International Development Cooperation Amid Great Transformations: What Latin America Brings to the Seville Conference?

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Abstract: This paper examines Latin America's engagement with the FfD4 process and the Seville Conference, set against a turbulent global landscape marked by five "Great Transformations": the Global Hegemonic Dispute, Great Financialization, Algorithmic Revolution, Age of Entropy, and Age of Inequalities. These shifts are profoundly reshaping International Development Cooperation (IDC), contributing to the unravelling of the 2030 Agenda in Latin America, a region facing challenges such as Official Development Assistance (ODA) discrimination against its predominantly middle-income countries. The paper highlights Latin America's institutional strengths, its innovative experiences in South-South and Triangular Cooperation, and its call for development metrics that go beyond GDP per capita. The region advocates for a reformed IDC architecture that prioritises social and environmental justice, science, technology, and innovation, while safeguarding the Global South's agency in shaping its own development pathways amid growing geopolitical pressures and the risk of reducing cooperation to self-serving Northern donor financing.

Keywords: International Development Cooperation, Development Metrics Beyond GDP, South-South and Triangular Cooperation, Latin America's Development, Global Hegemonic Dispute, Social and Environmental Justice.

1. Introduction

The Financing for Development (FfD) process, launched at the beginning of the 21st century, aims to foster global debate on the economic and financial system, mobilise resources, and unite the international community to support the development priorities of developing countries. Unique in its inclusive approach, the FfD process brings together UN agencies, members, the World Trade Organization (WTO), International Financial Institutions (IFIs), civil society, and the private sector. For the Global South, FfD offers an opportunity to influence policies and

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to engage on more equitable and non-discriminatory terms with developed nations, in contrast to exclusive forums like the G8 or G20, favoured by great powers.

The first International Conference on FfD in 2002 resulted in the "Monterrey Consensus" - in which Latin America played a significant role - committing to increased Official Development Assistance (ODA) and reforms in IFI governance. The subsequent conferences—Doha (2008) and Addis Ababa in (2015)—addressed issues such as gender, the environment, national development strategies, and establishment of new financing frameworks for sustainable development. However, as FfD4 approaches in Seville, Spain, the global context has become more complex than ever. With the Sustainable Development Goals (SDGs) still far from being achieved, rising geopolitical tensions, and a weakened alignment between private and official financing, development financing is under threat. This paper will focus on Latin America's position within the FfD4 process, examining the global and regional development landscapes, their strengths and weaknesses, and the challenges that international development cooperation (IDC) faces in this shifting global order.

2. Great Transformations and International Development Cooperation

The contemporary global scenario and the architecture of IDC are being profoundly reshaped by five "Great Transformations", configuring a novel global scenario. The term "Great Transformations" deliberately echoes the concept introduced by Karl Polanyi in The Great Transformation (1944), which described a radical shift - particularly during the 19th century and the rise of the First Industrial Revolution - whereby the social sphere was subordinated to economic imperatives, generating deep social tensions and triggering protective responses from dominant segments of society.

The first of these current transformations is the emergence of a Global Hegemonic Dispute, marked by tectonic geopolitical shifts and the erosion of Western hegemony, potentially inaugurating a prolonged interregnum in global order. Second is the Great Financialization - or Financial Globalization - , defined by the ascendancy of private finance and the growing reliance on blended finance models, which increasingly reconfigure development funding landscapes. Third, the Algorithmic Revolution - or Fourth Industrial Revolution - driven by artificial intelligence, digital platforms, and the data economy, is radically reshaping the architecture of knowledge, labour, and power. Fourth, the Age of Entropy signals the multiplication of systemic global risks and interlinked planetary crises, which challenge linear development paradigms and call into question the viability of the development project itself. Finally, the Age of Inequalities is characterised by extreme socio-economic polarisation, the rise of techno-plutocracies coexisting with an expanding "precariat" - digitally mediated, precariously employed platform workers - and the deepening of horizontal inequalities across gender, race, and geography.

The implications of these "Great Transformations" for IDC are manifested in different ways. The Global Hegemonic Dispute is characterised by a renewed emphasis on geopolitics and the repoliticisation of financing, wherein ODA becomes increasingly tied to political conditionalities.UNCTAD's Trade and Development Report 2024 describes this moment as one of geoeconomic fracturing, in which a growing number of developing countries face shrinking policy space due to increased fragmentation of trade, finance, and investment regimes (UNCTAD, 2024). An emergent hegemonic dispute is evident in the geopolitical contestation between the United States and China, exemplified by major initiatives such as the G7's Build Back Better World (B3W) - and the European Union's Global Gateway - versus the Chinese Belt and Road Initiative (BRI).

In parallel, the second Trump administration swiftly scaled back U.S. foreign commitments, drastically downsizing agencies like USAID, the Millennium Challenge Corporation, the Development Finance Corporation, and the State Department. USAID alone saw 86 per cent of its programmes cut, its headquarters closed, and nearly 10,000 staff dismissed. This retrenchment mirrors a broader trend: in 2024, eight of the OECD's top ten donors also slashed aid budgets and moved to align development programs more directly with their national interests (Usman, 2025). This repoliticisation of financing is accompanied by a process of securitisation of aid, primarily directed towards fragile states and addressing the financial burdens associated with refugee crises. Aid is also becoming increasingly securitized, with over 30 per cent of bilateral ODA now allocated to "fragile and conflict-affected states" - a controversial concept often politically used by traditional donors to focus ODA efforts in areas where specific security interests are at stake - often tied to refugee management and migration control. These include the counting of expenditures related to refugee hosting as ODA, when, in fact, this is a more complex issue. Hosting refugees is not merely an expense, but rather a contribution to national development and even to tax revenue generation(OECD DAC, 2024).

Meanwhile, the Great Financialization is unfolding as private finance dominates, while ODA stagnates in relative terms, with the graduation of many middle-income countries (MICs) from ODA eligibility. This trend is accompanied by increasing diversification and privatisation of financing, often leading to higher indebtedness for developing countries. The annual SDG financing gap has widened to an estimated $4 trillion, while global foreign direct investment flows declined to $1.3 trillion in 2023. At the same time, over 60 per cent of low-income countries are now in or at high risk of debt distress, and more than 30 countries have graduated from ODA eligibility since 2000, pressuring the global system to adopt increasingly complex and riskprone financing instruments, including blended finance and non-concessional loans led by multilateral development banks (UN DESA, 2025). In this context, philanthropic flows and microcredit mechanisms - once peripheral - have become central to financing the 2030 Agenda, while IDC is increasingly mediated by private actors and digital platforms.

The Algorithmic Revolution, or Fourth Industrial Revolution, underscores the growing importance of IDC in science and technology. This is particularly evident in vaccine development, biotechnology, the digitalization of IDC processes, and the rise of fintech—digital finance. These shifts are reshaping economic and social interactions while redefining IDC modalities, with fintech ecosystems and digital public infrastructure emerging as key areas for South–South and Triangular Cooperation (SSTC). However, the benefits of digital transformation are unevenly distributed: 74 per cent of individuals in the lowest-income quintile residing in rural areas did not have internet access in 2022, underscoring the persistent digital divide in the region (ECLAC, 2024).

On the other hand, the Age of Entropy demands a strong commitment to global public goods and enhanced multilateral cooperation, with a particular emphasis on climate finance, multi-stakeholder partnerships, and strengthening SSTC frameworks. As systemic global risks - such as climate emergencies, pandemics, food insecurity, and energy volatility - intensify, they challenge traditional development strategies and underscore the urgent need for collective action. The UN's Climate Finance Report (2023) estimates that developing countries require over $2.4 trillion annually to meet basic adaptation and mitigation targets, yet current climate finance commitments remain vastly inadequate and fragmented. This evolving landscape also signals a crisis of legitimacy in prevailing multilateral and development models, potentially marking the onset of a post-development era.

Finally, the Age of Inequalities demands that IDC interventions scale up, become more cross-cutting, and focus more precisely on territories to tackle growing disparities. UNCTAD (2023) notes that global economic slowdown continues to hit the poorest regions hardest, while ECLAC (2023) shows that Latin America's richest 10 per cent captures over 55 per cent of total income, deepening exclusion and structural vulnerability. This reality is starkly embodied in the emergence of a global elite - often referred to as "techno-plutocracies" - that coexists with vast "precariats" across the Global South. Yet these dynamics unfold within an IDC architecture still rooted in outdated, donor-centric logics, misaligned with the principles and ambitions of the 2030 Agenda.

3. Latin America Facing the Implosion of the 2030 Agenda in an Era of Oda Decline

Latin America is facing the implosion of the SDGs and the 2030 Agenda - an outcome rooted in a cumulative crisis that began well before the COVID-19 pandemic. The region was already undergoing its worst economic crisis in nearly a century. According to ECLAC (2021), the 2014 - 2019 period marked one of the weakest growth phases on record - comparable only to those affected by World War I or the Great Depression. During those six years, average annual growth was just 0.3%, with negative per capita growth. As a result, the pandemic hit Latin America under the worst possible conditions, triggering the region's most severe GDP contraction since 1900 and producing the poorest performance among all developing regions. This prolonged stagnation made Latin America especially vulnerable to the pandemic's shocks. In 2020, the economy contracted by 6.9 per cent. The health crisis was equally dramatic: by January 2023, South America had recorded over 1.34 million COVID-19 deaths - around 25.3 per cent of the global total - despite representing just 5.5 per cent of the world's population (Statista, 2023). This stark disproportionality highlights the region's deep structural vulnerabilities and reinforces the urgent need to advance resilient, inclusive, and equitable development pathways.

This scenario paints a bleak picture: Latin America is navigating an increasingly complex and deteriorating development landscape. Persistent inequality, fiscal fragility, limited access to concessional finance, and deep-rooted structural vulnerabilities have all been exacerbated by the COVID-19 pandemic and the cascading effects of new global "polycrises." Despite official commitments to the SDGs, many countries in the region are struggling to finance their implementation in the face of overlapping challenges - rising sovereign debt, acute climate risks, and slow technological transformation. At the same time, a crisis of social cohesion and political representation has given rise to new governments and leaders who openly reject the 2030 Agenda, multilateralism, and the United Nations itself. Reforms to the global financial architecture have failed to keep pace with the urgency of current challenges, while geopolitical tensions have fragmented multilateral cooperation, undermining both the predictability and ambition of IDC.

Meanwhile, between 2015 and 2022, ODA to lower middle-income countries (LMICs) rose sharply from USD 27.4 billion to USD 47.1 billion, while aid to upper middle-income countries (UMICs) grew more modestly from USD 10.2 billion to USD 13.1 billion (OECD, 2025). This disparity signals a trend of relative exclusion of UMICs from the ODA system, driven by multiple dynamics. First, the uneven growth—72 per cent for LMICs versus only 28 per cent for UMICs - suggests a deliberate prioritisation of the former within the middle-income group. Second, it reflects the progressive application of income-based graduation criteria, widely criticized for ignoring the multidimensional vulnerabilities that persist in many UMICs. Third, this pattern clashes with structural realities in the Global South, where many UMICs continue to grapple with extreme inequality, climate fragility, and institutional weakness, despite being labeled "too rich" for concessional support. Finally, the shift in flows reveals an underlying political trend: growing pressure from Northern donors and policy circles to phase out ODA to UMICs under the assumption they can self-finance or tap markets - an assumption that overlooks the complex development traps still faced by these countries, and one that undermines the universality of the 2030 Agenda's pledge to leave no one behind. Notably, nearly 30 per cent of all MICs in the world are located in Latin America and the Caribbean, a region overwhelmingly composed of UMICs. This structural composition makes Latin America the most systematically discriminated region in the global ODA architecture.

However, the region also possesses valuable - though insufficient - institutional capacities and innovative experiences in IDC. Latin America has developed diverse modalities, such as SSTC, and decentralised cooperation, offering bottom-up, demand-driven, and context-sensitive responses to development challenges. Institutions like the Ibero-American General Secretariat (SEGIB) and, notably, its Ibero-American Program for the Strengthening of South-South Cooperation (PIFCSS) have played a key role in systematizing practices, promoting regional ownership, and fostering shared principles of horizontality and solidarity. Since 2007, the annual Report on SSTC in Ibero-America has documented the region's activities, using a methodology defined by the participating countries.

In recent years, Latin America has emerged as the most actively engaged region in triangular cooperation, accounting for half of the reported triangular cooperation projects worldwide (SEGIB, 2023). Countries such as Mexico, Uruguay, and Chile have launched or expanded mixed funding mechanisms, while Brazil, together with India and South Africa, has promoted the IBSA Fund Trust, demonstrating the region's capacity to advance South-South development cooperation even under fiscal constraints.

Additionally, Latin American countries have made significant strides in institutionalising SSTC within their bureaucratic frameworks, incorporating them into their rhetoric and practices in international politics, regardless of their differing ideological and political profiles. For instance, Chile, Colombia, Brazil, Mexico, Uruguay, and Peru have established agencies that have been operational for over a decade. Furthermore, the expansion of Triangular modalities and multi-stakeholder partnerships - including the involvement of local governments, civil society, and private actors - has increased despite various constraints.

Still, one of the most pressing challenges lies in aligning Latin America's institutional capacities with new financial flows and emerging global initiatives. The region must deepen its engagement with development banks, non-concessional funding platforms, and multilateral and regional mechanisms focused on digital, technological, and green transitions. This is particularly relevant because, while grants, concessional loans, and contributions to international organisations and funds remain the main channels of ODA, in most middle-income Latin American countries, South-South cooperation is primarily implemented through bilateral technical assistance projects and programmes with limited scope and scale.

According to ECLAC (2025a), accelerating progress toward the 2030 Agenda requires breaking free from three persistent development traps: the low-growth trap; the inequality and poverty trap, with 180 million people living in poverty and the weakest job creation since the 1950s; and the institutional fragility trap, marked by weak governance and limited state capacity. However, regional priorities - such as infrastructure development, digital connectivity, and technological innovation - demand robust, inclusive financing frameworks capable of scaling up regional value chains. Yet regional development banks often lack the necessary financial capital to respond adequately to MICs' demands. At the same time, global platforms are frequently shaped by the geopolitical and private sector interests of their promoters, whether from Western donors or China.

In this context, Latin America has repeatedly called on the OECD Development Assistance Committee (DAC) to rethink both the narrow concept of "development" it employs and the metrics used to measure it. Per capita income is a deeply inadequate metric to capture the diverse development trajectories of Latin American countries. Development must be understood through a broader justice lens: social justice, economic justice, gender justice, intercultural justice, and environmental justice. In line with this vision, Latin American countries are increasingly advocating in multilateral spaces for a deeper, more inclusive debate on how development is measured - beyond GDP per capita.

Finally, Science, Technology, and Innovation (STI) have become a central pillar of the renewed IDC architecture. Latin American actors increasingly recognise that achieving structural transformation depends on leveraging STI for inclusive and sustainable development. As highlighted by Mexico, Brasil, Colombia, and others in their inputs for FfD4, cooperation mechanisms in STI must not only provide funding but also facilitate knowledge exchange, research collaboration, and capacity-building in strategic sectors. Strengthening STI ecosystems - through policy coordination, regional platforms, and public-private collaboration - will be essential to ensure Latin America's meaningful integration into global and regional value chains and its resilience to future crises.

The Seville Conference presents a timely opportunity to seriously revisit a fundamental question: what do we mean when we talk about development? It also offers a space to confront the reality of an outdated ODA architecture - one that is undergoing a slow and silent decline, increasingly failing to respond to the needs of Latin America's MICs, and in some cases, appearing to abandon them altogether. As the 2030 Agenda unravels in the region, demands are rising in the wake of the Algorithmic Revolution to scale up investment - particularly in

STI - and to forge a renewed vision of partnership that respects the development aspirations and sovereignty of Latin American countries.

4. What Latin America Brings to the Seville Conference

The importance of the FfD4 Conference for Latin America has been consistently underscored in recent intergovernmental meetings convened by ECLAC. It was highlighted during the First Session of the Regional Conference on South-South Cooperation in Latin America and the Caribbean in 2023, and reaffirmed in the Dialogue of Foreign Ministers and High-Level Authorities held during the opening day of ECLAC's Fortieth Session in 2024. Most recently, the conclusions of the Eighth Meeting of the Forum of Latin American and Caribbean Countries on Sustainable Development expressed that governments are "looking forward" to the conference and emphasised the need to address the specific and diverse challenges faced by countries that have recently crossed - or are on the verge of crossing - the UMIC threshold. In particular, they stressed the inadequacy of GDP as the sole criterion for measuring development and the importance of rethinking IDC accordingly (ECLAC, 2025b). This position was also echoed by individual Latin American states in the FfD4 process.

During the preparatory sessions of the FfD4 Conference (PrepCom) the contributions of Brazil, Colombia, and Mexico to the Elements Paper reflected a shared vision on key aspects of international cooperation. These included the need to move beyond the prevailing per capita income metric and adopt more effective and nuanced criteria that reflect the complexity and diversity of developing countries' realities; the prioritisation of SSTC, as well as multi-stakeholder partnerships, to scale up resources and enrich development processes through knowledge and innovation; the critical role of Multilateral and National Development Banks in catalysing transformative investments; and the reiterated call for developed countries to fulfill their long-standing commitment to allocate at least 0.7 per cent of their GNI to ODA and to increase the share of aid that is effectively disbursed in developing countries. These countries also reaffirmed the relevance of the principle of common but differentiated responsibilities. Similar positions were expressed by representatives of Costa Rica, Guatemala, and Honduras during the second and third PrepCom sessions.[1]

Likewise, it is worth highlighting that the G77 + China - which includes the majority of Latin American and Caribbean countries[2] - reflected positions in its proposed contribution to the Conference final document that align with several of the key points raised by Latin American states. Among its main messages, the G77 + China called for a shift away from the current overreliance on concessional loans, advocating instead for a more balanced approach that prioritises grant-based financing and reduces the debt burden faced by developing countries, thereby helping to prevent unsustainable financial trajectories. In the same vein, ECLAC

- together with the other UN Regional Commissions - stressed in their joint submission that debt relief should not be discounted or construed as ODA flows, inasmuch as ODA should remain concessional with evident grant elements.

Although the region did not present a fully unified voice throughout the process, a basic consensus exists within the Ibero-American Community. During the fourth session of the PrepCom, Spain emphasized that Ibero-American cooperation serves as a benchmark for effective development cooperation - grounded in the core principles of South-South Cooperation: inclusive participation, consensus-based decision-making, and horizontality among its members. Beyond the SEGIB and PIFCSS frameworks, a common regional position can also be identified within the ECLAC's institutional network. This was reaffirmed during the 2025 Forum of Latin American and Caribbean Countries on Sustainable Development, where governments emphasized the urgent need to reform the IDC architecture. Key priorities include adopting multidimensional metrics to define development, revising resource allocation criteria, and creating transparent and effective instruments to support countries in addressing inequality and social injustice, and in advancing transitions toward sustainable development.

If discussions on the multilateral agenda primarily focus on how funds are mobilised - prioritizing how actions are financed over what development is financed - Latin America risks facing a scenario where the political agency of the Global South is diluted in shaping its own development narratives. In this case, international cooperation could be reduced to merely a financing tool, rather than a means to strengthen autonomy and capacity-building. Given the substantial gap between the North and South, along with the persistent social challenges posed by inequality both within and between nations, it is crucial to frame development as an ongoing process - shared in responsibility by both North and South - rather than a fixed end point. To amplify its voice and shape its own development trajectory, Latin America must strengthen institutional capacities and ensure coordinated action across decision-making levels. Yet significant uncertainties remain, particularly as reactionary political forces and governments hostile to solidarity, regional cooperation, and the foundational values of the 2030 Agenda continue to gain ground.

Endnote

1 The first PrepCom was held in Addis Ababa in July 2024; in October 2024, the Multi-stakeholder partnership took place in New York; the second PrepCom was in New York in December 2024; and the third and fourth Prep Com were held in February and April. It is worth mentioning that the FfD Forum took place along with the fourth PrepCom.

2 Such as Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

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