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Understanding Middle Powers in Development Cooperation

Capabilities, behaviors, and values drive a new era of development leadership

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Content

Executive Summary

The paper makes the case for middle powers as increasingly central to global development cooperation and finance as the international system shifts toward multipolarity, geopolitical fragmentation, and declining leadership by traditional donors. These countries—spanning OECD nations and emerging economies—bring agility, legitimacy, and coalition-building capacity to an evolving development landscape marked by rising needs, shrinking aid, and demands for fairer global governance.

Middle powers can be framed not by strict criteria but by capabilities, behaviors, and values. Materially, they possess significant but not dominant economic and political weight, with diverse institutional models for development cooperation. Their architectures often combine foreign affairs and finance ministries with development agencies, development finance institutions (DFIs), and, in some cases, sovereign wealth funds. Some operate mature systems, while others are institutionalizing emerging frameworks.

Behaviorally, middle powers are pragmatic, multilateral actors that emphasize coalition-building, South-South and triangular cooperation, knowledge exchange, technical assistance, and increasingly also blended finance. Regional priorities shape their development programs, and many coordinate through alliances such as BRICS (Brazil, Russia, India, China, South Africa), MIKTA (Mexico, Indonesia, South Korea, Türkiye, Australia), and IBSA (India, Brazil, South Africa). They lean into development diplomacy, including leadership in multilateral negotiations and support for global public investment and innovative financing instruments.

Normatively, middle powers project shared commitments to multilateralism, equitable governance, country ownership, sustainability, inclusivity, peacebuilding, and capacity strengthening. They advocate reform of the UN, IMF, and World Bank to enhance representation, voice, and fairness—while differing in approaches to issues like debt workout mechanisms and rechanneling special drawing rights (SDRs).

Despite shared objectives, differences arise, depending on domestic priorities, geopolitical alignments, and fiscal space. Nonetheless, middle powers act as bridge-builders between North and South and between traditional donors and emerging contributors, helping to stabilize the international system, fill leadership vacuums, and shape more pluralistic development norms. Middle powers want to lead cooperatively: scale, coordination complexity, political volatility, and institutional lag are challenges in a polarizing world. Though their influence is rising, middle powers face several constraints—institutional, financial, political, and strategic—that temper their ability to consistently shape global development cooperation.

Amid this challenging and changing development environment, the paper outlines a way forward for middle powers to drive cooperation and finance into 2026 and beyond: strengthen institutional capacity, build specialized talent, deepen financial and multilateral engagement, mobilize private sector participation, empower subnational actors, and lead thematic coalitions. At the multilateral level, reforms to amplify middle power voice, enhance peer learning, and leverage innovative finance platforms are proposed. Ultimately, middle powers are positioned as stabilizers and energizers of global cooperation, capable of advancing equitable, inclusive, and effective development partnerships in an era of uncertainty and contested multilateralism.

1. An evolving world order and development landscape: rising middle powers

The first quarter of the 21st century has witnessed profound geopolitical, economic, and societal transformations. Forces such as globalization, migration, and urbanization, coupled with technological innovation and full-scale digital transformation, have reshaped production, communication, and governance systems worldwide. These dynamics coexist with rising needs for conflict mitigation, climate adaptation, and social cohesion amid growing destabilization and fragmentation.

At the same time, global and regional shocks—from the COVID-19 pandemic to energy and food crises, financial volatility, and the resurgence of conflict—have compounded the effects of populism, nationalism, and inward-looking policy cycles driven by domestic political economy considerations. Great power rivalry and U.S. retreat from global cooperation have also upended the international status quo and workings of the multilateral system. The result is an evolving world order marked by new alliances, shifting power centers, or no clear leadership structure at all—a "G-Zero world".[1]

The development cooperation system mirrors this global transformation. The world faces an estimated 4 trillion US dollars annual financing shortfall to achieve the Sustainable Development Goals[2], a gap expected to widen as leading G7 donors in the United States and Europe scale back foreign assistance. These reductions, justified in the name of economic security, defense, and domestic priorities, reflect broader geopolitical fragmentation and fiscal constraints. The OECD projects overall reductions of 9 per cent to 17 per cent in 2025 following a 9 per cent decline in 2024.[3]

In this environment, multilateral and bilateral assistance frameworks are in flux, even as world leaders reaffirmed their commitment to a renewed *Financing for Development* agenda at the UN Summit in Seville in July 2025. The reconfiguration of global development finance is opening a space for new actors and modalities, including blended finance, climate funds, and innovative public–private instruments.

Within this changing landscape, the concept of "middle powers" has gained renewed salience. As the international system transitions from unipolarity to multipolarity, regionalism and regional security complexes have become increasingly influential in both diplomatic and economic arenas. Middle powers—often characterized by their capacity for coalition-building, multilateral engagement, and normative influence—have emerged as key actors navigating between great powers and smaller states.[4]

Amid this shifting order, a diverse group of states—spanning smaller advanced economies in the Global North and dynamic middle-income economies in the Global South—are increasingly recognized as middle powers in geopolitics and development finance. While many of these countries continue to face internal development challenges, including debt burdens, limited fiscal space, aging or insufficient infrastructure, and widening inequality, they are simultaneously expanding their external influence. These countries are reshaping regional integration, global governance reform, and development partnerships.

However, defined (see the discussion below), middle powers are now more numerous than great powers, giving them strength in numbers and leverage in coalition diplomacy. Whether acting through traditional multilateral institutions or emerging platforms, they have become indispensable intermediaries in an increasingly fragmented international system—bridging divides, fostering pragmatic cooperation, and shaping a more pluralistic global development order. This paper offers a new rubric for analysis and understanding of middle powers and who they are in development cooperation and finance—in terms of capacities, behaviors, and values—and offers a way forward for how a middle powers agenda in development cooperation and finance can be advanced.

1 Ian Bremmer, *Every Nation for Itself: Winners and Losers in a G-Zero World* (Portfolio Penguin, 2012).

2 United Nations, 2024, https://sdgs.un.org/goals

3 Organisation for Economic Co-operation and Development (OECD), *Cuts in Official Development Assistance: OECD Projections for 2025 and the near Term*, OECD Policy Briefs, 26th ed., OECD Policy Briefs (2025), https://doi.org/10.1787/8c530629-en.

4 See Barry Buzan and Ole Wæver, *Regions and Powers: The Structure of International Security* (Cambridge University Pres, 2003), https://ir101.co.uk/wp-content/uploads/2018/11/Buzan-Waever-2003-Regions-and-Powers-The-Structure-of-International-Security.pdf; Andrew Fenton Cooper et al., *Relocating Middle Powers: Australia and Canada in a Changing World Order* (UBC Press, 1993); Eduard Jordaan, "The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers," *Politikon* 30, no. 1 (2003): 165–81, https://doi.org/10.1080/0258934032000147282; Arta Moeini et al., *Middle Powers in the Multipolar World*, (Institute for Peace and Security, March 2022): 1 - 29, https://peacediplomacy.org/wp-content/uploads/2022/03/Middle-Powers-in-the-Multipolar-World.pdf.

2.
Defining middle powers

The concept of the middle power has long occupied a peculiar position in the study of international relations. Middle powers have been defined by what they are not, as much as by what they are. Neither great powers with global reach nor small states with limited influence, middle powers occupy a conceptual inbetween space that has proven both analytically useful and politically or otherwise contested.

2.1 Evolution of the concept

The notion of "middle powers" dates back to the late 16th century thinker Giovanni Botero, who posited that the world order comprises great powers (grandi), middle powers (mezani), and small powers (piccioli). Botero argued a middle power "has sufficient strength and authority to stand on its own without the need of help from others". Moreover, middle powers are "exposed neither to violence by their weakness nor to envy by their greatness, and their wealth and power being moderate, passions are less violent, ambition finds less support and license less provocation than large states".[5]

Attention to middle powers re-emerged in the aftermath of the Second World War, when medium-sized states like Canada and Australia sought recognition for their diplomatic activism despite lacking the military capabilities of the superpowers,[6] often defining themselves in relation to the bipolar system, carving out reputations as multilateral mediators, promoters of compromise, and champions of international institutions. It has been said that while the term middle powers is "problematic both in terms of conceptual clarity and operational coherence", this group of countries "does appear to have some accentuated space for diplomatic maneuver on a segmented basis in the post-Cold War era."[7] Political scientists distinguish how states perceive their own ability to act: whether alone or only in coalition, setting up categories like "great," "middle," and "small" powers.[8] Similarly an identity or constructivist approach which relies on self-perception, self-identification or self-construction to determine its position and shape its interest has also been applied to middle powers.

There is no official, supranational arbiter to designate which countries are middle powers and the definition of middle powers has always been fraught.[9] Contemporary scholarship offers refined parameters, including a suggestion of four defining features: (1) geo-regionality; (2) relative power or material advantage compared to neighbors; (3) historical and cultural continuity; (4) limited global ambition and regionally-focused goals.[10] Others note a dual understanding of middle powers: by strength and geostrategic position, or by legitimacy and leadership in institutions.[11] That more than 50 countries appear on Wikipedia's discussion list of middle powers indicates the complexity of determining which is or is not a middle power.[12]

Middle powers as swing or pivot states

Middle powers are frequently also seen as swing and pivot states: those with sway and can tilt the direction of global negotiations and policy (in a less value-driven construct than seen in middle powers as described below). "In the American political context, swing states are those whose mixed political orientation gives them a greater impact than their population or economic output might warrant. The choices they make whether they take on new responsibilities, free-ride, or obstruct will, in aggregate, decisively influence the trajectory of today's world." Brazil, India, Türkiye, Indonesia for

5 Botero, Reason of State 1589. Yale University Press published an English transition in 1956, and Cambridge University Press published a modern translation in 2017 see "Botero: The Reason of State," in *Botero: The Reason of State*, ed. Giovanni Botero and Robert Bireley, Cambridge Texts in the History of Political Thought (Cambridge University Press, 2017), https://www.cambridge.org/core/books/abs/botero-the-reason-of-state/botero/B70EB63CE0F1BA372E786EA8B57F658E.

6 John W. Holmes, "Is There a Middle Power?" *Foreign Affairs* 21, no. 3 (1943), 353–365.

7 Andrew Fenton Cooper, *Niche Diplomacy: Middle Powers After the Cold War* (Macmillan, 1997).

8 Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton Univ. Press, 1984).

9 Adam Chapnick, "The Middle Power," *Canadian Foreign Policy Journal* 7, no. 2 (1999): 73–82, https://doi.org/10.1080/11926422.1999.9673212.

10 Arta Moeini et al., *Middle Powers in the Multipolar World*, (Institute for Peace and Security, March 2022): 1 - 29, https://peacediplomacy.org/wp-content/uploads/2022/03/Middle-Powers-in-the-Multipolar-World.pdf.

11 Meltem Müftüler Baç, "Middle Power," Encyclopedia Britannica, accessed January 5, 2026, https://www.britannica.com/topic/middle-power.

12 A list of 54 countries that have been, at some point in time since the post- Cold War era considered middle powers by academics or other experts can be found here: https://en.wikipedia.org/wiki/Middle_power.

example have been discussed Global swing states whose policy choices may decisively impact others[13]. Pivot states—countries able to build profitable relationships with multiple other countries without becoming overly reliant on any one of them[14]—meanwhile, leverage geography (or resources or alliances) to enhance influence and their shifting alignments can alter the global balance of power.

2.2 In practice: capabilities, behaviors, values

In practice, three lenses have become commonly used to “qualify” countries and guide analysis: capabilities, behavior, and norms.

Capability or material measures such as GDP, population, and military strength can distinguish middle powers, especially in general international relations or in international security considerations. Scholars emphasize the idea of agility and comparative strength without dominance,[15] and separate “traditional” Cold War middle powers from “emerging” post-1990s actors.[16] Some surface operational definitions based on measurable criteria.[17] On economic grounds alone, one could also consider whether country groupings (ASEAN[18], for example) or subnational units (perhaps within great or major powers) are middle powers themselves—even if lacking the sovereign authority to enter into treaties or enact foreign policy. Consider, for example, the state of California in the U.S., the fourth largest economy in the world[19] with significant global exposure and influence through international trade and investment, and a leader in innovation, culture, and technology. It has more than 30 MOUs with countries or international organizations.[20] According to the OECD, cross-border decentralized development cooperation—development cooperation between subnational governments—has grown over time but with large variation across countries. Between 2016 and 2021, it increased by about 17 per cent overall, yet some countries reported significant rises (including Germany, Spain, and the UK) while others saw sharp declines (Italy, Japan, and Canada, among others). This uneven pattern reflects differing levels of institutional maturity, political support, and reporting systems for subnational cooperation.[21] Relatedly, given the increasing importance of philanthropic, private-sector and diaspora/foreign workers (remittance flows routinely outpace ODA and foreign direct investment flows combined[22]), one could—or perhaps should—increasingly think about the size or role of a nation’s unofficial outflows of nongovernmental funding or FDI in assessing middle powers. In 2024 for example, Saudi Arabia and the UAE followed the United States as top outflow countries, with nearly 80 billion US dollars in such outflows between them.[23]

Behaviorally, middle powers practice multilateralism, mediation, and niche diplomacy and tend to be more activist and engaged than “non-MP” (otherwise potentially “small”) states with similar profiles. Australia’s leadership in human rights, environmental diplomacy, nonproliferation, and coalition building,[24] or, similarly, Japan’s role as institutional entrepreneur, [25] have earned them the middle power moniker. Other examples could be Brazil’s long-standing leadership in environmental affairs, for example in creating the Amazon Fund in 2008.[26] Extrapolating from Türkiye and Mexico, middle powers have also been distinguished

13 See Richard Fontaine and Daniel M. Kliman, “International Order and Global Swing States,” *The Washington Quarterly* 36, no. 1 (2013): 93–109, https://doi.org/10.1080/0163660X.2013.751653; Center for Strategic and International Studies (CSIS). 2012. Global Swing States: Brazil.; Cliff Kupchan, “6 Swing States in the Global South Will Decide Geopolitics,” *Foreign Policy*, June 6, 2023, https://foreignpolicy.com/2023/06/06/geopolitics-global-south-middle-powers-swing-states-india-brazil-turkey-indonesia-saudi-arabia-south-africa/.

14 Ian Bremmer, *Every Nation for Itself: Winners and Losers in a G-Zero World* (Portfolio Penguin, 2012).

15 Adam Chapnick, “The Middle Power.” Canadian Foreign Policy Journal 7, no. 2 (1999): 73–82, doi:10.1080/11926422.1999.9673212.

16 Eduard Jordaan, “The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers,” *Politikon* 30, no. 1 (2003): 165–81, https://doi.org/10.1080/0258934032000147282.

17 Jaffery Robertson, “Middle-power definitions: confusion reigns supreme,” *Australian Journal of International Affairs 71*, no. 4 (2017): 355–370, https://doi.org/10.1080/10357718.2017.1293608; Donna Lee, “Middle Power Influence in the International System.” in Middle Powers and Commercial Diplomacy: British Influence at the Kennedy Trade Round (London: Palgrave Macmillan UK, 1999): 13-28.

18 Dato Dr Ilango Karuppannan, “ASEAN As an Indo-Pacific Middle Power: Shaping the Emerging Regional Order – Analysis,” sec. 1, *Eurasia Review*, August 1, 2023, https://www.eurasiareview.com/01082023-asean-as-an-indo-pacific-middle-power-shaping-the-emerging-regional-order-analysis/.

19 State of California, “California Is Now the 4th Largest Economy in the World,” Governor of California, April 24, 2025, https://www.gov.ca.gov/2025/04/23/california-is-now-the-4th-largest-economy-in-the-world/.

20 State of California, “International Diplomacy,” *California Governor’s Office of Business and Economic Development*, April 12, 2023, https://business.ca.gov/resources/international-affairs-and-trade/international-collaboration/international-diplomacy/.

21 OECD, *Decentralised Development Co-Operation: A Global Policy Toolkit and Guidance for Practitioners*, OECD Regional Development Papers 46, OECD Regional Development Papers (2023): 6, https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/04/decentralised-development-co-operation_a92bcf67/3cb22851-en.pdf#page=7.02.

22 Dilip Ratha et al., “In 2024, Remittance Flows to Low- and Middle-Income Countries Are Expected to Reach $685 Billion, Larger than FDI and ODA Combined,” World Bank, *World Bank Blogs*, December 18, 2024, https://blogs.worldbank.org/en/peoplemove/in-2024--remittance-flows-to-low--and-middle-income-countries-ar.

23 Lucidity Insights Research Team, “The Role of Remittance Outflow Countries 2024 in Global Financial Support,” *Lucidity Insights*, May 15, 2025, https://lucidityinsights.com/infobytes/remittance-outflow-countries-role-global-financial.

24 Andrew Carr, *Is Australia a Middle Power? A Systemic Impact Approach*, Carfax Publishing, Taylor & Francis Group, 2014, http://hdl.handle.net/1885/77330.

25 Yoshihide Soeya, *Japan’s Middle Power Diplomacy*, (Speech at Tokyo Foundation, 2009). https://www.tokyofoundation.org/research/detail.php?id=89.

26 “What is the Amazon Fund?,” Amazon Fund, accessed 29 October 2025, https://www.amazonfund.gov.br/en/amazon-fund/; Patrícia Figueiredo, “Amazon Fund Gains Importance in Brazilian Diplomacy and Draws Attention from More Countries,” *InfoAmazonia*, March 23, 2023, https://infoamazonia.org/en/2023/03/23/amazon-fund-gains-importance-in-brazilian-diplomacy-and-draws-attention-from-more-countries/.

for their "volatility", as, when they are doing well internally (economically and democratically), they tend to be constructive participants in the global liberal order, but when they face problems at home and their own democratic or economic progress reverses, they become less helpful, less predictable, and can even undermine regional and international stability.[27] Middle powers are also seen to view international law as instrumental to their interests and use international organizations to establish and enforce acceptable rules of conduct. A notable example is Türkiye and Finland's jointly pushing a first of its kind "Mediation for Peace" initiative, which the UN General Assembly unanimously endorsed in June 2011.[28] But here, in the use of multilateralism, there is some distinction between the Global North supporting the status quo and the liberal order (as in the G7 and Bretton Woods) versus the Global South advancing more reformist (though not necessarily revolutionary) platforms. Arguably, institutions such as the OECD and the G20 are spaces inhabited by both and where middle powers can exert growing influence.

Another middle powers behavioral pattern discussed in the scholarship is "resilient multilateralism" [29] described in terms of *context specificity* (prioritizing adaptive policies tailored to specific times and places, contrasting with the universal policy regimes often associated with great powers); *complementarity* (diversifying across different multilateral approaches (ranging from lower-cost network building to more extensive system building) and partners (both middle and great powers) to gain flexibility; *consensus building* (leveraging the greater numbers of middle powers to shape global norms and the "playing field" of international relations, influencing the normative grounds upon which great powers rely for recognition); and *non-confrontation* (avoiding direct challenges to great powers, instead focusing on consensus-building and shaping the broader environment).

Normatively, middle powers cultivate reputations as "good international citizens" and normative power embodying an "ontological quality as a changer of the norms in the international system; a positivist quantity in that they act to change norms; and a normative quality acknowledging that they should act to extend norms in the system."[30] They are especially attuned to the realities of the international system and do not just respond to those realities but shape them by championing international rules and laws, assuming "good-offices" or facilitator, and functional leader roles, and seeking compromise solutions.[31] Traditional Global North cases emphasize aid and multilateral solidarity, while Global South middle powers often project "heroic" interventions to gain legitimacy.[32] They play an important role in humanitarian, peacebuilding and developmental realms, and tend to practice values-driven (niche) diplomacy, and have become key actors fostering more inclusive, equitable, and representative platforms, emerging as norm entrepreneurs on the global stage.[33] South Korea embodies such an approach in the way it conducts its climate, maritime, cyber and other policies[34], while Brazil has shown this in its efforts to reframe electronic espionage as a development and human rights issue as well as a security issue in an effort to catalyze global internet governance reform.[35]

In today's multipolar order, middle powers are positioned as bridge builders, norm shapers, change agents and sources of legitimacy for global governance. Yet the term remains contested: some embrace it, others resist. As the number of states increases and centers of gravity and power shift, what constitutes the "middle" remains a cause for debate. What is clear is that states in this category will continue to play crucial roles in shaping both regional stability and global order. Ambiguity in determination notwithstanding, middle powers collectively wield significant soft power, economic weight, and diplomatic agility in the international order. Their growing numbers and coalition potential—illustrated by the BRICS, for example—make them increasingly pivotal in the evolving architecture and still uncertain future of global development governance with identifiable patterns of capabilities, behaviors and priorities in this realm.

27 Umut Aydin, "Emerging Middle Powers and the Liberal International Order," *International Affairs* 97, no. 5 (2021): 1377–94, https://doi.org/10.1093/ia/iiab090.

28 Ahmet Davutoğlu and Erkki Tuomioja, "Mediation for Peace: A Means toward a Better World," *Hürriyet Daily News*, February 25, 2012, https://peacemaker.un.org/sites/default/files/document/files/2022/09/20120225hurriyet-articlemediation-peace.pdf.

29 Albert Sanghoon Park, "Beyond Great Powers: Middle Power Paths to Resilient Multilateralism," *Asian Journal of Peacebuilding* 10, no. 1 (2022): 131–57, https://doi.org/10.18588/202205.00a274.

30 Ian Manners, "Normative Power Europe: A Contradiction in Terms?," *JCMS: Journal of Common Market Studies* 40, no. 2 (2002): 235–58. https://www.princeton.edu/~amoravcs/library/mannersnormativepower.pdf.

31 Carsten Holbraad, *Middle Powers in International Politics* (Palgrave Macmillan London, 1984), https://doi.org/10.1007/978-1-349-06865-4.

32 Eduard Jordaan, "The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers," *Politikon* 30, no. 1 (2003): 165–81, https://doi.org/10.1080/0258934032000147282.

33 Moch Faisal Karim, "Non-Western Middle Powers in Changing Global Order," in *Oxford Research Encyclopedia of International Studies* (n.d.), accessed January 5, 2026, https://oxfordre.com/internationalstudies/display/10.1093/acrefore/9780190846626.001.0001/acrefore-9780190846626-e-854.

34 Sook Jong Lee, *Transforming Global Governance with Middle Power Diplomacy* (Palgrave Mcmillan New York 2016).

35 Adriana Erthal Abdenur and Carlos Frederico Pereira da Silva Gama, "Triggering the Norms Cascade: Brazil's Initiatives for Curbing Electronic Espionage," *Global Governance* 21, no. 3 (2015): 455–74. http://www.jstor.org/stable/24526257.

3. Middle powers in international development cooperation and finance

Determining middle powers in development cooperation and finance arguably takes the functional or constructivist perspective by looking at a specific context or identification (self or peer). This paper proceeds with a framework for expanding our understanding of and setting an agenda for this cohort by analyzing it through the three lenses described above with a widened aperture: capacities or characteristics, including national architectures; behaviors or approaches; norms, values or priorities. As noted above, there is no fixed list or recognized arbiter determining which countries are middle powers, including in development cooperation: this paper also refrains from defining or dictating who is (or is not) but does include illustrative examples from countries across the Global North and South displaying or operationalizing these elements, and who may be referred to as middle powers by themselves or others.

3.1 Capabilities: development resources and cooperation architecture

Qualitatively, middle powers in the context of development have been described in conversations as "practical—non ideological, their power comes from pragmatism" and as "not rule takers, they have options—including as aid recipients."[36] Middle powers from the Global South have been discussed as "emerging" middle powers in a way that semi-parallels emerging markets in international economics. Quantitatively, middle powers in development cooperation also exhibit some level of scale and visibility of financial resources. One metric to consider is share of GNI (gross national income) as Official Development Assistance (ODA, OECD measure). In 2024, among OECD-DAC countries, Nordic members for example allocated more than 0.7 per cent of their GNI to ODA on average[37] and among non-DAC countries in the Gulf, contributions range from 0.32 per cent to more than 0.50 percent[38] .

Multilateral ODA is an important component of development cooperation: in the latest International Development Assistance (IDA) replenishment (IDA21, December 2024), which hit a record 100 billion US dollars overall, among the top 20 contributors were Sweden, South Korea, Norway, Denmark, Australia, and Spain.[39] While more complex in the ODA calculation, it is also worth noting that countries including Australia, Canada, Korea, Spain, the UAE, and Qatar are among those who donate special drawing rights (SDRs) to the Resilience Sustainability Trust at the IMF.[40]

Middle power capacities or characteristics in development cooperation and finance can also be examined in terms of national architecture—the institutions and resources dedicated to international development assistance, partnerships, lending or other means of engagement. Looking across countries, a few patterns emerge. For example, these countries tend to have institutional anchors, though they may not necessarily be independent agencies and are most often associated with ministries of foreign or external affairs. We can see that OECD-DAC members have long-standing, institutionalized systems with parliamentary ministerial oversight, while emerging donors tend to be centralized in foreign ministries, but may vary in autonomy and scope. Australia, for example, previously had an independent agency, AUSAID, which was merged into its Department for Foreign Affairs and Trade (DFAT) in 2013.[41] The Development Cooperation of India is managed by its Ministry of External Affairs mainly through the Development Partnership Administration, and, similarly, Ireland has the Development Cooperation Division in the Department of Foreign Affairs. Spain (AECID), Mexico (AMEXCID), Brazil (Agência Brasileira de Cooperação (ABC), UAE (UAE Aid Agency), Türkiye (TiKA), South Korea (Korea International

36 Author notes, key informant interviews.

37 "Historic Drop in Official Development Assistance in 2024," *Focus 2030*, April 16, 2025, https://focus2030.org/en/historic-drop-in-official-development-assistance-in-2024/.

38 OECD, "Development Co-operation Profile: Türkiye" (2025), https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/turkiye_09a14591-en.html; OECD, "Development Co-operation Profile: Saudi Arabia" (2025), https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/saudi-arabia_8d6207ae-en.html; OECD, "Development Co-operation Profile: Qatar" (2025), https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/qatar_8eb760f1-en.html.

39 Nico Martinez and Clemence Landers, "Can IDA Weather the Development Finance Storm?," *Center For Global Development*, May 16, 2025, https://www.cgdev.org/blog/can-ida-weather-development-finance-storm.

40 "IMF Resilience and Sustainability Trust," International Monetary Fund (IMF), accessed January 5, 2026, https://www.imf.org/en/topics/resilience-and-sustainability-trust.

41 Mark Tran, Australian Plan to Merge Aid Agency with Foreign Affairs "A retrograde step", *The* Guardian, September 18, 2013, https://www.theguardian.com/global-development/2013/sep/18/australia-aid-foreign-policy.

Cooperation Agency—KOICA and Economic Development Cooperation Fund—EDCF), and Norway (NORAD) have dedicated administrative agencies aligned to their Ministry of Foreign or External Affairs.[42]

Independent aid or cooperation agency notwithstanding, Permanent Representatives and member state appointees to the United Nations, with significant development diplomacy and cooperation portfolios, tend to come from ministries of foreign affairs, while most representatives in international financial institutions, executive directors in the World Bank/IMF or regional development banks come from ministries of finance, treasuries, or economics ministries, which can make coordination and capacity building more challenging. Many nations also have adjacent institutions that play a role in development cooperation or finance, such as state-sponsored sovereign wealth funds used for developmental purposes in several Gulf states (the UAE, Saudi Arabia, Qatar), or development finance institutions, seen for example in Nordic countries (Sweden's Swedfund or Norway's Norfund[43]), among others.

There is also a pattern in terms of architectural oversight and internal coordination, where among OECD donors there are institutionalized checks and transparency mechanisms, while emerging donors tend to build coordination tools, sometimes with overlapping mandates. For example, in Korea the development activities of both the Ministry of Foreign Affairs and the Finance Ministry operate under the Committee of International Development Cooperation chaired by the Prime Minister [44], ensuring political oversight and coherence across agencies. Australia and Spain have formal parliamentary oversight, while Mexico and Spain have registries or Agency-based monitoring systems, and the UAE, South Africa and Nigeria have models of distributed (flows) and oversight.[45] [46]

3.2 Behaviors: development cooperation approaches

In development cooperation and finance, Middle Power actors display shared behaviors and approaches. Collective action is a key feature of middle powers' approach to multilateralism and development cooperation and such action tends to have a pragmatic orientation that can become transactional in practice. Notably, while grants and concessional lending or lines of credit are significant, in many middle powers the use of non-financial instruments is also a hallmark of their strategies, especially in the case of actors from the Global South—leaning into technical cooperation and capacity building, best practice, knowledge and information exchange as principal pathways through which many middle powers can shape development cooperation. Blended and other innovative finance, mobilizing private or philanthropic sector funding, development diplomacy, bloc voting, and negotiations in international processes, as well as emerging alliances—formal and informal—are also important. Middle powers channel their cooperation both bilaterally and multilaterally (though with varying balances). They tend to utilize less traditional "donor-recipient" approaches, and have strong regional and historical orientations. Broadly, Global South middle powers tend to rely more on technical cooperation and concessional finance; OECD-DAC donors tend to have more diversified portfolios with blending, policy frameworks, and multilateral burden-sharing.

Development diplomacy

Development diplomacy, both political and economic, is an important aspect of cooperation among middle powers, where they demonstrate bridge-building and mediation roles, as well as leadership on key issues. This plays out in their bilateral foreign policy, but also in and through multilateral fora, frameworks, and processes. Consider the G20 for example: the last four presidencies, held by Indonesia (2022), India (2023), Brazil (2024), and South Africa (2025)—all adopted strong development themes (inclusive growth, food security, energy transition and climate, multilateral reform, achieving the Sustainable Development Goals, SDGs), utilizing the platform to pursue a development agenda and advance concrete actions such as institutional or policy reforms, binding commitments, and new financing (though implementation and impact may not yet be fully delivered). At the "one country one vote" UN General Assembly, countries champion policies and resolutions, build coalitions and muster votes from regional and other like-minded constituencies. For example, CANZ (Canada, Australia, New Zealand) is one of the member state groups that negotiated together during the fourth conference on

42 OECD, "Development Co-operation Profile: Türkiye" (2025); OECD, "Development Co-operation Profile: Saudi Arabia" (2025); OECD, "Development Co-operation Profile: Qatar" (2025); OECD, "Development Co-operation Profiles: Norway" (2025), https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/norway_08191fd9-en.html.

43 "About Swedfund," Swedfund, accessed January 5, 2026, https://www.swedfund.se/en/about-swedfund; "About Norfund," Norfund, accessed October 30, 2025, https://www.norfund.no/about-norfund-2/

44 "Korea's Development Cooperation Management Architecture," Korea International Cooperation Agency (KOICA), accessed January 5, 2026, https://www.koica.go.kr/koica_en/3391/subview.do.

45 "Our Strategy," Abu Dhabi Fund for Development (ADFD), accessed January 5, 2026, https://www.adfd.ae/en/who-we-are/strategy; "Promoting Global Peace and Prosperity: The United Arab Emirates policy for foreign assistance" (United Arab Emirates Ministry of Foreign Affairs and International Cooperation, 2022), https://www.mofa.gov.ae/en/the-ministry/uae-international-development-cooperation/-/Media/The%20United%20Arab%20Emirates%20policy%20for%20foreign%20assistance%202022%20EN; "UAE President Issues Federal Decree Establishing UAE Aid Agency," National Media Authority United Arab Emirates, November 10, 2024, https://www.nmo.gov.ae/en/news/uae-president-issues-federal-decree-establishing-uae-aid-agency.

46 Abu Dhabi Fund for Development (ADFD), "Project Financing Procedures," accessed January 5, 2026, https://www.adfd.ae/assets/b5504c4/ADFD_PROJECT%20FUNDING%20PROCEDURES_V9_digital.pdf.aspx; "UAE President Issues Federal Decree Establishing UAE Aid Agency," National Media Authority United Arab Emirates, November 10, 2024, https://www.nmo.gov.ae/en/news/uae-president-issues-federal-decree-establishing-uae-aid-agency.

Financing for Development, the SDG Summit Political Declaration in 2023, and recently at a development cooperation-related meeting at the UN.[47] Countries are also utilizing regional and cross-regional alliances (see the BRICS, IBSA, MIKTA discussion below) to advance development policies in a coordinated fashion.

Among these actors, cooperation and aid flow tend to be anchored in and shaped by regional proximity and foreign policy interests. This includes working through and alongside regional groups and spheres of influence—such as ASEAN, ECOWAS (Economic Community of West African States), SADC (Southern African Development Community), or NEPAD (New Partnership for Africa's Development). Historical ties and shared colonial history are also distinctive factors for several actors. Spain for example cooperates closely with Mexico and the Philippines, and Brazil extends support to Lusophone countries in Africa and Asia. Similarly, cross-continental alliances for development collaboration are a distinctive approach. BRICS(+), IBSA and MIKTA (further discussed in box below) are three groups with middle power members that work together to advance shared interests, including development objectives, and in the case of BRICS, mobilize and deploy financing. At the United Nations, Canada, Australia, and New Zealand often come together as the CANZ group in a unified stance and coordinated messaging.

Development diplomacy through cross-continental alliances: BRICS, MIKTA, IBSA

The BRICS(+) is the most formal, structured, and evolved of these middle power alliances (though Russia and China are generally not considered middle powers in development cooperation while Brazil, India, and South Africa are). It is both South-South financing and a knowledge-sharing and political platform. The BRICS established the New Development Bank (NDB) to mobilize resources for infrastructure and sustainable development projects in Emerging Markets and Developing Economies (EMDEs).[48] The NDB has funded projects beyond BRICS countries, including energy and gas infrastructure projects in Bangladesh.[49]

BRICS also has its Contingent Reserve Agreement (CRA) for liquidity support to member countries in case of balance-of-payment shocks. In addition, the BRICS Interbank Cooperation Mechanism was agreed between the central banks of the five BRICS countries with the aim of developing multilateral financial cooperation and creating a basic mechanism for settlement and project financing in national currencies.[50] During 2024-2025 BRICS enlarged its membership to include other MPs in development cooperation: Egypt, Indonesia, Saudi Arabia, the UAE, as well as Iran and Ethiopia. Among the added non-member partner countries are Malaysia and Nigeria.[51]

MIKTA is an informal, cross regional partnership of Mexico, Indonesia, the Republic of Korea, Türkiye, and Australia that provides a platform to deepen ties, coordinate positions, and cooperate on global issues. It does not run a standalone secretariat architecture; instead, it convenes members' own agencies to share practices and launch ad-hoc South-South or triangular initiatives. Under the MIKTA banner, members pursue governance and reform dialogues through practical initiatives and outreach activities that aim at development diplomacy, policy learning, and coordinated messaging. The group's recurring thematic focus includes SDG effective implementation.[52] IBSA is a trilateral forum of India, Brazil, and South Africa that works on three areas: political coordination on global governance, joint implementation of initiatives and projects self-generated by sector working groups, and a shared South-South development financing window, the IBSA Fund for the Alleviation of Poverty and Hunger is managed by the UN Office on South-South Cooperation that provides demand-driven grants implemented in partnership with UN agencies and partner countries in Africa, LAC, the Middle East, and Asia with a sector of basic services and institutional building.[53]

47 Rachael Pringle, First Secretary New Zealand Permanent Mission Canada on behalf of Australia and New Zealand. "Statement on behalf of Canada, Australia and New Zealand (CANZ) on the draft elements for the SDG Summit Political Declaration", Statement at the UN SDG Political Declaration Meeting, March 16, 2023, https://hlpf.un.org/sites/default/files/2023-03/SDG%20Summit%202023%20Informal%20Consultations%20CANZ.pdf?_gl=1*1h46eu8*_ga*MjMzMjA0NTY3LjE3NDEyNjg4NDk.*_ga_TK9BQL5X-7Z*czE3NjE2NjYzMDckbzExNiRnMSR0MTc2MTY2NjM5NiRqNjAkbDAkaDA.; Ambassador Michael Gort, Deputy Permanent Representative of Canada to the United Nations, "UNGA 80th Session: Second Committee General Debate CANZ statement—Statement by Canada on behalf of CANZ (Canada, Australia and New Zealand", Statement to the United Nations General Assembly, October 6, 2025,https://www.mfat.govt.nz/en/media-and-resources/unga-80th-session-second-committee-general-debate-canz-statement-statement-by-canada-on-behalf-of-canz-canada-australia-and-new-zealand.

48 "About NDB," New Development Bank (NDB), accessed October 10, 2025, https://www.ndb.int/about-ndb/.

49 "All Projects – Bangladesh," NDB, accessed October 10, 2025, https://www.ndb.int/projects/all-projects/?country=bangladesh&key_area_focus=&project_status=&type_category=&pyearval=#paginated-list.

50 "The BRICS Interbank Cooperation Mechanism," VEB.RF, accessed January 5, 2026, https://xn--90ab5f.xn--p1ai/en/international-multilateral-cooperation/the-brics-interbank-cooperation-mechanism/.

51 "About the BRICS." BRICS Brasil, accessed October 10, 2025, https://brics.br/en/about-the-brics.

52 "What is MIKTA?," MIKTA [Mexico, Indonesia, Republic of Korea, Turkiye and Australia], accessed October 29, 2025, http://mikta.org/.

53 "About IBSA," IBSA Dialogue Forum, accessed October 29, 2025, https://www.ibsa-trilateral.org/; "India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (IBSA Fund)," United Nations Office for South-South Cooperation (UNOSSC), accessed October 29, 2025, https://unsouthsouth.org/ibsafund/.

Channeling development finance and delivery

As noted earlier, multilateral channels often have prominence for middle powers. According to OECD data, the overall use of the multilateral development system has steadily increased over the past decade. Countries like Finland, Sweden, Norway, Denmark, and Canada are among the DAC countries that channel most of their ODA through the multilateral development system.[54] If current trends persist, the multilateral system could channel close to half of DAC members' ODA by 2030. India and the UAE are among the largest and fastest-growing donors to the UN development system between 2012 and 2022.[55] The funding modalities of emerging donors[56] within the UN development system are significantly different from those of DAC: 55 per cent of emerging donors' contributions to the UN development system (UNDS) are core-assessed, compared to 5 per cent for DAC. About two-thirds of emerging donors' total UNDS contributions are core funding, while DAC members provide about 17 per cent.[57]

In terms of delivery, among middle powers, there is convergence in policy rhetoric and programmatic use of South-South cooperation (SSC) and triangular cooperation for funding, knowledge and technology transfer, and capacity building. Such cooperation figures prominently in supporting domestic resource mobilization (DRM), taxation, statistics, and institutional support, with tailored support for Small Island Developing States (SIDS) and Least Developed Countries (LDCs). Countries may have specific departments executing these initiatives such as Indian Technical and Economic Cooperation (ITEC)[58] and Nigeria's Technical Aid Corps (TAC) scheme that operates in many African, Caribbean, and Pacific states.[59] Triangular cooperation strategies bring small and middle powers together with major powers and larger financial donors. For example, South Africa works with the European Union, Norway, Sweden and Switzerland to provide support to other African Countries through triangular cooperation.[60] Circular cooperation is also gaining traction among middle powers in the practice of development across domains from governance and conflict to health, environment and digital innovation (and is the foundation for the Global Public Investment movement further discussed as part of the Way Forward below).[61]

In operational terms, these countries are also converging on the use of innovative finance and private-sector partnerships, combining traditional aid with blended finance, development funds, financing facilities, and philanthropic or sovereign investment models. Institutions like Australia's Infrastructure Financing Facility for the Pacific, India's EXIM Bank, and the UAE's Abu Dhabi Fund for Development exemplify this hybrid approach. Use of transactions or novel instruments such as debt-swaps (such as Spain's debt cancellation for education swap in El Salvador)[62] or catalytic de-risking (such as Korea's Green resilient and innovative development (K-GRID) program leveraging 30 million US dollars to generate investment in climate mitigation technologies and digital innovation)[63] is rising. Promising as these approaches may be, they do come with questions that middle powers (as much as any other actors) must grapple with and evaluate, such as public resource trade-offs, competing incentives, and potentially conflicting commercial interests versus development needs.

3.3 Norms or values: development priorities

As in other domains, middle powers engaging in development demonstrate shared strategic interests rooted in their defining values: multilateralism, conflict resolution, and responsible global citizenship. In practice, these values translate into commitments to humanitarian response, reducing inequality, and promoting democratic governance and fair economic systems. Middle powers tend to emphasize solidarity and identity-based cooperation, while increasingly adopting stances grounded in mutuality and reciprocity.

These shared values and priorities manifest themselves in national cooperation strategies and through programmatic portfolios, common positions and priorities articulated and advanced in diplomacy, multilateral processes and

54 OECD, *Multilateral Development Finance 2024*, Multilateral Development Finance (OECD Publishing, 2024): 36, https://doi.org/10.1787/8f1e2b9b-en.

55 OECD, *Multilateral Development Finance 2024*, Multilateral Development Finance (OECD Publishing, 2024): 75, https://doi.org/10.1787/8f1e2b9b-en.

56 Argentina, Brazil, Chile, China, India, Indonesia, Israel, Mexico, Russia, Saudi Arabia, South Africa, Turkey, and the United Arab Emirates see OECD, *Multilateral Development Finance 2024*, Multilateral Development Finance (OECD Publishing, 2024): 77, https://doi.org/10.1787/8f1e2b9b-en.

57 OECD, *Multilateral Development Finance 2024*, Multilateral Development Finance (OECD Publishing, 2024): 75, https://doi.org/10.1787/8f1e2b9b-en. OECD, *Multilateral Development Finance 2024*, Multilateral Development Finance (OECD Publishing, 2024): 75, https://doi.org/10.1787/8f1e2b9b-en.

58 "Indian Technical and Economic Cooperation (ITEC) Programme," Government of India, last modified December 22, 2025, https://www.itecgoi.in/index.

59 TAC is a pivotal element of Nigeria's foreign policy, established to provide technical assistance to developing nations in Africa, the Caribbean, and the Pacific. see Agaba Halidu et al., "Nigeria Technical and Corps (TAC) and National Interest, 1999-2023: An Assessment," *Wukari International Studies Journal* 8, no. 5 (2024), https://wissjournals.com.ng/index.php/wiss/article/view/427; "Nigeria to Provide Technical Assistance to Brazil, Venezuela, Vietnam," *The Nation Newspaper*, September 6, 2014, https://thenationonlineng.net/nigeria-to-provide-technical-assistance-to-brazil-venezuela-vietnam/.

60 OECD, "Development co-operation profiles: South Africa," (2025), https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/south-africa_48902c88-en.html.

61 Jonathan Glennie, "Circular cooperation: Evolving international partnerships for the 21st century" (The Cooperation Institute, June 2025), https://globalcooperation.institute/wp-content/uploads/2025/06/Circular-cooperation-Evolving-international-partnerships-for-the-21st-century-June-2025.pdf.

62 "Spain-El Salvador Debt Swap Agreement for Education: El Salvador, 2005 – 2013," *UNESCO*, accessed January 6, 2025, https://media.unesco.org/sites/default/files/webform/gec002/spain-el-salvador-debt-swap-agreement.pdf.

63 "Korea Green Resilient and Innovative Development (K-GRID) Program," International Finance Cooperation World Bank Group (IFC), accessed January 5, 2026, https://www.ifc.org/en/what-we-do/sector-expertise/blended-finance/climate/korea-green-resilient-and-innovative-development-program.

institutions—such as their roles as shareholders in multilateral development banks (MDBs) or, over the past year, their engagement in negotiating the Seville Commitment, the outcome of the Fourth UN Conference on Financing for Development (FfD4). Together they demonstrate a coherent set of shared strategic orientations that reflect both their domestic priorities and their global aspirations. These countries view development cooperation not simply as aid, but as a multidimensional tool for partnership, influence, and shared prosperity.

A defining thread is their support for multilateralism and global governance reform. These states advocate for a more equitable, representative, and rules-based international system—one that is shaped by the voices and interests of the Global South. They are active proponents of reform within the UN, IMF, and World Bank—including, for example, on capital adequacy, mandate clarity, private capital mobilization, representation—and use platforms such as the G20, BRICS, and MIKTA as well as the UN to advance these objectives. Statements from Denmark,"[64] South Africa,[65] Brazil,[66] Indonesia,[67] Spain,[68] and Australia,[69] for example, speak to elements of shared interest in fairer economic governance and rules-based reforms.

Relatedly, a common central feature is strong commitment to country ownership grounded in principles of solidarity, mutual benefit, universality and non-conditionality, alignment with local needs, context, and priorities, and the promotion of peer learning and capacity exchange among countries. Ireland, Norway, and Australia are among those who have embedded localization, use of national systems, and coherence across policy domains in their core development strategy documents.[70] [71] To ensure implementation of such directives, the Australian Council for International Development (ACFID) monitors and supports the uptake of locally-led development in Australian-funded development initiatives. "It is essential to tailor assistance to national contexts, programs aligned with domestic priorities and long-term development plans tend to produce better outcomes", noted Mexico.[72]

Sustainability and climate action are shared interests among middle powers, integrating the 2030 Agenda for Sustainable Development as a guiding framework, linking development cooperation to green growth, resilience, and inclusive transitions. In the BRICS Convergence Index, strengthening global action on climate change and support for the UN development agenda are among the top five of 47 policy issues studied for alignment across members (and in relation to the US, others).[73] Ireland's "Better World" policy, Australia's growing climate-finance commitments, and the UAE's focus on the climate–security nexus exemplify how countries are embedding environmental and social priorities into their external engagements. Similarly, governance, peacebuilding, and institutional capacity development are recurring priorities—reflecting a shared belief that effective, inclusive governance underpins sustainable development.

Economic justice, fiscal, and transparency issues—including tackling debt challenges, domestic revenue mobilization, prudent fiscal policy/tax management, and combating illicit financial flows—also sit at the top of the middle powers' development agenda (though there is also divergence, as discussed below). Australia has been outspoken and invested in its commitment to the Addis Tax Initiative, recently doubling its technical cooperation for taxation

64 Minister for Development Cooperation and Global Climate Policy of Denmark, "Financing for Development den 22. April, kl 10.45 - 12.00," Statement at the Financing for Development (FfD) Forum, April 22, 2024, https://estatements.unmeetings.org/estatements/30.0010/20240422100000000/8U0tEU3Uuecc/cBY5LaUvoF4t_en.pdf.

65 Cyril Ramaphosa, President of South Africa, "Davos 2025: Special address by Cyril Ramaphosa, President of South Africa," at the World Economic Forum, January 21, 2025, https://www.weforum.org/stories/2025/01/davos-2025-special-address-cyril-ramaphosa-president-south-africa/.

66 Statement by Mr. Haddad, Brazilian Minister of Finance, Statement at the IMFC fifty-second meeting on behalf of Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Democratic Republic of Timor-Leste, and Trinidad and Tobago, October 16–17, 2025, https://www.imfconnect.org/content/dam/imf/Spring-Annual%20Meetings/AM/25/IMFCStatePub/IMFC-S-52-25-%2019%20_Brazil.pdf.

67 Republic of Indonesia, "Interactive Discussion 7 – Addressing Systemic Issues," The 2nd Preparatory Committee for the 4th FFD at the UN Headquarter New York, December 5, 2024, https://estatements.unmeetings.org/estatements/14.0492/20241205150000000/qJQwXHQhjM/prfRgavMbQ_nyc_en.pdf.

68 Diego Martínez Belío, Intervention by the Secretary of State for Foreign and Global Affairs, Preparatory Committee of the Fourth International Conference on Financing for Development, First Session, "Reviewing progress and gaps in the implementation of the Addis Ababa Action Agenda as an essential part of the 2030 Agenda and identifying measures and ideas to accelerate the implementation of the Sustainable Development Goals," Addis Ababa, July 22, 2024, https://financing.desa.un.org/sites/default/files/2024-08/Spain%20MSS%2022%20JulyAM%20%28S%29.pdf.

69 Jim Chalmers, Statement by the Treasurer of Australia, International Monetary and Financial Committee, Forty Seventh Meeting, on behalf of the Asia and the Pacific Constituency, representing Australia, Kiribati, Republic of Korea, Republic of the Marshall Islands, Federated States of Micronesia, Mongolia, Republic of Nauru, New Zealand, Republic of Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, and Vanuatu, April 13 to 14, 2023, https://meetings.imf.org/-/media/AMSM/Files/SM2023/IMFC/Australia.ashx; Jim Chalmers, Forty Eighth Meeting, on behalf of the Asia and the Pacific Constituency, October 13 to 14, 2023. https://meetings.imf.org/-/media/AMSM/Files/AM2023/IMFC/Australia.ashx.

70 Norwegian Agency for Development Cooperation (Norad), Funding Priorities, in *Grants Handbook*, latest modification June 2, 2025, https://www.norad.no/for-partnere/for-partnere/tilskuddsguiden/2.-funding-priorities.

71 Department of Foreign Affairs and Trade, Guidance Note: Locally Led Development (Canberra: Commonwealth of Australia, 2024), https://www.dfat.gov.au/sites/default/files/dfat-guidance-note-locally-led-development.pdf; Department of Foreign Affairs and Trade, Australia's International Development Policy: For a Peaceful, Stable and Prosperous Indo Pacific (Canberra: Commonwealth of Australia, 2023), https://www.dfat.gov.au/sites/default/files/international-development-policy.pdf.

72 Secretaría de Relaciones Exteriores, "La contribución del FMI a la Agenda de Financiamiento para el Desarrollo," speech delivered at the session La contribución del FMI a la Agenda de Financiamiento para el Desarrollo, April 29, 2025. https://estatements.unmeetings.org/estatements/30.0010/20250429100000000/PUwTpK-hASqsa/wKJSTtBf-hUjyl_nyc_es.pdf.

73 Michele Papa, Zhen Han, and Frank O'Donnell, "The Dynamics of Informal Institutions and Counter Hegemony: Introducing a BRICS Convergence Index," European Journal of International Relations 29, no. 4 (2023): 960-989. Doi:13540661231183352.

and domestic resources mobilization (DRM) support in developing countries.[74] [75] At FFD4, Spain and Brazil jointly launched a global initiative to promote fairer taxation and higher contributions from the wealthy,[76] having argued that "we must work collectively on critical issues such as taxing large personal fortunes and environmental taxation," and that "achieving the SDGs requires fiscal space."

Human capital, inequality, and social inclusion represent another strong point of convergence. This is particularly notable as some major actors are deprioritizing and defunding equity priorities. Education, health, and gender equality are positioned as both goals and enablers of development. Feminist foreign policies[77] and dedicated ODA allocations underscore commitments and resources for women's and girls' empowerment and gender equality.[78] India's cooperation centers on human capacity building, while Nigeria and Brazil link social inclusion to economic opportunity and productivity. For decades Canada has been a leader in global public health research and practice, grounded in equity and citizenship (though at times politically deprioritized.)[79] Economic transformation and infrastructure investment further connect these agendas, with countries highlighting productive sector growth, connectivity, and trade integration as levers for long-term prosperity. Countries have also put a rules-based, transparent, fair global trading system at the top of the development agenda (see Mexico and Australia, for example[80] [81]). Norway uses nearly 20 per cent of its ODA for promoting aid for trade,[82] and Sweden has proactively worked towards additional free trade agreements between the EU and other regions such with Mexico and MERCOSUR.[83]

Middle powers demonstrate and articulate a commitment to bridging humanitarian, development, and peace objectives—aiming to ensure continuity between emergency assistance and long-term recovery. Some countries frame this as a "beyond aid" or resilience-based approach, while others integrate these objectives into regional peace and security mandates and initiatives. Illustrating this, South Korea introduced its strategy for implementing the humanitarian, development, and peace (HDP) nexus in 2021, demonstrating support for fragile and conflict-affected countries, LDCs, and international efforts to bolster the HDP nexus's implementation.[84]

Finally, the growing emphasis on data and statistics, along with technology and knowledge sharing is notable in middle powers' cooperation objectives: pushing technical support for collection, analyses, and disaggregation of data (Nigeria),[85] investments in statistical systems and infrastructure (Australia, India),[86] [87] export of digital public infrastructure, use of technology-driven aid platforms (UAE), and supporting multilateral mechanisms such as the World Bank's Trust Fund for Statistical Capacity Building and the IMF's Data for Decision Fund (South Korea)[88] and OECD's Technology Bank for LDCs (Türkiye).[89]

Distinctions and divergence

While many characteristics and objectives are shared among middle powers, countries also have distinct emphases, models or unique positions reflecting domestic political economy, sectoral strength, and risk exposure, such as climate, commodity dependence, diaspora, etc.,

74 Australia, "Domestic Public Resources," statement delivered at the Fourth International Conference on Financing for Development Preparatory Committee, second session, December 4, 2024, 11:30 am. to 1:00 pm, https://estatements.unmeetings.org/estatements/14.0492/20241204100000000/ebEo_ysXLl/VrEjoLTlQdvE_nyc_en.pdf.

75 DFAT, "Domestic Revenue Mobilisation," Australia's Development Program, accessed January 6, 2026, https://www.dfat.gov.au/aid/topics/development-issues/domestic-revenue-mobilisation.

76 Matt Wells, "Spain and Brazil Push Global Action to Tax the Super Rich and Curb Inequality," UN News, July 1, 2025, https://news.un.org/en/story/2025/07/1165146.

77 Federal Ministry for Economic Cooperation and Development (BMZ), "Gender equality – Feminist development policy – for just and strong societies worldwide," accessed January 6, 2026, https://www.bmz.de/en/issues/feminist-development-policy; Ministry of Foreign Affairs, European Union and Cooperation (Spain), "Política Exterior Feminista." accessed January 6, 2026, https://www.exteriores.gob.es/en/PoliticaExterior/Paginas/PoliticaExteriorFeminista.aspx.

78 OECD, *Development Co-operation Profiles: Spain* (2025), accessed January 6, 2026, https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/spain_63702c87-en.html.

79 Susan A. Nixon et al., "Canada's Global Health Role: Supporting Equity and Global Citizenship as a Middle Power," *Lancet* 391, no. 10131 (April 28, 2018): 1736 –1748, https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(18)30322-2/fulltext.

80 United Nations, "Fourth International Conference on Financing for Development, Multi stakeholder Round Table 4 (AM)," Meetings Coverage, DEV/3470, July 2, 2025, remarks by Enrique Javier Ochoa Martinez, Under Secretary for Multilateral Affairs and Human Rights of Mexico, https://press.un.org/en/2025/dev3470.doc.htm.

81 Australia, "International Trade as an Engine for Development," statement delivered at the Fourth International Conference on Financing for Development Preparatory Committee, second session, December 5, 2024, 11:30 am to 1:00 pm, https://estatements.unmeetings.org/estatements/14.0492/20241205100000000/AUKreqJvLd/nvvSPxEAY_nyc_en.pdf.

82 OECD, "Development Co-operation Profiles: Norway," (2025).

83 Ministry for Foreign Affairs (Sweden), "Government's Priorities in 2025: Statement of Foreign Policy," February 12, 2025, accessed January 6, 2026, https://www.swedenabroad.se/en/embassies/south-africa-pretoria/current/news/new-page/.

84 Republic of Korea, *OECD Development Co-operation Peer Review of Korea 2023. Self-Assessment. Submitted to the OECD Development Assistance Committee* (OECD, 2024), 7, https://one.oecd.org/document/DCD/DAC/AR(2023)1/26/en/pdf.

85 Doris Nkiruka Anite, "Statement by H.E. Dr. Doris Nkiruka Anite, Honourable Minister of State for Finance, Federal Republic of Nigeria, during the Ministerial Segment at the Fourth Session of the Preparatory Committee for the Fourth International Conference on Financing for Development," statement delivered at the United Nations Headquarters, New York, April 30, 2025. https://estatements.unmeetings.org/estatements/14.0492/20250430100000000/cjUDMthcaB/asbgMrWGUVw_nyc_en.pdf.

86 OECD, *Data for Development Profiles. Official Development Assistance for Data and Statistical Systems* (2021), https://doi.org/10.1787/84baa8f3-en.

87 India, "Consideration of the draft outcome document of the Conference Data, Monitoring and Follow-up," Third Session of the Preparatory Committee for the Fourth International Conference on Financing for Development, New York, February 14, 2025. https://financing.desa.un.org/sites/default/files/ffd4-statements/2025-02/India_10.%20Data%5EJ%20Monitoring%20%5E0%20Follow-up.pdf.

88 OECD, Data for Development Profiles: Official Development Assistance for Data and Statistical Systems.

89 OECD, Financing for Development 2025 Draft Fact Sheets and Statistical Annexes: Monitoring Framework in Support of the Addis Ababa Action Agenda (AAAA), OECD Development Co-operation Directorate, DCD (2024) 29, October 25, 2024, https://one.oecd.org/document/DCD(2024)29/en/pdf.

such as SIDS,[90] "beyond aid",[91] or minerals and resource governance.[92] These distinct priorities influence how countries balance and utilize instruments and channels of cooperation: grants versus blended finance, regional bodies versus global fora, multisectoral integrated versus tailored support.

At the same time, even within and among shared objectives, there are points of divergence, including the specifics and at the margins of governance. Divergence in part stems from middle powers often occupying multiple roles—as creditors, debtors, or shareholders in IFIs for example—with differing incentive structures or mandates (formal or informal) associated with them. Negotiations around advancing an intergovernmental debt mechanism illustrate this with countries that might otherwise share values and priorities holding different positions not being able to reach consensus over what, where, and what kind of international sovereign debt mechanism should be advanced and housed, whether the UN, the G20, or the IMF.[93] Discussion, debate and negotiations around SDRs show a split among countries in their views on rechanneling, targeting, direction, or issuance.[94]

Taken together, these shared objectives and strategies reveal a distinctive middle power approach to global cooperation—reformist yet pragmatic, inclusive yet interest-driven. These countries act as bridge-builders between North and South, pushing for more balanced development narratives while positioning themselves as credible, solutions-oriented actors in global governance.

3.4 Challenges

Despite their rising influence, middle powers face several constraints or systemic weaknesses that temper their ability to consistently shape global development cooperation. Many are still in institutional nascency, consolidating architectures, building technical capacity, and coordinating across foreign affairs, finance, and sectoral ministries, which can make implementation, policy and strategic coherence uneven. Capacity constraints—inadequate institutional staff, time, or money—were identified as forming a key barrier to cooperation in a study between DAC and non-DAC donors.[95] Middle powers generally have relatively smaller aid budgets compared to major powers, limiting their ability to upscale or expand leadership. The cascade of climate, conflict, and crisis stretch donor bandwidth, even as many middle powers are in areas disproportionately impacted. In addition, foreign assistance vulnerability to political cycles or the lack of instilled long-standing aid frameworks, can yield unpredictable financing and fluctuating commitments that undermine delivery. Similarly, middle powers are generally seen as values-driven yet may face domestic pressures to pursue national interests in ways that dilute or even contradict development outcomes—trade, migration or resource management, and regional influence, for example. For countries where institutional strengthening, knowledge sharing, technical, or mutual-benefit models dominate the cooperation portfolio (over financing and aid), the difficulty in measuring scope or impact makes it harder to communicate value or gain influence. Limited fiscal space creates further pressures for reactive rather than sustained engagement, posing a credibility risk if commitments are not backed by adequate

90 Australia, Australia's Input to the Elements Paper for the United Nations Fourth International Conference on Financing for Development (FFD4) Seville, Spain – 30 June to 3 July 2025, October 2024, https://fsdo-d10.marketingbangkok.net/sites/default/files/ffd4-inputs/2025-02/Australia_inputs%20to%20FFD4%20Elements%20Paper%20241015.pdf; Australia, "Domestic and International Private Business and Finance Intervention," statement delivered at the Second Session of the Preparatory Committee for the Fourth International Conference on Financing for Development, New York, December 4, 2024, https://financing.desa.un.org/sites/default/files/ffd4-statements/2025-02/dtsvEfhH_nyc_en.pdf Australia, "International Development Cooperation," statement delivered at the Second Session of the Preparatory Committee for the Fourth International Conference on Financing for Development , New York.

91 OECD, "Development Co-operation Profiles: United Arab Emirates," (2025).

92 Nigeria, "Statement on the section on International Trade Art. 43 (f) and Art. 46," statement delivered at the Third Session of the Preparatory Committee for the Fourth International Conference on Financing for Development, New York, February 2025, https://financing.desa.un.org/sites/default/files/ffd4-statements/2025-02/Nigeria_STATEMENT%20ON%20INTERNATIONAL%20TRADE.docx.

93 See United Nations General Assembly, Second Committee, "External Debt Sustainability," session of November 2025, video recording, started at 26:33, accessed January 5, 2026, https://cdnapisec.kaltura.com/p/2503451/embedPlaykitJs/uiconf_id/47917953?iframeembed=true&entry_id=1_knoqow4e&config%5Bplayback%5D=%7B%22audioLanguage%22%3A%22en%22%7D&config%5Bui%5D=%7B%22locale%22%3A%22en%22%7D&kalturaStartTime=1593; Australia, statement delivered at the Third Preparatory Meeting of the Fourth conference on Financing for Development, New York, February 13, 2025, 01:40:00, https://webtv.un.org/en/asset/k15/k15oucg2qs; Héctor José Gómez Hernández, Permanent Representative of Spain to the UN, "Intervención Del Embajador Representante Permanente Excmo. Comité Preparatorio de la Cuarta Conferencia Internacional sobre la Financiación para el Desarrollo—Segundo periodo de sesiones, Sexta sesión plenaria, Diálogo interactivo: 'Deuda y sostenibilidad de la deuda,'" 2024, https://estatements.unmeetings.org/estatements/14.0492/20241205150000000/qJQwXHQhjM/pNttVStyVAm_nyc_es.pdf; India, "Debt & Debt Sustainability—Statement by India," statement delivered at the Third Preparatory Meeting of the Fourth conference on Financing for Development, New York, February 13, 2025, https://financing.desa.un.org/sites/default/files/ffd4-statements/2025-02/India_7.%20Debt%20%5E0%20Debt%20Sustainability.pdf; South Africa, "Statements at the Third session of the Preparatory Committee for the Fourth International Conference on Financing for Development (FFD4), February 2025, https://financing.desa.un.org/sites/default/files/2025-02/SOUTH%20AFRICA%20STATEMENTS%20FFD4%203RD%20PREPCOM%20.docx.

94 See India, "Addressing Systemic Issues—Statement by India," statement delivered at the Third Preparatory Meeting of the Fourth conference on Financing for Development, New York, February 2025, https://financing.desa.un.org/sites/default/files/ffd4-statements/2025-02/India_8.%20Addressing%20Systemic%20Issues.pdf; Brazil, "FfD4 – Call for Inputs for an Elements Paper on Financing for Development Contribution from Brazil," October 2024, https://financing.desa.un.org/sites/default/files/ffd4-inputs/2025-02/Brazil_FfD4%20-%20Elements%20Paper.docx; Hon. Ms. Nomakhosazana Meth, Minister of Employment and Labour, "Keynote Address …on the Occasion of the Launch of the G20 Employment Working Group (EWG), Gqeberha, South Africa," South African Government Official Information and Services, February 18, 2025, https://www.gov.za/news/speeches/minister-nomakhosazana-meth-g20-employment-working-group-18-feb-2025 ; https://journal.un.org/en/new-york/meeting/officials/723573b8-fa09-46c6-a44e-1d661fba3fd5/2024-12-04; United Nations General Assembly (UNGA), Second Committee, Seventy-eighth Session, 8th and 9th Meetings, "Speakers Call for New Innovative Methods of International Tax Cooperation, Reform of Inequitable Global Financial System, as Second Committee Takes Up Reports," GA/EF/3586, October 5, 2023, https://press.un.org/en/2023/gaef3586.doc.htm; Arab Republic of Egypt, "Statement by Egypt," general debate, ECOSOC Forum on Financing for Development, New York, April 22–25, 2024, https://estatements.unmeetings.org/estatements/30.0010/20240424150000000/VKCwFeBNQQ9G/jtQXP6tPzVQz_en.pdf.

95 Rachael Calleja, Sara Casadevall Bellés, and Beata Cichocka, "Exploring Barriers and Opportunities for Deepening Cooperation across DAC and Non-DAC Providers," CGD Policy Paper no. 321 (Washington, DC: Center for Global Development, 2024), https://www.cgdev.org/sites/default/files/exploring-barriers-and-opportunities-deepening-cooperation-across-dac-and-non-dac.pdf.

resources to follow through. At the same time, the push to use innovative finance or hybrid public-private capital instruments carries risk and faces criticism for lack of transparency, evaluation, or even counterproductivity and debt accumulation.[96]

Geopolitical fractures heighten expectations for middle powers to fill leadership vacuums even as they navigate complex relationships with great powers. Middle powers may feel pressure to abandon neutrality and choose sides (on matters unrelated to development), narrowing space for cooperation. Geostrategic competition, retaliatory risks, and the increasing use of punitive economic statecraft by major powers also pose a threat.[97] At the same time, the fragmented global development system with the multiplicity of actors—including traditional and emerging bilateral donors, multilateral development banks, philanthropy, private sector—creates overlap and makes it harder for partner countries to navigate varied modalities and reporting systems or align strategies, standards, and accountabilities. Relatedly, divergent interests among middle powers—especially across North–South and G20–UN dynamics on issues such as debt mechanisms and SDR rechanneling—can complicate collective action. These challenges underscore the need for stronger domestic systems, predictable financing, coordinated diplomacy, and institutional innovation to realize middle powers' full potential as stabilizers and innovators in global development cooperation.

96 Maria Jose Romero, "Time to Push Back against the Private Finance Bandwagon: Why the Roles of Public and Private Finance Need to Be Rebalanced in Sevilla," Eurodad blog, June 13, 2025, https://www.eurodad.org/time_to_push_back_against_the_private_finance_bandwagon_why_the_roles_of_public_and_private_finance_need_to_be_rebalanced_in_sevilla.

97 Hung Q. Tran, "2025: Year of the Middle Powers," policy brief, Policy Center for the New South, January 27, 2025, https://www.policycenter.ma/sites/default/files/2025-01/PB_05-25_Hung%20Tran%20V2.pdf.

4. Way forward: an affirmative middle powers agenda

The global development cooperation architecture is under stress. Aid volume is declining, trade protectionism is rising, and many major powers are disengaging from the 2030 agenda. In this context, middle powers have an opportunity to chart an alternative development cooperation and finance course, one that aligns with their stated values of equity, sustainability and inclusive development. Though not without constraints, middle powers combine diplomatic legitimacy, technical capacity, and financial capacity to be influential rising contributors to regional integration, South-South and triangular cooperation, and the design of new development initiatives. They have an important role in identifying and bringing together friends and allies for development progress and impact. Their actions can help counterbalance the weakening of the great power consensus, rebuild trust, and reinforce the legitimacy of the global system.

Within the analytical framework above, the following recommendations are directed towards countries themselves, their partner governments, multilateral institutions, as well as the private sector and civil society, outlining practical steps to mitigate constraints and strengthen their role individually and collectively in global development cooperation and finance. It comprises an affirmative agenda of policy and institutional means, at both national and multilateral levels, to strengthen middle power capacity and characteristics, harness and leverage behaviors and distinct approaches, and advance identified values and priorities.

While these elements may not be unique to middle powers and may reflect sound development practice by any actor, they offer concrete spaces and pathways for countries and alliances to innovate, build a comparative advantage, improve credibility, assume leadership, increase influence, and enhance their impact on development outcomes.

4.1 Strengthen capabilities: development resources and cooperation architecture

Mobilize domestic and multilateral resources for development

Monetary contributions are and will remain a pivotal aspect of development cooperation. In this regard, countries can increase internal and external availability by strengthening tax systems, compliance, and data use; aligning revenue planning with development cooperation strategies while protecting predictable budgets for external cooperation; establishing and utilizing IFI platforms and instruments.

Stronger domestic fiscal soundness and revenue mobilization are essential for middle powers seeking to expand their development cooperation role. Better tax policies and administrative capacity, including stronger compliance and transparency, can increase the scale and predictability of domestic revenue, thereby supporting national development priorities and allowing countries to sustain credible and consistent international engagement. A stronger fiscal position can also help countries, particularly those that are both recipients and donors of development finance, to reduce reliance on external financing, align domestic financing strategies with global commitments, and reinforce their role as reliable partners in development cooperation. There could also be an opportunity to harness, strengthen, and channel more resources through Public Development Bank—which currently account for about 10 per cent of annual global development investment—including through the Finance in Common[98] movement.

Expanding bilateral financial assistance, utilizing multilateral mechanisms, and contributing through IFIs together signals commitment, increasing influence, and impact. Middle powers can leverage their resources investments to their comparative advantage, technical expertise, credibility, and convening power. Similarly, middle powers can optimize their financial contributions to IFIs and MDBs and, most importantly, fulfil their obligations towards other multilateral institutions like the UN. Larger contributions, such as to IDA, enhance IFIs' lending capacity, and an increase in their voting power (with the change of quotas) could also help middle powers to stand out as supporters of development cooperation. Another path is rechanneling their unused SDRs via multilateral banks and trust funds (such as the IMF's Resilience Sustainability Trust or Poverty Reduction Growth Trust), for other development purposes. Middle powers could also lead on and embrace new IFI instruments, for example, co-guarantees and insurance mechanisms pooling donor risk capital, such as the European Fund for Sustainable Development plus

98 Finance in Common (FIC), accessed January 5, 2026, https://financeincommon.org.

(EFSD+), an instrument that helps EU partner countries offer risk-sharing instruments of up to 40 billion euros and can be deployed via a range of eligible DFIs.[99] Beyond IFIs, middle powers can also look to existing but underutilized financing instruments (such as UN pooled funds and South-South cooperation platforms) to collaborate more strategically with other middle powers and traditional donors.[100] One such example is the UN Fund for South-South Cooperation (UNFSSC)—a voluntary trust fund mainly supported by member states aimed towards achieving SDGs.[101]

Build a coherent development cooperation architecture

When countries have a strong fiscal base, they can work toward building a strong and coherent domestic development architecture and move from ad hoc or politically-driven engagement to sustained and strategic influence. Without such domestic architecture, middle powers risk becoming reactive participants rather than agenda setters in global cooperation. To that end, the domestic system needs to be improved, as institutional coherence at home determines how credible and capable the country is as partner in global development cooperation. Strong and reliable institutions enable countries to design and deliver development finance effectively, shape multilateral reform agendas, and support the international system.

Practically, countries can create, formalize, or strengthen clearly mandated independent development cooperation agencies or departments. Institutionalizing development cooperation through clearly mandated, independent, or semi-autonomous agencies can help build and sustain long-term partnerships and funding beyond electoral cycles, ensuring technical continuity and maintaining credibility as development partners. Having dedicated agencies with clearly stated mandates and distinct roles helps reduce duplication, improves coordination, and strengthens accountability. These structures should also be adaptive, inclusive, and networked rather than replicating traditional centralized donor models as studies have found such models to not be feasible in current circumstances.[102] In addition to developing technical and human resources, countries can also strengthen internal coordination, especially between foreign affairs and finance ministries and between line ministries and the executive branch of government. They can better and more effectively align their domestic financing strategies with international development commitments, and position their development diplomacy more effectively, bilaterally and multilaterally through the UN and other political forums.

Strengthen technical and institutional expertise

Strong technical and institutional expertise are central to effective governance and delivery. Expanding human resources and developing specialized institutional knowledge or technical expertise internally—in areas such as operations, blended finance, technology/AI, climate science, tax policies and practices, and data systems—can enable countries to better engage and lead in development cooperation. Such measures can also contribute to enhancing the design of complex cooperation instruments and champion policy initiatives at multilateral fora.

Cultivating legislative allies or parliamentary champions can also build sustained support for development mandates. Parliaments can help depoliticize aid, ensure budget stability (or increases) and enhance accountability. Creating such groups or cross-party caucuses could allow middle powers to secure long-term consensus on aid and external cooperation priorities, protecting them from shifts in government or fiscal reductions. Canada's Global Cooperation Caucus (GCC), launched in November 2023, brings together members of Parliament and senators from different parties to collaborate on global development issues like poverty reduction, climate adaptation, and global health.[103]

Multilateral and international financial institutions can embrace a more inclusive approach to membership and governance. This could include reforms to membership criteria, committee or working structures, or governance and decision-making processes. For example, at the OECD, several members remain outside the DAC or are only qualified as associates, including Chile, Colombia, Costa Rica, Israel, and Mexico. The 2022-2023 DAC review offers a foundation for reconsidering accession conditions and facilitating structured participation by emerging donors.[104] It could also involve enhancing engagement of associate or observer non-member middle powers to promote collaboration.

Relatedly, multilateral institutions can also take steps to strengthen the representation, capacities and voices of members. This can take the form of capacity building,

99 European Commission, *European Fund for Sustainable Development Plus (EFSD +)*, accessed January 5, 2026, https://international-partnerships.ec.europa.eu/funding-and-technical-assistance/funding-instruments/european-fund-sustainable-development-plus_en.

100 Beata Cichocka and Mikaela Gavas, "Development Agencies Must Clarify Their Roles to Work Better Together. Here Are Three Ways to Start," blog post, Center for Global Development, June 18, 2025, https://www.cgdev.org/blog/development-agencies-must-clarify-their-roles-work-better-together-here-are-three-ways-start.

101 United Nations Office for South-South Cooperation, *UNFSSC (United Nations Fund for South-South Cooperation)*, accessed January 5, 2026, https://unsouthsouth.org/unfssc/.

102 Beata Cichocka and Mikaela Gavas, "Development Agencies Must Clarify Their Roles to Work Better Together. Here Are Three Ways to Start."

103 Result Canada, "Launch of the Global Cooperation Caucus (GCC) with support from Results and ONE," December 12, 2023, https://resultscanada.ca/launch-of-the-global-cooperation-caucus-gcc/.

104 José Antonio Alonso, *The Crisis of Aid: Ideal Models for the Future of Development Cooperation*, CIDOB Document (Barcelona: Barcelona Centre for International Affairs (CIDOB), October 18, 2025), https://www.cidob.org/sites/default/files/2025-10/DOCUMENTS%20CIDOB_18_JOSE%20ANOTNIO%20ALONSO_ANG.pdf.

allocating administrative resources, changing operational processes and procedures, including in ways that can better integrate middle power priorities and involvement in debates. For example, in the current World Bank's Shareholding Review—a quinquennial exercise primarily focused on taking stock of and potentially revising voting shares—the "voice" track addresses issues for possible reform beyond voting power, such as capacity building, training, staffing, external engagement, and the organization of Spring and Annual meetings to give developing countries a stronger voice and opportunities for more effective engagement.[105]

Countries and institutions can increase capacity through the establishment or expansion of peer learning, accountability, or knowledge-sharing platforms to meet specific needs and interests. Research observatories and joint projects, data hubs, peer training academies, and harmonized reporting frameworks could all improve middle power readiness and effectiveness in development cooperation. At the OECD, for example, the Data Explorer[106] could be expanded to cover and include a wider range of middle powers and/or provide capacity building for statistics. OECD-DAC peer reviews could be adopted or adapted by other organizations to promote transparency, evaluate and provide mutual feedback across a broader range of middle powers.[107]

4.2 Harness and innovate behaviors: development cooperation approaches

Improve effectiveness and apply technological innovation

Building on the above note regarding capacity building and learning, countries can improve and better utilize evidence, data, and learning, and engage partners around development practice, improving development effectiveness across distinct approaches, which could include efforts for example to institutionalize data-sharing or monitoring frameworks or explore results-based mechanisms. Many middle powers have technological innovation capacity and can lead in designing, developing, adapting, and adopting new instruments and mechanisms, for example by leveraging AI, tokenization, blockchain, or stablecoins to make transactions and delivery faster, safer, and cheaper (including by applying such innovations to non-financial assistance and cooperation, where they could provide comparative advantage).

Align external coordination with domestic priorities

Middle powers can also advance their development objectives and priorities by cohering and intensifying their development cooperation and finance activities and approaches and ensuring consistent positions across trade, foreign policy, and development. Given geostrategic competition and broadly declining support for international assistance among many electorates, countries can gain political and public support for development engagement by aligning external cooperation with domestic development priorities and objectives. To counter the proliferating trend of weaponized or punitive economic statecraft among major powers, middle powers can look to frame and intensify development finance, cooperation, and preferential trade tools through an incentive-oriented positive economic statecraft lens and approach.[108] South Africa's National Development Plan 2030 titled "Our Future—Make it Work,"[109] for example, suggests South Africa can utilize its membership in the African Union and BRICS to advance domestic development issues and concerns, such as managing natural resources, by joining with other African countries and BRICS members and in regional and global negotiations. The EU's European Investment Bank's recently released "EIB Global Strategic Orientation" is "designed to meet Europe's evolving geopolitical priorities, serving as an integral part of the EU external policy toolbox. The orientation sets out the ways in which the European Investment Bank will step up its support for win-win partnerships, aligning the political and economic interests of the European Union with the development objectives of its partners."[110]

Leverage subnational development systems

As discussed, subnational areas or authorities—cities, provinces, states—are increasingly engaging in their own efforts internationally that contribute to development outcomes and middle powers can encourage, support, and leverage subnational activities and coordinate national to subnational actions to amplify their own status and have more coherent engagement abroad. Reports have shown that subnational governments provide at least two billion

105 Development Committee (Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries), *2025 Shareholding Review: Progress Report to Governors for the 2025 Annual Meetings*, DC2025-0005 (Washington, DC: World Bank Group and International Monetary Fund, September 26, 2025), https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2025/Final_DC2025-0005.pdf.

106 OECD, *OECD Data Explorer: CRS Disseminated Data by Donor and Sector*, accessed January 5, 2026, https://data-explorer.oecd.org/vis?df[ds]=DisseminateFinalBoost&df[id]=DSD_CRS%40DF_CRS&df[ag]=OECD.DCD.FSD&dq=DAC..1000.100._T._T.D.Q._T..&lom=LASTNPERIODS&lo=5&to[TIME_PERIOD]=false.

107 OECD, *Development Cooperation Peer Reviews and Learning*, accessed January 5, 2026, https://www.oecd.org/en/topics/sub-issues/development-co-operation-peer-reviews-and-learning.html.

108 Nicole Goldin and Mrugank Bhusari, "Positive Economic Statecraft: Wielding Hard Outcomes with Soft Money," in *The US, EU, and UK Need a Shared Approach to Economic Statecraft. Here's Where to Start.* (Atlantic Council, 2023), https://www.atlanticcouncil.org/in-depth-research-reports/report/us-eu-uk-need-shared-approach-to-economic-statecraft/#positive-economic-statecraft.

109 National Planning Commission (South Africa), *National Development Plan 2030: Our Future – Make It Work* (Pretoria: Government of South Africa, 2012), https://www.gov.za/sites/default/files/gcis_document/201409/ndp-2030-our-future-make-it-workr.pdf.

110 European Investment Bank, EIB Global Strategic Orientation (Luxembourg: European Investment Bank, 2025). https://www.eib.org/en/publications/20250250-eib-global-strategic-orientation.

US dollars in foreign aid annually in over 147 countries and through nearly 1,000 projects. While the volumes remain relatively small in proportion to countries' bilateral ODA, the value also comes from the distinct purpose and means of subnational governments' development cooperation that could be a multiplier for middle powers. Their aid often involves small-scale local interventions that hold promise for greater involvement of local communities in project implementation. Flanders, Belgium, is one such example, signing an agreement with UNAIDS and contributing 1.5 million euros to the mission of eradicating aids.[111]

Leverage platforms for development diplomacy

As regards multilateral development diplomacy, the United Nations is one vehicle middle powers can utilize as member states. In formal negotiations, middle powers can not only take advantage of equal one-nation-one-vote as noted above but can also actively utilize existing regional or other negotiating blocs or sub-blocs to jointly champion shared objectives. Cross-geography groups such as G77 or the Alliance of Small Island States (AOSIS) offer platforms of influence. Through the UN, middle power Member States could also come together in a "Group of Friends"[112] to champion specific development issues alongside and feeding into formal negotiations. Existing groups such as the Group of Friends on Climate and Security or the Group of Friends on Education and Lifelong Learning illustrate what is possible.

Engage strategically with non-state actors

Engaging bilaterally and multilaterally with a broad range of stakeholders is another important element of development cooperation where middle powers can make their mark. Business councils, civil society and academia contribute not only through advocacy but also by generating research and partnering with non-government actors in implementation. This approach can bring more diverse perspectives into development policy and decision-making, increase visibility of the issues they champion, enhance their diplomatic influence, and build momentum in areas that support more effective development cooperation. Moreover, this would also help middle powers to diversify partnerships, advocacy, and cultural diplomacy.[113] T20 is such an initiative of G20, in which it engages think tanks and research institutions from member states and guest countries. Some other initiatives include the BRICS' Civil Council,[114] DAC's Community of Practice (COP),[115] and the G20's Engagement Groups[116].

The private sector could also be further activated through dialogue, such as in the BRICS' Business Council, a forum that connects business with governments on different fronts. [117] Another example is the World Economic Forum's Network to Mobilize Clean Energy Investment in EMDEs, which brings together public and private leaders, including the governments of Egypt, South Africa, Colombia, Brazil, Norway, Nigeria, and Morocco, to mobilize investment flows and accelerate clean energy capital solutions in the Global South.[118]

4.3 Promote norms or values: advance development principles and priorities

Champion principled development

As norm shapers, middle powers can champion and energize core principles for development. For example, Global Public Investment (GPI) as an approach to international public finance espouses the three core principles: all contribute, all benefit, all decide.[119] In the growing chorus behind GPI, middle powers have been among the loudest voices and advocates. Under South Africa's leadership the 2025 G20 pushed GPI and global public goods as the top priority of its Development Working Group, "aimed at the construction of a new architecture of international cooperation, based on three precepts: all contribute according to their means, all benefit according to their needs, and all decide equitably".[120] Colombia has also aligned with and espoused the GPI approach as it seeks a balanced and comprehensive approach to development cooperation and champions reforms to make the international financial

111 Bernhard Reinsberg and Sebastian Dellepiane, "Development co-operation by European Regions: Introducing the Subnational Donor Governance Dataset." Development Policy Review 40, no. 6 (2022): e12608, https://eprints.gla.ac.uk/258314/2/258314.pdf; Joint United Nations Programme on HIV/AIDS (UNAIDS), "Flanders Signs New Two-Year Agreement with UNAIDS Including €1.5 Million Contribution to Help End AIDS in Africa," press release, Geneva, June 25, 2025, https://www.unaids.org/en/resources/presscentre/pressreleaseandstatementarchive/2025/june/20250625_flanders.

112 David Joseph Deutch, "What are Friends for?: 'Groups of Friends' and the UN System," March 31, 2020, https://www.universal-rights.org/what-are-friends-for-groups-of-friends-and-the-un-system-2/.

113 Ginelle Greene-Dewasmes and Keren Wilson, "How Developing Countries Can Empower Themselves to Navigate the Challenges of Global Cooperation," World Economic Forum, September 18, 2023, https://www.weforum.org/stories/2023/09/how-developing-countries-empower-themselves-to-navigate-the-challenges-of-global-cooperation-sdim23/.

114 "BRICS P2P: Peoples' BRICS | BRICS Civil Council," BRICS Brasil 2025, April 8, 2025, accessed January 6, 2026. https://brics.br/en/brics-p2p/peoples-brics-brics-civil-council.

115 "DAC Community of Practice on Civil Society," OECD, accessed January 6, 2026, https://www.oecd.org/en/networks/dac-community-of-practice-on-civil-society.html.

116 "The G20 is made up of 13 Engagement Groups," G20 South Africa, accessed January 5, 2025, https://g20.org/engagement-groups-2/.

117 "BRICS P2P: BRICS Business Council," BRICS Brasil 2025, April 8, 2025, accessed January 6, 2026. https://brics.br/en/brics-p2p/brics-business-council.

118 "Clean Energy in Emerging Markets", World Economic Forum, accessed January 6, 2026, https://www.weforum.org/impact/clean-energy-in-emerging-markets/#:~:text=To%20help%20encourage%20investment%20in,energy%20capital%20in%20EMDE%20contexts.

119 Jonathan Glennie, "The Birth of Global Public Investment," *Global Cooperation Institute*, April 2025. https://globalcooperation.institute/the-birth-of-global-public-investment-mutual-interest-and-mutuality-in-21st-century-international-public-finance/.

120 G20 Issue Note, "Development Working Group," December 2024, https://g20.org/wp-content/uploads/2024/12/Issue-Note_Development-WG-1.pdf.

system more just and participatory.[121] "A new system geared toward solving truly common problems must be based on equitable relationships between countries," says Norway's Norad agency, "Global public investment is the closest thing to a shared vision for the transformation of international development."[122]

Incentivize transparency and responsible investment

As private capital mobilization and public-private partnerships have become vital to financing sustainable development amid constrained official aid, middle powers should consider pursuing targeted regulatory or policy reforms to incentivize and empower their corporate and investment sector to engage, including via ESG initiatives. These reforms could include tax incentives, de-risking mechanisms, and ESG-aligned standards with clear accountability measures and inter-agency coordination to channel investments towards high-impact areas like fragile and climate resilience. By prioritizing country ownership in these frameworks, ensuring recipient nations lead design and implementation, middle powers can model scalable best practices, attract peer emulation from smaller countries and amplify their diplomatic leadership in global development forum.

Establish concrete initiatives to elevate and emphasize priority issues

"Coalitions of the willing" and thematic-based initiatives that address priority development challenges or advance specific goals, including through existing multilateral platforms, are another avenue through which middle powers can drive development cooperation. Brazil's lead on Hunger and Food Security Initiative, launched during its G20 presidency, models how middle powers can frame new coalitions that combine legitimacy, resources, and policy innovation. Issues-based coalitions, which may be informal, such as the Human Security Network, an association created by Canada and Norway in 1998 to jointly implement projects that promote individual security (such as protection of children from armed conflict).[123] Such initiatives offer middle power visibility, strengthen their diplomatic influence, and diversify the source of leadership in global cooperation beyond traditional donors.

On the high priority debt issue, a Borrowers Forum, announced as part of the Sevilla Commitment, and driven by diverse member states, responds to enduring calls from the Global South for more inclusivity in debt architecture, which is broadly controlled and governed by creditors. It provides a path forward for debt-distressed nations, a new mechanism to share experiences, obtain technical and legal advice, foster responsible lending and borrowing standards, coordinate action, and strengthen collective negotiation and amplify their voice in the global financial system.[124]

4.4 Middle powers meeting the moment in development cooperation and finance

Middle powers are playing a critical role in the current evolving international order and development system. They provide connective tissue between established donors and traditional recipients, between North and South, East and West, and across world regions.

Together, these middle powers are:

- → Bridging North–South divides, acting as connectors in global governance.
- → Advocating reformist multilateralism, seeking voice for emerging economies.
- → Actively reshaping the cooperation system from within, including by elevating non-financial and strategies beyond official DAC accountable flows.
- → Prioritizing inclusivity and sustainability, framing development as shared prosperity.
- → Leveraging hybrid cooperation, blending public, private, and multilateral partnerships.
- → Exporting governance models and expertise, positioning themselves as both learners and teachers in global cooperation.

By acting individually and collectively as described in the agenda above to strengthen domestic systems, lead issue-based coalitions, ensure inclusivity in multilateral institutions and invest in institutional innovation, middle powers can energize, design, and realize a new vision for global development cooperation and finance. For other countries, regional and multilateral institutions, engaging systemically with middle powers, can offer a practical path to rebuild trust and scale up collective financing for global public goods.

Empowering these countries and groups is not about creating new hierarchies of donors but about distributing leadership more evenly and improving existing or creating new models and instruments. By doing so, a coherent, durable architecture of development cooperation and finance can be achieved that remains legitimate, inclusive and effective (beyond 2030).

121 Global Public Investment Network (GPIN), *Time for Global Public Investment: Leaders and Experts Rethink Sustainable Development Finance* (May 2025), https://globalpublicinvestment.net/wp-content/uploads/2025/05/Time_for_Global_Public_Investment_GPIN-1.pdf.

122 Ibid.

123 Professor Roland Paris, "Can Middle Powers Save the Liberal World Order?" Chatham House Briefing (London: Royal Institute of International Affairs, June 18, 2019; updated December 11, 2020), https://www.chathamhouse.org/2019/06/can-middle-powers-save-liberal-world-order.

124 Matt Wells, "Drowning in Debt: New Forum in Sevilla Offers Borrowers Chance to Rebalance the Books," *UN News*, July 2, 2025, https://news.un.org/en/story/2025/07/1165196.

5.
Annex—Summary: way forward pathways

Capabilities	Behavior	Norms and values
Strengthen domestic tax systems, compliance, transparency, and data use to expand fiscal space	Improve development effectiveness through systematic use of evidence, data, learning, and monitoring	Champion principled development frameworks such as Global Public Investment
Expand bilateral financial assistance and optimize contributions to IFIs and MDBs and channel resources through public development banks	Technical innovation that can lead to design, adopt, and scale technological innovations such as AI, blockchain, tokenization, and digital payments	Pursue targeted regulatory or policy reforms to incentivize and empower private sector to engage in responsible investment
Fulfil obligations to multilateral institutions, including the United Nations	Align development cooperation, trade, and foreign policy with domestic priorities	Promote country ownership in development finance and investment
Re-channel unused SDRs through MDBs and trust funds such as PRGT and RST	Apply positive economic statecraft approaches to development finance and trade tools	Incentivize transparency and accountability in public and private investment
Lead and adopt new IFI instruments such as co-guarantees and insurance mechanisms and utilize underused instruments such as UN pooled funds and South-South cooperation platforms	Leverage subnational governments and coordinate national to subnational development action	Middle powers can frame new coalitions that combine legitimacy, resources, and policy innovation (theme-based and coalition of willing)
Create or strengthen independent or semi-autonomous development cooperation agencies	Use multilateral diplomacy platforms including the UN, G77, AOSIS, and Groups of Friends	Promote responsible lending and borrowing norms
Strengthen internal coordination across finance, foreign affairs, line ministries, and executive branches	Build and lead issue-based coalitions through formal and informal groupings	
Expand technical and institutional expertise in finance, climate, technology, tax, and data systems and develop human resources to design complex cooperation and finance instruments	Engage strategically with civil society, academia, and business councils and activate partnerships with the private sector	
Cultivate legislative and parliamentary champions to depoliticize aid and stabilize budgets	Participate in and establish peer learning, accountability, and knowledge sharing platforms	
Strengthen representation, capacity, and voice within multilateral and international financial institutions	Advocate reforms to multilateral membership, governance, and participation rules and act collectively to amplify influence in multilateral negotiations	

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Understanding Middle Powers in Development Cooperation

As the international order fragments and traditional donors retreat, a new cohort of actors is reshaping global development cooperation. This paper examines middle powers—spanning OECD nations and emerging economies—as increasingly vital architects of a more equitable and resilient development system.

Drawing on their agility, coalition-building capacity, and legitimacy as bridge-builders between North and South, middle powers are filling leadership vacuums left by geopolitical polarization and declining aid flows. Through diverse institutional models, pragmatic multilateralism, and commitments to country ownership and inclusive governance, they are driving innovation in development finance, championing reforms to the UN and Bretton Woods institutions, and forging new partnerships that transcend traditional donor-recipient dynamics.

Yet their rise is not without constraints. Institutional gaps, fiscal pressures, and political volatility temper their influence. This paper maps both the potential and the limits of middle power leadership, proposing concrete pathways for strengthening capacity, deepening financial engagement, and building thematic coalitions that can stabilize and energize global cooperation in an era of contested multilateralism.

For further information on this topic:
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