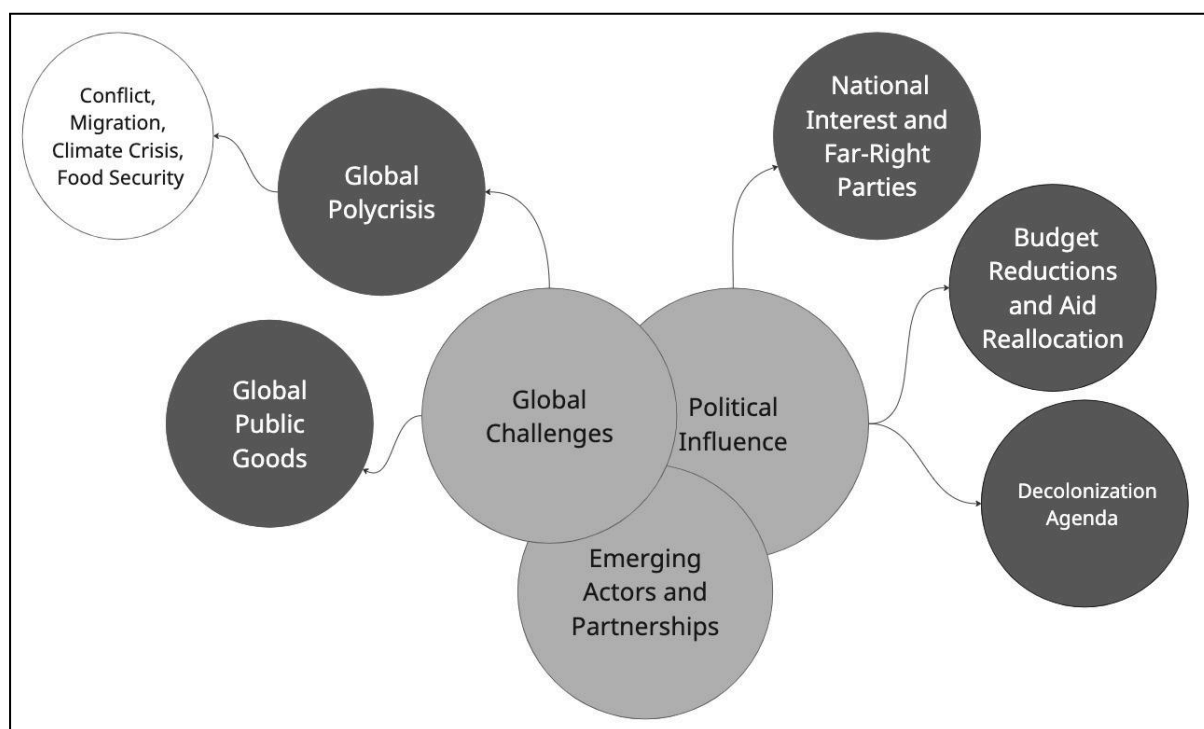
After the initial discussion, participants were divided into two groups to explore the four elements of a SWOT analysis: strengths and weaknesses (internal factors), and opportunities and threats (external factors). Their contributions were organized and analyzed using the SWOT framework to highlight possible strategic directions for SDC.

Insights, feedback, and recommendations from the workshop were integrated into the broader analysis and played a critical role in shaping the study's conclusions. This qualitative input, alongside findings from earlier phases, was triangulated to inform the final sections of the research and reflections for SDC.

1. KEY DRIVING FACTORS

Although a wide range of factors influence the international development landscape, the study highlights three principal drives: global challenges, political influence, and emerging actors and partnerships.

Figure 2 - Key driving factors impacting aid



1.1 Global Challenges

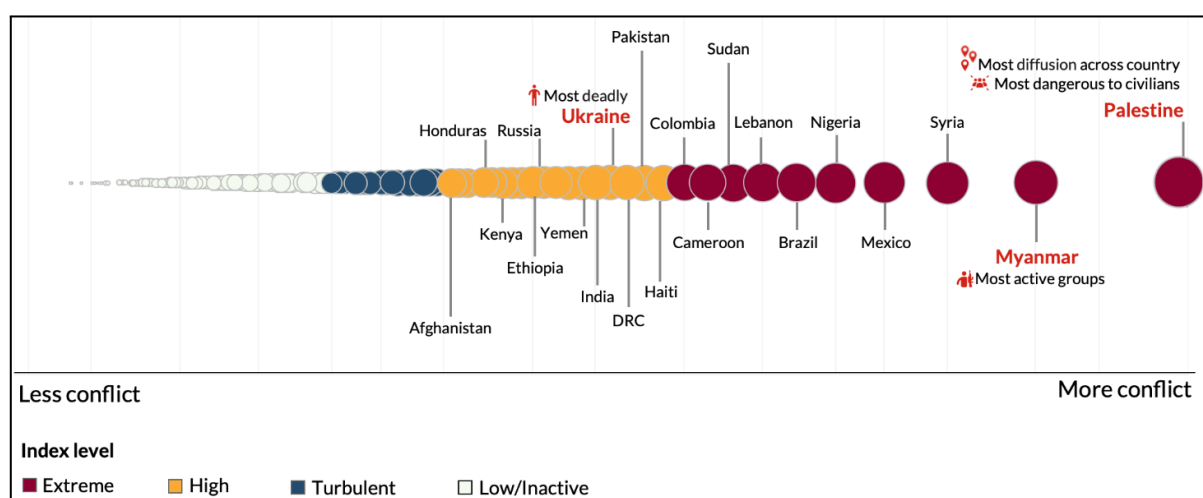
While the 2030 Agenda for Sustainable Development (SDG) has driven progress in areas such as poverty reduction, child mortality, and access to education, the 2024 UN SDG Report reveals that only 17% of targets are on track, highlighting the urgent need to adapt international cooperation to today's evolving challenges. In this light, development cooperation has been shaped by responses to interconnected issues that have redirected the focus of aid systems. This report identifies two overlapping trends under global challenges. The first is a growing emphasis on human-centered needs in response to acute crises such as conflict, displacement, and food insecurity. The second is an intensified focus on global

public goods amid systemic challenges like climate change, reframing development around shared global risks that require collective international action.

1.1.1 Global Polycrisis

Today's global challenges are interconnected and mutually reinforcing. This interdependence situates them within a broader phenomenon increasingly described as a "polycrisis," as highlighted in the World Economic Forum's 2024 Global Risks Report. Increased conflict constitutes a central dimension of the current global crisis. According to the Armed Conflict Location and Event Data Project (ACLED), the number of recorded conflict events has nearly doubled over the past five years, from approximately 104,000 in 2020 to nearly 200,000 in 2024. The majority of fatalities are linked to three major conflicts, Ukraine, Gaza, and Myanmar, alongside continued violence in other high-conflict countries such as Sudan, Mexico, Yemen, the Democratic Republic of Congo, and the Sahel region as shown in the figure 3 (ACLED, 2024).

Figure 3 - Conflict index: country rankings



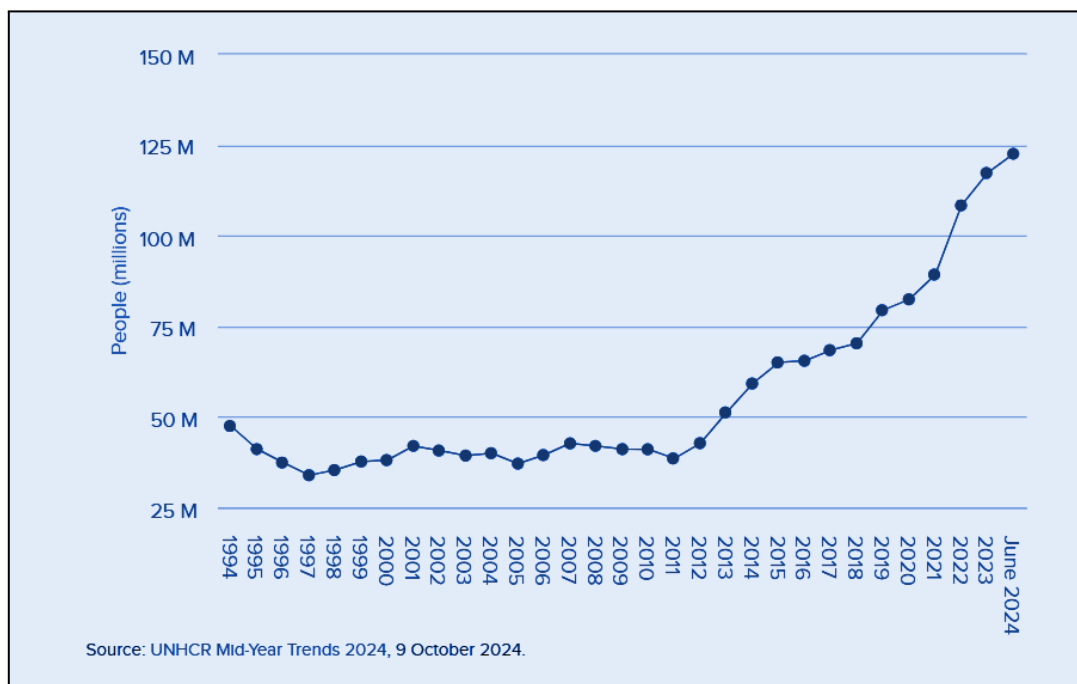
Source: Armed Conflict Location and Event Data (ACLED) (2024)

The increasing prevalence and protraction of conflicts are influencing the composition of aid, potentially jeopardizing the overall achievement of the SDGs. According to the OECD, donor support for Ukraine represents the second-largest aid effort in history, following assistance to Iraq in 2005. Refugee-related costs in DAC countries have also surged, rising from \$12.8 billion in 2021 to \$29.3 billion in 2022, more than doubling as a proportion of ODA budgets

(OECD, 2023b). With the war between Russia and Ukraine serving as a major driver of ODA increases, achieving the SDGs remains at risk without a substantial expansion of ODA budgets (Carey et al., 2023).

Another impact of rising conflicts and internal geopolitical instability on aid delivery was highlighted by the interviewee from HEKS, who noted that many staff members operate in high-risk areas and have experienced serious security incidents, including fatalities, in recent years. In response, several organizations are withdrawing from the most dangerous regions, ironically, those where the need for aid is greatest. Hence, even while humanitarian aid is increasing and being reallocated, a growing number of urgent needs remain unmet.

Figure 4 - Global trend of forcibly displaced people (1994-2024)

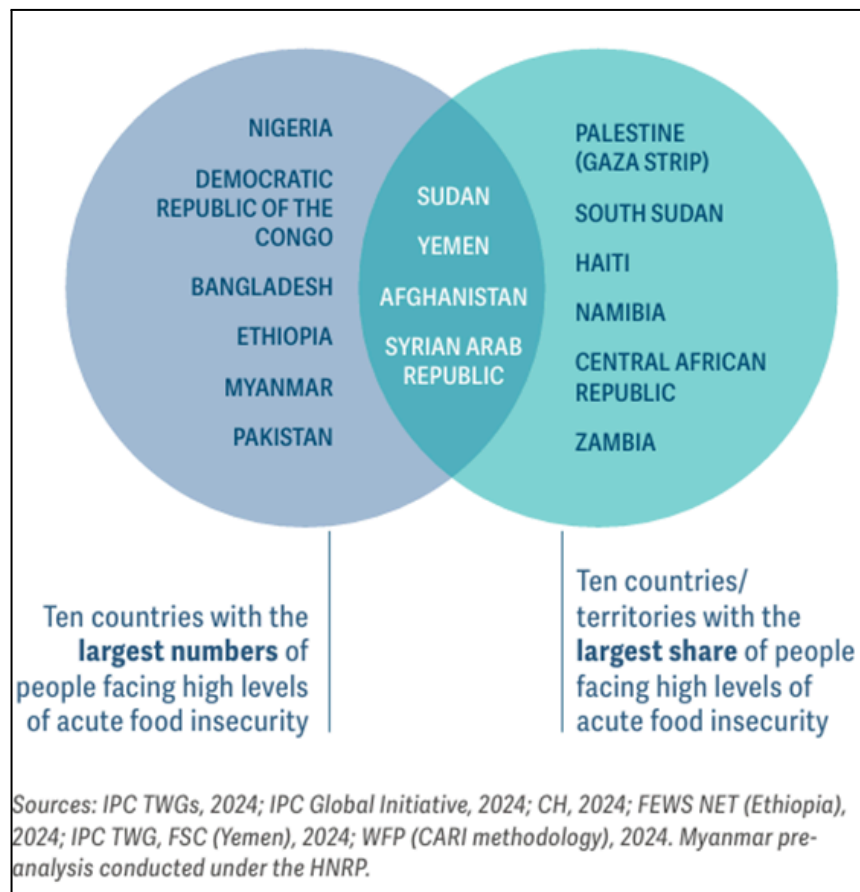


Source: UNHCR (2024)

Furthermore, these conflicts are a major driver of forced displacement globally. As of June 2024, 122.6 million people were forcibly displaced due to persecution, conflict, violence, and environmental disasters, contributing to the rise of environmental refugees created (UNHCR, 2024). Climate change alone is responsible for displacing an estimated 21.5 million people annually (UNHCR, 2021). The OECD notes that while low- and middle-income countries

host over 75% of the world's refugee population, donor support often comes in the form of short-term humanitarian aid. This approach overlooks the protracted nature of many displacement situations, highlighting the need for long-term development and peacebuilding support to effectively address the challenges faced by displaced populations and their host communities (OECD, 2023a)

Figure 5 - Countries Most Affected by Acute Food Insecurity



Source: Global Report on Food Crises (2025)

Additionally, driven by conflict, rising geopolitical tensions, climate instability, environmental fragility, and economic disruption, food and nutrition crises shape the daily reality of millions. According to the *Global Report on Food Crises*, more than 295 million people faced acute hunger in 2024, the sixth consecutive annual increase (GRFC, 2025). Conflict is a major driver of food insecurity, as exemplified by the war in Ukraine, which has severely disrupted global food supply chains. The Food and Agriculture Organization estimates that 23 million people could face food insecurity by 2030 as a direct consequence

of this conflict (FAO, 2023). Following the outbreak of the Ukraine war, food prices surged to a record high in March 2022 (CSIS, 2024). Furthermore, the conflict in Gaza is another important example as in the year 2024 the entire population of the Strip faced high levels of food insecurity (GRFC, 2025).

Notably, climate change has emerged as a major global challenge and is no longer regarded as a siloed environmental issue but as a cross-cutting threat that exacerbates vulnerabilities across sectors such as health, education, food security, migration, and economic stability. Its far-reaching impacts are intensifying development challenges, disproportionately affecting low-income countries and marginalized populations. As extreme weather events grow more frequent and climate-induced displacement rises, international cooperation is increasingly pressured to integrate climate resilience into broader aid strategies and policy planning. Despite increased international recognition, significant gaps remain in the funding and implementation of climate solutions. While developed countries surpassed the USD 100 billion annual climate finance commitment in 2022 for the first time (OECD, 2024f), this milestone came two years later than the original 2020 target. Moreover, adaptation continues to receive a smaller share of total funding, with 60% still directed toward mitigation efforts in 2022 (OECD, 2024a).

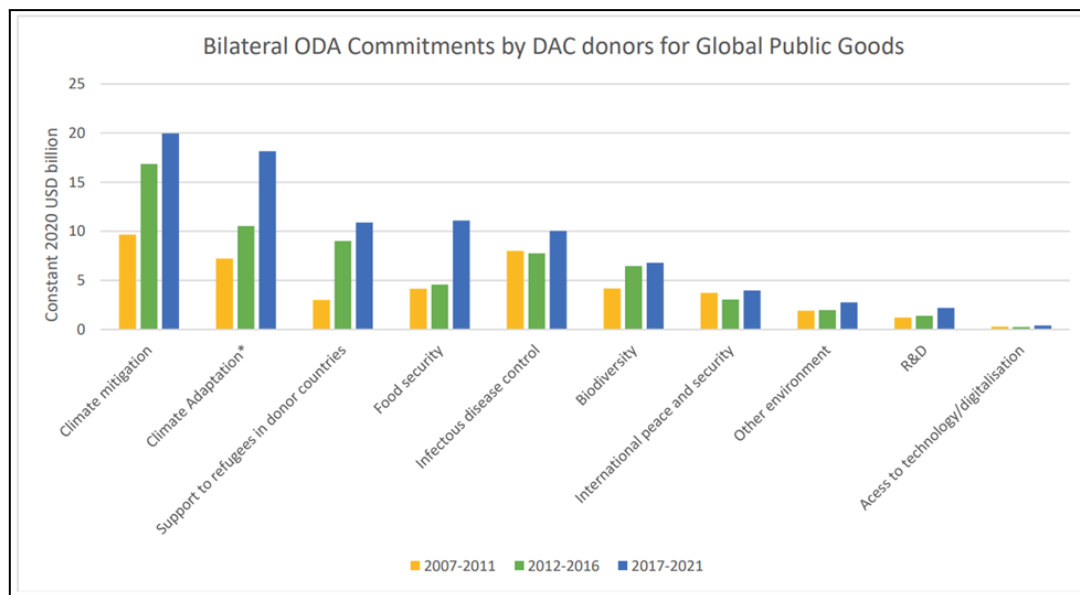
The growing scale of these challenges is increasingly influencing the development aid agenda. Donors are directing more resources toward livelihoods, governance, and climate resilience in countries of origin and transit, framed as efforts to “tackle root causes” and manage migration flows (OECD, 2024g; CONCORD Aid Watch, 2024). However, critics caution that such strategies risk instrumentalizing aid for migration control rather than promoting inclusive, long-term development (Alliance Sud, 2025; CONCORD Aid Watch, 2024).

1.1.2 Global Public Goods

In recent years, the Global Public Goods (GPGs) agenda has gained prominence, particularly in addressing challenges such as climate change and global health, underscoring the need for coordinated international cooperation and sustained investment. Reflecting this, OECD DAC members have significantly increased spending on GPGs, from an average of 37% of bilateral

ODA between 2007 and 2011 to approximately 60% between 2017 and 2021. This growth is driven largely by investments in climate change mitigation, refugee assistance, food security, and infectious disease control (Elgar et al, 2023).

Figure 6 - Bilateral ODA commitments by DAC donors for Global Public Goods



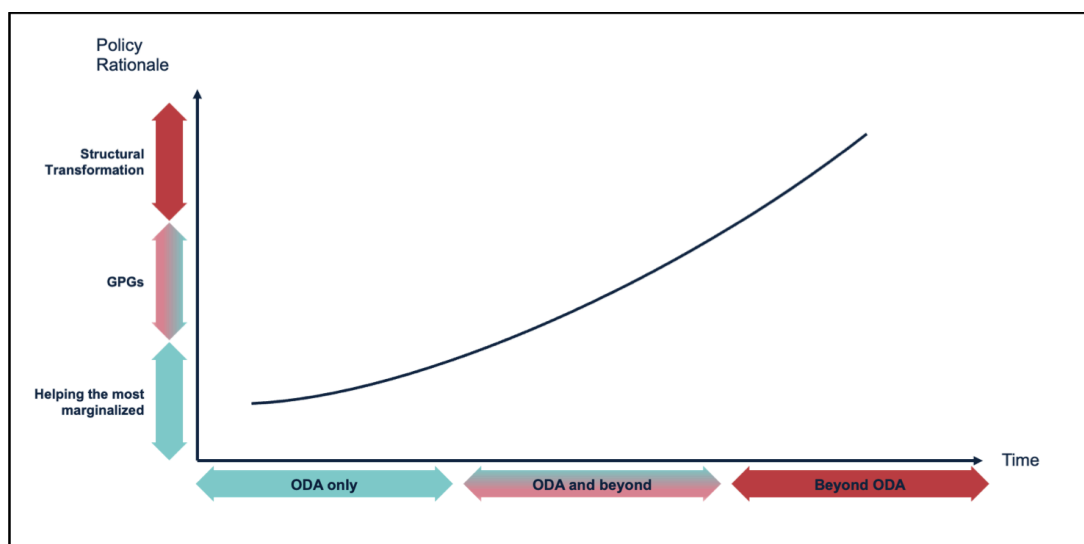
Source : OECD (2023)

However, this shift raises concerns about potential trade-offs. Discussions at the Post-Aid World Dialogue (dPAW) in October 2024, hosted by the Overseas Development Institute (ODI), highlighted the risk that funding for climate and humanitarian priorities could divert resources from traditional poverty reduction efforts. Participants called for expanding the development finance landscape to simultaneously address enduring development goals and emerging global challenges.

Figure 7 presents a phased financing strategy proposed during the dialogue. In the short term, ODA should remain focused on addressing the basic needs of developing countries. In the medium and long term, the financing of Global Public Goods should increasingly be supported through alternative mechanisms, such as domestic tax reform, international financial instruments, and the mobilisation of private capital (ODI, 2024). This evolving approach reflects the growing recognition that development cooperation must adapt to a changing global environment. It underscores the importance of aligning short-term

development goals with sustained, long-term investment in global public goods to promote resilience and shared prosperity.

Figure 7 - Tripartite Model of ODA's Role Over Time



Source: Aly, H. and Gulrajani, N. (2024).

In conclusion, these overlapping global polycrisis trends can be broadly categorized into two key areas: first, the increased responses to humanitarian crises, and second, growing imperative to address shared global challenges, such as the climate change, which has prompted a shift toward preservation of global public goods agenda.

1.2 Political Influence

Political dynamics are playing an increasingly central role in shaping the direction and priorities of international development aid. The rise of nationalism, the growing strength of far-right political movements, and shifting donor strategies are profoundly altering the global cooperation landscape. The increasing influence of politics in development decisions has been identified as one of the main driving factors in this research. Previously understated or implicit, political drivers are now more openly determining the scale and direction of aid flows.

1.2.1 National Interest and Far-Right Parties

The rise of far-right parties in democratic countries has, in recent years, been an overlooked trend. However, at present, it is significantly impacting international development aid. As noted by the HEKS interviewees: “There is an increasing link between national interests and foreign aid strategies. Institutional donors are now more explicitly aligning development aid with national priorities, such as migration and economic policy. While this connection has always existed, it is now much stronger...Today, this is no longer debated because aid is expected to serve national interests.”

This research identifies two principal ways in which the rise of nationalist rhetoric influences aid. First, it is reflected in narratives that question the effectiveness of aid and view it as non-essential to national interests. Second, and conversely, there is a growing politicization of aid, whereby it is increasingly redirected to serve geopolitical, and economic objectives.

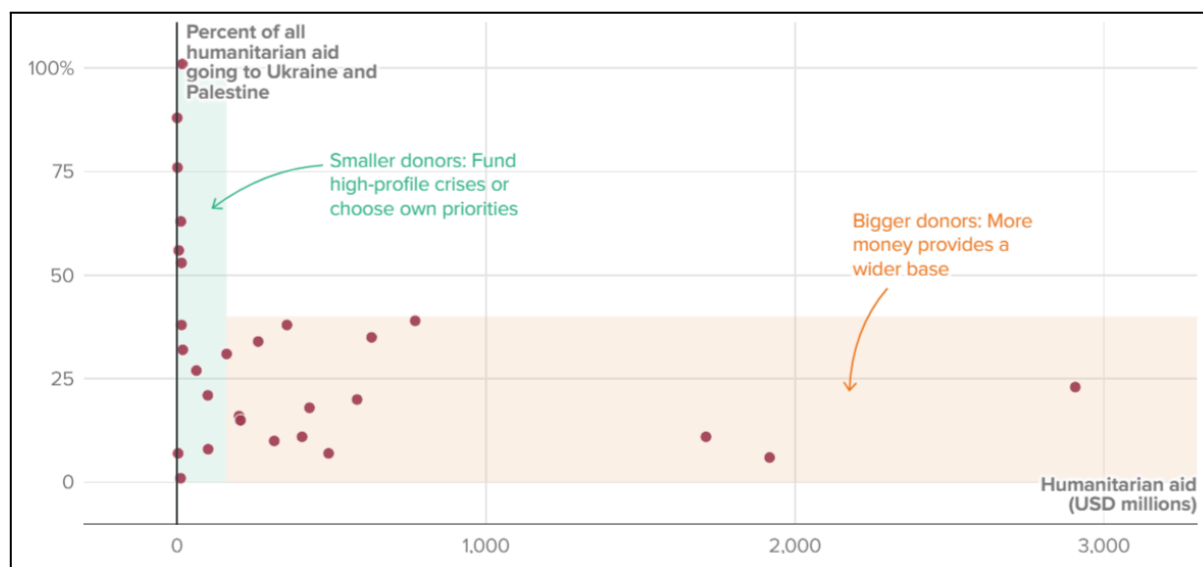
While this trend was evident even before Donald Trump’s return at the presidency of the United States in January 2025, that event serves as a concrete example of the growing nationalism, where aid is not seen as essential and its budget is increasingly reduced. On January 24 the president ordered a total freeze on all foreign aid, and on March 28, the administration announced plans to dissolve USAID, with many of its functions being transferred to the Department of State by July 1, 2025 (Luscombe, 2025). Food rations that could supply 3.5 million people for a month are currently mouldering in warehouses around the world due to the abrupt shutdown and are at risk of becoming unusable according to Reuters (2025). The consequences of the withdrawal are catastrophic and are impacting the survival of thousands of people who are entirely dependent on that aid.

Furthermore, the Trump administration’s hesitation to continue military support for Ukraine has cast doubt in Europe about the long-term reliability of U.S. security guarantees under NATO’s Article 5. In response, European countries have begun mobilizing increased national defence investments as part of the EU’s objective to ReArm by 2030 (Clapp et al, 2025). This renewed focus on defense is also having significant implications for aid budgets. The United Kingdom’s recent decision to scale back its aid budget in favor of boosting defense spending sets a potential precedent, encouraging a similar shift among other European donor states and

contributing to a broader contraction in development cooperation (ODI, 2025). Although national security spending was already on the rise, the current geopolitical climate has further accelerated this trend.

Building on this, another key trend has been the shifting of geographical priorities. While the urgency of supporting Ukraine is broadly accepted, the scale of this reallocation raises concerns (ODI, 2025). ODI noted that the “total aid disbursed to Ukraine in 2023 was about 86% of all ODA disbursements to Africa in the same year”. It is important to clarify that this does not indicate a direct shift of aid from Africa to Ukraine, but rather shows the scale of prioritization Ukraine has received within OECD-DAC donors' aid portfolios. This shift is part of a broader trend among donor countries, especially those in Europe, to focus first on their immediate neighborhoods. This approach is not limited to Western donors; other countries such as India and Qatar also tend to prioritize assistance to neighboring regions as is mentioned later in the report.

Figure 8 - Donor Size and Allocation to Ukraine and Palestine



Source: The New Humanitarian (2025)

Note: Some smaller donors concentrate on specific emergencies. This chart shows the percentage of funding that went to Ukraine and Palestine responses in 2024 compared to each donor's total humanitarian budget.

Given the ongoing and severe conflicts in countries like Sudan and the DRC, the disproportionate attention to Ukraine suggests that donor decisions are increasingly shaped by geopolitical and national security considerations, rather than being purely guided by

global humanitarian needs. According to the ODI interviewee, this may reflect a broader evolution in the discourse around aid, from a focus on global solidarity to a logic of proximity and strategic interest.

What is particularly notable is the composition of ODA to Ukraine. In 2022, 90 percent of DAC members' net ODA to Ukraine was classified as development assistance rather than humanitarian aid. Although the contexts differ, it is noteworthy that in the first year of the Syria conflict (2012), humanitarian assistance accounted for 82 percent of ODA; in Yemen (2015), it was 66 percent (Kiernan, Turroques, & Ahmad, 2024). This reflects a shift toward reconstruction and economic engagement, with donor countries involving their own firms. For instance, Germany allocated 430 million euros through its Ministry of Economic Affairs and Climate, enabling German companies to operate in Ukraine's energy sector. This illustrates a growing trend among European donors to use a 'whole of government' approach that blends aid with strategic economic interests, aiming to position Ukraine as a future trading partner (Chen, 2024).

An important and often overlooked factor influencing both of these trends is the shifting public perception of aid. This perception is increasingly shaped by nationalist and isolationist rhetoric, as noted in several interviews. Aid is frequently portrayed as inefficient, misused, or disconnected from domestic priorities, which fuels public skepticism and creates pressure on policymakers to align aid with national interests.

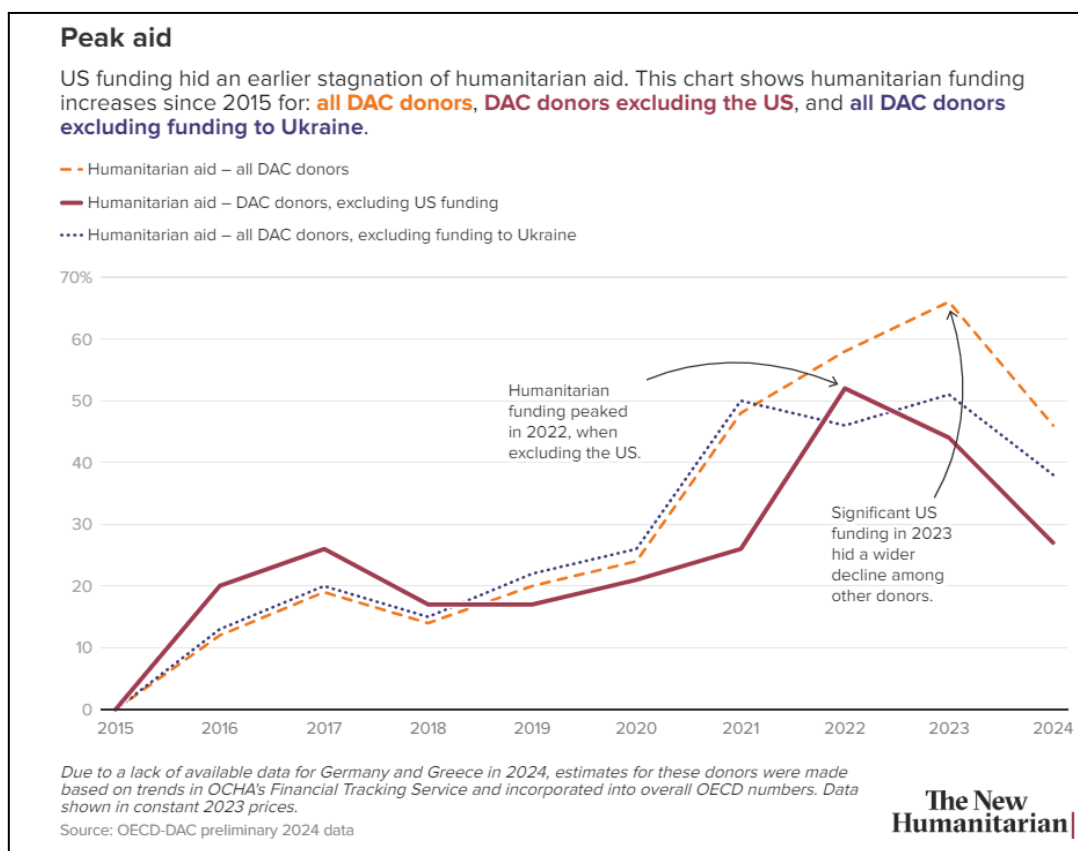
Interviewees from Alliance Sud and the Institute of Development Studies (IDS) emphasized that public criticism of development cooperation is on the rise. Aid is under greater scrutiny, with mounting pressure on policymakers to justify budget allocations more transparently and convincingly. Both interviewees pointed to a critical gap: development actors have not sufficiently engaged with the broader public. This lack of meaningful communication has inadvertently allowed populist narratives to gain traction, reinforcing the notion that aid should serve national interests rather than global solidarity.

1.2.2 Budget Reductions and Aid Reallocation

Although recent reductions in USAID funding have drawn significant attention, the United States is not alone. Other major donors, including the United Kingdom, Belgium, France, and

Germany, have also implemented similar cuts. Meanwhile, countries such as Sweden and the Netherlands have explicitly cited a reorientation of priorities, signaling a shift away from treating foreign aid as a core policy commitment. In the year 2025 only four DAC countries (Luxembourg, Norway, Sweden, and Denmark) currently allocate more than 0.07% of their GNI to humanitarian aid. This relatively low threshold represents just 10% of the long-established but seldom met target of dedicating 0.7% of GNI to official development assistance (The New Humanitarian, 2025).

Figure 9 - Humanitarian aid funding flows of DAC Donors (2015-2024)



Source: The New Humanitarian (2025)

In February 2025, the United Kingdom declared a strategic shift to increase defence spending to 2.5% of GDP by 2027, simultaneously reducing its official development assistance (ODA) from 0.5% to 0.3% of gross national income (GNI) (Keate, 2025). This reallocation underscores a growing tension between defence priorities and development commitments. The United Kingdom was the first to explicitly articulate this trade-off, framing its aid cuts as necessary to strengthen defense. Additionally, the ODI interviewee stated the growing trend

among donors citing UK, Germany and France to decrease their aid budgets and increasing their defense spending reflecting a broader transformation in the discussion of aid allocation : from a tool of global solidarity to one increasingly embedded in strategic and security-oriented priorities. Donor countries are thus redefining the purpose of aid within a more interest-driven framework (ODI,2025).

Additionally, according to HEKS, these budget cuts are contributing to the shrinking of civil society space in many countries. Governments in these contexts are increasingly cracking down on NGOs, limiting their ability to operate and questioning their role and effectiveness. As NGOs become more tightly controlled by state authorities, this further undermines the positive spirit of international cooperation.

Lastly, interviews with ODI and HEKS highlighted another emerging trend: the growing emphasis on heightened accountability within development interventions and spending. While this demand is often associated with increased efficiency, effectiveness, and transparency, it may also lead to higher administrative costs, particularly when outcomes are difficult to quantify or predict. Alternatively, ODI raised an important point about the need for greater accountability among donor countries towards recipient countries in the context of budget cuts. Many recipient governments incorporate anticipated aid inflows into their national budgets. When donors withdraw funding abruptly, without consultation or viable transition strategies, it can result in significant instability. This concern highlights a deeper imbalance within global aid governance structures.

In conclusion, the trend of political influence in development cooperation can be understood in two key dimensions. First is the rise of nationalism through right-wing political parties, which has led to an increasing emphasis on national interests within development cooperation, exemplified by the impact of Trump's presidency, the shutdown of USAID, and shifts in geographical aid priorities. Second, is the issue of budget reductions and aid reallocation, marked by a decrease in ODA, recent budget cuts and the redirection of aid budgets towards defence spending.

1.2.3 Decolonization Agenda

While not a primary trend reshaping the aid landscape, the decolonization and localization agenda warrants critical attention. Recent discourse among academics and practitioners in international development cooperation has increasingly acknowledged the structural power imbalances embedded within the global aid system (Peace Direct, 2021; Pierre, 2019; ISS, KUNO & Partos, 2022). These discussions highlight the need to confront and reassess the language, hierarchical operational models, and sensitivities associated with the roles of "donors" and "aid recipients" through a decolonial lens.

The sector has, in part, responded to these critiques through a growing commitment to the localisation agenda, aimed at shifting power to the countries and communities where aid is delivered, placing them in the driver's seat. However, this transition has not been without its challenges and disappointments.

This research finds that the discourse of "decolonizing aid" manifests in varied ways: sometimes critically engaged, at other times uneasily acknowledged, and occasionally entirely absent in how humanitarian and development actors perceive their work. While the agenda holds promise for the future of aid, its material realisation remains an ongoing and contested process.

1.3 Emerging Actors and Partnerships

Another key trend identified in this report is the emergence of new actors in the development cooperation landscape. Historically, development cooperation has been driven primarily by countries in the Global North, particularly members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC). However, this long-standing North-to-South aid paradigm is increasingly being challenged by the growing participation of non-DAC countries.

While DAC members continue to provide the majority of Official Development Assistance (ODA) by volume, the role of non-DAC donors has become increasingly significant, particularly in the context of shrinking aid budgets among traditional donors and escalating

humanitarian needs. For instance, in 2023, non-DAC countries collectively contributed USD 6.1 billion to humanitarian funding, representing nearly one-quarter of the global total (Pearson, 2024).

Key Reflection on Trends

Overlapping global crises and shifting political priorities are important trends that have been observed. Rising conflict, climate change, forced displacement, and food insecurity have intensified humanitarian needs and underscored the urgency of protecting global public goods. Donors are allocating more aid to areas like climate resilience and global health, but concerns remain over neglecting long-term poverty reduction.

At the same time, political influence has become more explicit. The rise of far-right parties and nationalist agendas has led to the reorientation of aid toward domestic interests. The Trump administration's freeze of USAID and growing European defence spending reflect this trend. Aid is increasingly shaped by geopolitical proximity, exemplified by the prioritization of Ukraine.

Budget cuts among major donors further destabilize aid-dependent countries and threaten civil society spaces. Meanwhile, the call to decolonize aid is gaining momentum, pushing for local leadership and equitable partnerships, though contradictions persist. Finally, non-DAC donors are emerging as key players, signaling a shift toward a more multipolar development landscape.

The next section explores the implications of the emergence of these new actors and examines how their approaches are reshaping international cooperation.

2. MULTILATERALISM AND EMERGING ACTORS

The traditional multilateral system, long the backbone of international development, is facing a deep legitimacy and operational crisis. As Alliance Sud notes, “the UN has been in crisis for some time, a situation that worsened dramatically with Trump’s administration and could result in agencies being shut down or drastically reduced. MDBs may survive better due to

their alignment with private sector interests, but this shift threatens to marginalize crucial areas such as poverty reduction and basic health care.”

While recent developments with USAID have further exacerbated growing anxieties within the international community this research suggests a more nuanced picture. Alongside, the growing sense of crisis marked by declining trust, rejection of international norms and weakening of UN institutions, emerging actors from the Global South appear to be re-engaging with, rather than retreating from the multilateral system.

Representatives from think tanks such as ODI and ORF India noted that these shifts are disruptive, they also create space for adaptation and innovation. The current landscape is marked not solely by decline but also transformation, suggesting that multilateralism is not vanishing but shape shifting.

2.1 Multilateral Development Banks (MDBs)

The emergence of two significant institutions, the Asia Infrastructure Investment Bank (AIIB), established on the initiative of China, and the New Development Bank (NDB), founded by the BRICS countries, signals a new phase of multilateralism in which developing economies assume a more central and directive role. Their creation marks a critical shift in international cooperation, challenging the dominance of traditional MDBs and underscoring the rising geopolitical influence of emerging markets in global governance (Ahluwalia et al., 2016). This research focuses on AIIB.

A notable insight emerged through AIIB and the Asian Development Bank’s (ADB) perspective on the centrality of collaboration between MDBs. During the interviews, both emphasized the importance of MDBs operating as part of a collaborative system.

As stated by an AIIB interviewee: “The MDBs are operating more as a system now. If you look at things like co-financing and cross-MDB collaboration, that has definitely increased compared to 20 or 30 years ago.”

ADB stated, while some perceive emerging MDBs as competitors, they regard them as partners. Given the immense financing needs facing the global development landscape, the

emergence of additional institutions is viewed as enhancing the overall capacity to address these challenges. Instead, the primary concern is not competition but rather the risks of ineffective coordination, resource duplication, and institutional inefficiencies. To mitigate these risks, MDBs increasingly emphasize harmonized country programming. Examples of such collaborative mechanisms include the Mutual Reliance Framework and the World Bank's Cofinancing Portal. These efforts reflect a growing commitment to collective action.

2.1.1 Shifting Paradigm in Development Finance

One notable shift introduced by new actors is a move away from poverty reduction and using development financing as a tool for promoting social and political change in borrowing countries. Instead, they focus primarily on financial aspects rather than social justice issues and outcomes (Wang, 2017). As AIIB interviewee mentioned, while the United Nations and the World Bank were highly effective in representing and responding to global economic needs in the post-World War II era, these institutions have become slow to adapt their governance structures, making it increasingly difficult for them to reflect the current economic reality. Furthermore, the interviewee pointed out that although infrastructure investment was once the primary mandate of the World Bank, its focus has broadened over time to encompass wider development goals. With the emergence of new MDBs, there is now a growing global emphasis on reprioritizing infrastructure, reflecting a renewed recognition of its critical role in economic development and connectivity. The interview also highlighted AIIB's belief that its model is more attuned to the needs and demands of today's global economy, particularly because many of its stakeholders are developing countries.

However, research suggests that new MDBs are not markedly different from traditional ones, having adopted key features such as organizational design, governance structures, and financial and operational policies (Humphrey, 2022). Notably, significant structural and operational parallels between the AIIB and the World Bank have been observed (Ella, 2021). Nevertheless, the literature also identifies important points of divergence in how newer MDBs approach infrastructure financing, project requirements, and Environmental and Social Frameworks. While some scholars argue that institutions like the AIIB have streamlined processes to operate more 'leanly' (Apolinário Júnior and Jukemura, 2022), others maintain they reflect continuity with traditional MDBs (Creutz, 2023).

Lastly, when asked about the Global Public Goods Agenda, the interviewees noted that although AIIB does not explicitly brand itself as a provider of global public goods, its investments inherently contribute to them, whether through climate action, regional cooperation, or health and environmental sustainability. The interviewees suggested, rather than positioning itself solely within the public goods framework, AIIB facilitates private-sector participation by shaping regulatory and investment environments that support sustainable development.

2.1.2 Distinct Origins, Shared Trajectories

A particularly compelling insight arose when comparing traditional and emerging MDBs, specifically the ADB and the AIIB. Both institutions highlighted that, due to their self-reliant operational models, MDBs are relatively insulated from the increasing politicization of the aid landscape. According to interviewees, the current global climate may be more favorable than ever, owing to a growing shift towards blended finance and innovative funding mechanisms. It is believed MDBs are well-positioned to leverage these trends through their corporate and market expertise. By generating revenue via loan margins, they maintain operational stability and independence from external funding. As such, geopolitical dynamics have limited direct influence on their core functions.

Nevertheless, when asked about the challenges they face, several emerging pressures were noted. AIIB stated, a key concern was rising interest rates in developing countries, which significantly increased borrowing costs. This leads to mounting pressure on MDBs, to expand concessional lending, as also recommended in the G20 roadmap. However, concessional finance remains heavily dependent on contributions from donor countries, making it increasingly difficult to mobilize adequate funding.

Similarly, ADB raised concerns about the reduced donor support for instruments like the Asian Development Fund (ADF), which supports low-income and conflict-affected countries, providing critical resources during health crises, climate-related disasters, and other emergencies. With development aid budgets shrinking in many donor countries, ADB expressed concern over the potential decline in such funds, which could compromise its ability to support the most vulnerable.

While both AIIB and ADB maintain that they are not significantly affected by aid-related scrutiny, budget cuts, or politicization, the findings suggest that these factors do, in practice, exert a degree of influence on their operations.

In conclusion, both AIIB and ADB emphasized their increased commitments to climate adaptation and mitigation as well as their ambition to play a leading role in setting standards for climate finance. They also highlighted the integration of innovation and technology in their operations and a focus on private sector engagement and blended finance models. Additionally, both institutions expressed optimism regarding the role of MDBs in reinforcing multilateralism. These trends highlighted a key insight that institutions with similar financial and operational architectures tend to resemble one another more than they differ.

Regardless of their origin, MDBs share a common reliance on project profitability for sustainability, which positions return on investment as a central operational concern. Although MDBs often claim to operate outside the political domain, they remain indirectly influenced by geopolitical shifts both structurally and discursively.

2.2 Emerging Actors and Dynamics

The literature review and interview findings highlighted a consensus that several countries, once primarily aid recipients, have transitioned into providers of development assistance, reflecting the growing role of emerging donors in the international development cooperation landscape. This research focuses on China, India, and Qatar to understand: what are the ambitions of these new actors? How do they operate, and what are their motivations? How do they position themselves within the broader development landscape? What risks, challenges, and opportunities do they face?

2.2.1 China

In recent years, China has gone from an aid recipient to one of the largest providers of development assistance. While traditionally known for its large-scale infrastructure investments funded through loans (e.g., Belt and Road Initiative), China is gradually transitioning to smaller-scale community-oriented initiatives and moving away from loan-based financing towards increased use of grants. This transition is partly motivated by

the rising debt distress among recipient countries and a need to diversify financial risks. Additionally, while China's development model is rooted in South-South cooperation, there has been a noticeable shift in focus toward the African continent (Acker & Brautigam, 2021).

China's growing involvement in the multilateral cooperation system marks another significant development. It is increasingly active in the UN system and through MDBs signaling a strategic willingness to operate within existing structures (Heldt et al., 2025). A notable example of this is the *Global Development Initiative*, highlighted by Chinese leadership during the 76th session of the UN General Assembly in 2021 to "jointly overcome difficulties to build a better world." While this engagement may aim to enhance legitimacy and influence, it also reflects a recognition of the need for global coordination.

In parallel, the Chinese interviewee emphasized the importance of development assistance yielding mutual benefits for both donor and recipient countries, highlighting aid as a political instrument and strategic tool. The language used was along the lines of a "win-win" solution and stressed how China's foreign aid strategy is closely tied to internal economic progress. Alliance Sud, cautioned that this approach is "heavily self-interested and business-oriented," with limited emphasis on human rights or civil society engagement. However, the ODI interviewee presented a contrasting view, suggesting that many recipient countries now express a preference for engaging with China, not necessarily because the terms are more favorable, but because the approach is direct and transactional. There is no pretense or imposition of value systems, and many recipients find this openness easier to navigate.

Interestingly, the Chinese interviewee revealed China's recognition of its relative lack of skills and experience in international cooperation. The interviewee noted that Chinese diplomats are relatively new to aid work, especially compared to their Western counterparts, who benefit from decades of institutional memory, and are therefore still in the process of building their expertise.

A key challenge in analyzing China's role in international cooperation is the limited accessibility of official data and reporting, which is largely confined to government issued-white papers on national strategies for international development cooperation. This lack of transparency makes it difficult to compare and categorize China's aid efforts.

2.2.2 India

India occupies a unique position in the international cooperation system as both an aid recipient and a provider of development assistance. The interviewee's from India - one from ORF, India and a former Indian government official - highlighted that India characterizes its approach as a "development partnership," rather than framing it in terms of "aid." The interviewees stated India's approach was marked by the needs and priorities of recipient countries rather than imposing conditionalities. The country is known for its contributions to technological training, assistance, and capacity building initiatives (e.g., Indian Technical and Economic Cooperation (ITEC) Program). Additionally, India actively promotes triangular partnerships, leveraging its development experience to collaborate with both traditional donors and recipient countries. This is particularly evident in sectors such as digital infrastructure and through initiatives like the International Solar Alliance (ISA) and the Coalition for Disaster Resilient Infrastructure (CDRI).

The geographical focus of India's development assistance is shaped by its "Neighbourhood First" policy, with a strong emphasis on bilateral partnerships. Additionally, the ORF India, interviewee mentioned the centrality of south-south collaboration, the role of BRICS in agenda setting for emerging economies and importance of regional cooperation to India's development strategy. The interviewee highlighted regional platforms such as the Raisina Dialogue (India), Cape Town Conversations (South Africa), Innovation Island Summit (Caribbean), Kigali Dialogue (Rwanda), among others, as important spaces where developing countries engaged in dialogue and articulate their development priorities. These forums have led to the emergence of new clusters of partnerships and bilateral arrangements. Similarly, collaborative platforms such as the G20 were highlighted as unique opportunities for developed and developing nations to come together, which exemplify new forms of partnership aimed at shaping the global development agenda.

The ODI interviewee mentioned, "The spectrum [of development cooperation] has always included solidarity, mutual interest, and national interest. What's changed now is that donors are becoming more open about where they fall on that spectrum... Traditional donors have historically avoided openly articulating the national interest behind aid." A concrete example

of this, similar to China, was the candid acknowledgment by Indian representatives of the link between aid policy and broader national strategies.

According to the former Indian government official, although the goodwill generated through aid may not be easily quantifiable, it can nonetheless serve as a valuable diplomatic asset, illustrating how aid can indirectly contribute to fostering international goodwill. Similarly, the ORF interviewee stated, “Development financing has emerged as a critical instrument of economic diplomacy....We cannot really think of development partnership as a selfless activity.” This highlights a similarity between India and China in their sensibility, language and emphasis on mutual benefit and “win-win” solutions in the context of development assistance.

Regarding India’s role in the broader international development landscape, the interviewees expressed a pragmatic perspective. They acknowledged that while India’s contributions are expanding, they remain relatively modest in scale.

A key challenge in analyzing Indian development assistance, similar to the case of China, was the lack of credible and comprehensive data. This included limited information on allocation, strategic priorities, and reporting. The absence of coherent and accessible data hampered efforts to accurately quantify India’s contribution

2.2.3 Qatar

Qatar’s growing engagement in development cooperation marks its position as a major non-traditional donor from the Global South. Established in 2002, the Qatar Fund for Development (QFFD) is the country’s official international development agency. The QFFD interviewee stated Qatar is currently in the process of expanding and diversifying its development financing approach. While historically, Qatar has prioritized development assistance towards the MENA region, it is now extending its reach to Sub-Saharan Africa and parts of South and Southeast Asia, particularly to countries with significant populations of Qatari labour migrants. Thematically, the QFFD interviewee highlighted Qatar’s active role in peace and mediation efforts. The country has been involved in mediating conflicts in Afghanistan, Chad, the Kenya-Somalia dispute, the Russia-Ukraine conflict, and Palestinian issues (Milton, Elkahlout, and Tariq 2025). The interviewee emphasized that stability is a

prerequisite for sustainable development, positioning mediation as a central pillar of Qatar's foreign aid strategy.

Due to budget constraints, QFFD is also undergoing a process of prioritization, as emphasized in OECD DAC peer reviews, which recommended a more concentrated approach to maximize impact. While grants remain central, especially for humanitarian aid and essential services such as health and education, there is a strategic shift towards increased use of concessional loans and blended finance instruments, particularly in sectors linked to economic development and infrastructure.

In terms of Qatar's participation in the multilateral system, since 2020, Qatar begun reporting its development assistance through international frameworks such as the OECD DAC platform and OCHA's Financial Tracking Service (FTS) as well as and participating in initiatives like the Multilateral Performance Network (MOPAN) to increase transparency and move towards formalizing its aid contributions. One key motivation for this shift was the recognition that meaningful participation in global policymaking required engagement with international institutions and adherence to established reporting norms. The emphasis on aligning with international standards to shape global development discourse highlights the continued centrality of traditional multilateral institutions within the international cooperation system.

One of the most significant insights from the interview with QFFD was the argument that Qatar and several other Middle Eastern donor countries should not be classified as "emerging donors", but rather as "non-traditional DAC donors," given their longstanding, albeit, previously unreported contributions. As the QFFD interviewee explained: "Regarding the terminology of 'emerging donors', I would like to clarify that we (Gulf countries) do not consider ourselves as such."

A particularly thought-provoking challenge raised in the discussion was the inadequacy of prevailing terminology. Although Gulf states are frequently labeled as "emerging donors," this characterization overlooks their historical involvement in development-oriented giving, which dates back to the 1960s. This critique challenges not only the terminology itself but also broader assumptions underpinning the dichotomy between traditional and emerging donors, echoing the need to adopt a decolonial perspective. For context, institutions such as

the Kuwait Fund, the Abu Dhabi Fund, and the Saudi Fund were established in the 1970s, contemporaneous with the formation of many traditional donor institutions in Europe, including those in Switzerland.

Lastly, similar to China, Qatar acknowledged that it is still in the process of building institutional expertise and refining its role within the international development landscape. The country is actively investing in institutional capacity building. As the QFFD interviewee noted: “We do not yet have multiple generations of professionals with deep-rooted experience in international development, unlike traditional ODA providers that have decades of institutional history and expertise in the sector.

Key Reflections on Emerging Actors

In conclusion, instead of abandoning the existing multilateral framework, emerging actors are engaging with it in evolving and adaptive ways, while also bringing their own understanding of international cooperation, norms, and operational models. Four takeaways stem from this analysis. First, emerging actors and Global South economies are increasingly asserting the right to define their development agendas on their own terms. While acknowledging the historical role of traditional donors from the Global North, the emphasis on ownership, echoed in the Paris Declaration (2005), is seen as essential. Moreover, the categorization of donors as either "traditional" or "emerging" is being challenged and may no longer adequately capture the similarities and differences among actors and does not fully reflect current realities. For example, institutions like the AIIB and ADB, resemble one another more than they differ.

Second, regional cooperation enables emerging actors to address shared challenges and aspirations within their regions, while fostering collective economic prosperity. Third, although Global South is gaining agency and contributing to the redefinition of aid norms, persistent challenges around transparency, accountability, and the establishment of equitable standards remain a significant challenge.

Lastly, there is a notable narrative shift away from considering aid as purely altruistic. Instead, there is increasing transparency regarding its role as a strategic tool. During the research, interviews with several traditional bilateral agencies revealed that foreign aid is

aligned, both implicitly and explicitly, with the political and strategic interests of donor countries. There was a recognition that national interests often influence development assistance, although this is rarely stated openly due to concerns about how such admissions might be received in international discourse. Emerging donors are beginning to challenge this norm by articulating these interests more directly.

3. ADAPTATION OF BILATERAL AGENCIES

This section synthesizes findings from an in-depth review of bilateral donors and their development agencies: Norway (Norad), the Republic of Korea (KOICA), and Belgium (Enabel), all active members of the OECD DAC. Depending on the nature of the data and the focus of the insight, the analysis moves between country-level and agency-level perspectives. While many factors shape the direction of international aid, this review concentrates on three key areas that appear especially relevant now: global challenges, political influence, and shifting partnership among aid actors. These were selected for their relevance and impact, while acknowledging that other important factors lie beyond the scope of this review.

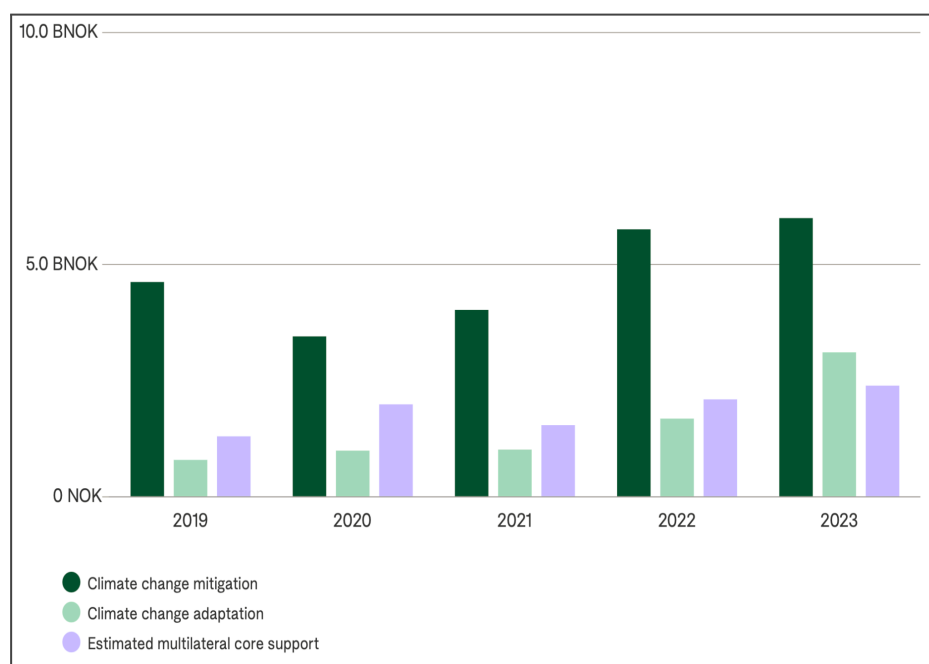
3.1 Response to Global Challenges

3.1.1 Environment and Climate Action

As outlined in Section 1, which discusses the growing prioritization of Global Public Goods such as climate change, the three target countries have also demonstrated their commitment to addressing this issue. According to the OECD's analysis of their ODA allocations for environmental initiatives in 2021–2022, both Korea and Norway significantly increased their support compared to the 2019–2020 period. Norway allocated 30% of its total bilateral allocable aid, amounting to USD 1.3 billion, to environmental initiatives, up from 21.5%. Similarly, Korea allocated 48.6% of its aid, or USD 2 billion, up from 28.1%. Although Belgium's share decreased from 42.4% to 32.7%, it recorded the highest proportion of screened bilateral allocable aid targeting environmental issues as a principal objective (16%) among the three countries. This underscores Belgium's strong policy emphasis on environmental priorities despite the overall decline.

While all three countries demonstrate a high level of commitment, the nature and focus of their interventions vary. Norway has significantly expanded its support for climate adaptation. The share of aid allocated to adaptation increased from 12 percent in 2019 to 27 percent in 2023, reflecting a shift toward a more balanced climate strategy, as shown in Figure 10. Looking ahead to 2025, Norad has issued a Call for Proposals² under the theme of sustainable food systems for food security, with a clear priority for projects that integrate climate adaptation measures. As stated by Norad, “For 2025, Norad will prioritize applications that include climate adaptation measures in their implementation.” Partner organizations are strongly encouraged to focus on adaptation, which is often considered a more immediate and pressing need than mitigation in many countries of the Global South.

Figure 10 - Allocation of Norad’s Climate Response Budget by Focus Area



Source: Norad’s Aid Statistics Portal

Korea launched the *Green New Deal ODA Implementation Strategy* in 2021 to support green transitions in developing nations. A distinctive feature of this strategy is its aim to create mutually beneficial partnerships. These initiatives not only promote green development in

²

<https://www.norad.no/en/for-partners/guides-and-tools/calls-for-proposals2/call-for-proposals-sustainable-food-systms-for-food-security/>

partner countries but also encourage active participation from the Korean private sector. This includes large-scale infrastructure efforts involving major companies, as well as support for innovative start-ups. One such example is KOICA's Creative Technology Solution (CTS) program, which supported start-ups through the SEED 1 (technology development) and SEED 2 (pilot implementation) stages. With this support, the start-ups successfully expanded their operations in developing countries with their new technology.

Belgium also seeks to leverage private sector engagement, with a particular focus on local enterprise development. Through Enabel, it supports initiatives such as the Green Palestine Initiative, which collaborates with the Palestine Stone and Marble Industry Union and the Palestine Food and Agriculture Union to improve waste management, recycling, and energy efficiency. An innovative approach introduced by Belgium is the use of debt-for-climate swaps. Enabel facilitated negotiations between the Belgian and Mozambican governments, resulting in the cancellation of 2.4 million euros of sovereign debt. These funds were reinvested in projects aimed at protecting local communities from the effects of climate change and preparing for future risks (Enabel, 2024).

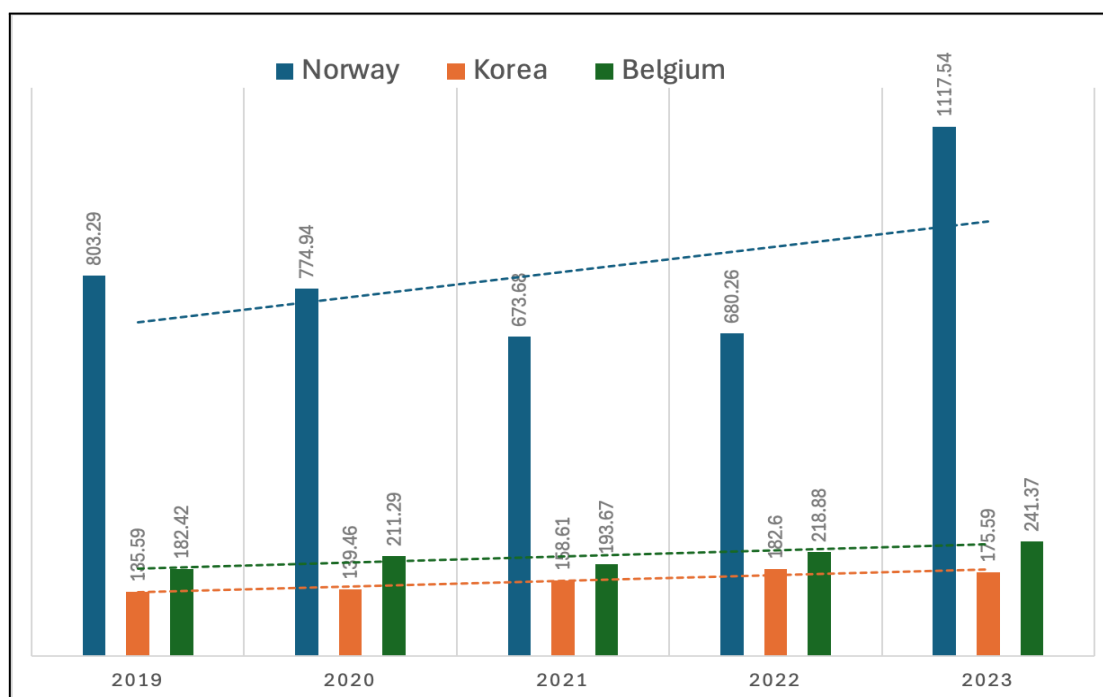
As noted above, representatives from the three agencies confirmed that climate change has become a key focus area in their ODA implementation. Notably, Norad explicitly framed its approach in terms of Global Public Goods during the interview. However, none of the agencies agreed with the argument that efforts to address climate change may be undermining or diverting attention from poverty reduction goals. This position may stem from their approach of mainstreaming climate change response across multiple sectors, rather than treating it as a competing priority. Although the appropriateness of using ODA resources for climate action was not clearly articulated in the interviews, there was clear interest in climate finance and collaboration with the private sector, indicating potential to mobilize resources beyond traditional ODA.

3.1.2 Humanitarian Assistance

In response to escalating global crises including conflicts and natural disasters, each country has increased its focus on humanitarian assistance and adjusted its geographic priorities accordingly. As illustrated in **Figure 11**, all three countries have shown an upward trend in

humanitarian assistance over the past five years. Norway, in particular, demonstrated a significant surge in 2023, which boosted its overall trend in humanitarian assistance. Korea and Belgium have steadily increased their contributions, reflecting a committed but more moderate scale-up of humanitarian assistance.

Figure 11 -Humanitarian Assistance Disbursement by Norway, Korea and Belgium (2019–2023) (Bilateral ODA, Unit: Million USD)



Source: Author's visualization based on data from Donor Tracker (2025)

Note: This figure combines data from the following sectors: Emergency Response; Conflict, Peace & Security; Reconstruction Relief & Rehabilitation; and Disaster Prevention & Preparedness. The dashed trend lines illustrate the overall direction of change in humanitarian assistance disbursements.

Across the three countries, a common geographical shift emerged: a significant increase in aid to Ukraine in response to the ongoing crisis. According to OECD's preliminary data for 2023, Norway contributed the largest amount among the three, disbursing a total of USD 747.7 million, of which 28 percent was allocated for humanitarian purposes. Korea provided USD 53 million in net bilateral ODA to Ukraine, with nearly the entire amount (USD 52 million, or 98 percent) directed toward humanitarian assistance. Belgium disbursed USD 72.1 million, of which 65 percent supported humanitarian aid (OECD, 2024c).

Commenting on this shift, a Norad representative noted: “It is natural for Norway to prioritize aid to the region, as foreign aid has always been influenced by broader geopolitical concerns.” This reflects how geopolitical factors can play a key role in shaping humanitarian priorities.

While support to Ukraine represents the most significant increase in recent years, humanitarian assistance to other crisis-affected countries such as Palestine, Syria, Sudan, Lebanon, Bangladesh, and Yemen has also grown. This indicates that the overall upward trend in humanitarian assistance reflects a broader response to multiple global emergencies, not solely the Ukraine conflict.

In line with their growing engagement in humanitarian settings, all three agencies have adopted and operationalized the Humanitarian-Development-Peace (HDP) Nexus to improve coherence and coordination across sectors. Norad has integrated humanitarian and long-term aid under a coordinated framework, with its Department for Humanitarian Assistance and Comprehensive Response divided into two sections: humanitarian assistance, and prevention and stabilization (Norad, 2024). KOICA has established an independent directorate with three specialized teams - Humanitarian Assistance, Emergency Response, and the HDP Nexus - enhancing strategic and flexible programming. Enabel embeds the HDP Nexus in its Act for Impact Strategy Position 2030, combining crisis response with long-term investments in conflict prevention and resilience.

3.2 Political Influence

3.2.1 Aid Budget Trends across Agencies and their Consequences

The growing politicization is directly shaping the scale and structure of aid budgets in several donor countries. In turn, these budgetary shifts are influencing how development agencies operate, including their strategic priorities and implementation.

Belgium offers a clear example. The government has announced plans to reduce its aid budget by 25 percent over the next five years. In 2023, Belgium’s ODA stood at 0.44 percent of Gross National Income (GNI), a decline from the previous year and still well below the OECD DAC target of 0.7 percent. With the planned cuts, this figure is expected to fall

further. At the same time, the government aims to raise defense spending to 2 percent of GDP by 2029, in line with NATO commitments (Carolan, 2025).

When asked how the cuts would be implemented, an interviewee from the Federal Public Service Foreign Affairs of Belgium explained that the reductions would be applied evenly across the aid portfolio. This blanket approach has raised concerns that the decision lacked a careful assessment of sectoral or regional impact. It suggests that political expediency may have taken precedence over strategic consideration.

While Belgium is reducing its aid commitments, Norway and Korea present contrasting cases, where ODA budgets have been maintained or even expanded, with political considerations continuing to shape aid priorities. Norway's ODA budget for 2025 is projected at NOK 53 billion (approximately USD 4.9 billion), roughly consistent with the 2024 figure but below the 2023 peak of NOK 58.6 billion (1.09 percent of GNI). Despite this decrease, the Norwegian government has reaffirmed its long-term commitment to maintaining ODA at 1 percent of GNI (Donor Tracker, 2024). Although the overall budget has remained stable, a Norad interviewee noted that political leadership has had a growing influence on aid priorities, particularly in areas such as Ukraine and food security. Notably, the interviewee did not see this political influence as problematic, as long as it remained aligned with established ODA standards.

Korea, meanwhile, has pursued an expansionary approach. Between 2023 and 2024, Korea increased its total ODA by 31%, from KRW 4,777 billion (USD 3.2 billion) to KRW 6,263 billion (USD 4.4 billion). KOICA, the country's grant aid agency, saw its budget rise by 50% in 2024, from KRW 1,354 billion (USD 948 million) to KRW 2,021 billion (USD 1.41 billion) (CIDC, 2024; 2025). According to a KOICA interviewee, the expansion has been driven largely by political will to bring Korea closer to the OECD DAC average for the ODA-to-GNI ratio. However, the pace of growth has also placed pressure on internal capacity, particularly in terms of staffing. In response, KOICA is shifting its operational model from managing numerous small-scale projects to implementing fewer, larger and more programmatic interventions aimed at improving efficiency and achieving greater impact.

The aid budget has consistently depended on political decisions, but what is particularly notable in the current context is the scale of recent changes, whether increases or reductions.

Such significant shifts in budget allocation result in changes to agency's priorities, organizational structures, and even the methods of aid implementation. When budgets are altered based on political will, this can undermine a demand-driven approach, reduce operational efficiency, and disrupt the consistency of an agency's strategic direction. While the existing literature focuses primarily on the extent to which aid budgets have been influenced by political factors, interview findings highlight a less examined but equally important issue: the consequences of aid budget volatility on the internal functioning and strategic coherence of aid agencies.

3.2.2 Aid Scrutiny and the Growing Focus on Impact Measurement

Stronger political influence than in the past has led to increased scrutiny of aid. The UK government recently published a new Evaluation Registry that consolidates all evaluations conducted by UK departments into a single searchable website. According to the registry, aid-spending agencies account for 12.5 percent of all government evaluations, despite constituting only 1.3 percent of total government expenditure (Crawford, 2025). This suggests a disproportionately high level of oversight of aid compared to other areas of public spending.

While comparable figures are not available for countries such as Norway, Korea, and Belgium, they face similar circumstances. In Korea, for example, aid programs are subject to both internal and external audits. External audits are conducted by three separate institutions: the Ministry of Foreign Affairs, the Board of Audit and Inspection, and the National Assembly. In response, bilateral aid agencies are restructuring their monitoring and evaluation systems and adapting their institutional roles.

Each agency is approaching monitoring and evaluation differently, but all are aiming to improve the effectiveness and efficiency of aid evaluation. One of the most significant changes has taken place at Enabel which updated its *Evaluation Policy in 2023*. The new policy replaces mid-term and final reviews with a single evaluation during the implementation cycle, in order to streamline the evaluation process. In their place, Enabel introduced strategic and quality evaluations to support learning and decision-making at the organizational level. These evaluations are intended to be made publicly available.

Meanwhile, Norad has focused on assessing how cross-cutting issues are being addressed in Norwegian development cooperation. This effort was driven by concerns that such issues were not adequately integrated into projects, potentially reducing their overall effectiveness. Through the *Evaluation of Cross-cutting Issues in Norwegian Development Cooperation*, Norad examined how themes such as human rights, gender equality, climate and environment, and anti-corruption are addressed during project implementation and proposed ways forward.

KOICA has maintained its overall evaluation structure but transformed the way evaluations are delivered. It has introduced new training programs to strengthen internal evaluation capacity and now includes KOICA staff who have completed the training and were not involved in the implementation of the project as members of final evaluation teams, alongside external consultants. Internal staff contribute expertise in aid programming, while external consultants bring sector-specific knowledge. According to KOICA, this structure is intended to improve the quality and depth of evaluations while preserving their independence.

Despite these efforts, all interviewees acknowledged persistent challenges in conducting impact evaluations. Although the importance of rigorous evaluation is widely recognized, several gaps remain. These include limited data availability, insufficient internal capacity, and budget constraints. As one interviewee noted, due to these constraints, particularly in budget and capacity, decisions to conduct impact evaluations often rely on the initiative of individual leaders or project managers and are not made systematically.

3.2.3 National Interest as a Driver of Institutional Rebranding

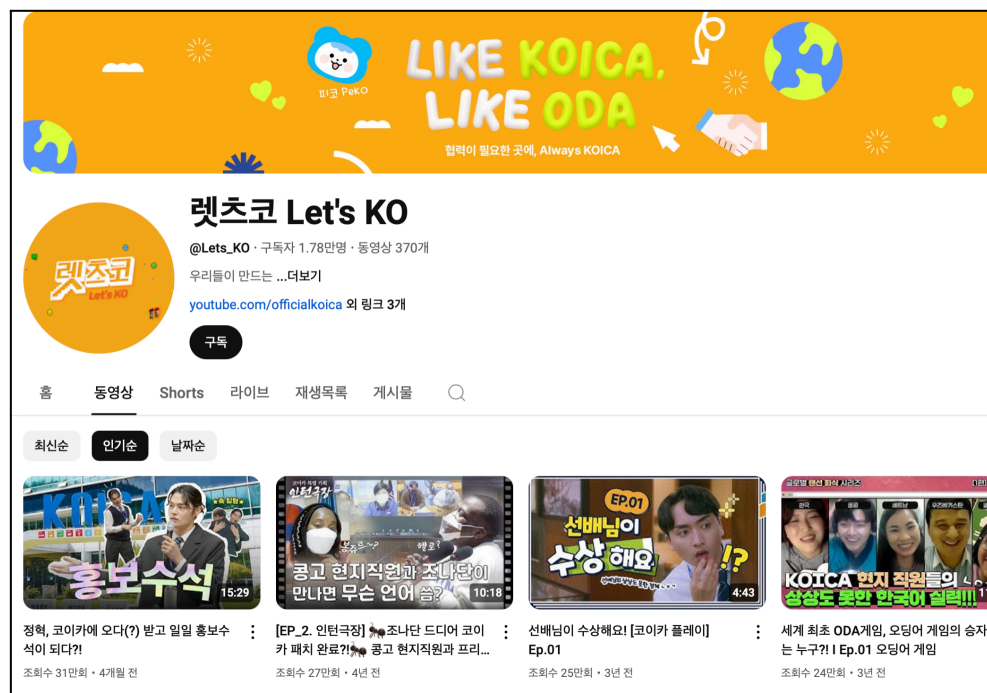
One of the most notable characteristics of the growing politicization of development cooperation is the increasing tendency of donor agencies to align their work with national interests. In response, many bilateral agencies have begun to rebrand their missions and institutional identities to reflect this shift. This shift is particularly evident in the cases of Belgium and Korea.

Enabel explicitly states in its vision that its initiatives are conducted “in line with the priorities of Belgium” as well as those of its partner countries (Enabel, n.d.). Similarly, Korea’s “2025 ODA Vision,” articulated by the Committee for International Development

Cooperation (CIDC), is framed around the theme of “Realization of Global Value and Mutual Prosperity” (CIDC, 2025). These statements reflect a broader shift in the development landscape, where goals that were once framed primarily as altruistic are now increasingly described in terms of “mutual interest.”

This alignment with national priorities was also evident in interviews with agency staff. Enabel interviewee acknowledged a growing openness around the role of national interest in shaping aid policy, noting that “pursuing national interest is not new, but what is new is that we are more transparent about it.” Reflecting this change, Enabel has begun to reposition itself not simply as a development actor, but as a partner in international cooperation, signaling a move away from the traditional framework of foreign aid.

Figure 12 - KOICA’s Youtube Channel “Let’s KO”



Source: KOICA Youtube Channel

This process of rebranding extends beyond the strategic level and is already evident at the programmatic level. A notable example is Korea’s World Friends Korea (WFK) program, which dispatches volunteers, young professionals, and technical advisors abroad. The program has been rearticulated through the lens of mutual interest, wherein partner countries benefit from knowledge and skills transfer, while Korean participants gain international

exposure and opportunities to develop overseas careers. This dual-benefit model reinforces the narrative that international development cooperation can simultaneously advance global goals and serve domestic policy priorities.

Aligned with this broader reframing, development agencies are also increasing their efforts to engage with domestic audiences. The aim is to build public understanding and support for international development by demonstrating its relevance and benefit to the national priorities. KOICA's communication offers a clear example. Through its YouTube channel *Let's Ko* (see Figure 12), KOICA produces content in diverse and accessible formats, such as vlogs, interviews, talk shows, and web dramas, largely in the Korean language. This creative communication, which moves beyond conventional field footage, reflects a deliberate effort to engage the domestic audience.

One interviewee candidly responded that a key challenge for their agency is “to keep existing.” A Belgian respondent similarly noted that limited public awareness and understanding of development aid leaves agencies politically vulnerable, particularly in times of budget cuts. In this context, the rebranding of institutional identity and the emphasis on domestic communication represent strategic efforts not only to adapt to a changing political environment but to ensure institutional survival. By framing development cooperation in terms of national interest and mutual benefit, agencies seek to secure their relevance and resilience in an increasingly contested aid landscape.

3.3 Adaptations to the New Dynamics of Partnership

3.3.1 Bilateral Partnerships and Engagement with Emerging Donors

In response to the evolving landscape of aid, all interviewees expressed a strong interest in strengthening their partnerships with emerging donors. These actors were not viewed as competitors, but rather as influential players and collaborators in advancing shared development goals. While the importance of engaging with emerging donors was widely acknowledged, the strategies adopted by each agency varied.

KOICA has pursued a proactive strategy in cultivating partnerships with emerging bilateral development agencies, including KazAID (Kazakhstan), TICA (Thailand), TIKa (Türkiye),

ABC (Brazil), and AGCI (Chile). A distinguishing aspect of KOICA's approach is its emphasis on technical assistance to support the institutional development of these partners. This approach builds on Korea's own relatively recent transition³ from aid recipient to donor. KOICA has shared its experiences in setting up institutions and establishing development policy. This goes beyond joint project implementation and reflects a broader commitment to peer learning and mutual growth.

Norad has taken a different approach by facilitating dialogue between traditional and emerging donors. One of its most notable initiatives is the Rethinking Development Cooperation (RDC) Working Group, co-led with Sida (Sweden). This platform aims to foster mutual understanding and explore new forms of collaboration. In early 2023, the group held its inaugural meeting in Oslo, bringing together representatives from Colombia, Indonesia, Mexico, South Africa, and Korea. Discussions focused on institutional histories, strategic priorities, and shared challenges, providing a space to exchange perspectives on how different agencies define and pursue development effectiveness. The group operates informally, adheres to the Chatham House Rule, and jointly determines discussion topics (Calleja & Gavas, 2024).

Enabel has also expressed interest in strengthening partnerships with emerging donors, as noted in the interview. These collaborations are viewed as opportunities for technical cooperation and knowledge exchange, particularly in areas such as capacity development. A notable example is triangular cooperation, illustrated by the Link Up Africa initiative. This project, focused on youth employability, brings together the Moroccan government and Enabel to deliver skills training and create economic opportunities across the African continent.

As outlined above, there is a clear trend of increased engagement with emerging donors. However, unlike the co-financing arrangements commonly found in North-North cooperation, North-South collaboration remains largely centered on technical assistance and capacity building. In this model, Northern agencies typically provide funding and expertise, while Southern partners contribute contextual knowledge and serve as implementers. This dynamic raises important questions about the balance of power in such partnerships, echoing

³ KOICA was established in 1991 and Korea became a member of the OECD DAC in 2010.

the need to adopt a decolonial perspective. Without a shared understanding of roles and mutual responsibilities, there is a risk that these collaborations may become unidirectional, positioning emerging actors more as delivery agents than as equal strategic partners.

3.3.2 Multilateral Cooperation: Commitment Amid Evolving Practices

While multilateral cooperation is often portrayed as being in crisis, marked by declining core contributions and increasing scrutiny, interviews with three bilateral development agencies indicate a continued and substantive commitment to the multilateral system.

Korea has progressively expanded its financial contributions to multilateral organizations, particularly in conjunction with the growth of its humanitarian assistance budget. Norway, which has long prioritized multilateral aid as a core pillar of its development policy, maintains consistent and reliable support. Belgium likewise demonstrates its dedication by providing core funding to fifteen multilateral institutions, underscoring its strategic engagement with the multilateral system.

At the same time, the modalities of engagement are evolving. While the overarching commitment to multilateralism remains strong, bilateral donors are adopting more strategic and differentiated approaches in how they interact with multilateral institutions. In Korea's case, multilateral channels are increasingly used to operate in countries where bilateral cooperation is constrained, whether due to limited access, administrative capacity, or political considerations. This reflects a view of multilateral engagement as a complementary tool, deployed where direct bilateral involvement is less feasible.

Norway demonstrates a similar form of pragmatism. According to interviewees, one of the key rationales for engaging through multilateral mechanisms is to offset limitations in Norad's human resources and geographic reach. In such instances, multilateral cooperation enables greater responsiveness, scale, and operational effectiveness.

Historically, multilateral institutions often played a central role in shaping the global development agenda, with member states aligning their priorities around collectively defined strategies. Today, that dynamic is changing. Donor countries are assuming a more directive role, as seen in the growing use of earmarked contributions over core funding. This shift

reflects a broader transformation in how multilateral organizations are perceived, not as independent agenda-setters, but increasingly as vehicles for advancing bilateral objectives within a multilateral framework.

Key Reflections on Bilateral Agencies

In conclusion, there is an increasing emphasis among bilateral aid agencies on addressing global challenges such as climate change and humanitarian crises. This shift is closely linked to the promotion of Global Public Goods, which aims to benefit both the Global North and South. However, based on the interviews conducted, there is no clear indication that this renewed focus on GPGs is diverting resources away from traditional poverty reduction. Instead, agencies appear to be adopting a more integrated approach by incorporating environmental considerations across sectors and implementing the HDP Nexus strategy. Concurrently, aid agencies are also reframing their identities, moving from a traditionally altruistic orientation toward approaches that align with mutual interests and national priorities. While political influence over aid is not a new phenomenon, what is notable is that agencies are more transparent and explicit about this alignment with national interests. In some cases, this has led to a redefinition of agency mandates, from a core focus on development to a broader emphasis on international cooperation.

In light of the emergence of non-traditional actors, established bilateral agencies are also increasingly seeking opportunities for collaboration. This reflects an awareness of the expanding and diversifying global donor landscape. At the same time, new platforms are being created by donors from the Global North to facilitate dialogue and exchange of ideas with emerging donors from the Global South.

Overall, bilateral aid agencies are undergoing significant transformation in response to a rapidly evolving aid environment. Shifts in mandates, priorities, and partnership strategies illustrate their efforts to adapt. While global challenges and increased political influence may present risks to traditional models of aid, agencies are actively responding and seeking to mitigate these threats and leverage new opportunities in order to maintain the relevance and effectiveness of development cooperation.

4. SDC IN FOCUS : Orientations, Opportunities & Risks

4.1 Key Insights from the Workshop

On 3 April 2025, the Swiss Agency for Development, in collaboration with student researchers from Geneva Graduate Institute, hosted a strategic workshop, to present recent research findings and examine their implications for the future of Swiss international cooperation. The workshop provided a platform for critical reflection and dialogue, aimed at identifying how SDC can adapt to and engage with the evolving global aid landscape. Approximately 20 participants attended the workshop, including facilitators, presenters, and staff members from various SDC departments. Participants brought diverse perspectives informed by their differing roles and levels of seniority, which enriched the discussion and enabled a more comprehensive exploration of the issues.

The key insights that emerged from the workshop are as follows:

The National Interest Dilemma:Participants discussed the challenge of balancing SDC's core values with the need to ensure national visibility as a government agency. One example raised was Switzerland's core contributions to multilateral organizations. While such funding is essential for the functioning of the international system, the importance of aligning aid with Swiss visibility and national interests was also acknowledged. Despite these concerns, there was broad agreement that national visibility, though sometimes necessary, should not come at the expense of SDC's core development mandate.

Rethinking Global Challenges:The workshop also explored the need to reframe certain global issues through a more development-oriented lens. One participant highlighted the example of migration, noting that in Europe it is often seen as a security threat, whereas in development cooperation it can be understood as a potential opportunity, particularly through remittances, which serve as significant financial flows to developing countries.

Engagement with Emerging Actors:Participants expressed strong interest in understanding and engaging with emerging development actors. Discussions focused on these actors' policy

orientations, the allocation of aid between humanitarian assistance and development cooperation, and the prospects for future collaboration. However, limited data transparency, particularly regarding financial flows and priorities, was identified as a challenge.

Enhancing Public Engagement: Participants recognized that while humanitarian assistance tends to resonate strongly with the Swiss public and garners widespread support, development cooperation lacks similar visibility and understanding. There was consensus that SDC needs to invest in more meaningful public engagement, not just through improved outreach, but by establishing genuine feedback loops and participatory mechanisms. This discussion gained particular relevance in the context of ongoing budget cuts and increased political scrutiny, underscoring the need for broader public legitimacy.

4.2 Strategic Implications: A SWOT-Based Analysis

During the final session, participants were divided into two groups and asked to identify key strengths, weaknesses, opportunities, and threats (SWOT) facing SDC. Geopolitical tensions, the politicization of aid, and increasing global demands were identified as major threats. At the same time, the emergence of new development actors and sustained public support for humanitarian assistance were recognized as key opportunities.

Participants highlighted SDC's long-term and flexible funding mechanisms, its reputation for neutrality, strong technical expertise, institutional experience and access to International Geneva as major strengths. In contrast, a risk-averse and hierarchical organizational culture, insular communication practices and high dependence on political leadership were identified as areas for improvement (see Figure 13).

Building on this input, the research team reorganized and synthesized the discussion outcomes to develop a set of strategic actions, presented in Figure 14.

- **SO Strategy – Use Strengths to Seize Opportunities**

SDC can leverage its flexible implementation mechanisms and technical expertise to establish new partnerships with emerging development actors. Given its neutrality and global presence, SDC is also well-positioned to serve as a bridge between traditional

and non-traditional donors, helping to fill the gap left by others that have scaled back their aid commitments.

- **ST Strategy – Use Strengths to Mitigate Threats**

Geneva’s multilateral platform can be leveraged to respond to the increasing securitization of aid in the context of geopolitical tensions. This includes advocating for the principle that domestic and global peace are interconnected, and that reducing development cooperation in favor of defense spending is neither a sustainable nor effective response to global instability.

- **WO Strategy – Address Weaknesses to Seize Opportunities**

To better engage with partners from the Global South, SDC may consider addressing internal limitations such as hierarchical structures and risk aversion. Creating innovation hubs that allow for experimentation, including the possibility of failure, could help foster new approaches and more dynamic partnerships.

- **WT Strategy – Address Weaknesses to Mitigate Threats**

Streamlining administrative processes and reducing unnecessary complexity would likely help the agency respond more effectively to aid scrutiny, limit political vulnerability, and strengthen long-term institutional resilience.

These findings highlight SDC’s potential positioning as both a connector between North–South development actors and an innovator in piloting new approaches, leveraging its long-standing values and institutional experience. In this capacity, SDC is well-placed to navigate and contribute meaningfully to an increasingly complex and evolving global aid landscape as a resilient and forward-looking actor.

Figure 13 - Identified SWOT elements

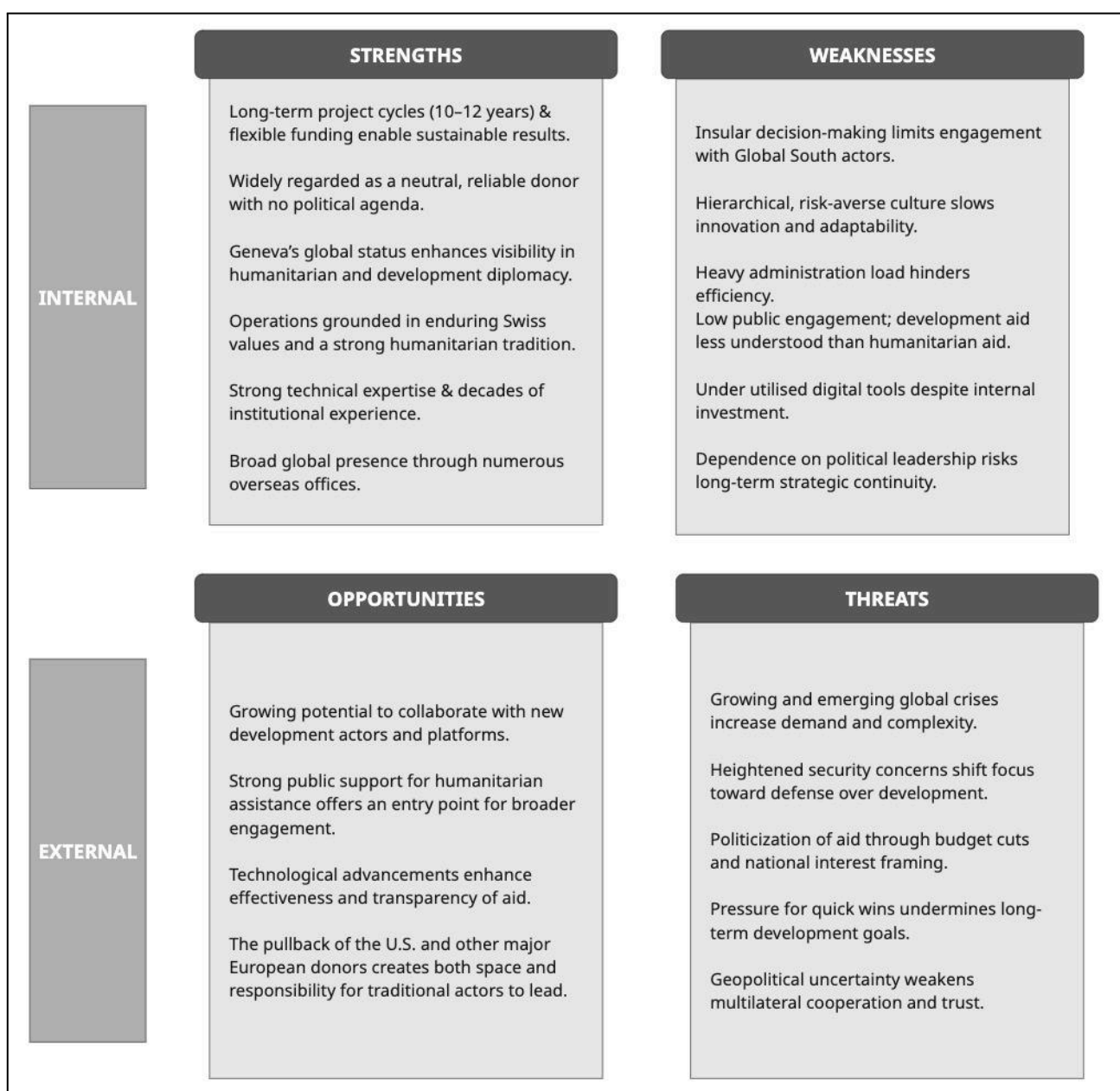
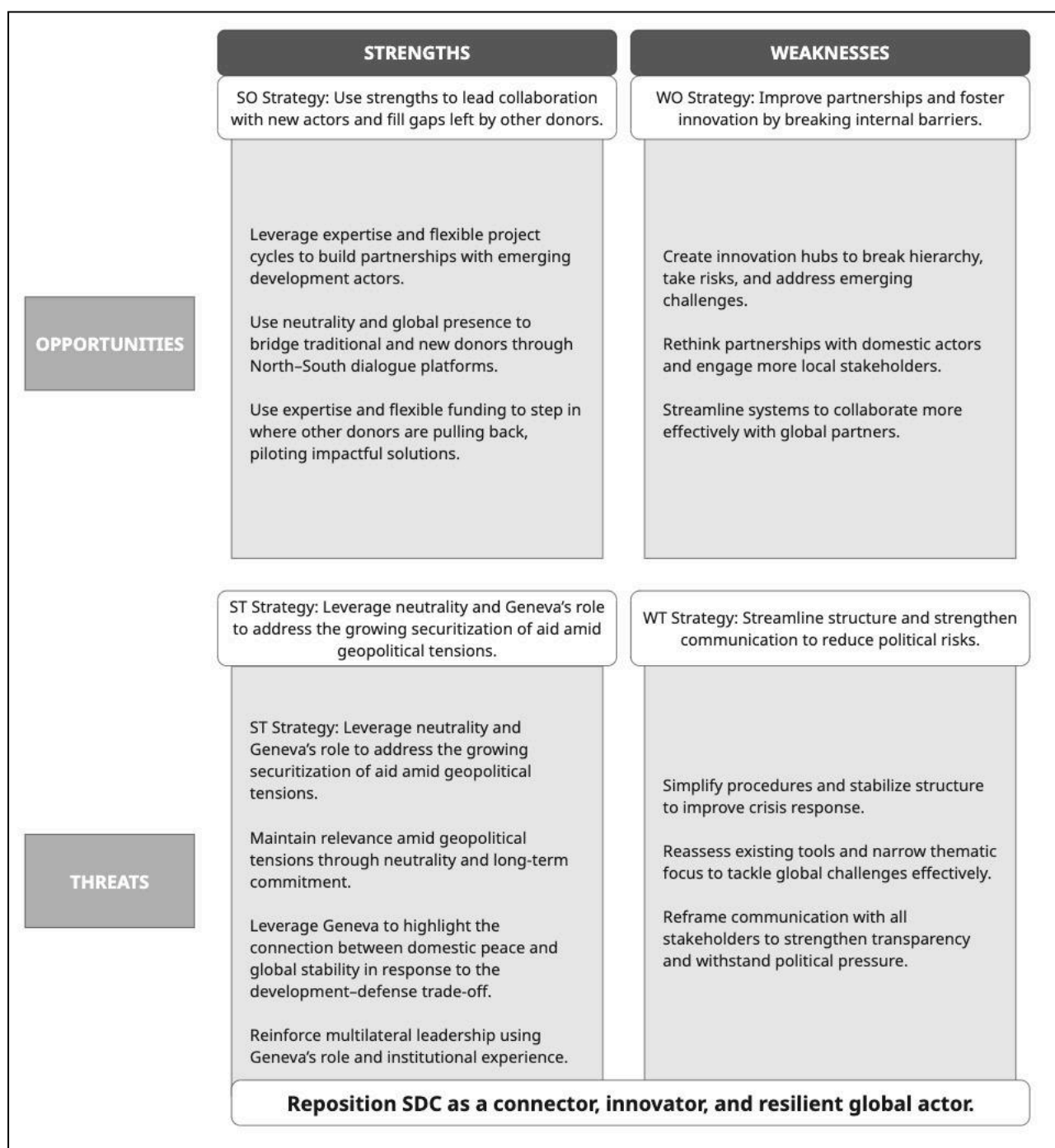


Figure 14 - Translating SWOT into Strategic Action



CONCLUSION

In conclusion this study finds five key takeaways to highlight the evolving logic of aid :

1. Beyond Altruism

1.1 For a long time, aid has been defined as a flow from the Global North to the Global South. Donor countries have often demanded that recipient countries adhere to certain values or standards, such as democracy and human rights, in return for this aid. Tied aid, where donors benefit directly from aid disbursements, has been strongly discouraged by institutions like the OECD DAC, which has traditionally upheld altruistic, value-driven and development oriented aid as the ideal. This vision of aid is undergoing a significant transformation. While emerging donors have been more forthright about these motivations from the onset, traditional donors, while long being aware of such alignments, are now beginning to openly acknowledge them.

1.2 Contemporary aid models are increasingly being shaped by mutual interests and alignment with national priorities, with aid being viewed as a strategic instrument tied to foreign policy objectives. While the intersection of aid with foreign policy and national interest has long existed, it was previously more implicit. Today, however, donors are markedly more transparent about the political and strategic underpinnings of their aid policies.

2. New Development Logic

While poverty reduction remains a central objective of aid, it is increasingly being embedded within broader frameworks that reflect global interdependence. The growing emphasis on Global Public Goods illustrates the shared and transnational nature of contemporary development challenges. This shift is also evident in the operational strategies of new multilateral development banks, which are adopting an infrastructure-focused approach.

At the same time, traditional donors, particularly those within the OECD DAC, are not abandoning poverty reduction, but are instead integrating it into more comprehensive strategies. These include embedding climate resilience into project

design and operationalizing the Humanitarian-Development-Peace Nexus to better align humanitarian, development, and peacebuilding objectives. While the intention to promote development and socio-economic growth persists, it is increasingly pursued through strategic, cross-cutting agendas rather than under the singular label of poverty reduction.

3. Rethinking New Actors

Emerging actors are becoming more visible and influential in the development cooperation landscape. This is gradually dissolving the traditional binary between donors and recipients and contributing to a more diverse and multipolar aid landscape. New actors are also taking a more direct role in their own development trajectories while forging new platforms for collaboration as well as participating in traditional multilateral systems, indicating multilateralism is evolving and not disappearing.

Countries that have traditionally operated outside established international aid frameworks, such as China, are deepening their engagement with multilateral agendas. China's Global Development Initiative, for example, illustrates a more active and coordinated effort to shape global development discourse. While the OECD DAC remains a key coordination platform, non-DAC actors such as Qatar and Saudi Arabia are playing a more active role within its discussions.

4. Centrality of Cooperation

The cooperation dimension of development is experiencing renewed emphasis. There is growing recognition among both traditional and emerging actors of the necessity for collaboration, dialogue, and inclusive engagement to effectively address shared global challenges. Rather than competing, these diverse actors increasingly express a mutual desire to collaborate across the vast and complex landscape of development needs and financial demands. Platforms such as the G20 forum, which bring together both developed and developing countries, are gaining prominence as alternative spaces for dialogue and are playing an increasingly significant role in shaping the future of development cooperation and agenda setting. Triangular cooperation is gaining momentum as a valuable mechanism through which traditional and emerging

donors collaborate with recipient countries, leveraging each actor's comparative strengths. Likewise, partnerships between established and newer multilateral development banks are fostering a more flexible and pluralistic financial architecture, better suited to the evolving global context.

The key takeaway from this report is well captured by one interviewee's observation: "Aid is not going anywhere, but its discourse is evolving rapidly." Navigating the intersecting challenges of today and tomorrow demands sustained, inclusive dialogue and cooperation among a diverse range of development actors. Far from disappearing, aid remains central to future visions of international development cooperation, though, in new and evolving forms.

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Note for AI use: Limited to sentence-level refinement; no content generation was performed.

ANNEXURE

1.1 Sample Interview Guide : Questions were tailored for each interview.

Icebreaking 5 minutes	<ul style="list-style-type: none"> • Could you briefly introduce your organization? What is its focus and mission? • What is your role in the organization, and how long have you worked there?
Section 1. Perception of Change in Development Cooperation 10 minutes	<ul style="list-style-type: none"> • From your (or your organization's) perspective, what have been the major shifts in international development cooperation over the past decade? • What do you see as the main drivers behind these changes? • Do you perceive these changes as opportunities, challenges, or both? Why?
Section 2. Adapting to Changes in the Aid Landscape 10 minutes	<ul style="list-style-type: none"> • Has your organization's mission or objectives evolved in response to global shifts in development cooperation? If so, how? • What are the main strategic adjustments your organization has made to remain effective? • Have you had to modify your geographic focus, and if so, what were the reasons behind these decisions? • Have you changed the types of interventions you prioritize (e.g., budget support, capacity building, concessional loan)?
Section 3: Internal Reflection and Organizational Adaptation 10 minutes	<ul style="list-style-type: none"> • Does your organization have a structured process for internal reflection to evaluate and adapt its approach? • What are the key internal and external factors that influence how your organization adapts?
Section 4: Constraints and Challenges in Program Implementation 10 minutes	<ul style="list-style-type: none"> • What are the biggest challenges your organization faces in implementing aid programs (e.g., funding, policy restrictions, operational issues)? • How does your organization address or mitigate these challenges?
Section 5: Future Trends and Innovations 10 minutes	<ul style="list-style-type: none"> • What trends or innovations do you believe will shape the future of international development cooperation? • How is your organization preparing for technological advancements in aid and development work?
Closing 5 minutes	<ul style="list-style-type: none"> • Are there any additional aspects that you feel are important but were not covered in this interview?