



Institute for Public Policy Research

RESET

BUILDING MODERN
PARTNERSHIPS WITH
THE COUNTRIES OF
THE GLOBAL SOUTH

**Laura Chappell,
Sofie Pultz and
Bhargav Srinivasa
Desikan**

September 2025



“An insightful report, making the case for genuinely fresh relationships with the countries of the global south. It matters to Britain that we get this right. We need a modern tone and a range of tools, beyond aid. This report provides practical ideas to help chart a way forward.”

Lord Collins of Highbury, former minister for Africa (2024–25)

“This report is both timely and essential. It makes clear that the UK is ready for a profound shift of its cooperation with the global south. It demonstrates that renewed partnerships are critical to tackling shared challenges, unlocking opportunities for sustainable development, and bridging the dangerous divides of today’s world. By proposing a mindset and toolkit reset, the report shows how the UK can move from hesitation to leadership, building modern partnerships that reduce polarisation, heal the north–south rift, and place Britain at the heart of a more cooperative and multipolar global order.”

Maria Fernanda Espinosa, president of the United Nations General Assembly (2018–19), and Ecuador’s minister of foreign affairs, trade and integration (2007–08 and 2017–18) and minister of national defense (2012–14)

“A report that offers concrete ideas and content for UK engagement to move well beyond empty sloganesque calls for new partnerships with developing economies.”

Stefan Dercon, professor of economic policy at the Blavatnik School of Government and the University of Oxford Economics Department, former chief economist of the department of international development (2011–17), and development policy advisor to successive foreign secretaries at the UK’s Foreign, Commonwealth and Development Office (2020–22)

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CONTENTS

| | |
|--|-----------|
| Summary..... | 5 |
| 1. Introduction: From crisis to transformation | 8 |
| 2. Overthrowing assumptions | 9 |
| Trend 1: Power up | 10 |
| Trend 2: Diversity..... | 14 |
| 3. Global south relationships: What is at stake for the UK? | 17 |
| Shared challenges..... | 17 |
| UK efficacy on the global stage..... | 18 |
| Supporting countries' long-term development | 21 |
| Where to focus | 22 |
| 4. What do countries want from the UK? How have we responded? | 23 |
| Priority 1: Growth..... | 23 |
| Priority 2: Shared challenges..... | 25 |
| Priority 3: Finance..... | 26 |
| Priority 4: 'Team UK' | 28 |
| Priority 5: Long-term consistent partnership | 29 |
| 5. Crisis: The current state of our partnerships..... | 31 |
| 6. Reset: Building a modern partnership offer..... | 40 |
| Shift 1: Reset mindsets..... | 40 |
| Shift 2: A transformed toolkit..... | 43 |
| References..... | 51 |
| Appendix 1..... | 54 |
| Appendix 2..... | 55 |

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SUMMARY

We live in a multi-polar world. To ensure stability, raise living standards and tackle the climate crisis, the UK needs successful relationships with a wider range of countries more than ever before.

The UK isn't close to getting this right. In fact, its relationships with many countries of the 'global south'¹ are in a poor state. Fresh research conducted for this report shows that global south governments' attitudes about countries like the UK have become increasingly negative. For example, 64 per cent of global south speeches at the UN assembly which referred to the 'global north' were negative in tone in 2016. This had risen to 75 per cent by 2024.

Instead of understanding 'the south' as increasingly powerful, we remain stuck in frames which view this large range of countries as marginal to UK interests, and/or places where we give aid to 'help'. As a result, we risk missing what is at stake for us.

This report identifies four ways in which countries of the global south are critical for the UK today.

- **First, we need new friends in order to exercise power and achieve UK goals.** We can no longer rely on historic partnerships as we, and our traditional partners, become less powerful. This is seen for example in the shifting of the world's 'centre of economic gravity'.² In 1980 this sat on a spot in the Atlantic. Today it is estimated to be close to the India-Pakistan border.
- **Second, we need to work together to meet shared challenges like the climate crisis.** While the UK is making progress towards net zero, a number of major global south countries are seriously off-track.³ By 2030, each will be emitting more carbon than the UK. Carbon – and issues from disease to the movement of illicit finance⁴ – do not respect borders. Working together in our mutual interest is the only way forward.
- **Third, while the south collectively is more powerful, some countries are struggling with growth, conflict and fragility. This has direct impacts on the British people.** For example, fuel prices on UK forecourts rose by 3-4 pence per litre in 2023 as a result of Houthi rebels disrupting international shipping, worsening the cost-of-living crisis. Supporting these countries' long-term development reduces these immediate risks.
Conversely, helping these countries to succeed generates long-term opportunities for the UK. If they become stable and prosperous – and we are a visible part of their rise – the UK is baked in to economic success and valued politically by our partners.
- **Finally, while we live in an increasingly prosperous world, a child dies every 11 seconds due to malnutrition.** Deep human suffering continues. In the poorest places there is a simple moral case for the UK to engage, standing in solidarity with people facing the world's most challenging circumstances.

1 By 'global south' we mean the world's low- and middle-income countries as classified by the World Bank, excluding China. For further discussion of the concept and why we use it (including this specific definition) see box 2.1.

2 The average location of the planet's economic activity measured by GDP.

3 Argentina, Egypt, India, Indonesia, Iran, Mexico, Thailand, Turkey and Vietnam are all middle-income countries identified by Climate Action Tracker to have 'critically' or 'highly' insufficient climate action. Country level projections to 2030 are provided for each country and the UK.

4 Defined as the movement of money across borders that is illegal in its source (eg corruption), its transfer (eg tax evasion), or its use (eg terrorist financing) (IMF 2023).

A reset of the UK's relationships with the countries of the global south is required, with two elements: a mindset shift and a toolkit shift.⁵

A mindset shift involves the UK articulating a new understanding of how it sees the diverse global south, and why these countries matter to us now. It must embody that changed mindset in a new way of working which builds sustained relationships based on mutual respect.

A toolkit reset involves broadening the range of approaches the UK takes in countries of the global south. Official Development Assistance (ODA) – previously the UK's most prominent tool in many countries – is in decline and needs to be prioritised ruthlessly. However, with a new toolkit the UK has the potential to achieve more than it did even with an ODA budget of 0.7 per cent. It should exploit the full range of international financing tools – tools which can scale the UK's impact many times over. And it can embrace non-financial levers for change – people, policy and the construction of wide-ranging partnerships drawing on UK assets like its scientific community, education system, and legal and financial sectors.

The box below highlights some ways in which the UK can make these shifts.

HOW TO RESET: KEY RECOMMENDATIONS

Resetting mindsets

Leadership from the top is required to build a new mindset. We recommend that the National Security Council (NSC) hold two global south reset sessions: an initial discussion to ensure that key decision makers share a common analysis of the context, and what is at stake for the UK, and to make a collective commitment to work across government to supercharge the UK's toolkit. A second session a year later can monitor progress with delivery.

To maximise effectiveness the UK also needs to modernise its tone for a multi-polar world. We recommend a 'France test'. The foreign secretary should request that the Foreign, Commonwealth & Development Office (FCDO) permanent secretary ensure a consistently modern and respectful culture throughout the department. Success would mean that anyone representing the UK government should always have in mind: "Would we treat France like this?"

Deeper connections at a human level can also help us to thrive in a multi-polar world. We recommend a twin schools programme, so that every UK school is twinned with one in the global south, sharing curriculum resources, joint online classes or 'penpal' letters, and cultural exchange.

Resetting the toolkit

To maximise the global impact of the UK's ODA resources, we recommend that any unspent funds allocated to the Home Office for refugee hosting are retained as ODA and allocated to the FCDO or other international spending departments.

To unlock more finance for global south partner countries we recommend that the UK deepen its financial innovation work. Accepting a little more risk with tools like its IMF Special Drawing Rights (SDRs), guarantees and British International Investment (BII) can potentially unlock tens of billions of pounds for UK and partner objectives in the global south.

⁵ We do not recommend that the government develop a 'global south strategy'. Given the number and diversity of countries the label speaks to, the UK will need multiple strategies, focussed on different countries, regions and issues, to achieve its goals. Resetting mindsets and expanding the toolkit will, however, be essential to underpinning UK strategic success.

To make the most of policy (a previously neglected tool) we recommend that government implements ‘policy coherence for all’: changing domestic and international policy to improve the lives of working people at home and internationally. The government has begun with illicit finance, with a six-point plan across domestic and international policy and a planned international conference in 2026. Success here should build momentum and generate lessons, enabling it to roll out ‘policy coherence for all’ across another one or two policy areas – for example, net zero supply chain policy or anti-microbial resistance.

To ensure that the expanded toolkit delivers, the government should revise its approach to accountability. It should set a handful of ‘north star’ outcome level objectives (eg private finance leveraged) and build internal and external accountability measures to hold itself to account (eg updating the Independent Commission for Aid Impact’s mandate to go beyond aid).

In a turbulent multi-polar world, the UK risks losing influence just when it matters most. But by engaging purposefully with the global south, we can help tackle the climate crisis, strengthen stability, and shore up prosperity for the British people. We have more tools than we think – it’s time to use them.

1. INTRODUCTION: FROM CRISIS TO TRANSFORMATION

Since Labour last entered government in 1997, development and aid have been prominent in the UK's engagement with many countries in the global south. That era now appears to be over. Aid cuts in the UK and around the world – including the dismantling of USAID – have thrown the old approaches and assumptions into crisis.

But change was needed, if not of this form. In the UK we have lost the consensus about what we are doing with global south partner countries, and why. Political commitment to these relationships has declined along with this consensus. And our global south partners are either disillusioned with us or sometimes not really thinking about us at all.

The paper draws from a review of the literature, interviews with stakeholders from the global south,⁶ and conversations and a workshop with UK stakeholders⁷ to explore a series of questions.

- What does the global south look like today?
- Why do relationships with countries of the global south matter to the UK?
- What state are relationships currently in?
- What do countries want from us and how have we responded?
- What should a reset encompass?
- How can the UK shift its mindset and toolkit to unlock partnerships which meet our own and our partners' needs?

We can – and must – be different. These relationships aren't a 'nice to have'. They deliver important UK interests, and we need to get them right.

⁶ We interviewed 14 people, providing insights from the perspective of individual countries or groupings. These included South-East Asia, India, sub-Saharan Africa, South Africa, the Caribbean, Brazil and Latin America. Interviewees included ex-ministers, government officials, and researchers and think tank staff.

⁷ 10 people attended the workshop, representing the FCDO, think tanks, and global south-focussed CSOs and philanthropic foundations.

2. OVERTHROWING ASSUMPTIONS

The group of countries referred to as the global south have transformed over the past decades. In this, as with many other policy areas, the Labour government needs to discard the 1997 playbook. To achieve meaningful results, it needs a fresh understanding of the countries themselves and about what working with them can achieve.

This chapter provides an insight into these questions. We highlight two overarching trends: an overall rise in influence, as the gap between the global north as a group and the global south as a group has narrowed; and a diverse set of experiences, leaving different countries in the global south in very different places.

We understand that writing a report about the countries of the global south as a group is not unproblematic. Box 2.1 below discusses why we use the term, and what we mean by it.

BOX 2.1: A NOTE ON THE TERM ‘GLOBAL SOUTH’

There is no single definition of which countries are included in the concept ‘global south’. We use it to mean the world’s middle- and low-income countries, excluding China.

Regardless of definition, it includes the majority of countries and people in the world, and using one term to speak to all these experiences can – justifiably – be seen as reductive.

However, we use the term deliberately. As argued in the summary, old frames have shaped UK mindsets and approaches. These have treated ‘the south’ as a collective of places typically marginal to UK interests, and/or places where we ‘generously’ give aid to ‘help’. If we wish to overturn those old frames, we need to speak about why this view of ‘the collective’ it addresses is incorrect.

In addition, while we tell a story of how the position of this ‘collective’ has shifted over the past decades, eroding power and prosperity gaps with the ‘north’, we also draw out the importance of differentiating between southern countries. We argue that heeding the differentiation in this group is essential to sharpening policy, and to achieving UK objectives.

TREND 1: POWER UP

The south has risen and continues to rise. This is true economically, in terms of its geopolitical role, and in its importance in addressing a range of global challenges. We discuss each in turn.

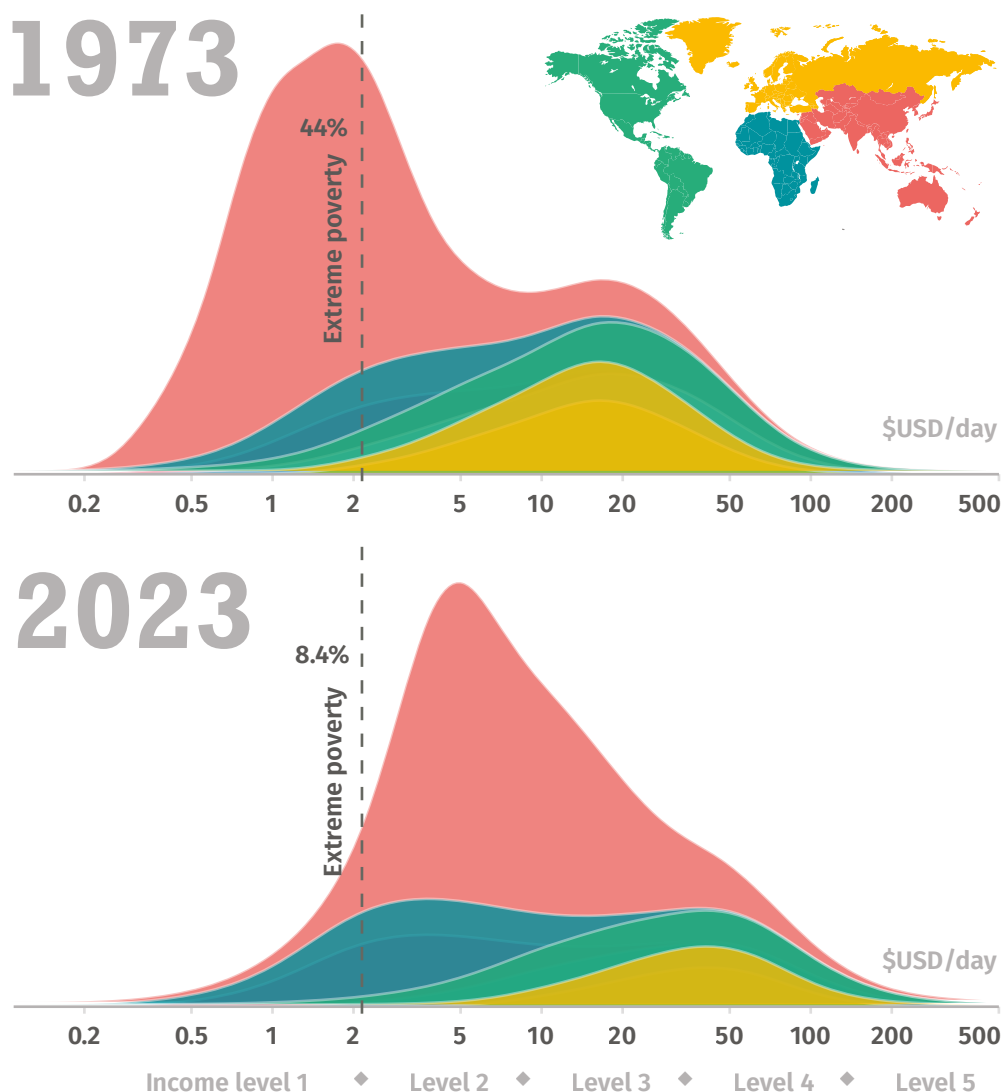
Rising prosperity

For much of the second half of the 20th century, there was a relatively clear gap between the bulk of the poorer countries in the world and the richer ones.

This is shown in figure 2.1 below, which depicts where countries sit on a global income spectrum. In the mid-1970s there were two ‘humps’ in the distribution. Poorer countries were more clustered together at the lower end of the country income spectrum, with northern countries like the UK more distinctly separated towards the top. Today, there are no longer two distinct groups, with countries instead spread more evenly across the income spectrum.

FIGURE 2.1: GLOBAL INCOME IS SPREAD MORE EVENLY THAN IT WAS 50 YEARS AGO

Income distribution of the global population, 1972 and 2023



Source: Gapminder (no date)

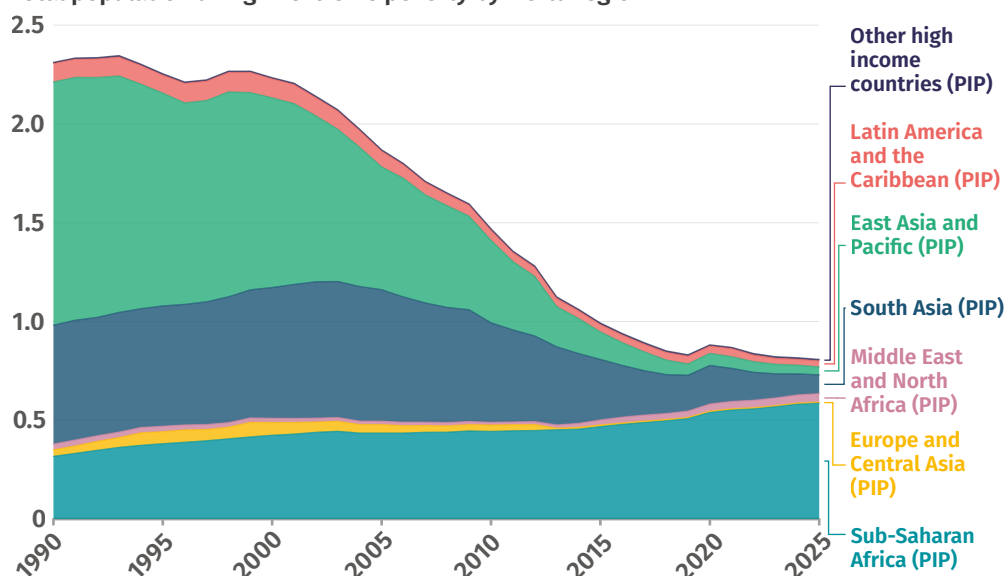
Note: Based on free material from gapminder.org, CC-BY license

At a human level, the movement of many countries up the income spectrum has transformed lives, with extreme poverty falling substantially. This is because while growth is not sufficient for poverty reduction, it is necessary.⁸

Figure 2.2 shows this extraordinary decline in poverty over the last few decades. A Covid-related increase in poverty around 2020 has been followed by a return to poverty reduction, though progress is significantly slower than in preceding decades.

FIGURE 2.2: THERE HAS BEEN AN EXTRAORDINARY DECLINE IN POVERTY OVER THE LAST FEW DECADES

Total population living in extreme poverty by world region



Source: World Bank (2025)

Note: Extreme poverty is defined as living below the international poverty line of \$2.15 per day. This data is adjusted for inflation and for differences in living costs between countries

This rising wealth and falling poverty – especially, but not only, in Asia⁹ – is an extraordinary event in world history. Never before have such a large group of countries transformed their economies so fast, nor have such large numbers of people exited poverty.

This isn't just a rise, however. It is a fundamental transformation of the shape of the global economy. The north no longer dominates. The biggest rising continent, Asia, now has a collective GDP in purchasing power parity terms (ie what that income can actually buy) far beyond that of Europe and North America combined (IMF 2025). And the world's centre of economic gravity (the average location of the planet's economic activity measured by GDP) (Quah 2011) has moved from a spot in the Atlantic off the west coast of Africa in 1980 to an estimated position close to the India-Pakistan border this year.¹⁰

⁸ This is true both of monetary poverty and definitions measuring aspects of human development such as health and education status.

⁹ A range of non-Asian countries have also made huge progress. Over the last decade, for example, World Bank data shows that Guyana, Ethiopia, Rwanda, Senegal and Cote d'Ivoire have all increased the size of their economies by approximately 75 per cent or more, see: <https://data.worldbank.org/>

¹⁰ See: <https://notredamecobham.maps.arcgis.com/apps/TimeAware/index.html?appid=457438be1f0b4d17aeb2449b7bfac1b>

The UK has grappled with this reality economically for decades. However, we believe it has not yet been sufficiently reflected in foreign and development policy.

Rising power

With rising wealth comes rising power; the landscape of who holds power has also been transforming. Most prominent has been the rise of China, now a great power and locked in ‘strategic competition’ with the US.

However, power shifts go far beyond China. To take a few examples, many countries are increasingly investing in military power. Asian countries collectively have increased military spending every year for 34 straight years (Stockholm International Peace Institute 2024). And this is not reactive – a self-fulfilling arms race or a response to a more dangerous world. It reflects a desire for increased strategic autonomy, with the Indian former national security adviser Shivshankar Menon, for example, stating that India is investing in its navy because “we can no longer assume that others will guarantee the safety of the sea lanes that carry our foreign trade” (Menon 2016).

Rising power is also demonstrated in southern countries’ increasing trade and investment. Deeper integration into global value chains, especially for rare or more complex goods, enhances a country’s geopolitical influence, including its potential leverage over others. Asian trade figures predictably exploded over recent decades, but again this is not just as Asian trend. By some definitions southern countries’ trade between themselves has now overtaken trade between northern countries (Mold 2023).

Southern countries’ increasing power is also represented in the institutions they are constructing. The BRICS, for example, an international organisation originally founded by Brazil, Russia, India and China, is an expanding group of countries which – as Gideon Rachman describes it – have been “singled out for their size and dynamism” (Rachman 2016). And they are working to develop southern-led alternatives to existing processes, such as BRICS Pay. This is a proposed cross-border payment system which could be used instead of the existing northern-governed systems, reducing reliance on the dollar and exposure to northern-imposed sanctions. This deepening sense of southern solidarity and practical cooperation may have deeply consequential outcomes.

Rising power is also a self-reinforcing loop. Increased influence builds confidence internally and credibility externally, underpinning future influence. And this dynamic isn’t just present in countries with the greatest increases in wealth or hard power. As alternative poles of power strengthen, a wide group of southern countries see increased opportunities to project their views and interests on the global stage.

Moreover, enhanced southern activism is bolstered by the relative and marked decline of the north. Taking a longer view gives a clearer picture. In 1914 – an apex of European geopolitical power – the continent was dominant demographically (with approximately 25 per cent of the global population (Statistica 2022), economically (generating close to half (46 per cent) of global GDP (Statistica 2006)), and simply formally in charge. Europe and its colonists ruled 84 per cent of the land and 100 per cent of the sea (Morris 2014).

Today empires have fallen, demographics have shifted (Europe now contains around 9 per cent of the global population (Statistica 2022)), and wealth has shifted. Northern decline was avoided as the US became the pre-eminent power post WW2, but US relative power has now been in decline for a decade or more.¹¹

11 For example, America’s National Intelligence Council argued in 2012 that “Pax Americana – the era of American ascendancy in international politics that began in 1945 – is fast winding down” (US National Intelligence Council 2012).

Importantly, long-term economic growth projections suggest this rebalancing will only continue. PWC for example predicts that by 2050, the US may be the only member of the current G7 still among the seven richest nations in the world. China and the US would be joined by India, Indonesia and Brazil at the top of the list (PWC 2017).

We are living through an inflection point in both power and attitudes. Many southern countries see opportunity: to explore strategic options and help shape a world order which better reflects their priorities.

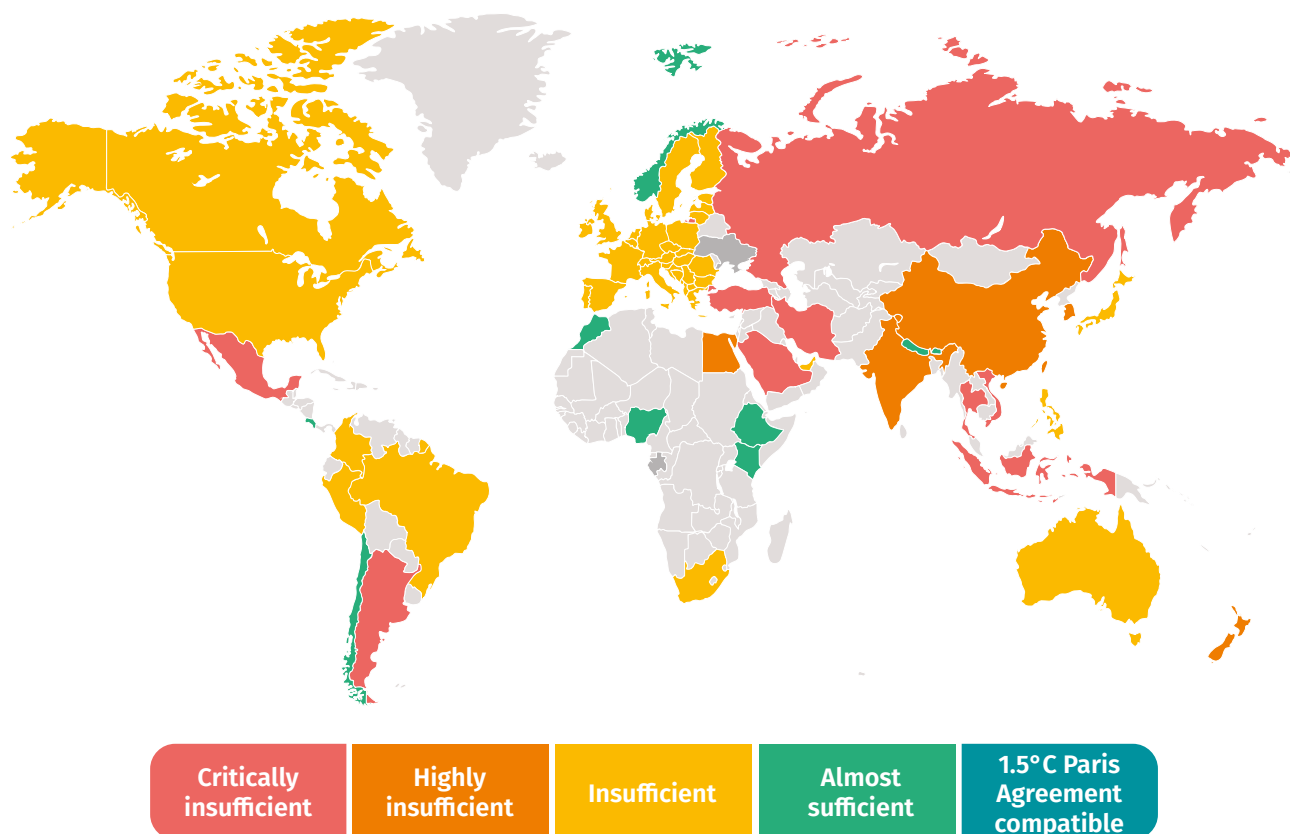
Rising criticality

Finally, alongside rising power, we also witness rising criticality. In a more multipolar, interconnected world, it has become clear that many countries of the global south are critical to tackling major global challenges.¹²

Take climate mitigation. The map below (figure 2.3) – produced by Climate Action Tracker – assesses which countries need to take the most additional action in order to align with the Paris target. Those in red are rated ‘critically insufficient’ and those in orange ‘highly insufficient’.

FIGURE 2.3: LEVELS OF CLIMATE ACTION ARE INSUFFICIENT ACROSS THE GLOBE, INCLUDING IN MAJOR GLOBAL SOUTH NATIONS

Level of climate mitigation sufficiency to reach the Paris Agreement by country



Source: Climate Action Tracker (2025)

¹² This report mostly draws on climate mitigation to make this case, but many other issues have a similar profile. Taking HIV/AIDs as a health example, ensuring that infection is controlled and anti-retroviral resistance is limited benefits people across the globe. Or illicit finance: for example, cracking down on this would increase resources remaining in countries of origin, benefitting their citizens while reducing the illegal wealth that floods into the UK, and pushes up property prices.

There are notable countries of the global north in these two categories. However, the bulk are larger, richer global south countries. And their emissions paths aren't just notable because of the distance between the reductions they need to make and their planned activity. They matter because of the sheer volume of their emissions. Every single global south country shown as dark grey or red – Argentina, Indonesia, Iran, Mexico, Thailand, Turkey, Vietnam, Egypt and India – is projected to have a higher level of carbon emissions by 2030 than the UK.¹³

TREND 2: DIVERSITY

Alongside a transformational collective rise, there is of course huge heterogeneity among this large group of countries.

Figures 2.1 and 2.2 showed headline success with growth and poverty reduction. But they also highlighted places being left behind. Some countries – concentrated in Asia – have seen huge success, while others – in sub-Saharan Africa in particular – have struggled for progress. This leaves countries in very different positions.

Drawing on Stefan Dercon's (2023) book *Gambling on Development*, which examines different countries' experiences over the past few decades, we highlight three broad groups of countries which exist within the global south grouping today.

The Left Behind

The first group is the Left Behind, which includes two broad sub-groups.

First, countries which have struggled to generate sustained economic growth, and therefore sustained improvements in people's lives. Many are fragile or conflict affected states (FCAS), including, for example, **South Sudan, Burundi and Yemen**. Indeed, the World Bank estimate two thirds of the world's extreme poor will live in FCAS by 2030 (World Bank Group 2020). Increasing numbers of poor people living in FCAS has contributed to humanitarian need reaching its highest level for decades. Over 305 million people around the world are estimated to be in humanitarian need – up from around 80 million just 10 years ago (IRC 2025).

But the group is not all FCAS. **Malawi** is an example of a peaceful country which nonetheless has struggled to move beyond anaemic growth.

Second, countries where there has been growth, but this hasn't translated into substantial development progress. These are also often FCAS – for example, **Nigeria** or **the Democratic Republic of the Congo**. They tend to be countries rich in natural resources, where elite corruption means that wealth lines pockets, and distorts the economy rather than fuelling poverty reduction.

What the Left Behind share is the absence of the political foundations for sustained progress. Not in a formal sense, in terms of laws or institutions, but in terms of the objectives of those with power. In these countries the powerful are largely disinterested in – or sometimes actively hostile towards – sustained, broad-based growth. This appears to be the most basic binding constraint on progress – the lack of sufficient political consensus to drive for it.

Attempting take-off

A second group is countries that have made progress with growth and poverty reduction. This includes countries like **Ghana, Kenya, Uganda and Rwanda**. But sustaining this progress is a difficult balancing act. This group are wrestling with more deeply embedding the drivers of success and managing risks to progress.

13 This compares Climate Action Tracker's modelled domestic emissions (excluding LULUCF) in MtCo2e per year, based on policies and actions. By 2030, the UK's MtCo2e per year are projected to be lower than all the listed countries.

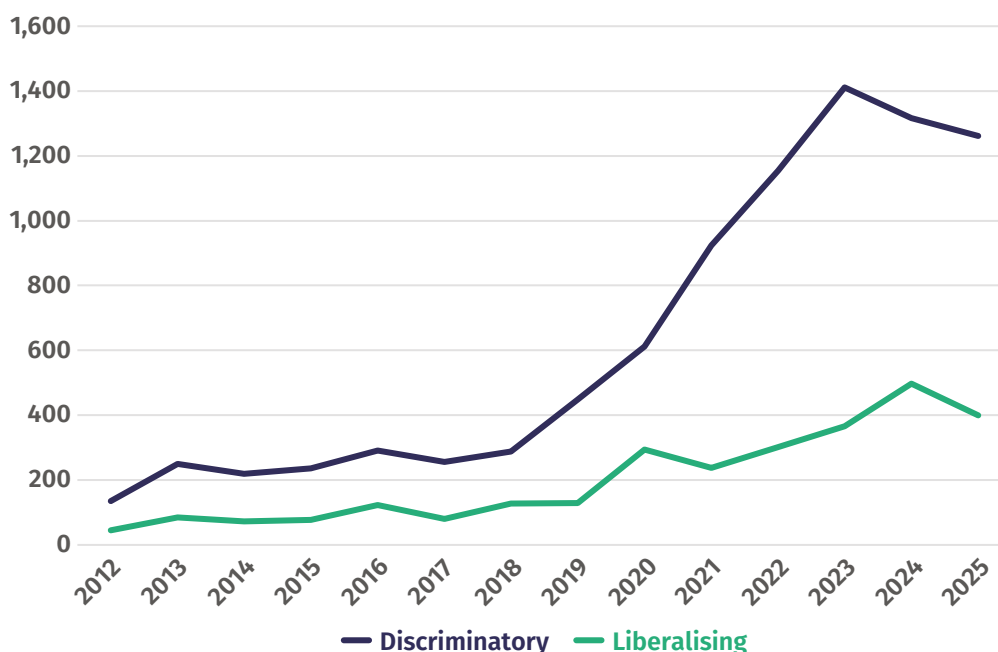
The challenge of ‘take-off’ is perhaps greater now than in the past. This is partly because the global context has shifted, and is largely not in these countries’ favour. Two challenges stand out.

First, rising risks from climate change. Impacts are escalating and weigh heavily on the poorest countries and people (World Inequality Lab 2023). Poor places and people have lower resilience and are therefore more liable to be knocked off track by climate shocks.

Second, countries seeking to embed progress face an unpredictable, politicised global economy. China’s growth ‘miracle’ – which provided rapidly expanding markets for many countries – is largely over.¹⁴ The ‘hunt for yield’ – which saw financiers exploring riskier markets in the face of historic lows in northern interest rates – has moderated (Bloomberg 2024). And the largely free trading system which provided countries with opportunities is severely challenged by rising protectionism. Trump’s tariffs have supercharged this trend, but it has been building for years (figure 2.4).

FIGURE 2.4: THERE HAS BEEN A SHARP RISE IN PROTECTIONISM IN RECENT YEARS

Changes to liberalising and discriminatory trade and industrial policies per year globally



Source: Global Trade Alert (2025)

This slowing, fragmenting global economy matters because accessing global markets has been an important tool for countries to grow. Trade isn’t sufficient (eg Nigeria and DRC’s natural resource exports have been problematic, as discussed above), but the global economy offers critical advantages such as larger markets, the possibility of selling higher value-add products and services, and learning through integration (Ortiz-Ospina, Beltekian and Roser 2024).

¹⁴ Economic growth rates peaked in 2007, and have largely been falling since then. See: <https://data.worldbank.org/country/china>

Countries that can seize these opportunities and structurally transform their economies tend to have a much greater chance of sustained growth and human progress (UNCTAD 2014). Countries seeking to take off now must therefore navigate a trickier, narrower flight path.

Regional and global powers

The third group of countries – often in Asia (eg **India, Indonesia, Thailand**), or Latin America (**eg Brazil, Colombia, Argentina**) – are those which have together eliminated the ‘gap’ between the north and south shown in figure 2.1. They have grown, exited (or almost exited) extreme poverty, and play important geopolitical roles regionally and/or globally.

Many of these countries may in the past have been on the edge of UK prioritisation. But now, as one of our interviewees articulated:

“The UK needs to stop thinking of the global south as exotic and distant, when there are in fact many similarities and symmetries... It is time to end the ‘residual hesitation’”

Interviewee, Brazil

3.

GLOBAL SOUTH RELATIONSHIPS: WHAT IS AT STAKE FOR THE UK?

Why do these countries matter to the UK? Why should we aim to have positive relationships with them? And what ends should those relationships seek to deliver?

We set out three reasons here which build directly from the analysis of the global south in the previous chapter. Together, they add up to a case for ending the 'residual hesitation'.

Precisely which countries are most important in each instance requires deeper work (when setting discrete strategies in each area). However, we close the chapter with a high-level discussion of how to start to think about where the UK should focus its efforts.

SHARED CHALLENGES

First, we have a clear shared interest in addressing shared challenges. Securing a stable climate, health security, or combatting illicit financial flows are essential matters of UK self-interest. In fact, they are in the joint interest of most people around the world. This particularly includes those with fewer resources and less power who – whether in the UK or the global south – are least capable of avoiding or adapting to shocks and degradation.

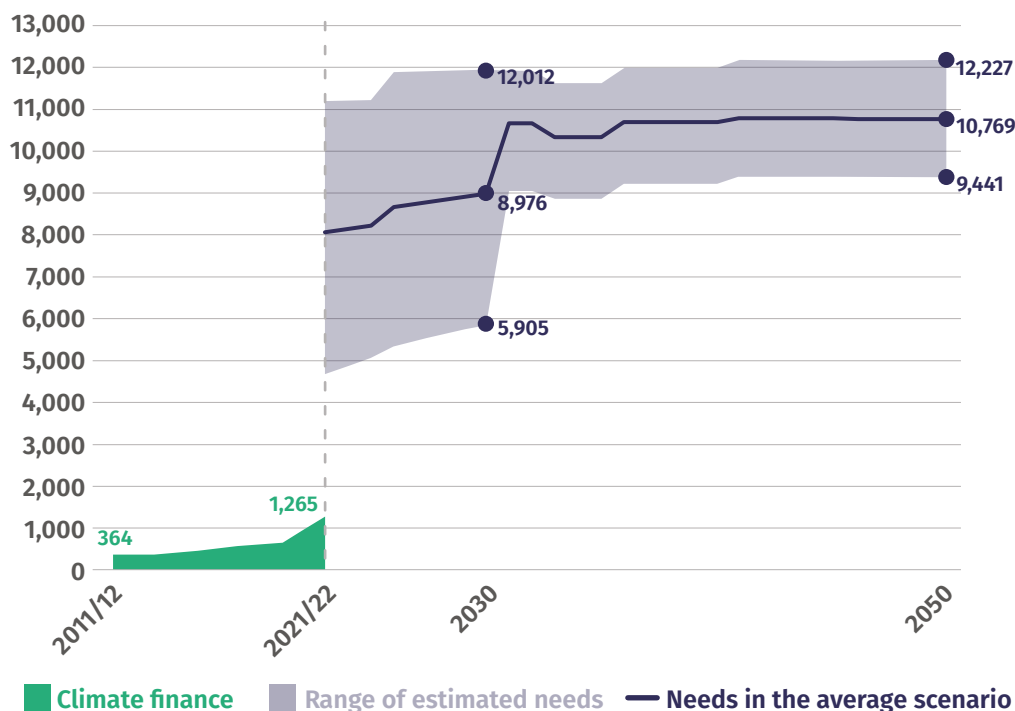
Yet data on carbon emissions, health security and illicit finance suggests that we don't always meet the challenge.

For example, finance – domestic and international – is required for countries in the global south to be able to play their part in mitigating climate change. But international finance is missing in action. Figure 3.1 shows climate finance which has been mobilised to date and estimates of what is required. The gap between need and provision is profound.

FIGURE 3.1: THERE IS STILL A HUGE GAP BETWEEN THE AMOUNT OF CLIMATE FINANCE THAT HAS BEEN MOBILISED AND WHAT IS REQUIRED

Climate finance to date and projections of need

\$USD (bn)



Source: Buchner et al (2023)

If this gap doesn't close, it's not a problem out 'there', for 'them'. While action is needed in partner countries, the impact of success or failure is felt everywhere – including here. Temperatures rise, challenges compound, tipping points are reached, and Britons – especially the most vulnerable – suffer.

It is simply in our very direct interests – for both the UK and our partners – to work together and solve these global challenges.

UK EFFICACY ON THE GLOBAL STAGE

Second, we must make friends. Working more closely with countries across our multi-polar world can enhance the UK's efficacy on the global stage.

In part this is because – as demonstrated in chapter 2 – the countries of the global south now hold more power. And while the UK's default is often to work with traditional allies to achieve UK goals, the G7 and OECD, for example, no longer determine how the world works.

But alongside this basic power shift, it is also the case that UK power within our core relationships has reduced. The US has become a disruptive actor on the international stage, often at odds with UK goals and interests. And while the UK/EU relationship is improving, the UK clearly does not have the depth of influence in Europe that it had pre-Brexit. This increases the value of working with new partners internationally.

And finally, not only has power shifted, but so too have the rules of the game. The previous 'Rules-Based International Order' (RBIO) is disintegrating.¹⁵ The RBIO delivered a lot for the UK. It underpinned our security; we had scope to shape the global economy in our favour; and values with which the UK identifies – around democracy or the rule of law, for example – also dominated the international conversation. Our influence was 'baked in'.

In contrast, many countries of the global south felt that the previous international order did not serve them. Many now have a sense of possibility, even exhilaration at the possibility for change. And in periods of change, those with power – and those who proactively use their power – can shape the world around them. This will include many countries of the global south.

So, at a headline level, the need to make better friends in the south has increased. But what can the UK be more effective at achieving, together with southern partners? We give two examples.

Efficacy for growth

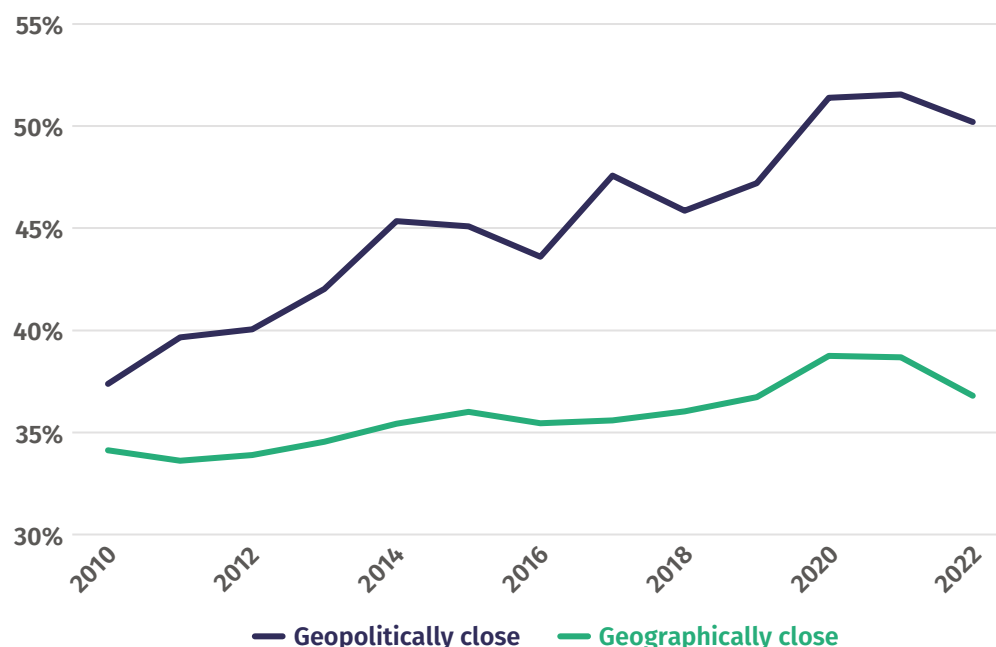
The UK needs economic growth. And improving strategic relationships with countries of the global south can help UK growth in two ways. First, southern countries are increasing sources of growth, trade and investment, meaning that shifting attention towards them makes sense. But the global economy has also become increasingly geo-politicised. If the UK wants to maximise its economic returns from working with global south countries, it needs to underpin this intention with deeper strategic relations. This is because in a more deeply geopolitical world economic decisions are less market mediated. Who you are friends with counts more than ever.

This is demonstrated in figure 3.2 below. It shows that for over a decade, investors have increasingly located their foreign investments in countries which are geopolitically close to their country of origin. In a chaotic international era, investors appear to seek the greater confidence which comes from deeper political relationships between countries.

¹⁵ The 'rules based international order' is defined by Chatham House as "the framework of liberal political and economic rules, embodied in a network of international organizations and regulations, and shaped and enforced by the most powerful nations" (Chatham House 2015). Whether there is a single order, and whether it is genuinely rules based or a representation of the interests of the most powerful nations is debated.

FIGURE 3.2: FOREIGN INVESTMENTS HAVE BEEN INCREASINGLY LOCATED IN COUNTRIES THAT ARE GEOPOLITICALLY CLOSE TO THEIR ORIGIN

Annual share of global foreign direct investment between countries that are geographically or geopolitically close



Source: Donnan and Curran (2023)

This insight matters for the UK's entire approach to maximising growth. But it also suggests that to benefit from southern growth, the UK needs deeper southern relationships.

Efficacy for values

The UK seeks to not just serve its interests internationally, but also to represent values. This effort too is challenged by declining power and hostile actors. The actions of Putin, Trump and others can create the feeling that we are moving towards a world in which “the strong do what they can and the weak suffer what they must”.¹⁶ If the UK doesn't want this to be true, now is the time to act. And this can be an area where UK and global south interests align.

For example, an assessment of support for ‘UN-based multilateralism’ (Lafortune and Sachs 2024) finds that the countries with greatest support for UN-focused multilateral working are overwhelmingly from the global south.¹⁷ Bar three, every country in the top 50 is a southern nation. The UK has a history of advocating for multilateral institutions and approaches. If the UK wishes to focus on advocating for multilateralism, many partners in the global south will likely want to stand behind those values too.

¹⁶ Quote attributed to Thucydides, Athenian general and historian, in his *History of the Peloponnesian War* (431-404 BC).

¹⁷ UN-based multilateralism is the set of rules established by the UN and international law. The index measures six indicators, such as UN treaties ratified, and financial support to UN budgets.

SUPPORTING COUNTRIES' LONG-TERM DEVELOPMENT

The third rationale is the UK's interest in supporting countries' long-term development – and the benefits which come from being a visible supporter of this progress.

A more stable and prosperous world is in UK interests. And long-term national development helps countries to become more stable and prosperous. Therefore, work which supports countries' long-term development is in the UK national interest. This is a well-known argument. But two additional points strengthen the case.

First, benefits come from the process of supporting countries to develop, not just the outcome. If UK businesses get in near the start of economic transformations, for example, their presence can be 'baked in' to growing sectors, generating ongoing opportunities. And if the UK is seen as a source of support, helping countries to successfully progress, that should translate into diplomatic gain, enhancing UK influence.

It has sometimes been argued that Britain can derive short-term returns at scale from working to support global south countries' long-term success. We are not making this case. Rather we observe that, as shown in chapter 2, countries' prospects can utterly transform. And this transformation generates opportunities much more likely to be seized by those who are visible partners in their rise.

Second, we believe that policymakers may have an unarticulated assumption that withdrawing support means that countries stand still. This seems unlikely. Another way of viewing the different trajectories of southern countries described in chapter 2 is that the category of 'stable but poor' countries has been emptying. Countries have either moved up and out, face substantial risks of reversal or are struggling with fragility and/or conflict.

If they fall back, this will generate costs and risks for the UK, some very direct. Somali pirates and Houthi rebels have both, for example, emerged from low-income conflict-affected societies and disrupted international shipping, with real impacts on day-to-day lives in the UK. Estimates suggest that Houthi rebel attacks raised the price of fuel on UK forecourts by 3–4 pence per litre (Bloomberg 2024), while Somali pirate activity raised shipping costs by around 10 per cent (International Growth Centre 2013).

A more challenging context will also expose our politics to strain, as different voters react in different ways. Some will demand that the UK live up to the values it says it stands for and want to engage in the range of crises, while others will want to 'pull up the drawbridge', attempting to insulate the UK from difficulties affecting the rest of the world.

If the UK decides it must respond to some of these crises, this tends to be much more expensive than proactive work to support the development which helps to prevent them from developing in the first place. For example, the Global Commission on Adaptation estimated that \$1 in resilience investment yields more than \$4 in avoided disaster losses (Global Commission on Adaptation 2019). And the UN and World Bank 'Pathways for Peace' work suggests that on average \$1 invested in conflict prevention saves approximately \$16 in crisis response (World Bank Group 2018). Hoping not to have to intervene and then ending up engaging tends to be inefficient and expensive. Investing from the start in countries' stability and prosperity is a better approach.

WHERE TO FOCUS

The analysis above describes different UK interests at play across different southern partners, identifying three topline rationales to engage. However, in a world of limited resources the UK will need to focus its efforts. How should it prioritise?

We suggest two insights can help policymakers.

First, for several decades the focus on ODA has created a tight sense of trade-offs: should this limited pot be allocated to x or y? A broader toolkit can transform this conversation. Proactively using development finance can scale the UK's ability to generate impact by three or four times, or more, from the same original UK pound. Or policy changes can unlock possibilities which the UK cannot buy, generating opportunities to trade, for example, or enabling resources to stay in a country when they might previously have been stolen. When successful, these changes can generate impact which are potentially much larger than reductions in the size of the ODA budget. The UK does not need to be in a moment of retrenchment.

However, if the UK seeks greater focus, we prefer prioritisation based on places as opposed to goals. All the above goals are important. Rationalisation, therefore, can focus on where the UK can generate the greatest return for its efforts in pursuit of those goals. Specifically, it should examine at least three questions:

- The size of the opportunity: how important is this country vis-à-vis the goal the UK is trying to achieve?
- The likelihood of change: are there openings for change – political opportunities to do things differently?
- UK relevance: is the UK well placed to achieve the goal in question?

Our research suggests that the UK has at times underplayed the final factor.

This is another adjustment to a multi-polar world – recognising that the UK can't simply choose to matter. The UK is more relevant in some places than others due to language, cultural familiarity and diaspora communities. This relevance is complicated, as it is largely the legacy of colonialism. Nonetheless, many of our interviewees urged the UK to lean into places where it has historic relationships. For example:

“The UK needs to establish a competitive advantage through its historical ties, especially in anglophone nations”.

Interviewee, sub-Saharan Africa

“The UK is unique in having the Commonwealth. It needs to realise how much of a strength this is. Convening dialogues with Commonwealth countries is the best access to global south”

Interviewee, Latin America

A sharp look at UK relevance can therefore help the UK to rationalise.

4.

WHAT DO COUNTRIES WANT FROM THE UK? HOW HAVE WE RESPONDED?

This chapter looks at relationships from the other side of the lens. It examines what southern countries seek from their partners, and from the UK specifically. And it asks a series of questions: Has the UK responded to partner priorities? How effective was this response? And does this priority fit with UK interests, creating genuine partnership potential? We provide RAG ratings in the latter two areas.

Diverse countries of course want diverse things from the UK. This section, therefore, identifies threads which emerged most consistently in our research. We found five.

Two of them are problems that countries seek UK engagement with: achieving sustained economic growth, and addressing cross-border challenges like climate change or illicit finance. Two are about the tools countries want UK help to access: finance, and access to 'Team UK' capabilities¹⁸ such as our scientific expertise or education system. The final area is behaviours: southern countries want counterparts with effective, consistent engagement.

PRIORITY 1: GROWTH

Sustained growth is sought by virtually every country in the world. But different countries face different challenges in achieving it. For the left behind, growth often requires precursory action in domains which aren't necessarily economic, but which underpin its potential – work to build stability for example.

For global and regional powers, their international growth-focussed activities often resemble the UK's. They seek trade agreements, for example, or work to build industrial policy collaboration in emerging sectors like clean technologies.

Those attempting take off also seek international economic policy collaboration. But at the same time, they are grappling with economic transformation: seeking to shift the structure of their economies – leaving behind raw commodity exports for example, and moving up manufacturing or service value chains, raising productivity. Making this transition is also a priority area for support.

Has the UK responded?

Yes. The UK government has worked to develop economic growth engagement with the latter two groups in particular. Work with global and regional powers is a focus for many departments across government, exemplified for example in the drive to conclude the UK-India trade deal. And the new industrial policy is likely to enhance coordinated strategic supply chain coordination with many of these countries.

For those attempting take-off, the FCDO developed packages of support including analysis of how countries can unlock growth, working with partners to build growth-supporting policies and institutions, and facilitating investment, including via deals

¹⁸ Capabilities not just of the FCDO or the UK government more broadly, but the UK as a nation.

drawing on UK Export Finance (UKEF).¹⁹ Work to support investment has often focussed on trying to unlock deals at the risk/return frontier where the private sector is reluctant (for example, through British International Investment (BII)²⁰) – or working alongside southern governments to help shape multilateral investments for the greatest impact.

Was the response effective?



Work in regional and global powers feels like the right kind of engagement. However, it is worth noting that in a multi-polar world the UK may have to fight for space in some countries' agendas:

“The UK-India trade deal barely made it into the news [in India]. It is just one of many deals: India is on a signing spree.”

Interviewee, India

In those attempting take-off, interviewees recognised that the UK's rounded approach has helped to support growth. However, they also stressed that effectiveness could be improved. They noted that some development-focussed parts of FCDO seemed to resist supporting growth, seeing it as too distant from the lives of the poorest:

“The development people only see their own agenda, and [African] governments' agendas do not necessarily overlap with this. Governments are focussed on being re-elected, so what matters to them are jobs, economy, investments”

Interviewee, sub-Saharan Africa

“The UK has had an obsession with working with the poorest people, not with poverty reduction as such. They are very different things.”

Interviewee, sub-Saharan Africa

Growth is central to development – including poverty reduction – and it is the priority of many partner countries. It is time for the UK to lose any 'residual hesitation' about supporting it.

Interviewees also criticised perceived neglect of some parts of the global south (often the less wealthy countries) by the UK government beyond the FCDO:

“The UK has massively neglected trade with Africa. This means that the Department for Business and Trade send their worst people to Africa, and they come with no plan.”

Interviewee, sub-Saharan Africa

The UK needs to prioritise, and it will not be present everywhere. But whatever it does, it should act with clarity and commitment.

The UK must also keep a clear-eyed view of what works. Will any growth do? And what sorts of UK interventions make the most sense?

As described in chapter 2, sustained, sufficiently inclusive growth is key – growth arising from productivity-enhancing economic transformation. Other activity may be more marginal, or in some cases – such as investments in natural resource exploitation in FCAS – harmful. The UK needs to target the former and avoid the latter.

19 UKEF is the UK's Export Credit Agency, reporting to the secretary of state for international trade. It works to ensure that no viable UK export fails for lack of finance or insurance. In doing so it enables enhanced UK business activity in many countries around the world.

20 BII is the UK's development finance institution. It provides impact investment to secure positive economic, social and environmental outcomes using a range of tools, including debt, direct equity, investment in funds and guarantees.

Second, the UK's growth-supporting work has been deliberately built as a package – recognising that while finance and commercial activity matter, growth doesn't result axiomatically from the input of funds and requires political and institutional underpinnings.

Retaining this considered, multi-pronged approach is essential. The UK cannot imitate China or the Gulf States' very commercial engagement, lacking both the scale²¹ and the ability to direct commercial actors in a way those countries can.²² Global south countries know this:

"The UK cannot compete financially with the EU, US or China."

Interviewee, sub-Saharan Africa

"The UK and EU have got no money, China has loads."

Interviewee, Caribbean

It is important that the UK also keeps this front of mind. The country will look like a minor player if it tries to replicate the approaches of others at a much smaller scale. If it plays to its strengths, combining a variety of tools, it can genuinely make a difference to other countries' trajectories – generating economic payoffs and building political capital.

Does action fit with UK interests?

This is a strong fit with UK interests. Building economic relationships with global and regional powers supports Britain's growth today. And working to support the economic development of countries attempting take off supports their long-term success, and UK influence.

PRIORITY 2: SHARED CHALLENGES

Countries want to engage on shared challenges, and identify many of the same ones as those which matter to the UK. For example:

"ODA and FDI inflows are dwarfed by illicit finance... Africa needs UK support [and] the UK government want to act on this."

Interviewee, sub-Saharan Africa

Has the UK responded?

Yes. Global public goods issues – most prominently climate mitigation but also health security, illicit finance, biodiversity and others have become priority issues for partnership. This is reflected most obviously in ODA spending, which has increasingly focussed on these issues (for example, the UK set its first climate finance target in 2011/12, with a commitment to spend £3.9 billion by 2016/17. This rose to £5.8 billion for 2016/17–2020/21; and to £11.6 billion from 2021/22–2025/26 (CGD 2025). It is also seen in wider action (for example, hosting COP26, with a strong focus on global south priorities such as adaptation and tropical forests).

Was the response effective?

In many senses, yes. Work in these growing areas has delivered important impact, though the scale of the challenges requires much more. Impact has come both through ODA spend (for example, over 213 million people supported to better adapt to climate change (CGD, *ibid*)) and from wider work:

21 China mobilised an estimated \$1 trillion+ under the Belt and Road Initiative (BRI), while the Qatar Investment Authority has resources of approximately \$450 billion and the Saudi Arabia Public Investment Fund has approximately \$800 billion. Both have a mandate which includes global influence. In contrast, British International Investment's balance sheet is approximately £7 billion, while UK Export Finance has total cover of £80 billion.

22 China, Saudi Arabia, Qatar and other Gulf countries own – or have significant control over – major commercial entities like banks, mining and infrastructure firms. The UK government, in contrast, shifts the assessments of its private sector through tools like information or subsidy. It nudges rather than directs.

“COP26 was a huge success for UK climate leadership, and the legacy of that lives on. Leverage it.”

Interviewee, Latin America

But in another respect this expansion in focus to increasingly address global public goods has caused challenges, particularly between government departments. In an ODA-focussed world, increasing demands placed on a constant (201–2020) and then shrinking (2020–now) pot, generating tensions and mistrust. Internal discord has hampered the government’s ability to drive progress as effectively as it could have done.

Does action fit with UK interests?

Partner countries and the UK both seek to work together to address shared challenges. There is a natural win-win.

PRIORITY 3: FINANCE

Finance is core to progress – including international finance. Box 4.1 provides more detail on the finance flowing into the countries of the global south, as well as the ways in which they are provided.

BOX 4.1: FINANCE TO THE GLOBAL SOUTH

What

Private finance flows at scale to many countries of the global south, most prominently regional and global powers. However, private finance is provided based on assessments of risks and return. This means that – relative to need – it will often not flow at sufficient scale to address problems that countries are trying to solve.

ODA grants are therefore required for purposes which are not commercially viable (ie don’t generate sufficient returns to an investor over an appropriate timeline). They are also needed when a recipient country seeks to undertake an action but when they have limited or no fiscal space to invest. This will most often be the case in the poorest countries.

ODA can also be used to enable the provision of concessional finance (finance at less than market cost). This is suitable when there is some financial return to the investment but when there is also an important social return which means that without public support, the activity would be under-invested in.

Concessional finance instruments include low-interest loans and other instruments such as taking equity in businesses with non-commercial expectations of returns, or the absorption of risk via instruments like guarantees, enabling others to invest.

Sources

The International Financial Institutions (the International Monetary Fund (IMF) and Multilateral Development Banks (MDBs) eg the World Bank or African Development Bank) have been at the centre of international financial flows since the end of the second world war. Over the past decade the IFIs have been under pressure to increase their scale, meet global south priorities more effectively, and enhance southern voice (set out in initiatives like the Capital Adequacy Framework and the Bridgetown Agenda).

To try to meet these demands, IFIs have sought to innovate. They have made greater use of instruments beyond loans (eg guarantees), used instruments in new ways (eg SDR channelling – see appendix 1) and worked to leverage

more private finance (the ‘billions to trillions’ agenda). They have also reviewed their risk frameworks and concluded that they can ‘stretch’ their balance sheets (reduce the amount of capital they hold against their portfolio) without materially increasing risk – enabling them to lend more. Change has been made more difficult, however, through differences at the board, not least between the US and China.

Outside the IFIs, sources of finance to global south countries have multiplied, from enhanced bond market access to multiplying sources of public finance. This includes the game changing scale-up in finance from China and the Gulf, as well as interest among traditional partners in strengthening their bilateral development finance toolkits.

Using the right form of finance for the right problem is essential. If the UK sought to deliver everything through grants its financial scale would equal the ODA budget. But by using ODA smartly, it can generate financing at a far larger scale. Each £1 put into the World Bank International Bank of Reconstruction and Development (IBRD) generates around £4 more in finance. Providing financial support through a guarantee only has a fiscal impact if the guarantee is called. Grant should be used where grant is required. But there is so much potential to achieve more through a variety of financial tools.

A note of caution, however. While non-grant finance is essential to progress, if it doesn’t contribute to long-term growth, it can generate unsustainable debt. And this is happening in many places. Over half of the world’s low-income countries are currently either in, or at high risk of, debt distress – a figure which has more than doubled since 2013.

Has the UK responded?

Yes. The UK has been an important player in grant finance, underpinned by its achievement of the 0.7 per cent target.

It has a long history of supporting the IFIs financially and politically, and it has also often also worked effectively in-country to coordinate with and shape IFI action on the ground. In recent years the UK also has supported efforts – such as the Bridgetown Agenda – to increase IFI scale, efficiency and responsiveness.

The UK has also grown its bilateral financial toolkit. This has included growing British International Investment, introducing new tools such as guarantees (which have enabled MDBs to expand support to particular countries and issues) and establishing a number of large ODA programmes such as PIDG, AdDevCo and Mobilist, which seek to mobilise private finance.

The UK has also undertaken a range of actions on debt, for example helping to establish the G20 Common Framework on Debt Treatment.

Was the response effective?



The UK has worked in a sustained way to support IFI innovation and to innovate with its own toolkit.

However, this requires transformation rather than innovation. In some areas, FCDO or DESNZ activism has been blocked by a cautious Treasury. In others, options for transformation have only begun to be scoped. The City of London, for example, is a major UK strength but there has been limited systematic effort made to leverage it for mutual benefit, beyond ODA financed programmes. And the UK has its hand on the levers of global financial sector governance, as a regulator of a major financial centre and a substantial voice in global financial regulation processes like the Basel

framework.²³ But it has not seriously explored whether there is scope to adjust any of these approaches to maximise finance for the global south.

In addition, success isn't instrument innovation but finance quantity and quality. Some aspects of quantity haven't proceeded as hoped – private finance mobilisation hasn't achieved the scale desired, for example. And debt is a major 'quality' concern: finance will undermine rather than support countries' progress if it pushes them into unsustainable debt. Learning lessons from low-income countries' experiences with rising debt must inform UK next steps.

Does action fit with UK interests?



There is strong potential for further action in this area to directly meet UK interests, not least by exploiting win-wins for the UK financial services sector.

PRIORITY 4: 'TEAM UK'

Fourth, global south countries want to build a partnership with the UK as a nation – 'Team UK' – rather than just the FCDO or the British government. The UK has a good reputation in many countries for a wide range of assets and capabilities including science and research, universities and education, business, media, the creative industries, health, law and finance. Countries want to deepen their access to these assets and capabilities.

Global south countries see other northern partners focussing on a few domestic strengths, and making them a basis for partnership:

"Countries like the Netherlands, Denmark, Norway and New Zealand are all doing what they know and doing it well, eg Hydropower, agriculture, inland waterways."

Interviewee, South East Asia

There is appetite for the UK to follow suit. For example, with education we heard:

"The UK is still seen as the place to go for education across Africa."

Interviewee, South Africa

"UK's biggest soft power is universities: Malaysia and Brunei are sending most of their middle class kids to UK universities. In other South East Asian countries more go to Australia or the US. But there is genuinely big respect for the UK higher education system."

Interviewee, South East Asia

Has the UK responded?

There are dense organic partnerships between the UK and many countries across the global south, via commercial, voluntary, cultural, religious, academic and other interactions. These will be the foundation of any more structured 'Team UK' partnerships, and will continue regardless.

But to meet UK and partner interests more effectively, the task is to go beyond the organic, developing a more coordinated, directed offer. Various initiatives have already been taken to start to build parts of this offer. These include:

- FCDO 'Centres of Expertise' which bring together different forms of knowledge (public sector, academia, consultancies etc), making it available to partner countries. Posts can draw in Centres of Expertise at partner government request, funded by ODA.

23 The Basel framework is the set of standards for the international banking system.

- FCDO roles and structures – like the Science and Technology Network – which place staff at post with the mandate of deepening sectoral collaboration (in this case science and tech).
- Work by a number of departments (from health to HMRC) to develop ‘offers’ for global south countries. As ODA spending grew amid wider austerity, a range of government departments saw opportunity in activities with some developmental link (allowing ODA funding) while also meeting some of their core objectives (positioned as ‘co-benefits’).
- The launch of the DCMS/FCDO Soft Power Council which intends to inject energy, rigour and ministerial ownership into plans to make more of ‘Team UK’.

Was the response effective?



This is a challenging area to get right for a number of reasons.

First it requires high-quality cross-government and extra-governmental coordination. This will always be challenging but is even more so because it needs to happen in a context of some cross-government mistrust. The ODA offers developed across government over the last decade or so were often seen by the FCDO as opportunistic resource-grabs rather than well-structured programmes to deliver impact (and external evidence suggests that their quality tended to be lower – see CGD 2020). This is not the best place from which to build forward.

Second, the pitch has to be right. This is about the UK sharing its assets and capabilities, which can be a source of real UK pride. But it has to be about using these assets to meet UK and partner needs, not an expression of self-congratulation or hierarchy. ‘Centres of Expertise’, for example, might need renaming.

Third, funding for some prominent UK assets and capabilities that the UK seeks to leverage (eg the British Council, the BBC World Service) is being cut. This risks undermining the asset base on which this initiative rests.

Finally, it is important that the UK pursues this approach selectively. Our interviewees warned the UK against trying to do it all, an attitude perhaps driven by a lingering belief in the UK’s global centrality – but which in practice ends up limiting impact:

“The UK is trying to do too much, spreading their influence too thin: doing a little bit of trade, food, agriculture, etc, etc.”

Interviewee, South East Asia

“The UK is brown. You mix all the colours together, and you get brown. “

Interviewee, South East Asia

Does action fit with UK interests?



The geopolitical potential of the ‘Team UK’ footprint is clear (for example, 58 serving world leaders received higher education in the UK). However, for genuine progress, the UK needs to engage seriously or risk this becoming an absorber of time and effort for limited return.

PRIORITY 5: LONG-TERM CONSISTENT PARTNERSHIP

Finally, it is clear that global south countries want consistent, engaged partners. This means prioritising the relationship with government, understanding their priorities, and aligning behind a joint plan (where possible government’s own). Engagement should be consistent and focussed on long-term progress.

Has the UK responded?

The UK has strong underlying capabilities as an effective partner. For example, its work on international development built a reputation over the past few decades as

relatively partner-focussed and impactful (Lowcock and Dissanayake 2024). At its best this has combined strong relationships, deep contextual knowledge, and the ability to layer longer-term funding pots (bilateral or multilateral) with agile finance, responding to opportunities which emerge for change. One interviewee said:

“The UK has combined intellectual credibility and targeted financing, putting them in a sweet spot where they could walk in and open doors like no one else.”

Interviewee, sub-Saharan Africa

At other times (beginning under the coalition government in 2010) the UK has focussed more on its own ‘results’ – concrete deliverables it could attribute to its support. However, this ‘results’ focus had a tendency to pull the UK away from long-term support for partner countries’ work – like developing public service delivery systems for example (Lowcock and Dissananyake, *ibid*). Increasingly, parallel delivery in turn weakened UK relevance and influence. The merger between the FCO and DFID was intended to help refocus the UK’s efforts towards partner countries, with the potential to align diplomatic and development efforts behind partner priorities.

The UK has also participated in a range of initiatives which seek to coordinate support behind southern countries’ leadership. These include ‘country platforms’: a new way to coordinate partners – public and private – behind country leadership, particularly relating to clean transitions. Country platforms were prompted by the creation of Just Transition Energy Partnerships (JETPs), the first of which were supported by the UK and launched at COP26 in Glasgow. The UK has also backed initiatives like the Lusaka Agenda which seeks to ensure that global health support is focussed behind country priorities.

Was the response effective?



Our research suggests that in some instances (especially at post)²⁴ the merger has helped the UK to focus more effectively on partner-country relationships and priorities. However, tensions remain. The default for diplomatic work is shorter-term, political outputs, while development often has a focus on longer-term, results on the ground. Generating an offer which is deeply politically informed but delivers for the long term is a cultural challenge and is still underway.

And while the UK has some strong support for country leadership at the level of specific initiatives, wider inconsistency can undermine these more specific commitments (discussed further in chapter 5).

Does action fit with UK interests?



The UK wants to become a trusted partner for the long term, and so getting this right is in UK interests. However, it will mean resisting short-term pressures to shift course.

24 ie British High Commissions, Embassies and Missions.

5. CRISIS: THE CURRENT STATE OF OUR PARTNERSHIPS

Chapter 4 examined what countries want from us and how far we have responded. This chapter takes a higher-level look at the overall state of relationships. While in some specific areas the UK has responded effectively to partner priorities, relationships are poor at a higher level, and close to crisis in some instances.

We discuss in chapter 5 what has driven that crisis. This includes specific issues which have made relationships problematic (aid for example), and also how the politics of partnership has changed.

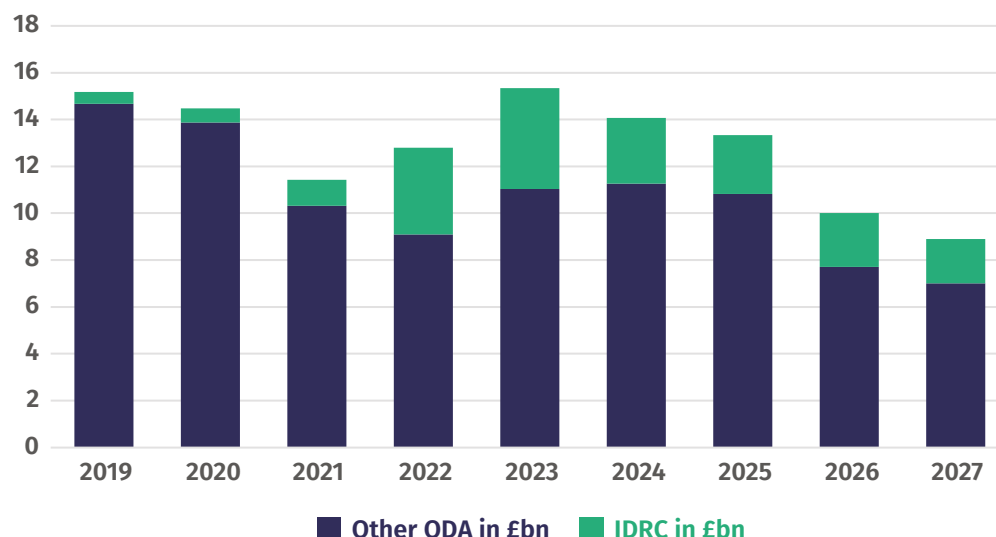
Aid in crisis

The most prominent face of the partnership crisis from the UK's point of view is the aid crisis.²⁵ Aid has been the UK's most visible tool in the countries of the global south and, following years of decline, it is now in deep crisis.

While the story is often told in terms of a decline from 0.7 per cent to 0.3 per cent of GNI, the real trends in aid spent internationally are even more shocking, as shown in figure 5.1.

FIGURE 5.1: THE UK'S INTERNATIONAL AID SPENDING HAS FALLEN DRAMATICALLY SINCE 2019

UK ODA spent on in-donor refugee costs (IDRC) and on other purposes, 2019–2027 (£ billion)



Source: FCDO (2025) and HM Treasury (2025)

²⁵ Aid or Official Development Assistance (ODA) is defined by the Organisation for Economic Co-operation and Development (OECD) as financial or material resources (such as money or goods like medicines) provided by official agencies of high-income countries to developing countries, with the main objective of promoting economic development and welfare. These flows must be concessional in nature, meaning they contain a significant grant element, and recipients must be on the OECD's DAC List of ODA Recipients. The UK adopted a more focussed approach through the International Development Act 2002, which stipulates that development assistance must be likely to contribute to poverty reduction. The act also permits the provision of humanitarian assistance, defined as action – such as aid – that aims to save lives, alleviate suffering, and uphold human dignity during and after crises.

As well as declines in total aid there has also been a large rise in ODA spent at home on hosting refugees (on in-donor refugee costs – IDRC – see box 5.1), which has driven international aid spending down. The decline in international aid spending was mitigated somewhat by a temporary two-year addition to ODA of £2.5 billion over 2022–2024 (Devex 2022) provided by the previous government, in recognition of untenable budget pressure.

BOX 5.1: IN-DONOR REFUGEE COSTS

IDRC costs rose dramatically from the late 2010s to 2023, in part driven by rising numbers of refugees (especially with Russia’s invasion of Ukraine) and in part due to increasing costs per refugee. Costs per refugee reached levels not matched historically either in the UK or elsewhere – reaching 2.5 times the amount spent in any other G7 country (and with a poor quality of care for many (Mort and Morris 2024)).

Soaring costs were enabled by the fact that the Home Office could score the first year of these costs to ODA, and by the fact that there was neither much scrutiny of the costs nor any effective budget. Whatever the Home Office could plausibly attribute was counted as ODA (ICAI 2024), with the FCDO and other departments receiving the residual.

When Labour entered power, it pledged to drive asylum accommodation costs down. 2024 saw greater cost scrutiny alongside falling arrivals, and a substantial drop in costs. However, the UK still spent £2.8 billion on IDRC last year (FCDO 2025).

However, the current government did not renew this support, instead announcing a further cut in ODA to 0.3 per cent of GNI. As a result, international aid spending is projected to be around £7 billion in 2027 – a precipitous fall from almost £15 billion in 2019.

It is not just the UK which has cut aid, however. Table 5.1 below shows some of the larger cuts between 2023 and 2025, with Germany projecting a 24 per cent cut, France 17 per cent and the US – previously the world’s largest donor – projecting a staggering 54 per cent drop in just over two years.

TABLE 5.1: REDUCTIONS IN ODA BUDGETS BY SELECTED DONORS (£ BILLION)

| Country | 2024 | 2026 | % change |
|----------------|-------|-------|----------|
| United States | 45.59 | 20.94 | -54.07 |
| Switzerland | 3.85 | 2.97 | -22.86 |
| United Kingdom | 12.57 | 10 | -20.45 |
| France | 11.10 | 9.04 | -18.56 |
| Canada | 5.4 | 4.4 | -18.52 |
| Netherlands | 5.28 | 4.42 | -16.29 |
| Germany | 23.14 | 20.53 | -11.28 |

Source: Laub et al (2025)

And there is more to come. The bulk of the impact of the UK cuts have not yet been felt, while Belgium announced that it will cut ODA by 25 per cent over the next five years, and further cuts are expected in Germany under the new government.²⁶

These cuts will have a deep human impact. UNAIDS suggests that US cuts risk killing over 600 people per day via the withdrawal of HIV/AIDS medication (UNAIDS 2025). And multilateral institutions which deliver support in critical areas (including health, humanitarian or climate support) risk becoming unviable, potentially destroying the systems the world uses to meet collective need.

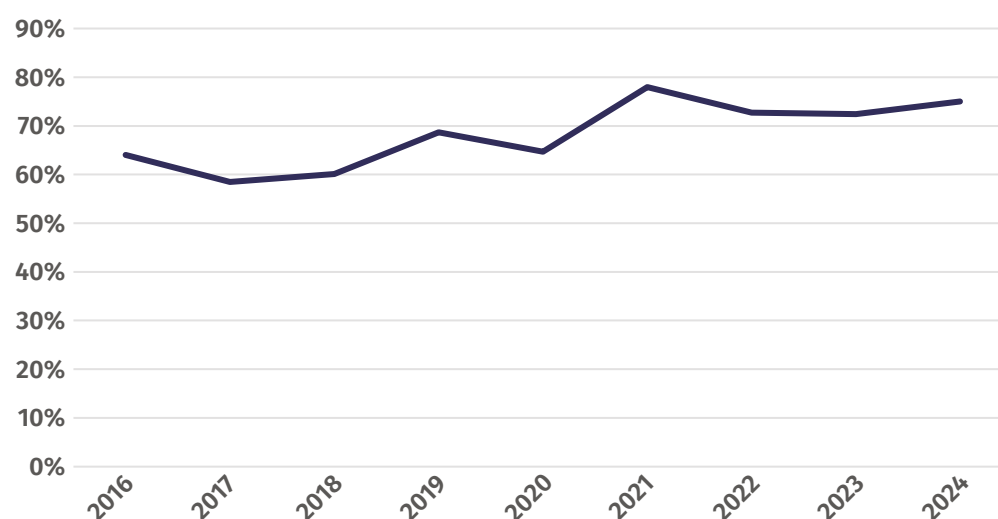
Partnership in crisis

However, the crisis didn't begin with aid cuts. For many global south countries cutting aid is more the latest expression of the state of relationships with the UK and other northern countries than the particular focus of their frustration. There is a deeper and longer running "sense of distrust",²⁷ even betrayal.

We conducted new data analysis to try to examine the extent of negativity in global south countries' views, and whether this changed over time. To do this we took all the speeches made by global south countries at the UN General Assembly between 2016 (following the successful negotiation of the SDGs and the Paris Climate Agreement in 2015) and 2024. We used AI tools to identify when speeches referred to the global north, and to examine the tone of the reference – positive, negative or neutral.

Our analysis (figure 5.2) showed that the tone was consistently negative over the period. It also showed that the proportion which were negative has risen, from 64 per cent in 2016 to 75 per cent in 2024.²⁸

FIGURE 5.2: THE TONE OF GLOBAL SOUTH SPEECHES HAS BEEN CONSISTENTLY NEGATIVE TOWARDS GLOBAL NORTH COUNTRIES, AND HAS BECOME WORSE OVER THE LAST DECADE
Proportion of global south speeches at the UN General Assembly referencing the global north which have a negative sentiment



Source: IPPR analysis. See appendix 2 for methodological details.

²⁶ Interestingly, cuts are not universal. Exceptions include Italy increasing its aid budget by 15 per cent, Japan by 17 per cent, and Korea (by 58 per cent, from a low base). In each case this is an explicitly geopolitical decision, focussed on increasing influence in the countries that flows are directed at.

²⁷ Interviewee, Nigeria.

²⁸ We tried several analytical methods which provided consistent results – see for example the figure in appendix 2.

What causes this negativity and sense of distrust? In part, an approach to partnership which is seen as inconsistent and hypocritical.

Three global events provide examples. The first is the UK and other northern countries' approach to the climate crisis. At worst, we are seen as outsourcing the problem – shifting ODA away from its traditional poverty focus and towards mitigation; and requiring that countries take more expensive green development paths. And this while failing to mitigate ourselves robustly and not stepping up to support sufficient climate finance.

Global efforts to tackle Covid-19 are another example. The way in which vaccines were rolled out globally was widely viewed as a 'vaccine apartheid' – amidst a global rhetoric of 'all being in it together' (Reuters 2021).

A third case are the contrasting approaches to Ukraine and other countries facing crisis. The extraordinary efforts made to support Ukraine saw the UK and other northern partners take steps that we have never managed for other partners. For example, after pressure from northern countries, the IMF made \$15.6 billion available to Ukraine. This went against eight decades' practice of avoiding lending to countries in conflict. As one Indian commentator put it:

“To the West, this may look like a praiseworthy example of an established institution moving nimbly to deal with an urgent new threat. To the rest of the world, it looks like blatant favouritism.”

Bloomberg 2023

The comparison between Ukraine and Gaza has been particularly difficult, especially when support to Ukraine has been couched in the language of universal values. Inconsistent appeals to values undermines trust. The Indian foreign minister has made this clear repeatedly over the last few years:

“Europe has to grow out of the mindset that its problems are the world's problems, but the world's problems are not Europe's problems.”

The Wire 2022

“When we look out at the world we look for partners. We don't look for preachers, particularly preachers who don't practise... what they preach.”

The Wire 2025

Or as our interviewees put it:

“We live in a world of double standards.”

Interviewee, Brazil

“Stop the hypocrisy. Do not come here with your conditions attached and talk about human rights, when you are still trading and doing business with Saudi Arabia”

Interviewee, Southeast Asia

Crisis in the UK

The UK politics of aid and development – perhaps the UK's central project in many countries of the global south in recent decades – has also experienced crisis. From 1997 until the late 2010s these ideas felt in the ascendancy. This was driven not by a major upswing in public opinion in favour of development, but rather support from key political figures, including three successive prime ministers: Blair, Brown and Cameron. However, this cross-party political support has now collapsed. Why?

The electoral politics of the ‘red wall’ and the challenge posed by Reform have clearly played into the latest cuts. But our research also suggests that the aid budget was the most obvious place to find cuts for deeper, longer running reasons.

First, the narrative for development had fallen into something of a ‘no man’s land’ between two alternative framings. One was the moral case. Development has always been – in part – a moral project. Both main UK political parties have felt that it is wrong to ignore the challenges faced by the world’s poorest people and countries, and have a space for development within their ideological frameworks. For Labour, the current governing party, development is an international face to the values of solidarity and justice.

However, over the last decades, an additional narrative has been built, focussed on the intersection between development and UK self-interest. The self-interest case has included arguments ranging from the broad (the value of a safer, more prosperous world) to the specific, linking development to goals such as reducing migration or tackling terror gangs. These more specific strands have tended to rise and fall depending on domestic policy priorities.

The problem isn’t a self-interest case per se – this whole report makes the argument that the UK has deep self-interest in our relationships with the countries in the global south, including in their long-term development. Rather, our consultations with those working in development in the UK suggest that the narrative around development ‘fell between the gaps’: that development’s advocates lacked the confidence to stand behind the moral case, while also lacking sufficient evidence for or belief in some of the self-interest arguments.

Without a strong argument to underpin support, development was left exposed. And as the pressure of decades of low growth accumulated, creating sustained fiscal pressure, development was left vulnerable to arguments that it was a ‘luxury’ the UK could no longer afford.

The idea that development was disposable may have been compounded by the focus on 0.7 per cent. There were many good reasons for the 0.7 per cent target, but equating it with a commitment to development helped reinforce the idea that development isn’t about what we achieve with and in the countries of the global south, but rather our action – the giving of aid. Even the words ‘giving’ and ‘aid’ imply benevolence and therefore, in the end, something optional.

The idea that development is about ‘benevolent giving’ isn’t just problematic because it undermines its own political case. We believe it has also affected the way the UK behaves as a partner, contributing to the sense of hypocrisy described above.

When we in the UK focus less on the results of our actions and more on the action itself – our giving – it risks making development about us: how generous we are, which issues we signal we care about, or our leadership as a giver. We use development – and our relationships with countries we have seen primarily through a development lens – as a canvas on which to paint a flattering picture to ourselves of who we are in the world.

Focussing on ‘benevolent giving’ also implies that the best way for us to partner global south countries is with money. This directs attention away from other ways in which the UK and the countries of the global south interact, and the wider set of levers for progress.

The UK has helped build and run key systems such as the those for macroeconomic and financial stability, as a major shareholder in the IMF for example, or as the home of one of the world’s leading financial centres, the City of London. Our

universities, media and creative industries, science and research – so many aspects of UK life – provide platforms via which we work with countries of the global south. A focus on giving pulls us away from interrogating this wider set of tools.

Finally, the idea that we are a ‘benevolent helper’ also has power dynamics embedded within it. These power dynamics can affect our tone, potentially seeing us to ‘talk down’ to those we say we are ‘helping’. Our interviewees were clear about how this comes across:

“How does Africa see the UK? Paternalistic.”

Interviewee, South Africa

This tendency has been recognised by the prime minister who has said that the UK would “talk a bit less, and listen a bit more”.

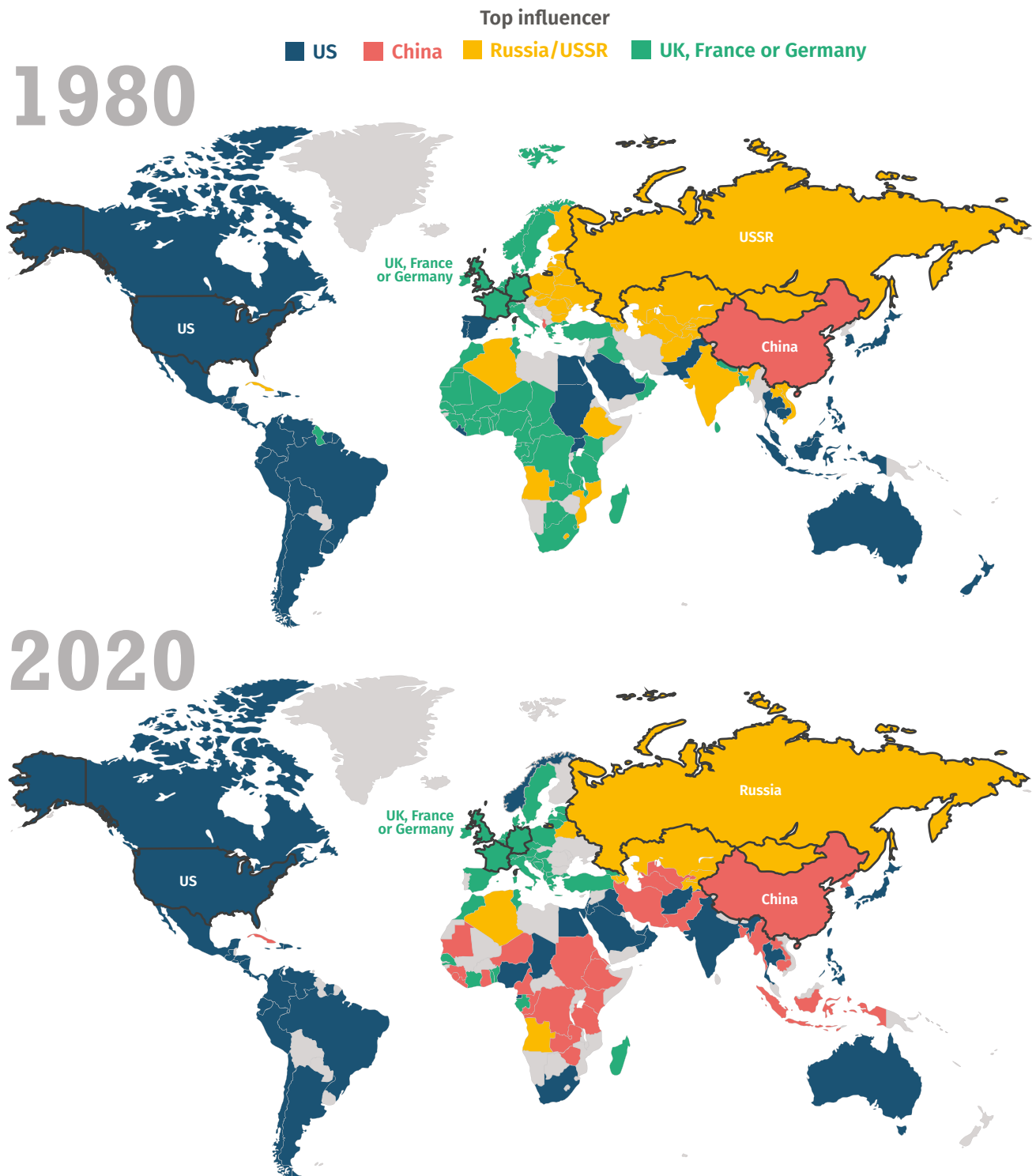
Do poor relationships matter?

Do declining relationships matter? In the past, the UK might not have been overly concerned, perhaps expecting to muddle through, having influence regardless.

However, the landscape of partnerships has changed utterly over the last few decades. China invested over \$1 trillion in the Belt and Road Initiative (BRI) (Financial Times 2023), seeing it leapfrog other countries – including the UK – to become the most influential country across swathes of the globe. Figure 5.3. shows this shift.

FIGURE 5.3: CHINA'S INFLUENCE IN THE WORLD HAS HUGEY INCREASED, WHILE WESTERN EUROPE'S HAS FADED

Countries with the most influence on others, 1980 and 2020



Source: Moyer et al (2021)

But China's strength isn't just the scale of its spending. Much of its finance was investment, focussed on economic development. This connected with many partners' desire for economic progress, and made China a deeply valued partner.

Finance also often came quickly, and without much reference to values. This saw China avoid the criticisms of hypocrisy levelled at many northern partner countries discussed above. For example, the former president of Senegal, Abdoulaye Wade, argued in the *Financial Times* in 2008 that:

“China’s approach to our needs is simply better adapted than the slow and sometimes patronising post-colonial approach of European investors, donor organisations and NGOs.”

China's financial support has been complemented by successful engagement of partners, which has been direct, senior and consistent (see box 5.2). This has effectively demonstrated respect and partnership.

BOX 5.2: CHINESE AND UK ENGAGEMENT IN AFRICA

For 35 years the Chinese foreign minister has visited Africa at the start of each year. And since 2000 there has been a tri-annual gathering of China and every African country, hosted either by the Chinese foreign minister or president. The location rotates between China and Africa.

The UK, in comparison, hosted a PM-led UK–Africa Investment Summit in London in 2020, though with only 21 African countries in attendance. The successor event planned for 2024 was cancelled, and the UK has not held any other collective gatherings of African leaders at head of government or foreign minister level in decades.

Even now, with Chinese finance having reduced from the heights of the BRI, and some countries struggling with debt related to Chinese investment, our interviewees suggested that China's position is not seriously in question:

“China is perceived to be doing better for Africa [than other countries]... [It] is forward looking for the continent.”

Interviewee, sub-Saharan Africa

“China is not thinking in 5, 10, 30 years. They are thinking in millennia.”

Interviewee, Caribbean

But this isn't just a China story. The Gulf states are pushing into Africa in particular at pace. Gulf countries are making huge sums available for priority sectors like mining and energy generation, and bailing out countries in hard currency crises. These are areas where the UK's offer is less strong. And they – like many other newer partners – have also got the tone right. According to the adviser to an African president:

“They are courteous, and they roll out the red carpet even for leaders of small countries.”

Ababa 2024

Other G7 partners also lean in more. France, for example, invests high-level political capital, with President Macron having made 20 trips to Africa since he entered office in 2017, visiting at least 25 different countries.²⁹ Over the same period, UK

29 Eighteen to March 2023 according to Le Monde (2023), plus two since to Morocco and Madagascar.

prime ministers have made three – two for international meetings (COP in Egypt and the Commonwealth Heads of Government meeting in Kigali).³⁰

But this isn't a story about Britain jostling for position vis-à-vis geopolitical competitors, a 'great' power rivalry playing out on others' territory. It is a story of countries having more partnership options than in the past, with different expectations of those partnerships; and of the UK often failing to live up to those expectations. So rather than the UK 'matter by default', we risk being seen as outdated and marginal.

“The UK was never mentioned. I’m not sure they are relevant for anyone... All the talk was about Brazil, Indonesia, US, China, India, BRICS.”

Interviewee, Caribbean, referring to a recent global south conference

30 List of international trips made by prime ministers of the United Kingdom - Wikipedia

6.

RESET: BUILDING A MODERN PARTNERSHIP OFFER

Where do we go from here? To reset broken relationships and secure UK objectives we propose a reset with two components: a mindset shift and a toolkit shift.

- **Shift 1: Mindset.** The UK must articulate a new case for working with partner countries in the global south, reflecting why these countries matter to us now. And the UK must embody that new mindset in a new way of working which combines ambition with humility, building sustained relationships of mutual respect and impact.
- **Shift 2: Toolkit.** The UK must supercharge its international finance toolkit, moving from a default expectation of delivering results through ODA grants to exploiting a full range of financing tools. And it should embrace non-financial levers for change – people, policy, and the construction of partnerships beyond ODA. Remaining ODA budgets must be prioritised ruthlessly.

To successfully drive both shifts the UK will need new delivery and accountability structures, as outlined below.

SHIFT 1: RESET MINDSETS

Many conversations in the UK today about working with countries of the global south feel riven with defensiveness and defeat. It feels as if the old understanding of why and how we engage has failed, and no clear replacement has emerged.

A new case is needed. This report has repeatedly emphasised that the global south is remaking itself at pace. The FCDO spent several years inwardly focussed, following its merger. It must get on the front foot quickly now.

We propose a new case for UK engagement, based on four pillars. The first three – as discussed in chapter 2 – are:

- making new friends who help the UK achieve its goals in the world, including growth and stability
- tackling global challenges: diseases, climate change and corruption don't respect national borders. Southern partnerships are essential to address them
- building a safer and more prosperous world through long-term development, and building economic and political capital by helping countries to succeed.

The fourth pillar was not covered in chapter 2 as it is not about the UK's own interests. But it is equally important. We believe that partnering with the poorest countries of the global south is a moral imperative. The UK should not turn away from people facing the world's most difficult circumstances. We should not accept a child dying as a result of malnutrition every 11 seconds (Spahn, Nunn and Franklin 2021), or hundreds of millions of people relying on rain-fed agriculture to feed their families – which climate change risks fatally disrupting (Niles and Brown 2017), and do nothing.

To be clear, this is not:

- a case which applies to all countries. It is about the poorest countries, where the world's poorest and most vulnerable people live.
- an argument that the UK take on the role of benevolent 'helper'. Rather, this is about fundamental values of justice and solidarity.
- the UK lecturing others about their values. It is about committing to a set of values, not telling others how they should be.

It also doesn't imply that the UK should undertake any specific action as a result. Government must always be pragmatic, and balance different objectives within a finite budget. This applies to moral objectives too.

Rather, we argue that – when the UK is articulating its rationale for working with and in the global south – it should honestly own the moral case as part of its motivation.

There may domestic political risks with this argument – a clash with the instinct that the UK needs to 'look after its own first'. But we don't believe that these risks are insurmountable. Voters don't just want alignment with their views, they want authenticity (Polity 2025). Stating with conviction that the UK should be a country which does not turn the other way when children are starving does not feel like a dangerous political proposition.

How can the UK reset its mindset? We make recommendations in two areas.

Build consensus

First, we recommend that the National Security Council hold two 'global south reset' sessions. The foreign secretary will lead the global south reset. But her work will require the support of other cabinet members – especially the prime minister and chancellor. An initial discussion at the NSC can ensure that members share a common analysis and agree topline priorities. A second session a year later can monitor progress with delivery, including cross-government work to build the toolkit.

This should be an energising exercise about rewriting priorities, not just a technical one. A reset gives the UK the opportunity to demonstrate that aid cuts do not mean withdrawal from our partners. But it also provides an opportunity to inject positive momentum into the very idea of international collaboration at a time when the world feels filled with division. A UK reset – driven from the top by the NSC – can show that countries north and south are still working together with ambition for mutual benefit.

Second, we recommend that political actors – especially those focussed on aid and development – continue to reposition their arguments in this moment of flux, widening their appeal. All-Party Parliamentary Groups (APPGs) like those on the Global Goals, party groups such as the Labour Campaign for International Development, and actors within the aid and development sector are already reflecting on how to make a case for their priorities in today's political environment. We hope our work offers relevant evidence and framing to support a refreshed, more confident approach, which allows their priorities to be situated within a wider, partnership-focussed approach.

Third, we recommend a twin schools programme, so that every UK school is twinned with one in the global south, sharing curriculum resources, joint online classes or 'penpal' letters, and cultural exchange. Updating our collective view of who the UK engages with and who we share interests with shouldn't be just a political or bureaucratic process. It can also be a human, even a joyful one. And

building deeper connections with people across a wide variety of countries can be a foundation for the UK to thrive in a multi-polar world.

Change tone

The UK needs to change its tone. While it talks the talk of respect, it does not yet walk the walk. To do so, we recommend five actions:

First, we recommend that ministers establish a schedule of calls, meetings and visits which prioritise relationships with counterparts from the global south.

The prime minister, foreign secretary and other foreign office ministers, and the chancellor are particularly important.

There are strong examples to build on: the prime minister attending COP29 in Azerbaijan when many other world leaders did not; the former foreign secretary's early visit to India (and the subsequent successful conclusion of the UK-India trade deal), and his focus on the 'Bridgetown agenda' including visiting prime minister Mottley in Barbados; and the previous FCDO minister for Africa committing to visit Africa every six weeks.

But there is scope to do more. President Macron has visited Africa more than three times every year of his eight years in office. Can the UK prime minister match this frequency of travel across a group of global south countries which he wishes to make a priority? Can the foreign secretary seek to regularise visits to key countries on an annual basis – as China does with its annual Africa engagements? A schedule would be a forcing mechanism to maintain a focus on the reset, providing a counterweight to the inevitable demand to respond to emerging events.

Second, we recommend that FCDO ministers ensure they always have a foundation of domestic action to underpin international engagement on any given issue. Credibility internationally comes from domestic delivery. This credibility may have already been established (eg UK action to green the grid). If it has not, FCDO ministers should work across government to seek a meaningful fresh commitment to provide a mandate to act internationally. If they cannot secure one, they should not pursue this agenda for the time being. For example, domestic momentum on the illicit finance six-point plan is necessary to underpin further international activism.

Third, we recommend that FCDO ministers prioritise consistency, increasing the frequency with which the UK government fulfils its pledges and pursues agenda through time. Our global south stakeholders stressed how important this is:

“[Being a good partner] is not about writing cheques but about being consistent... with solidarity.”

Interviewee, Latin America

This means, for example, maintaining consistent country and thematic priorities over this parliament, delivering 0.3 per cent (including by ensuring any IDRC underspend is spent as ODA).

Fourth, we recommend that FCDO ministers require any summit or other ‘moments’ to be ‘red-teamed’. The UK is valued for the role it plays as a convenor. But at the same time, global south countries have grown weary of international summits which trumpet a new partner initiative or commitment when evidence shows that delivery of the announced sums or impact is highly variable – and often not systematically tracked. As one of our interviewees put it, it is time for:

“Not just words, but words with deeds”

Interviewee, Latin America

Red-teaming is a practice often used for larger spending programmes where an independent team tests every element of the programme's theory of change, ensuring it is as rigorous and likely to deliver impact as possible. We recommend that red-teaming is used in the planning of any event with senior UK ministerial attendance to maximise the likelihood that moments result in deeds, and not just words.

Finally, we recommend a 'France test'. The foreign secretary should lead a shift in organisational culture – one where respect is embedded in day-to-day behaviour. One simple way to bring this to life is by adopting what we call a 'France test' – a quick, informal check that staff apply to their own conduct. As one interviewee put it:

"Would we treat Macron like this?"

Interviewee, sub-Saharan Africa

That instinctive question should become part of the way people think and act – a quiet signal of a respectful, professional culture.

SHIFT 2: A TRANSFORMED TOOLKIT

For the last few decades the UK has lent on its diplomatic capability and its ODA budget to deliver results. ODA, in particular, was the focus of attention, playing many roles: the default way to generate impact; a symbol of commitment to development; and sometimes something of a slush fund, as various departments sought to find ways to access resources in straightened times. This way of thinking must end. ODA is a tool. The UK needs to make best use of it, while radically broadening its toolkit.

This section provides recommendations around the toolkit we believe the UK needs now: ODA; wider international finance tools; and non-financial tools – people, policy and partnerships. We also highlight how the government might revise its approach to delivery and accountability to ensure its new toolkit is a success.

ODA

More ODA

ODA is the UK's best tool where money is needed to catalyse change, and where the return on that change isn't monetary. This will be the case in many instances. As a result, the UK needs to do two things: maximise its international ODA, and prioritise hard.

To maximise ODA, in-donor refugee costs need to fall further, with the money made available for international spending.

We recommend that the Home Office continue recent work to reduce IDRC spending. IPPR's report *Transforming Asylum Accommodation* (Mort and Morris 2024) lists steps which it can take to reduce costs while driving up quality.

We recommend that any IDRC underspend is not returned to the treasury's general account, but should remain as ODA and be allocated to the FCDO or other international spending departments. If there is underspend and it is returned to the general account, ODA spend will fall below 0.3 per cent. As much as ODA is a tool and not a purpose, letting it fall below 0.3 per cent would reinforce the sense of poor partnership described elsewhere. ODA reductions must stop here for the UK to have a credible platform from which to reset.

Better ODA

The other side of doing better with ODA is to prioritise hard. How? The most important thing is to recognise *this is not about choosing what or where matters*. It is about choosing *where to spend ODA*. The challenge is to identify where UK ODA – rather than any other tool – is needed and can have most impact. Accordingly, we have four recommendations.

We recommend that the UK retain ODA resources to support smart, agile bilateral work. The government has indicated its commitment to multilateral delivery, and its intention to support multilateral organisations which deliver critical health, humanitarian and climate support in particular.

This is essential but it must not come at the expense of smart and agile bilateral partnering. Not only is the UK good at this, it gives us visibility, which is in our interests.

This does not mean retaining a proportional share of the budget as bilateral funding, as the UK shifts down to 0.3 per cent spend. However, it does mean retaining a serious bilateral funding pot, which – crucially – is much more devolved. Thematic or regional ‘centrally managed programmes’ directed from Whitehall must be an exception. Funds managed in Whitehall should largely be ‘draw down’ models, which posts can access in line with the strategic opportunities or challenges emerging in-country; or resources should simply be devolved to post. Posts should agree with Whitehall the outcomes they seek to achieve in support of UK government goals and strategies. Posts would then determine how to spend those resources.

Posts should be encouraged to actively consider riskier, higher-return activities. Building systems and transforming economies is difficult but the pay-offs to success are at scale. If the UK seeks these more transformative outcomes, it shouldn’t expect linear returns but some big successes and quite a few failures.

We recommend that the UK develops an ODA strategy for the ‘left behind’. The UK needs a distinct ODA strategy for the left behind – countries facing deep struggles to progress, affected by conflict, fragility or deeply difficult politics.

It is likely that the UK’s engagement in this group will largely be about standing in solidarity with those facing deeply challenging circumstances – meeting humanitarian and basic human needs, while looking for any emerging opportunities to support long-term development.

Meeting needs will often require ODA, which will often but not always be multilateral. It should look to build systems when it can, and use leverage when it can (see the two following recommendations) but should also be realistic about when each of those is possible, and be available even if neither is.

People will be essential to operating effectively in these countries. People build relationships and knowledge, enabling them to identify how ODA resources can best be directed to make the greatest impact, and to identify any emerging opportunities to support long-term development progress. Backed by flexible bilateral resources (see previous recommendation) they can make careful investments to test possibilities for progress.

Conversely, in countries attempting take off, or in instances where ODA is spent in regional and global powers, it will need to be stretched as far as possible: in financial terms and in terms of its systemic impact. **In non-left behind contexts therefore:**

We recommend that secretaries of state in ODA spending departments set a default expectation that ODA will build systems rather than buying results.

This means real change. It involves the UK stopping support for ‘good projects’, and committing instead to wrestling with helping countries to build the systems – the economies and public service delivery systems – which should deliver in the long term. This is a higher risk strategy, but one which is focussed much more directly on long-term development. It is also a better strategy for UK relevance, with the UK aligning wherever possible behind government plans.

We recommend that secretaries of state in ODA spending departments produce strategies for how the UK can progressively reduce its grant finance over time in these places, while driving up total finance mobilised.

The UK needs to make its resources go further as countries increasingly become able to self-finance their own development. This is particularly the case in areas with increasingly commercial returns (such as in green transport and energy³¹). Departments working in these places and on these themes should systematically plan for how they can reduce the volume of ODA they spend over time, while increasing total finance mobilised. Documenting this planned trajectory in long-term strategies such as the next International Climate Finance strategy will make UK resources go further, increasing impact.

Financial innovation

Financial innovation is an area of real potential, and work should continue across many fronts. The four recommendations we make below are actions we think the government may not take and are important, rather than an overarching agenda for change in this area.

We recommend the chancellor announce that the UK intends to be a champion of international finance innovation at the IMF/World Bank annual meetings in October 2025. This would commit to the UK to exploring all avenues for expanding international finance over this life of this parliament, and include the announcement a first fresh UK commitment (perhaps commitment to Special Drawing Rights (SDR) rechannelling).

Many of the ways in which the UK can develop its international finance toolkit require treasury support, but at present treasury ministers have limited focus on this agenda. This is understandable given other priorities but in the absence of their leadership, the treasury has largely taken a cautious approach. A single headline intervention at the annual meetings signalling a change in treasury approach could unlock innovation within the British government and build momentum internationally.

Leaning into this agenda makes sense for the treasury. It fits with the chancellor’s wider championing of financial innovation, a feature of the UK’s successful financial services sector. And there is precedent to build on. In the early 2000s a Labour chancellor led the world with debt cancellation³² and proportionate, progressive legislation around vulture funds. Gordon Brown saw the opportunity to take smart, targeted, and technically savvy steps which supported long-term development, spoke to values of solidarity and justice, and generated a geopolitical boost. Rachel Reeves can take up this mantle.

We recommend that the UK push existing finance instruments harder. This largely involves accepting slightly higher risk with the upside of tens of billions of pounds, or even more, in finance generated as a result. Box 6.1 highlights four tools the UK could do more with: SDRs, British International Investment (BII), guarantees and loans, and UK Export Finance (UKEF).

31 This is not true of all climate mitigation. Nature-related interventions on average have lower financial returns and require greater concessionality.

32 Through the multilateral debt reduction initiative, MDRI

BOX 6.1: EXPANDING THE TOOLKIT THROUGH FINANCIAL INNOVATION

Special Drawing Rights (SDRS)

We recommend that the treasury reassess the costs and benefits of greater SDR activism. As described in appendix 1, the UK and other countries have previously sought to make better use of their SDRs by ‘channeling’ some to mechanisms which can generate additional finance for use in the global south.

However, the UK could do more: channel a greater percentage (Australia, Canada, China, France, Japan, Saudi Arabia and Spain have all exceeded 20 per cent (Bretton Woods Project 2023)) or channel them to places where they could have greater impact (eg the African Development Bank (AfDB), which could leverage them, multiplying their impact). UK action could help make SDR leverage become reality, potentially releasing billions of pounds of additional finance.

The treasury and the Bank of England have until now opposed this, expressing concern about effect on the UK’s reserve asset management approach. But instead of a rounded conversation on risks and benefits, there has simply been a ‘no’. We recommend that the treasury facilitates a technical conversation where potential impacts, positive and negative, of more activist SDR practices are shared across BoE, treasury and FCDO. Then ministers should collectively consider afresh their risk appetite for different outcomes, looking to explore outcomes where additional finance can be generated within manageable risk limits.

British International Investment (BII)

BII should increase its ambition in its next strategy, focussing more on higher-risk but potentially higher impact market building. BII is a vital UK tool, but its work isn’t as catalytic as it could be. Its focus is largely on the impact it achieves directly through the deals it invests in. But its greatest impact potential comes beyond individual deals, by demonstrating that there are viable markets where they had not previously been recognised.

BII has begun to explore market building potential in different ways but this work is still quite nascent. Drawing on analysis which explores how effective market building happens (for example, see Risk Control 2024), the FCDO and BII should examine how to reshape BII’s processes and targets to more strongly embed this approach in its next strategy.

Guarantees and loans

HMT and the FCDO should explore the opportunities opened up by the October 2024 changes to the UK’s fiscal rules to expand loans and guarantees.

FCDO has already indicated that it expects to expand its guarantee portfolio by between \$4 and \$5 billion over the next five years. This is welcome. Building on this, HMT and the FCDO should examine the opportunities for a far deeper expansion in the use of guarantees and loans, for example through the creation of a climate and development bank (or a shift in the focus of an existing institution such as BII), at no long term cost to the taxpayer.

UK Export Finance (UKEF)

DBT, FCDO and UKEF should work to sharpen UKEF’s work on development, increasing its contribution to economic transformation. UKEF’s traditional market-oriented, responsive approach has in recent years evolved to become more strategic. This has included making a commitment to support international development.

We recommend that UKEF sharpen this approach with a focus on 'hero sectors'. Hero sectors are those which matter both for UK economic objectives and for the economic transformation of partners. Doing more business in hero sectors could support growth in both the UK and partner in the short term, while in the longer term it could position UK firms in the most important sectors in partner countries – those with real potential if partner economies take off.

We recommend that in parallel with pushing current instruments harder, the FCDO conduct a deep review into what has been tried, and what has been learnt, from the last decade's experience with financial innovation in the UK and around the world. This could cover:

- why so many poorer countries of the global south are now in debt distress or at high risk of it
- why the vision of moving from billions to trillions has not (yet) been achieved
- where ODA has been used most effectively to generate finance at scale – by the UK and other partners.

For the UK to maximise both innovative finance flows and impact it needs an up-to-date theory of change about how this will come about. A review can underpin this.

We recommend that the chancellor and foreign secretary jointly lead the development of a UK private capital mobilisation strategy. Despite steps to work with and leverage the City of London (most prominently via a range of ODA-subsidised risk-sharing tools), there is no overarching strategy to make the most of the UK's financial strength. This is despite a long running narrative that there is a major win-win here, and clear interest both in the UK and partner countries in pursuing it.

The chancellor and the foreign secretary should therefore together launch a major initiative which seeks to identify concrete mechanisms for harnessing the power of UK financial services for UK and partner benefit, outside of ODA-funded programmes. This should build on the work of the Emerging Markets and Developing Economies Investor Taskforce, and the London Sustainable Debt Coalition, which are generating practical ideas which could form the foundations of this initiative. But the work cannot just be technical. It must be supercharged with joint cabinet ministerial commitment.

Neglected assets – policy, partnerships and people

The UK must also mobilise previously neglected assets – its policy, partnerships and people – to deliver its objectives and strengthen its relationships.

Policy

This report has repeatedly made the point that UK and global south countries' interests are interlinked in a range of areas. And it has highlighted that in some of these, the UK is able to help shape the 'rules of the game' which determine how that issue plays out.

Several decades ago, there was interest in an idea called 'policy coherence for development', which recommended that non-developmentally focused departments adjust their policies in order to support development. We believe that now is the moment for 'policy coherence for all' – that the UK government should identify a few policy areas where the lives of people in the UK and in global south countries can both be improved by pulling policy levers in the UK, and then work across domestic and international departments to align policy to deliver these mutual benefits.

We recommend that the UK begins to implement a ‘policy coherence for all’ agenda. This should proceed issue by issue, beginning with its work on illicit finance. The government already has a six-point plan on illicit finance, bridging international and domestic action, and it is planning a major cross-government conference in 2026. We recommend that the FCDO and home office, along with other key departments, establish mechanisms which enable ministers and senior officials to meet regularly to oversee implementation of the six-point plan and agenda for the conference (eg quarterly for ministers, monthly for directors). Ministers should focus on resolving tensions or trade-offs, and ensuring that action is ambitious and focussed on improving people’s lives (not just changing processes), in the UK and internationally.

We recommend that following the conference the FCDO should review what worked and lessons learnt, and apply these to the rollout of ‘policy coherence for all’ to another couple of policy issues. Options include debt policy, net zero supply chain development or anti-microbial resistance, for example.

Team UK partnerships

We recommend that the ODA board expand its remit to ODA and non-ODA international activities, so that it can coordinate southern-facing capabilities across government.

Developing refreshed cross-government structures will be essential to drive effective ‘Team UK’ partnerships, with consistent ministerial engagement to resolve the complexities which emerge. The ODA board is an established mechanism to draw departments together using ODA as a tool in southern partner countries. As the balance of tools shifts and departments have less ODA, its remit could also be expanded to allow for the coordination of non-ODA assets and capabilities.

We recommend that, drawing on the early work of the soft power council, the FCDO examine how to collate and package non-government UK capabilities, generating an ‘offer’ to global south countries. We recommend that the government pilot this in two or three areas, including science and R&D.

Every sector will be different. Piloting the approach in a few sectors will be essential, enabling the design of an offer which suits the particularities of the specific focal sector, while generating lessons about how to effectively package UK capability which can be applied to other sectors. The pilots must have a strong emphasis on iteration, feedback and learning, giving government the information it needs to understand how to leverage ‘Team UK’ effectively.

People

We recommend that the FCDO prioritise countries of the global south as it shifts its footprint increasingly towards posts and away from Whitehall.

Change doesn’t happen because it is bought, or because policy changes. Change happens because people make different decisions and take different actions.

People working together create this possibility of change. The UK therefore needs people on the ground with technical and political skill, building relationships and developing deep contextual knowledge. It is these people who can best identify how to make progress towards the UK’s objectives, drawing in the relevant parts of the wider UK toolkit.

A shift to put more people at post is underway. We welcome this shift to ‘more foreign, less office’ (Lord Ricketts, *Financial Times* 2025). The FCDO’s geographical footprint should shift at the same time, so that a greater proportion of in-country staff are located in countries of the global south than at present.

Deeper strategic work will be required to identify which skills and numbers of people are required in each location, but we suggest that the government recognise the need to meet all four objectives, and that people are essential for each. Where prioritisation is needed, we suggest it comes from reducing the number of countries in which the UK pursues each goal.

Delivery and accountability

What gets measured, gets done. An expanded toolkit will only deliver if it is held accountable internally and externally. When ODA was the central tool, these systems were built around ODA. The government must now overhaul its approach to reflect the multitude of tools it intends to use to deliver. **We recommend change at three levels to drive effective delivery:**

Process: We recommend the FCDO establish metrics to monitor whether it is delivering key actions related to the reset (eg on culture change, financial innovation, policy coherence etc). The management board should consider a dashboard of key actions, informed by structured, regular reporting from different directorates. This will enable senior officials to review progress, adjust approach as necessary and report back to ministers.

Impact: We recommend the department establish some new ‘north stars’ to focus efforts. North stars can set a direction, motivate and help to inspire. They can demonstrate what the UK can achieve to its own benefit and that of its partners by working with commitment and modernity.

North stars would monitor outcomes and impact and not inputs (like ODA spend), activities (summits held) or outputs (number of books or agricultural inputs provided for example). Success in achieving them does not need to be directly attributable to UK action. UK actions would be captured by rigorously monitoring process measures, as laid out above.

The north stars should align with the UK’s reset. Table 6.1 provides some examples, laid out under each purpose.

TABLE 6.1: POSSIBLE NORTH STARS TO GUIDE WORK WITH SOUTHERN PARTNERS

| Objective | Example 'north stars' |
|-------------------------------|--|
| Address shared challenges | Climate finance mobilised |
| | Deforestation avoided |
| | Improvements in global health security (eg measured by Global Health Security Index) |
| Efficacy | Trade value increase between UK and partner country |
| | Irregular migration flows between partner and UK reduced |
| | Progress with joint values work (eg efficacy and inclusion of targeted multilateral organisation) |
| Support long-term development | Partner country value addition/productivity increases |
| | Percentage of population's needs met with government health and education services |
| | Partner government view of UK |
| Express solidarity | Numbers of children dying as a result of malnutrition |
| | Reduction of deaths in conflict |
| | Reductions in fragility and instability (measured by eg the Fragile States Index or Global Peace Index). |

Source: Authors' analysis

External accountability. We recommend that the key accountability bodies relating to the UK's work in the global south are also refreshed, so that they monitor the impact of a broader toolkit. For example, the Independent Commission for Aid Impact's mandate should be updated so it is responsible for overseeing the effectiveness of a broadened toolkit and not just aid.

As well as helping government focus on what matters, refreshed approaches to delivery and accountability will also be important for building trust. Some will be concerned that work around a new toolkit may look like signalling in the face of aid cuts rather than serious intent to be a different kind of partner. If the UK establishes a new accountability framework, it shows that it expects to be held accountable.

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APPENDIX 1.

RE-CHANNELING IMF SPECIAL DRAWING RIGHTS (SDRS)

SDRs are a reserve asset which can be exchanged for the currencies of IMF member countries. They are periodically reissued to help countries manage moments of macroeconomic crisis, with issuances in line with the IMF quotas. Richer countries have larger IMF quotas.

The fourth such issuance – worth \$650 billion – took place during the Covid-19 pandemic. But because SDRs are issued in line with quotas, many of the countries struggling most with Covid challenges received the least SDRs. Just 1.8 per cent went to low income countries and 31.5 per cent to middle income countries, with the remaining 67.4 per cent being allocated to developed economies (Bretton Woods Project, *ibid*).

In recognition that the SDR issuance wasn't directly able to have a maximum impact on its objectives – and that making alternative use of these resources wouldn't pose negative effects for themselves – the G20 agreed that each member country would 're-channel' 20 per cent of the additional SDRs they had been issued. These would be made available to assist developing countries. The IMF accordingly set up mechanisms to make use of these re-channeled assets, for example establishing the Resilience and Sustainability Trust. The UK carried out its commitment and re-channeled 20 per cent of its additional SDRs to IMF Trusts.

APPENDIX 2. METHODOLOGY FOR AI ANALYSIS OF UN SPEECH SENTIMENTS

We used HTML client-based scraping to download UN speech transcripts from UN General Assembly sessions (2016–2024) from the UN speech resource. The text from the PDF was extracted using a python-based PDF text extractor. After extracting the raw text, each document was then divided into individual speeches.

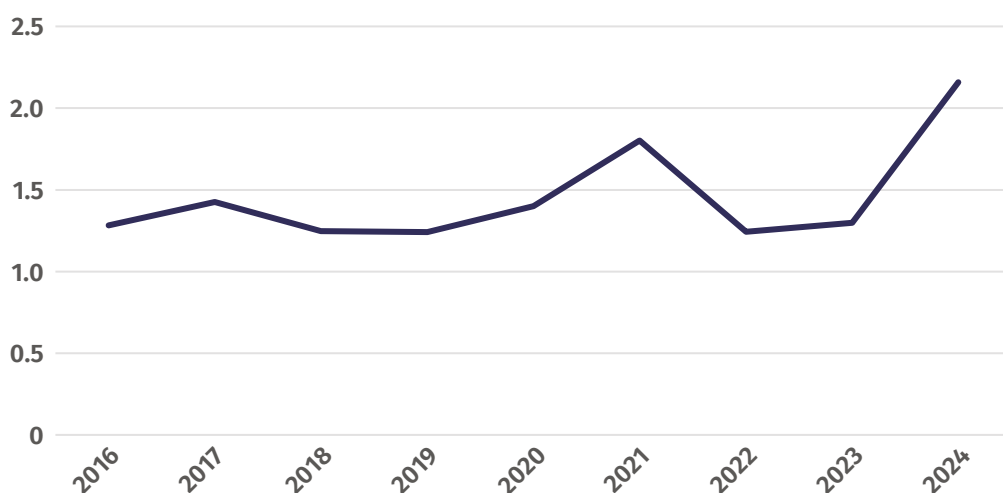
This was passed to a Large Language Model (LLM) to structure it based on the speaker, affiliation, and the full text associated with the speech. Countries and actors affiliated with the global north were removed, leaving 4481 speeches subject to analysis.

Our first approach to the analysis was to identify the number of keywords, and proportion of speeches with keywords, for speeches by global south countries. We used this list of keywords:

‘inequality’, ‘injustice’, ‘colonial’, ‘exploit’, ‘interfere’, ‘sovereignty’, ‘impose’, ‘marginalise’, ‘unilateral’, ‘disregard’, ‘exclusion’, ‘reform’.

This approach gave us the following result, which depicts the same trend presented in chapter 4.

FIGURE A2.1: AVERAGE KEYWORDS PER SPEECH



Source: Authors' analysis

Our second round of analysis was LLM-based and can be described as ‘western sentiment analysis’, which identifies sentences of speeches with negative sentiment, and also returns a sentiment score with the sentence.

FIGURE A2.2: LLM PROMPT FOR THE WESTERN SENTIMENT ANALYSIS

```
system_instructions = (  
    "You are an assistant that detects references to 'the West' broadly  
    defined (e.g., United States, EU, Global North, G7, industrialized  
    countries, developed countries). " \br/>    "However, it is very important the west here refers to a political entity  
    and not only a physical location, e.g. west terrace, western sahara, or  
    western building etc. My task "  
    "For a given UN speech text, determine if it talks about the West. " \br/>    "If yes, assign a sentiment score between -5 (very negative) and +5 (very  
    positive). An example of positive would be if the west or a western or  
    global north nation provided support. " \br/>    "An example of negative would be a disappointment towards the actions or  
    hypocrisy of the west." \br/>    "Return JSON with keys: 'talks_about_west' (boolean), 'score' (integer),  
    and 'excerpt' (string, the relevant sentences)."  
)
```

Source: Authors' analysis

All of the code is written in python, and the LLM runs were run multiple times to test for consistency and QA. This analysis is presented in figure 5.2.

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