

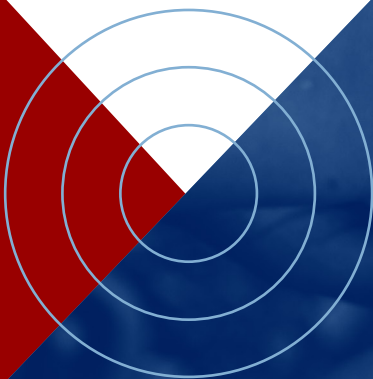


**PERRY
WORLD
HOUSE**
UNIVERSITY of PENNSYLVANIA

POST-CONFERENCE REPORT

The Future of Development Cooperation

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ABOUT PERRY WORLD HOUSE

Perry World House is a center for scholarly inquiry, teaching, research, international exchange, policy engagement, and public outreach on pressing global issues. Perry World House's mission is to bring the academic knowledge of the University of Pennsylvania to bear on the world's most pressing global policy challenges and to foster international policy engagement within and beyond the Penn community.

Located in the heart of campus at 38th Street and Locust Walk, Perry World House draws on the expertise of Penn's 12 schools and numerous globally oriented research centers to educate the Penn community and prepare students to be well-informed, contributing global citizens. At the same time, Perry World House connects Penn with leading policy experts from around the world to develop and advance innovative policy proposals.

Through its rich programming, Perry World House facilitates critical conversations about global policy challenges and fosters interdisciplinary research on these topics. It presents workshops and colloquia, welcomes distinguished visitors, and produces content for global audiences and policy leaders, so that the knowledge developed at Penn can make an immediate impact around the world.

On January 20 and 21, 2026, Perry World House convened a conference bringing together scholars and practitioners to discuss the future of global development assistance. Drawing on the University of Pennsylvania’s expertise and networks, the conversation examined the historical and current contexts of development cooperation and the considerations necessary to design new frameworks suited to today’s realities. This report summarizes the key insights and recommendations that emerged.

> SECTION 1

The History of Development Cooperation at a Glance

In the aftermath of the Second World War, the international community established the United Nations system to address global challenges, notably conflict, reconstruction, poverty, and famine. As this new architecture took shape, so did the use of government-funded aid, or official development assistance (ODA)—a tool countries could use to meet foreign policy goals while advancing ideals such as peace and security. By the 1970s, ODA had become macroeconomically significant, representing a meaningful share of gross fixed capital formation and imports across recipient countries. These aid flows sought largely to narrow the economic gap between the industrialized north and the newly independent nations of the south.

Through the 1980s and into the turn of the millennium, development cooperation broadened to emphasize social goals. The eight Millennium Development Goals (MDGs), adopted in 2000,

focused largely on health, education, and poverty reduction. Results were uneven. Health outcomes showed meaningful gains, while other measures were harder to assess. For instance, China’s extraordinary feat of lifting nearly half a billion people out of poverty was aided by shifts in accounting baselines, which helped secure the statistical achievement of MDG target 1A to half the proportion of people living on less than \$1 a day worldwide. By 2015, the Sustainable Development Goals (SDGs) broadened the agenda further still, placing Agenda 2030 at the intersection of economic, social, and environmental ambitions. The financing required ran into the trillions, far beyond what concessional finance or the ODA model could provide. It was clear that development financing would need to cultivate public, private, domestic, and international flows, policies, and architecture alike to advance this ambitious agenda.

> DISCUSSION POINT

HIV/AIDS

Strides in public health were among the most visible and measurable domains of ODA success, especially in fighting HIV/AIDS. For instance, [PEPFAR](#)—the U.S. President’s Emergency Plan for AIDS Relief—committed \$110 billion to combat HIV/AIDS, expanding access to antiretroviral therapy (ART) across South America, Asia, and Sub-Saharan Africa. By 2023, PEPFAR had supported ART for nearly 20.5 million individuals and generated positive spillovers. Preventing AIDS-related deaths reduced maternal mortality and helped keep the workforce viable and family, community, and education structures intact. It also boosted the United States’ image on the global stage and spurred complementary investments.

The work was not without challenges. PEPFAR established health service delivery structures that operated in parallel to existing national health systems. Rather than integrating with and reinforcing domestic institutions, it created competition for personnel and resources, weakening state-provided healthcare systems instead of strengthening them. Participants emphasized the importance of reorienting global health cooperation toward stronger country leadership and durable domestic financing, rather than continued reliance on fragmented, project-based funding that overlooks system-wide resource requirements.

Where Are We Now?

As the ambition of development cooperation grew on top of a shifting finance landscape, the system became strained. Aid budgets shrank during the COVID-19 pandemic and are contracting further as some donors shift expenditures away from development and toward hard security, driven in part by the Russian invasion of Ukraine and rising tensions in the Middle East. There has also been a broader move toward bilateral cooperation that bypasses the multilateral system. Donors have drifted away from moral imperatives for development in favor of more transactional approaches, seeking direct returns or benefits.

These external pressures are compounded by challenges from within the system. Aid has long reflected the political priorities of donor countries and carried assumptions about how growth and development should be achieved. It fell short in building genuine government capacity and has lost focus amid ever-expanding priorities and institutions. There is general agreement that the system needs to be reformed, with some arguing that it must be dismantled entirely. This notion has gained traction, evidenced by the dissolution of USAID and the United Nations financial crisis.

However, experts also reasoned that development cooperation will survive because it is necessary. It provides international solidarity around ethical and humanitarian priorities, advances security for donors and recipients alike, and underwrites political and commercial gains. More relevant

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than ever, development cooperation finances global public goods needed to tackle problems of the commons. For instance, addressing climate change, migration and displacement, global public health, and the technological and energy transitions require collective action. Further, some highlighted replicable successes within the system, notably the multilateral development banks (MDBs), which attract, repackage, and distribute finance. There are currently some 30 MDBs with charters similar to the World Bank's, proving the utility of the model.

The demand for resources continues to rise even as aid budgets and systemic efficiencies wane. The central question is this: in a moment characterized by unpredictable resources and transcendent needs, what must be done to reinvent development cooperation? PWH gathered experts to debate this question. Their considerations for shaping the future of ODA are captured here.

Considerations for the Next Paradigm

Given this history and current context, experts outlined key considerations for the next phase of development cooperation. Their recommendations raised a number of core questions, for instance: Who should development assistance serve? How should it be governed? What are the primary objectives? As reflected in the takeaways below, the challenges ahead will not be only financial, but also socio-political and structural.

Independence

The more a country pursues economic independence, the more resilient it will be to shocks. ODA should be an enabler, supporting nations in

mobilizing their own financial, natural, and human resources to achieve their development goals.

Risk

Graduation from Least Developed Country(LDC) status should be reconsidered, as catastrophic shocks can evaporate decades of development progress. Climate change risks must be built into regular financial strategies, and countries must exercise greater fiscal discipline while working to hedge against them, including through innovative financial tools. The multilateral system must also become nimbler in its ability to respond when countries are confronted by overwhelming disasters.

> DISCUSSION POINT

Jamaica

In Jamaica, ODA was a necessary enabler, underwriting investments that improved welfare in areas such as education and healthcare. The country achieved middle-income status, reduced its reliance on overseas finance, and brought down its debt-to-GDP burden. It also put in place innovative financial mechanisms, notably catastrophe bonds, to hedge against climate risks.

Jamaica offers a case study in how ODA can enable long-term development, and equally, in how climate-driven disasters can erase decades of growth. Hurricane Melissa caused \$8.8 billion in physical damage, equivalent to 41 percent of the country's 2024 GDP, and triggered catastrophe bond payouts. While the bonds provided a measure of social and economic stability, the country faces a years-long recovery. ([World Bank, 2025](#))

Efficiency and Decision-Making

In a leaner ODA environment, resources must be better allocated and more efficiently employed. Decisions must be made on who to target (the poorest countries, the poorest people, the displaced?), when there is a responsibility to intervene, and how to construct a narrative around those decisions. Achieving greater efficiency will require more effective dialogue between multilateral and political actors, greater donor coherence, reduced fragmentation, and simpler rules and requirements that ease access to and distribution of funds. The United Nations is also working to narrow its mandate and sharpen its focus.

South-South Cooperation

Middle- and lower-income countries have become adept at managing development. Of the 51 low-income nations in 1987, 24 moved to lower-middle-income status and 5 moved to upper-middle or high-income status ([World Bank, 2024](#)). They have important experiences to share with one another and with their more developed counterparts, and this South-South cooperation should be supported. Triangular cooperation, which allows for knowledge exchange between donors and recipients, is another pathway to expand. Participants also discussed China, which has become an

increasingly significant source of global finance and South-South cooperation. They raised concerns about debt sustainability and the need to ensure its lending terms are transparent, sustainable, and mutually beneficial.

Private Investment

The biggest pool of resources exists in the private sector, but private resources leveraged by public finance have so far been minimal, despite rising needs and increased efforts to access this “pot of trillions.” To change course, the narrative needs to shift. Private finance is not simply a pool of money to be accessed for development, and it cannot replace public finance. It can, however, complement public finance if appropriately incentivized and structured. Discussions must therefore consider how and when to engage with the private sector, taking into account how it calculates risk. Some recommended that low- and middle-income countries establish a framework agreement to prevent a race to the bottom on regulation and protections in order to attract business.

Private Philanthropy

While a small source of finance, private philanthropy is willing and able to take unique risks and should be leveraged further.

> DISCUSSION POINT

Livelihoods

Development cooperation frameworks have never fully embraced the importance of the informal sector, which employs nearly 60 percent of the global workforce, or nearly two billion people. Some estimates indicate that over 80 percent of businesses worldwide are informal or unregistered, accounting for 30–50 percent of GDP in developing countries ([Atlantic Council, 2023](#)). Yet ODA frameworks have systematically sought to transition labor away from this reality rather than working with the informal sector to build in better labor protections. Going forward, there is significant opportunity to support investment that prioritizes stability, income security, and protections in ways that work with, rather than against, informality and how most developing countries’ workforces are employed.

Political Timescales

Because development policies take a long time to produce results, they must be insulated from short-term political pressures. Initiatives need to be sustainably financed in ways that are not vulnerable to political vagaries. One participant suggested that an international agreement establishing a small tax on international transactions could generate significant financing and offer a practical path forward. Others noted that many countries already have such a tax, though it is not necessarily directed toward development. Some called for concerted efforts to close the gap in understanding between the needs of the multilateral system and political decision-makers.

Scope Creep

It will be important to limit scope creep. The historical expansion of development agendas, combined with the projectization of ODA, caused resources to become too thinly spread and insufficiently focused. As a result, recipients did not get enough predictability, resources, or control, and donors and their constituencies stopped seeing the benefit of what they thought they were financing.

This raises the question of whether the SDGs were too broad an endeavor. Some argued that they represented a strong development theory offering a transformational global agenda that fostered local implementation, and that the goals should not be reopened for negotiation. They also allowed human rights and democracy work to be reframed through the lens of equity. Others felt the SDG targets were too unrealistic, and that this eroded donor confidence.

Entrenched Suffering

A reframed ODA must focus on the poorest countries, grounded in the recognition that these are investments in humanity that benefit everyone's wellbeing. Today, 60 percent of poverty is concentrated in countries experiencing poor governance and violence, where political, governance, and development failures compound one another. The

next framework could offer highly focused ODA for this group of countries, including Sudan, Somalia, Haiti, and eastern DRC. Remaining lending could flow through MDBs and national development banks on terms that are concessional relative to the market, but not on official terms.

Developing Country Ownership

In the context of ODA, developing country ownership generally refers to the extent to which the government of a recipient country sets their own priorities and manages the financial assistance channeled to them. Experts noted that it is hard to put aid recipient governments in a position of control when they are not full democracies and there is a chance that resources might be used nefariously. Participants agreed on the need for analytical work to examine when budget support works well and when it does not, given different country circumstances; and when it makes sense to pursue different levels or types of country ownership. Some noted that in a leaner ODA environment, greater reliance on loans rather than grants will compel more responsible country ownership. Others felt that more dialogue and work on institutional structures was needed to make developing country ownership meaningful in practice. Toward that end, the United Nations is revitalizing the Development Cooperation Forum, which will next meet in 2027.

Going forward, Perry World House will continue to examine the questions raised at this conference, with continuing research and dialogue around the future of development cooperation and the frameworks needed to address current global policy challenges. Perry World House will take forward this work program on the University of Pennsylvania's campus as well as at various forums around the world.



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