



Advisory Council
on International Affairs

Summary & recommendations

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Investing in transitions together:
A vision for the future of
international cooperation





Summary

Development cooperation has delivered significant results over the past eighty years, but its traditional model is no longer suited to today's multipolar world, in which economic and political power is more widely distributed. Moreover, much like countries in the Global South, wealthier countries such as the Netherlands also grapple with interconnected challenges related to the economy, climate, security and governance. These challenges transcend national borders, with developments in the Global North and South influencing one another. In this context, the traditional donor–recipient model of development cooperation is rapidly losing its effectiveness, relevance and credibility. This advisory report outlines how international cooperation can be restructured around shared transitions and stronger local ownership.

The world in which traditional development cooperation took shape no longer exists. China, India, the Gulf states and other emerging economies have become major sources of trade, investment, finance, knowledge and political influence. As a result, many countries in the Global South now have a wider range of partners to choose from than just Western providers of development finance. The economic context has also changed. After decades in which globalisation and efficiency took precedence, countries are now seeking to reduce strategic dependencies. Europe is not alone in pursuing strategic autonomy; countries in the Global South also want to reduce their dependence, for example on international aid and exports of unprocessed raw materials.

The pursuit of greater control and autonomy does not eliminate mutual interdependence. Many of today's major challenges are inherently international. Climate change and biodiversity loss affect economies and societies worldwide. Conflicts have repercussions for food and energy prices, trade flows and migration. Pandemics, financial instability, cyber threats and the challenges posed by AI also transcend national borders. Finally, the international legal order is a fragile global public good: countries depend for their security and prosperity on rules and institutions that no single state can guarantee. Thus, it is precisely in an increasingly fragmented world that the need for cooperation is growing.

For many countries in the Global South, global challenges add to already pressing development needs. Extreme poverty has declined substantially since the beginning of this century, but progress has stalled more recently. In Africa the number of people living in poverty has even increased. Many of the world's poorest people live in countries affected by conflict, weak institutions or regional instability. It is precisely in these countries that the resources needed to invest in public health, education and economic resilience are most limited. The sweeping cuts to development cooperation budgets in many Western countries, with the dismantling of USAID in the United States as the most extreme example, are further widening the financing gap. International cooperation must respond to these different realities: countries face shared global challenges, but their starting positions are highly unequal. In many developing countries, reducing poverty, inequality and vulnerability remains the foremost priority.

Over the years, the development finance landscape has become much broader than Official Development Assistance (ODA) alone. By far the largest share of investment in development is financed by countries themselves, through tax revenues and domestic savings. Remittances, foreign investment, local capital markets, institutional investors and philanthropy are becoming increasingly important. These financial resources should, however, be much more closely linked to development goals and ODA can play a targeted role in achieving this.

Yet these financial flows cannot replace ODA. Private investment is primarily directed towards countries and sectors where financial returns can be generated, while remittances flow to households, often in middle-income countries with large diasporas. ODA remains particularly important in low-income countries. The challenge is to connect different forms of financing more strategically and to deploy public resources primarily where other sources of finance fall short.

There are several reasons for the Netherlands to continue investing sufficient public resources in international cooperation. The international legal order and the protection of human rights provide both the overarching framework and a direct Dutch national interest: our security and prosperity depend on shared rules and institutions. Within this framework, the AIV identifies three interrelated rationales for international cooperation.

- Solidarity calls for a commitment to people living in poverty, conflict or other vulnerable circumstances.
- Shared interests arise from challenges that countries can only address together, ranging from climate change and health to peace, inequality and financial stability.
- Dutch national interests reflect the Netherlands' position as an open, internationally interconnected country, whose security and prosperity are closely linked to developments elsewhere. In today's turbulent geopolitical context, strategic partnerships with countries in the Global South are indispensable, including for access to markets and raw materials.

These three motivations need not always align and may sometimes even conflict. Not every form of international cooperation needs to serve all three to the same extent. Transparency about which motivation takes precedence in any given context is essential for building credible and equitable relationships, free from hypocrisy and double standards.

The changing context does call for a different approach to international cooperation. Over the past eighty years development cooperation has made an important contribution to major advances in areas such as health, education, infrastructure and disaster prevention. Yet this same history offers lessons that have been well known for decades but are still insufficiently put into practice.

Four problems persist. Development cooperation is often too technocratic, even though change is fundamentally about politics, power and institutions. It remains too donor-driven, despite decades of commitments to local and national ownership. It is fragmented across large numbers of projects, organisations, funding streams and accountability systems. And it pays too little attention to policy coherence: the impacts of trade, taxation, climate, migration and investment policies are often greater than those of development policy itself.

International reform agendas have repeatedly acknowledged these problems. The Paris, Accra and Busan agreements emphasised ownership, the use of national systems, harmonisation and reduced donor control. Yet actual practices changed far less than these commitments would suggest. The desire for control and quickly demonstrable results, institutional interests, and deeply entrenched assumptions about where knowledge and expertise reside repeatedly pulled the system back towards old ways of working.

In a world in which Western donors held a far more dominant position, these shortcomings could persist for a long time. That is no longer the case. Partner countries now have alternatives, and they are increasingly unwilling to accept that external financiers determine priorities, set conditions and decide on ways of working. If development cooperation continues to adhere to the donor–recipient model, it risks losing not only its effectiveness, but also its relevance and credibility.

To move beyond the traditional donor–recipient model, the AIV proposes taking shared transitions as the starting point for international cooperation. Countries in the Global North and Global South face profound challenges relating to their economies, labour markets, climate, security and governance. They do so, of course, from deeply unequal starting points and with differentiated responsibilities and interests. Yet they are all searching for ways to navigate similar challenges, and no one has ready-made solutions. The Netherlands, like countries in the Global South, grapples with questions of economic resilience, climate change, polarisation, the implications of AI and the quality of institutions. These shared and interconnected challenges create a new basis for international cooperation and make it all the more necessary. Rather than transferring solutions from ‘developed countries’ to developing countries, the focus shifts to jointly exploring ways to address major challenges. This requires humility about one’s own knowledge, openness to mutual learning and political dialogue that does not gloss over unequal starting positions, conflicting interests, divergent perspectives and other sources of friction.

The AIV identifies four interconnected transitions. The first is towards broad-based prosperity and economic resilience, including more productive and inclusive economies, better jobs, and less poverty and inequality. The second is towards a healthy and liveable planet, recognising the close interconnections between climate, biodiversity, food, water and health. The third concerns sustainable peace and security, with an emphasis on prevention, diplomacy, resilient societies, and a functioning international legal order. The fourth is towards effective and legitimate governance through public institutions that deliver results and enjoy public trust, effective checks on power and anti-corruption efforts, and meaningful opportunities for citizens to have a say in decisions that affect them. These transitions can strengthen existing international commitments, including the SDGs, by providing greater focus.

If shared transitions are to serve as the starting point, cooperation can no longer be organised according to the old logic. Joint investments, grounded in local ownership, must take centre stage: ODA resources should build on strategies and investments developed within countries themselves. Short-term project funding should give way to long-term institutional cooperation, including through civil society organisations. Thematic priorities set in The Hague should give way to country-led approaches, allowing for a better understanding of which institutions within a country have the legitimacy, capacity and the potential to drive change, and which actors are best placed to engage in meaningful cooperation. Democracy promotion also requires a context-sensitive approach: building effective, legitimate and inclusive institutions remains the goal, but the partners, language and instruments will differ from country to country.

Financing must also be better tailored to different objectives. The AIV advocates a clearer distinction between (i) ODA aimed at poverty reduction and humanitarian needs in the poorest and most vulnerable countries, with particular attention to the most vulnerable groups within them; (ii) collective financing for global public goods, with countries contributing according to their financial capacity and sharing decision-making authority over the use of the funds; and (iii) funding for strategic partnerships with middle-income countries, which should not automatically come from the ODA budget.

The Netherlands does not need to organise all of this on its own. The European Union brings scale, market and regulatory power, as well as political weight. Multilateral and regional institutions can pool financing and provide expertise and legitimacy. In addition, flexible coalitions with a diverse range of partners can enable faster and more agile responses to specific challenges.

All of this calls for a more deliberate division of responsibilities and fewer bilateral Dutch development programmes. Bilateral engagement is particularly valuable where the Netherlands can contribute specific expertise and long-standing relationships and where it can help strengthen ties with Dutch society.

These international connections between businesses, knowledge institutions, civil society organisations, cities, hospitals and other institutions are essential to advancing shared transitions. The government has an important coordinating role in bringing Dutch actors together around these transitions and supporting the resulting coalitions in building lasting relationships with their counterparts in partner countries. The emphasis should be on two-way exchanges of knowledge, experiences and perspectives. Dutch civil society organisations working in international development can play an important role in this process. Drawing on their knowledge and networks in the Netherlands and partner countries, they can serve as knowledge partners, connectors and facilitators of long-term relationships between institutions and organisations on both sides. It is also important to actively engage new groups, including diaspora communities and youth organisations. In this way, international connections can become more deeply embedded in Dutch society, strengthening public support for international cooperation.

Finally, equitable cooperation requires credibility beyond development policy itself. Trade, climate, migration, tax, industrial and raw materials policies must not undermine other countries' transitions and development opportunities. This also requires greater consistency in international affairs: human rights and international law lose their persuasive force when the Netherlands and Europe apply them differently to themselves, their partners and their allies. A mature and effective partnership also means that the Netherlands and partner countries must be able to hold one another accountable for upholding and consistently applying jointly agreed standards, commitments and obligations.

With this new agenda for international cooperation, grounded in shared transitions, the Netherlands can make an effective contribution to a more just, secure and sustainable world of tomorrow, while responding to the realities of today.



Recommendations

Based on the analysis presented in this advisory report, the AIV puts forward the following nine recommendations. Each recommendation concludes with a short-term action point to help set the desired changes in motion.

1

Focus international cooperation on investments in four interconnected transitions: towards (a) broad-based prosperity, poverty reduction and economic resilience; (b) sustainable peace and security; (c) a healthy and liveable planet; and (d) effective and legitimate democratic institutions.

- Use these transitions as a framework for dialogue, not as a blueprint. The Netherlands and partner countries face similar challenges as they navigate these transitions, but do so from different and often deeply unequal starting positions, with differing interests, responsibilities and capacities. This will inevitably give rise to friction. Shared transitions do not imply that interests always align. Engage in dialogue about differences in pace, costs and benefits, responsibilities, and preferred pathways to change, with the international legal framework and the agreements arising from it as the minimum standard.
- Use the four transitions to bring greater coherence and focus to international policy agendas. Advocate internationally for the continuation of the SDGs, while also promoting a clearer structure and more concrete approaches to their implementation, using the four transitions to provide greater focus.

Action point: Together with a number of partner countries, initiate a dialogue on these four transitions, with the aim of developing an operational long-term agenda and agreements on mutual cooperation.

2

Build primarily on investments and initiatives originating in partner countries themselves.

- Put local and national ownership at the centre. Within the framework of the four transitions, use Dutch and international resources to support locally and nationally determined priorities, strategies and investments, rather than establishing parallel programmes. This strengthens ownership and reinforces the Netherlands' position as a credible and valued partner.
- End the scattergun approach to project funding and invest in institutions. Shift from short-term, earmarked project funding for specific activities towards direct, structural and long-term cooperation with civil society organisations, businesses, knowledge institutions and public-private partnerships in partner countries. Invest in their organisational capacities, knowledge, staff and financial resilience. Align with national systems wherever possible.
- Make local ownership a guiding principle in European and multilateral cooperation as well. Ensure that funding from the EU, UN and development banks aligns with nationally determined priorities and systems, strengthens local and regional institutions, and avoids creating parallel donor structures.

Action point: Set a concrete target for 2030 for the share of relevant Dutch funding channelled through national and local systems and establish how decision-making authority will be transferred to local actors.

3

Adopt a new framework for public financing of international cooperation.

- Maintain the international target of 0.7% of gross national income (GNI) for ODA, but differentiate financing within and beyond ODA: do not finance all forms of international cooperation from the ODA budget, and make a clear distinction between three categories of expenditure:
 - a. **Humanitarian assistance, poverty reduction and long-term development** in the least developed countries (LDCs). Ensure that ODA resources are directed primarily, and in their largest share, towards the poorest and most vulnerable countries. Reinstate the international target of allocating at least 0.2% of GNI to LDCs, with a focus on the most vulnerable groups.
 - b. **Investments in global public goods**, such as climate, the international legal order, security and health, using ODA as a catalyst. Advocate internationally for a separate financing target under which all countries contribute according to their financial capacity and share decision-making authority. Support the Global Public Investment initiative to this end. Within growing defence budgets, also allocate resources under the second core task of the Dutch armed forces—promoting the international legal order and stability—to conflict prevention and post-conflict reconstruction as part of the transition towards sustainable peace and security. Establish an interdepartmental team focused on fragile and conflict-affected states to support this effort.
 - c. **Strategic partnerships with middle-income countries**, linking Dutch and European interests to the priorities and interests of partner countries through the four transitions. Allocate additional structural funding for these partnerships outside the ODA budget. Rather than treating this as ‘non-ODA funding’, establish a fully-fledged partnership budget for this type of strategic international cooperation.
- Make the Netherlands a champion of mobilising additional capital for the transitions. Focus not on maximising financing volumes, but on impact, additionality and contribution to the four transitions, including in the poorest countries. Actively engage Dutch financial institutions, including FMO, Invest International and commercial banks, in this agenda. Place greater emphasis on combining public resources with other forms of financing to enable investment in countries and sectors where insufficient capital is currently available. Prioritise, among other things:
 - strengthening local capital markets, credit rating agencies and local currency financing;
 - mobilising institutional investors and businesses through guarantees and risk-sharing mechanisms, including export credit insurance for transactions that contribute to the transitions;
 - debt relief, including through debt swaps, and measures to combat capital flight;
 - cooperation with philanthropic organisations and private donors in the Global North and South, as well as emerging providers of development finance, such as the Gulf states;
 - increasing the development impact of diasporas and remittances;
 - mobilising private climate finance, including through carbon credits, with safeguards for integrity and development impact.

Action point: Join the Coalition of Governments on Global Public Investment and actively advocate within it for contributions to global public goods according to countries’ capacity to pay, and for more equitable sharing of decision-making authority.

4

Replace centrally driven thematic programming with country-led approaches to international cooperation that are politically informed and tailored to local contexts.

- Organise international cooperation around country or regional strategies rather than centrally managed thematic programmes. Take the political, economic and social context of a country or region as the starting point. Then, with embassies playing a coordinating role, assess whether Dutch engagement can offer added value relative to that of other international partners. If so, identify and deploy the relevant Dutch thematic expertise, instruments and resources.
- Use political economy analysis to determine who to work with, on what and how. Identify where power, legitimacy, capacity and momentum for change lie, and select partners accordingly: from specific ministries or departments and local authorities to businesses, civil society organisations, knowledge institutions and the media. Actively seek out reformers and coalitions committed to change in line with the four transitions and jointly determine how international cooperation can best support them.
- Promote democracy and good governance in line with the governance transition and specific country contexts. In all contexts, the objective is to strengthen effective, legitimate and inclusive institutions, the rule of law, anti-corruption efforts and civil society's ability to hold power to account. The exact approach, however, will differ from country to country. Adapt the framing, partners and instruments to what is locally credible and likely to succeed, and to where reform-minded actors can be found, both within and outside government.

Action point: Develop an implementation plan to align the organisation, budgets, responsibilities and expertise within the Ministry of Foreign Affairs with a politically informed, country-led approach.

5

Leverage Dutch influence and resources primarily through the European Union (EU), multilateral institutions and flexible coalitions.

- Use the EU as the primary vehicle for international cooperation at scale. Harness the EU's combined financial, economic, diplomatic and regulatory power, and push for a much more effective division of responsibilities between EU institutions and member states. This can be done for example by agreeing, for each partner country or challenge, who takes the lead and how others contribute. At the same time, invest more strategically in Dutch influence over EU programming and Global Gateway, ensuring that shared interests, local ownership and added value become far more central.
- Work through multilateral and regional institutions where they offer scale, legitimacy, effectiveness and specialised capacities. Pool resources where this reduces fragmentation and strengthens collective action, while assessing more critically the added value of individual organisations in each specific context. Strengthen cooperation with regional institutions and development banks.
- Complement EU and multilateral cooperation with flexible coalitions around the four transitions. Work not only with traditional partners but also with emerging economies, Gulf states, regional organisations, philanthropic institutions and private financiers where they can contribute relevant knowledge, resources, access or political influence.
- Use bilateral cooperation strategically where it offers demonstrable added value through Dutch interests, expertise, ties to Dutch society or its potential to serve as an incubator for innovation. Draw on Dutch experience, knowledge and networks to connect initiatives by the EU, multilateral institutions and other actors through effective dialogue (multi-bi cooperation), or to scale up successful approaches through these partners.

Action point: Initiate a European agenda for a clearer division of responsibilities in international cooperation, starting in Africa, and use the momentum of the Dutch EU Presidency in 2029 to reach concrete agreements on which member states and EU institutions should take the lead in specific countries and areas of cooperation.

6

Build Dutch coalitions that actively support the four transitions and catalyse their efforts through targeted funding.

- Embed international cooperation more firmly in Dutch society. Make clear that international cooperation directly serves Dutch national interests, recognising that the Netherlands' security, prosperity and future are closely intertwined with developments elsewhere. Be transparent about conflicting interests and dilemmas, and actively involve citizens in the choices these entail.
- Make international cooperation more a matter of cooperation between societies. Foster lasting connections between actors in the Global North and South, including businesses, universities, hospitals, schools, churches, media, trade unions, civil society organisations and local and regional authorities. These connections should be based on the two-way exchange of knowledge, experiences and perspectives.
- Support Dutch businesses, social enterprises and impact investors in contributing to sustainable private sector development abroad, in line with the four transitions. Make localisation a central principle here as well, strengthening local businesses in partner countries through equitable partnerships, co-investment and technology transfer. Adopt a multi-stakeholder approach that closely involves local civil society organisations, knowledge institutions and public authorities.
- Fund Dutch civil society organisations working in international development primarily in their roles as knowledge partners, connectors, advocates and policy influencers. Focus funding primarily on long-term institutional cooperation based on locally determined priorities, for example with civil society umbrella organisations and networks in partner countries. Also support their role in facilitating connections between the Netherlands and partner countries in the Global South, and in engaging with Dutch society.

Action point: Launch a citizens' assembly on the future of Dutch international cooperation, tasked with presenting recommendations by September 2027 at the latest.

7

Prioritise international coherence and credibility as prerequisites for strategic partnerships with countries in the Global South, which are essential to advancing Dutch interests.

- Strengthen the existing policy coherence agenda. Assess Dutch and European policies for their impact on sustainable development elsewhere, and prevent trade, climate, migration, tax, arms export and raw materials policies from undermining the shared transitions and the socio-economic development agendas of countries in the Global South.
- Broaden this agenda to encompass international consistency. Apply principles and standards rooted in respect for human rights and the international legal order consistently to ourselves, our partners and our allies, even when doing so is politically or economically inconvenient. Avoid double standards that undermine the credibility of international cooperation.
- Make consistency reciprocal. Engage partner countries and Western allies in dialogue about where they perceive inconsistencies in Dutch policies and, conversely, where the Netherlands sees inconsistencies in their policies or ways in which those policies hinder shared transitions. Approach this not as lecturing or assigning blame, but as an equitable political dialogue about mutual responsibilities.
- Give consistency real institutional authority. Establish a strong interdepartmental team within the Dutch government to assess new policies at an early stage for their international impacts and compliance with international obligations, with the authority not only to provide advice but also to trigger reconsideration of policy decisions.

Action point: Develop a roadmap for international policy coherence, identifying areas in which the Netherlands will adjust its policies or propose changes during the current government's term, where relevant through the EU or multilateral forums, to reduce negative impacts on broad-based prosperity elsewhere, with particular attention to economic and trade policies.

8

Create room for innovation and country-led approaches by discontinuing, consolidating or simplifying other activities.

- Reduce the number of individual projects, programmes and contracts. Consolidate funding into larger, long-term contracts, where possible through coalitions of multiple organisations. This will also reduce transaction costs and administrative burdens for both the ministry and its partners.
- Exercise restraint in establishing centrally managed, multi-country thematic programmes. Retain such programmes only where the challenges are demonstrably cross-border in nature, and ensure that even then, coordination and decision-making remain at country level. Shift more implementation capacity, for instance at the Netherlands Enterprise Agency (RVO), to partner countries themselves.
- Limit separate Dutch implementation where others can deliver better results or operate at greater scale. Avoid establishing parallel programmes alongside EU, multilateral or partner country-led initiatives, and make greater use of existing structures and coalitions.
- Simplify accountability and programme management. Reduce the number of separate indicators, reporting formats and donor requirements, and align with joint or national systems wherever possible.

Action point: Set a concrete and ambitious reduction target for the number of individual contracts and programmes managed by the Ministry of Foreign Affairs.

9

Act now: prevent the financing crisis from undermining the foundations of the shared transitions.

- Do not allow structural reform to become an excuse for neglecting urgent needs. The decline in international financing threatens essential humanitarian assistance, healthcare and other basic services. If these foundations collapse, the four shared transitions will also slip out of reach. Mobilise additional resources in the short term, prioritising humanitarian assistance and health.
- Combine emergency financing with greater local ownership. Avoid once again channelling new resources primarily through donor structures and international intermediaries. Wherever possible, provide direct funding to national and regional institutions and strengthen existing systems. Explore, for example, closer cooperation with the Africa Centres for Disease Control and Prevention (Africa CDC) in responding to Ebola outbreaks.
- Use the crisis to accelerate reform. Protect what is urgently needed, but provide funding in ways that simultaneously reduce fragmentation, strengthen local and national institutions, and build more sustainable financing structures. Necessary action today must support, rather than obstruct, tomorrow's reforms.

Action point: Take the lead in building a broad international coalition, including emerging middle-income countries, to close urgent funding gaps in humanitarian assistance and health.



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