



International Cooperation and Its Current Challenges:

A Latin American Perspective

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International Cooperation and Its Current Challenges: A Latin American

Summary

In a global landscape marked by geopolitical tensions and overlapping crises, international cooperation for development stands at a critical crossroads. This analysis addresses the structural weakening of the system, the withdrawal of key players such as the United States, and the urgent need for deep and comprehensive reforms. With key events scheduled for 2025, it proposes a fundamental rethinking of a system that is currently falling short in advancing the Sustainable Development Goals (SDGs) and in responding effectively to challenges like climate change and inequality.

1. Introduction

In an increasingly fragmented and geopolitically tense world, it has become more necessary than ever to reflect on the challenges currently facing international cooperation, with the aim of making it more inclusive and effective in terms of development financing.

This DP Enfoque seeks to examine the key dimensions of this issue and offers reflections intended to contribute to the growing number of global discussions surrounding the reform of the international cooperation architecture. Among them are several high-level events slated for 2025 that aim to catalyze much-needed systemic reforms: the Fourth International Conference on Financing for Development (FFD4) in Seville (June–July 2025), the Second World Summit for Social Development (November 2025), South Africa's G20 presidency—with a strong focus on development cooperation—and COP30 in Brazil.

According to a recent study, more than 85% of the Sustainable Development Goals (SDGs) are

off track and highly unlikely to be achieved by 2030 (Club de Madrid, 2025). At the same time, unresolved debates around the climate crisis, inequality, and excessive indebtedness continue to hinder progress—particularly in regions such as Africa and Latin America.

2. The History and Present of International Cooperation

International cooperation for development is a cornerstone in the pursuit of a more just and sustainable world. However, its trajectory has been shaped by challenges and transformations that call for reflection on its effectiveness and relevance in the 21st century.

Since the emergence of international cooperation frameworks in the post-war era—following World War II and the Cold War—few moments have been as critical as the one we are facing today. Most notably, the system's principal donor, the United States, has frozen the funding of the United States Agency for International

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Development (USAID), severely impacting the programs it supported (Arellano, [2025](#)).

Meanwhile, the main donors still active within the cooperation system—such as the European Union—do not appear to be in a position to fill the gap left by the potential withdrawal of the United States as the leading contributor.

In a recent article by Mario Carvajal ([2025](#)) for *Diálogo Político*, it is noted—among other things—that Europe's strained relationship with Trump and the EU's military aid commitments to Ukraine, which currently amount to €5 billion, make it impossible for the EU to assume the leadership role vacated by the United States in the sphere of international cooperation.

A third factor to consider is the role of China as a potential emerging actor within the international cooperation system. Recent studies have shown that China's approach to cooperation carries a strong political imprint. For example, it often imposes specific conditions for granting development funds—such as adherence to the “One China” policy—suggesting that its interests may extend beyond supporting the recipient country's development and toward influencing alignment with China's global vision (Maggiorelli, [2020](#)). Within this broader context, the financial architecture of international cooperation seems increasingly overstretched to respond to today's global challenges.

In the aftermath of World War II, cooperation emerged primarily to rebuild Europe and contain communism. In the words of Harry Truman, in his inaugural address to the Nation in 1949:

We must launch a bold and ambitious program to make our scientific advances and industrial progress available to the underdeveloped regions of the world for their improvement and economic growth. More than half of the world's population lives in conditions bordering on destitution. Their lack of nourishment is inadequate, afflicted by disease. Their economies are primitive and stagnant. Their poverty stands as both an obstacle and a threat

not only to themselves, but also to the stability of more prosperous regions. For the first time in history, humanity possesses the knowledge and means to relieve the suffering of these people. (Truman's Inaugural Address..., [1949](#)).

The scope of international cooperation soon transcended the geopolitical logic of bipolar confrontation and was extended to developing countries, with the aim of promoting economic growth and reducing inequalities. Thus, for example, in 1986, the United Nations General Assembly approved the Declaration on the Right to Development, which contains three key principles in this direction: 1) the human person is the central subject of development; 2) States must cooperate with one another to ensure development and eliminate obstacles to it; and 3) lasting progress toward the realization of the right to development requires effective national policies, as well as fair economic relations and a supportive international economic environment (United Nations, [1986](#)). These multilateral efforts, beyond their impact on the ethical debate surrounding international cooperation, faced important limitations such as the lack of coordination among donors, the imposition of political and economic conditionalities and the limited participation of recipient communities in defining their priorities¹.

With the end of bipolarity and the expansion of globalization, international cooperation underwent a significant transformation. New actors emerged—such as NGOs, the private sector, and emerging economies—challenging the monopoly long held by traditional Western donors. At the same time, there was growing recognition that many global challenges—such as climate change, inequality, and human insecurity—required integrated and collaborative approaches. This shift marked a departure from earlier paradigms. The work carried out during the 1992 United Nations Conference on Environment and Development in Rio de Janeiro

¹ Foreign aid is often used as an instrument to promote the donor's own objectives -objectives that, in principle, the recipient government might not have otherwise pursued. The donor may require the recipient to adopt these objectives as a condition for entering and aid relationship (ex ante conditionality). See Stokke (2006).

is a clear example of this spirit—particularly in its call to build partnerships among multiple stakeholders to drive policy change and identify innovative, synergistic ways to pool resources and talents, drawing on the unique strengths of each participant .

In recent decades, the cooperation ecosystem has grown increasingly diverse and complex. States and multilateral organizations compete with private actors and civil society, which are increasingly involved in project financing and implementation. As Kofi Annan remarked at the 2002 International Conference on Financing for Development: “Aid is essential, but it is not enough [...] development is a complex process in which many different actors must work together—not against each other” (Annan, [2002](#)).

While this diversification brings opportunities, it also poses significant challenges. The involvement of the private sector can contribute resources, innovation, and efficiency—but it also raises concerns about conflicts of interest and risks a lack of transparency, prioritizing economic benefits to the detriment of social and environmental objectives. Civil society can strengthen democratic participation and human rights, yet it may also lead to fragmentation and a lack of coordination (Cascante, 2024).

A key obstacle is the lack of policy coherence for sustainable development (PCSD) (OECD, [2019](#)). The effectiveness of cooperation depends not only on political will, but also on the alignment of national and international policies and the promotion of synergies across economic, social, and environmental dimensions. This calls for genuine political commitment that goes beyond good intentions, embedding sustainable development into all areas of public policy. It requires revisiting institutional frameworks, broadening stakeholder engagement, and redefining goals (Arenilla, [2019](#)).

The 2030 Agenda, adopted in 2015 by the United Nations, marked a significant shift in the development framework. It proposes an

integrated approach that connects political, social, economic, and environmental objectives, recognizing their interdependence. Grounded in the principles of universality, inclusion, sustainability, and shared responsibility, it establishes that all countries have a role to play in achieving the Sustainable Development Goals (SDGs). However, its implementation faces major hurdles, such as the need for substantial financial resources and reforms in global governance.

Financing is among the greatest challenges. It is estimated that trillions of dollars are needed annually to meet the SDGs—far exceeding the volume of official development assistance (ODA) and other traditional sources. The Addis Ababa Action Agenda seeks to mobilize public and private funding at scale, but the gap remains wide in securing adequate and stable financing for the SDGs (Alonso et al., 2019).

Governance also poses significant challenges. Achieving the SDGs requires unprecedented coordination among governments, international organizations, the private sector, and civil society. The UN High-Level Political Forum plays a key role in monitoring progress, but more effective mechanisms are needed to ensure transparency, accountability, and inclusive participation across all stakeholders (Tödtling & Mumford, [2024](#)).

Moreover, there is ongoing debate about what sustainable development truly means. While there is broad consensus on the need to balance economic, social, and environmental dimensions, different approaches promote varying strategies. Some advocate for green growth and the circular economy—aiming to reconcile economic development with environmental protection—while others call for a radical shift toward models of degrowth and deep sustainability.

In sum, international development cooperation stands at a critical juncture in the 21st century, shaped by profound geopolitical, economic, and environmental transformations. Today, growing tensions in international relations and shifting leadership in global policy call for a rethinking

of traditional cooperation frameworks. The reality remains that the financing required to achieve the SDGs is still not being channeled effectively, and structural challenges persist—such as the lack of policy coherence and the need for a strong multilateral commitment. In this context, the international community must redouble its efforts to ensure that cooperation is grounded in principles of equity and effectiveness, adapts to a multipolar world, and rises to meet urgent challenges such as climate change and inequality.

In Latin America and the Caribbean, international cooperation is shaped by a series of challenges inherent to the region, such as persistent inequality, vulnerability to climate change, and recurring political and economic crises. Strengthening local institutions and promoting greater civil society participation are essential for the success of development programs. Moreover, South-South cooperation—which offers an alternative to the traditional model—has gained importance and presents unique opportunities for exchanging knowledge and resources tailored to local needs. The region can benefit from these innovative forms of cooperation, provided that an inclusive and sustainable approach is prioritized—one that fosters both economic growth and social cohesion.

3. Key Trends

The Latin America and Caribbean region finds itself at a constant crossroads—a dance between progress and persistent need. In this context, external assistance, both official and private, emerges as a key factor: a form of support that—if well managed—can drive sustainable development or, if poorly directed, can perpetuate dependency and imbalance.

The period between 2014 and 2023 offers a rich landscape for analyzing these dynamics, revealing trends, challenges, and opportunities in the distribution and impact of aid

3.1. Volatility of Official Development Assistance²

Official Development Assistance (ODA)³ represents the backbone of external aid, with its flows aimed at financing infrastructure projects, strengthening institutions, and promoting economic growth. However, its trajectory in Latin America and the Caribbean during the period analyzed is far from linear. Annual fluctuations are the norm, reflecting the intricate interplay between donor priorities and the region's needs.

A notable milestone was the year 2021, when Official Development Assistance (ODA) to Latin America and the Caribbean as a whole experienced an unprecedented increase, reaching USD 24.488 billion, a stark contrast to the USD 5.622 billion recorded in 2014. This peak suggests a concerted response to acute crises—natural disasters, health emergencies, or political tensions. However, this surge proved short-lived, as the following years witnessed a steady decline.

The data show that the Caribbean, with its inherent vulnerability to external shocks, displays a high dependence on Official Development Assistance (ODA). Haiti, for example, received USD 1.175 billion in 2014—a figure that fluctuated throughout the period but continues to reflect its ongoing need for support. In contrast, countries such as Antigua and Barbuda received significantly smaller amounts, with just USD 7 million in the same year.

Mexico emerges as a key player, absorbing a significant portion of aid—particularly in the education sector, with a peak of USD 4 billion

² Volatility is understood as the degree to which Official Development Assistance (ODA) flows fluctuate or vary unpredictably over time for a given recipient country. It is a complex issue with multiple interrelated causes. Both internal factors within recipient countries (political instability, economic vulnerability) and donor-related factors (lack of coordination, herd behavior, shifting political priorities) contribute to aid flow fluctuations. See Desai and Kharas (2010).

³ ODA refers to government aid that promotes and is specifically directed toward the economic development and welfare of developing countries. Since its adoption by the OECD Development Assistance Committee (DAC) in 1969, ODA has been the primary source of development financing. The OECD is the only official source of reliable, comparable, and comprehensive statistics on ODA. See OECD (2024).

Table 1. Net Official Flows from DAC Countries to Latin America and the Caribbean (2014–2023)
(in millions of USD)⁴

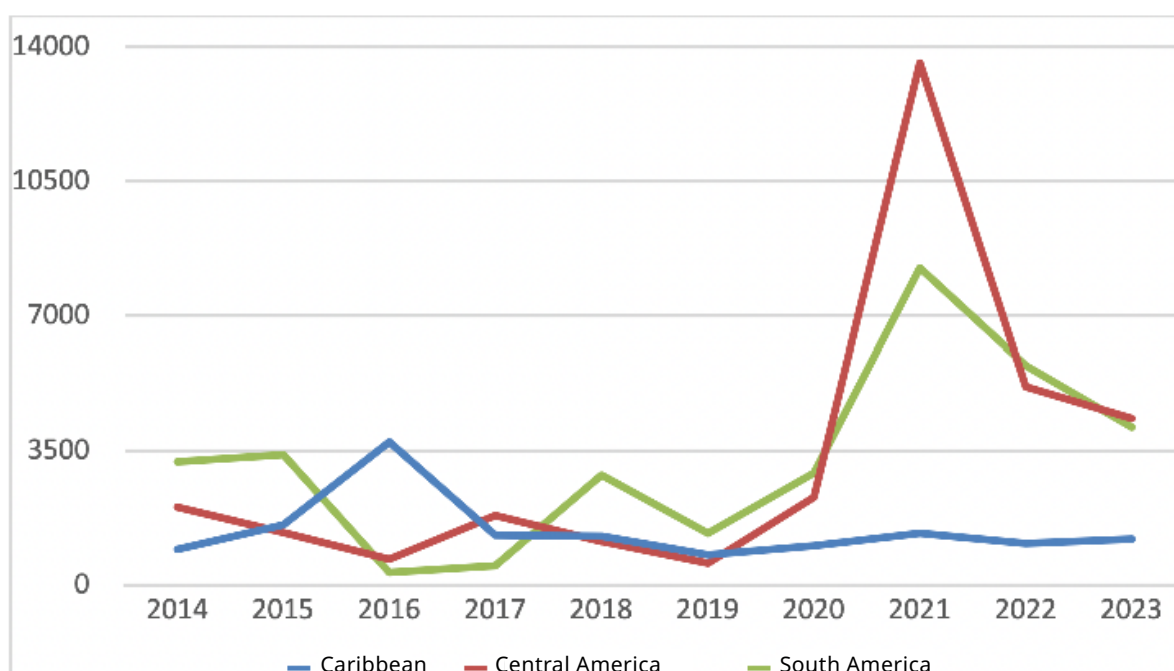
Period	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Caribbean	933	1.572	3.732	1.302	1.275	790	1.027	1.353	1.087	1.202
Central America	2.033	1.371	676	1.815	1.139	572	2.291	13.587	5.168	4.344
South America	3.216	3.400	331	506	2.862	1.352	2.923	8.247	5.717	4.117

allocated to that area in a specific year within the period. In South America, Colombia and Brazil—due to their size and complexity—receive substantial amounts; whereas Venezuela, immersed in a multifaceted crisis, has seen a worrying decline in aid flows, dropping from significant amounts such as USD 42 million in 2014 to increasingly relying on philanthropy in recent years.

These subregional disparities reveal that Official Development Assistance (ODA) is not

a neutral instrument. Its distribution reflects the geopolitical priorities of donors, the management capacities of recipient countries, and the nature of the challenges they face. In this regard, it is essential to promote greater transparency and accountability in the allocation of ODA, ensuring that resources are directed to where they are most needed and used efficiently. For example, the difference between the aid received by Haiti (where health philanthropy reached USD 1.788 billion in 2023) and that received by a country like

Chart 1. Trends by Subregion (2014–2023)



Source: Own elaboration based on data from the OECD Data Explorer (2025) [accessed: 04/25/2025].

4. This figure reflects the sum of Official Development Assistance (ODA) disbursements and Other Official Flows (OOF) to the specified recipient country. OOF are official sector transactions that do not meet the criteria for ODA. They include: grants to developing countries primarily for representational or essentially commercial purposes; bilateral official transactions aimed at development but with a grant element below 25%; and bilateral official transactions—regardless of the grant element—whose main objective is to promote exports. See: OECD (2023).

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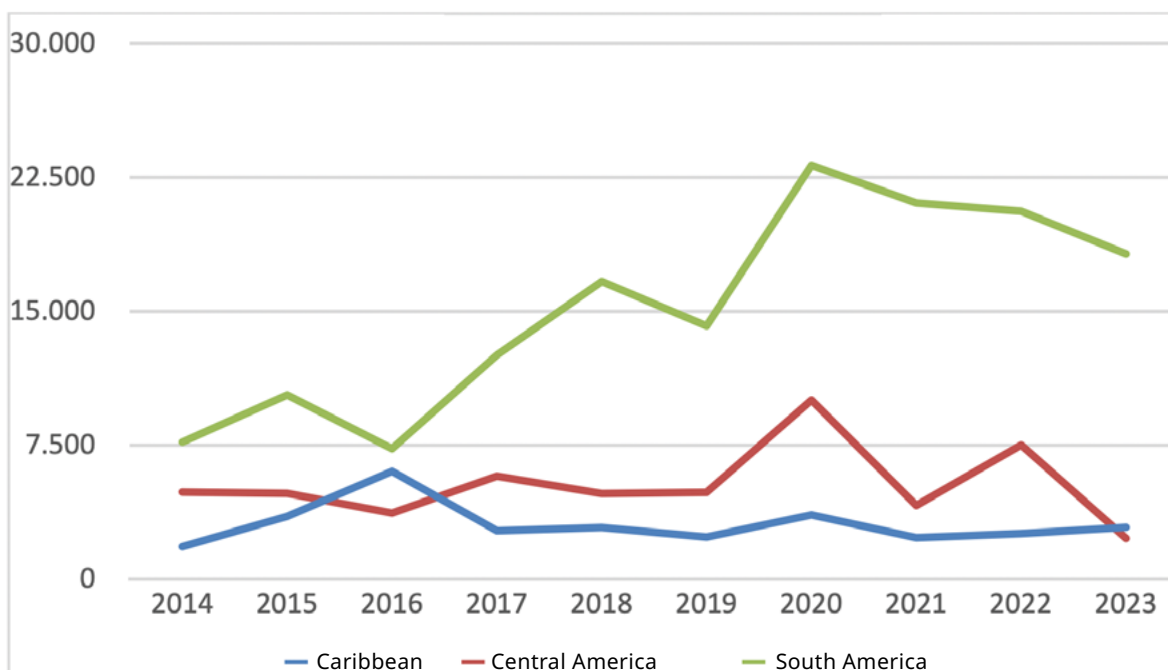
Table 2. Net Official Flows (millions of dollars) / Official Donors to Latin America and the Caribbean (2014–2023)⁵

Period	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Caribbean	1.841	3.533	6.059	2.731	2.909	2.379	3.614	2.342	2.571	2.920
Antigua and Barbuda	7	46	-1	45	18	30	30	44	—	—
Cuba	229	642	3.663	831	769	518	573	172	518	182
Dominica	19	11	4	23	33	56	68	-37	65	59
Dominican Rep.	-98	895	576	198	387	537	1.309	510	716	995
Grenada	48	47	15	8	32	16	75	69	-90	44
Haiti	1.175	1.251	1.279	1.128	1.139	802	986	988	947	1.089
Jamaica	216	379	194	111	146	46	111	108	96	184
Montserrat	39	55	45	40	47	42	55	41	46	11
Saint Lucia	17	3	11	13	0	34	105	100	46	42
Saint Vincent and the Grenadines	8	9	10	11	11	91	81	127	57	75
Central America	4.897	4.824	3.721	5.785	4.814	4.883	10.047	4.147	7.533	2.306
Belize	41	44	54	50	46	47	118	106	57	79
Costa Rica	432	215	384	458	484	529	1.106	491	1.254	270
El Salvador	70	114	130	178	507	440	604	474	1.062	703
Guatemala	170	868	146	315	546	244	980	365	839	297
Honduras	642	777	615	548	697	527	1.391	685	849	528
Mexico	2.483	1.629	1.305	2.607	1.179	2.152	3.667	437	1.980	-957
Nicaragua	470	510	494	674	460	490	561	698	1.123	582
Panama	589	666	594	954	895	446	1.545	848	327	608
South America	7.693	10.334	7.323	12.570	16.689	14.198	23.199	21.087	20.625	18.236
Argentina	-27	1.886	-60	1.974	1.818	940	2.167	2.216	3.440	3.651
Bolivia	784	1.041	811	1.674	1.219	1.593	1.393	1.126	1.051	1.027
Brazil	3.065	1.029	1.482	4.266	1.507	210	2.380	3.987	2.552	3.566
Chile	-60	-283	17	145	—	—	—	—	—	—
Colombia	1.931	2.579	3.048	3.043	6.461	4.279	6.239	5.640	5.789	3.364
Ecuador	444	1.888	772	1.346	1.786	2.837	3.673	2.384	2.907	1.992
Guyana	151	37	83	69	125	127	57	148	237	175
Paraguay	229	146	282	597	475	489	1.997	960	1.660	1.205
Peru	695	1.410	688	-1.016	2.188	2.475	4.236	3.782	1.423	2.303
Suriname	63	92	14	26	19	37	32	13	345	263
Uruguay	211	119	47	102	—	—	—	—	—	—
Venezuela	-43	42	-239	-44	667	854	306	317	314	405

Source: Own elaboration based on data from the OECD Data Explorer (2025) [accessed: 04/25/2025].

⁵ Official Development Finance (ODF), measured exclusively for recipient countries, is defined as the sum of their receipts from bilateral Official Development Assistance (ODA), concessional and non-concessional resources from multilateral sources, and other bilateral official flows provided for non-trade-related reasons, particularly loans for debt refinancing.

Chart 2. Trends by Subregion (2014-2023)



Source: Own elaboration based on data from the OECD Data Explorer (2025) [accessed: 04/25/2025].

Uruguay (where philanthropy in that sector is much lower) underscores the need to analyze the criteria for aid allocation and whether they adequately respond to local needs.

3.2. Private Philanthropy: A Rising Actor

First of all, it is important to highlight that private philanthropy – rarely mentioned in cooperation studies but increasingly significant within the system—refers to transactions from the private or nonprofit sector whose main objective is to promote the economic development and well-being of developing countries. These funds come from the own sources of foundations, particularly endowments, corporate or individual donations (including crowdfunding), bequests, income from royalties, investments (including government securities), dividends, lotteries, and similar sources. Private philanthropy for development also includes funding for basic

or applied research that directly benefits developing countries, or indirectly through global public goods.

In contrast to the relative rigidity of ODA, private philanthropy emerges as a dynamic and flexible actor (OECD, 2021). Foundations, non-governmental organizations, and individual philanthropists channel resources toward innovative projects, often focused on specific sectors such as health, education, and humanitarian aid.

Private philanthropy has shown significant growth during the period analyzed, complementing ODA and filling gaps where official assistance is insufficient or entirely absent. However, its distribution is even more uneven than that of ODA. Some countries and sectors attract the bulk of philanthropic attention, while others are left behind.

In this regard, while Guatemala received a total of USD 56.66 million in philanthropic funding in 2023, El Salvador received only USD 1.79 million.

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Table 3. Private Philanthropy for Development in Latin America and the Caribbean (2014–2023)
(millions of U.S. dollars)

Period	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Caribbean	6,06	9,02	15,58	15,12	32,00	19,47	19,69	24,15	20,47	8,69
Antigua and Barbuda	—	—	—	—	0,15	—	—	—	—	—
Cuba	—	0,00	—	2,92	3,88	4,68	3,97	0,92	1,68	0,92
Dominica	—	—	—	—	0,25	0,00	—	—	0,60	—
Dominican Rep.	—	0,41	—	0,85	0,34	0,12	1,13	0,25	1,43	0,17
Grenada	—	—	—	—	0,02	—	—	0,01	0,46	—
Haiti	5,06	5,80	13,80	8,33	21,09	6,46	7,39	14,73	6,12	4,29
Jamaica	0,99	1,92	—	0,64	0,87	1,23	1,28	0,73	2,30	1,07
Montserrat	—	—	—	—	—	—	—	—	0,46	—
Saint Lucia	—	—	—	—	0,12	—	—	0,02	0,89	0,73
Saint Vincent and the Grenadines	—	—	—	—	0,12	—	—	—	0,46	—
Central America	13,99	12,45	17,18	106,03	93,85	175,86	138,46	159,66	177,65	153,92
Belize	0,16	0,09	0,28	0,62	0,39	0,29	0,04	0,04	0,78	0,38
Costa Rica	0,16	0,09	0,28	2,91	6,36	1,06	9,73	2,87	6,95	3,58
El Salvador	1,02	1,30	0,95	33,56	14,46	75,65	3,25	10,57	6,90	1,79
Guatemala	2,31	2,26	2,94	7,06	8,04	10,61	6,20	14,58	15,04	56,66
Honduras	2,96	2,37	2,14	7,16	3,87	3,18	4,55	5,50	6,24	7,81
Mexico	6,42	5,10	9,41	51,24	57,84	62,41	67,37	61,94	73,14	71,63
Nicaragua	0,78	1,17	0,89	1,83	2,30	0,75	2,49	2,52	3,14	0,88
Panama	0,16	0,09	0,29	1,66	0,59	0,80	0,66	3,67	7,52	6,65
South America	36,22	39,15	81,65	224,60	246,06	239,68	226,30	466,60	312,64	311,41
Argentina	0,02	0,79	0,57	2,59	4,22	21,06	1,60	10,40	3,78	3,10
Bolivia	0,01	0,56	1,00	1,34	3,34	1,62	8,77	15,36	3,43	1,87
Brazil	11,61	3,37	20,31	68,68	79,85	65,09	70,84	100,83	120,86	129,97
Chile	0,88	4,46	6,51	4,29	—	—	—	—	—	—
Colombia	7,12	7,63	10,03	71,47	35,02	83,75	37,25	79,90	83,84	102,16
Ecuador	0,48	0,78	1,17	5,28	5,42	5,71	5,81	46,56	27,59	8,49
Guyana	—	0,00	—	—	—	0,68	0,73	1,61	1,36	0,97
Paraguay	—	—	—	0,05	0,04	0,09	0,30	0,77	0,60	0,09
Peru	0,48	1,94	1,08	22,64	34,77	19,08	14,47	35,40	17,14	25,56
Suriname	—	—	—	1,82	—	0,76	0,42	0,57	0,55	—
Uruguay	0,01	0,01	—	0,10	—	—	—	—	—	—
Venezuela	0,11	—	—	0,86	1,52	2,36	1,53	8,53	5,37	0,74

This concentration raises questions about the priorities of private donors and the need to encourage greater diversification.

In Caribbean countries, private philanthropy plays a crucial role in responding to natural disasters and improving healthcare systems.

In Central America, it focuses on education, supporting programs that seek to improve access and the quality of education. In South America, private philanthropy is diversifying, investing in community development projects, environmental conservation and the promotion of human rights. A revealing fact is the increase in philanthropic investment in the water and sanitation sector in Central America, although the overall figures remain modest compared to other sectors — reaching only USD 0.155 million in El Salvador in 2023.

Despite its flexibility and dynamism, private philanthropy is not without its challenges. Lack of coordination among donors, limited accountability and difficulty in measuring long-term impact are obstacles that must be overcome to maximize its contribution to development. The lack of transparency in some cases makes it difficult to assess the real impact of these funds. For example, while some philanthropic projects in Colombia show a significant impact on the health sector (with investments reaching USD 27,937 million in 2023), similar projects in the region lack data needed to evaluate their effectiveness.

3.3. Synergy: complementarity between ODA and private philanthropy

Both ODA and private philanthropy have essential roles to play in the development of Latin America and the Caribbean. However, their impact is limited by lack of coordination and duplication of efforts. To overcome these challenges, it is essential to promote greater

A revealing fact is the increase in philanthropic investment in the water and sanitation sector in Central America, although the overall figures remain modest compared to other sectors

synergy among the different actors, creating platforms for dialogue and collaboration that align priorities, promote knowledge sharing and avoid overlapping projects.

This need for coordination becomes particularly evident when examining cases like Colombia, which receives significant amounts of both types of aid in the education sector (with ODA reaching USD 0.248 million and philanthropy USD 27.937 million), while other countries with pressing educational needs receive far less. In this regard, governments in the region have a key role to play. They must create enabling environments for cooperation, establishing clear and transparent regulatory frameworks, encouraging civil society participation and facilitating access to information.

In addition, they must strengthen their capacities to manage and use external assistance efficiently, ensuring that resources are directed to where they are most needed and used effectively. The creation of national observatories to monitor aid could be a valuable tool to enhance transparency and accountability. The availability of accurate and transparent data would allow, for instance, a comparison of the effectiveness of different types of aid in reducing poverty or improving health outcomes in the region.

3.4. South-South and Triangular Cooperation in Ibero-America

Bilateral SSC: the core of an evolving cooperative ecosystem

South-South cooperation at the bilateral level (BSSC) remains to be key in Ibero-America and represents the majority of cooperative activity in the region. The persistence of this model underscores the importance of direct and horizontal relationships among countries in the global South, where the exchange of knowledge, experiences and resources occurs without the traditional conditionalities of vertical aid. However, this predominance does not imply a static vision of cooperation. BSSC is in a constant state of adaptation, seeking new ways to strengthen its impact and address emerging challenges.

Triangular Cooperation: a catalyst for innovation and efficiency

Triangular cooperation (TC) emerges as a catalyst for innovation and efficiency in development cooperation. Its significant growth—having doubled its relative share in recent years—reflects an increasing sophistication of cooperation strategies in the region. TC enables the mobilization of additional resources, access to specialized knowledge and technologies and the formation of strategic alliances that amplify the impact of cooperation initiatives

Beyond the Numbers: commitment and diversity in Ibero-American cooperation

The analysis reveals a sustained commitment from Ibero-American countries to SSC and TC. The active participation of most countries in the region, many of which have surpassed a thousand initiatives, demonstrates a firm political will to promote these modes of cooperation. SSC in Ibero-America is characterized by its inclusiveness and involves a wide range of actors—from countries in the Global South and North to multilateral organizations, the private

Traditional models assumed that more physical investment (such as infrastructure) would directly lead to growth. However, without functional institutions, quality education, and proper incentives, investment does not produce results.

sector and civil society. This diversity enriches cooperation processes and allows development challenges to be addressed from complementary perspectives.

Strategic Sectors: priorities and gaps

The sectoral analysis of the report reveals a concentration of cooperation in areas such as health and agriculture, reflecting the importance of these sectors for the region's human and economic development. However, it also identifies a significant gap in cooperation related to science and technology, suggesting the need for greater investment in these areas to boost innovation and competitiveness in Ibero-American countries.

Between Recovery and Transformation: the impact of the pandemic

The report highlights the importance of analyzing the impact of the COVID-19 pandemic on SSC and TC in Ibero-America. While the pandemic brought about disruptions and challenges, it also spurred innovation and the adaptation of cooperation strategies. In this context, the report notes a shift in trend in 2023, following a period of decline, with an increase in the number of initiatives—suggesting a gradual recovery of cooperation efforts in the region.

Spain and Triangular Cooperation: a driving role

Spain's role as an important promoter of TC in Ibero-America is noteworthy. The significant increase in Spain's participation as the second provider of TC —especially through its project-focused approach— demonstrates its commitment to strengthening this form of cooperation. Spain's collaboration with the European Union and other partners has contributed to diversifying and expanding the reach of TC across the region.

Challenges and opportunities on the development horizon

Despite the progress achieved, significant challenges must be addressed to maximize the potential of SSC and TC in Ibero-America. Among these, the following stand out: the need to strengthen monitoring and evaluation mechanisms for SSC, to generate solid evidence of its impact on sustainable development; the importance of fostering the participation of the private sector and civil society in SSC, leveraging their resources and expertise; promoting innovation and the use of new technologies in SSC, in order to improve its efficiency, reach and transparency; and advancing the decentralization of cooperation by adapting initiatives to the specific needs of each territory.

The key will lie in building strong partnerships and implementing innovative strategies that allow SSC and TC to play an even more relevant role in transforming Ibero-America toward a more just, equitable and sustainable future.

Beyond data: stories of impact and shared knowledge

Beyond figures and statistics, the report also highlights real-life stories of successful projects that illustrate the impact of SSC and TC across Ibero-America. These stories showcase cooperation efforts in areas such as food security, water resource management, cultural

preservation and the promotion of social inclusion. Through the exchange of knowledge, experiences and best practices, Ibero-American countries are building innovative solutions to the common challenges they face.

4. Present Challenges and Policy Recommendations

One of the main current and future challenges of development cooperation lies in the effectiveness of its impact on broader development policies. This issue has been extensively studied by William R. Easterly (2000, [2003](#)), for example, in his book *The Elusive Quest for Growth*. In it, Easterly analyzes the reasons why international cooperation has failed to promote more sustained economic growth in developing countries, particularly in Africa, Latin America and parts of Asia. Among the main reasons for his argument are that incentives matter more than good intentions. Many aid programs and economic policies have failed because they overlooked the incentives of those implementing and receiving them.

On the other hand, although international financial assistance has been substantial in developing regions, it has had limited impact on generating sustained growth. This is largely due to the reliance on traditional models that assumed that physical investment —such as infrastructure— would automatically lead to growth. Yet without functional institutions, quality education, and good incentives, such investment fails to produce lasting results. Based on this diagnosis, Easterly proposes a shift in approach: **moving from large centralized plans and top-down aid to bottom-up incentives**, where individuals, entrepreneurs and local governments are empowered to find their own solutions.

A recent article in *The Economist* ([2025](#)) entitled “Aid cannot make poor countries rich” illustrates Easterly's argument by analyzing the case of Lilongwe, Malawi's capital. There, international

aid has shaped infrastructure and public services since the 1970s, with various agencies funding specific sectors: the UK in education, Japan in energy, Europe in agriculture, Ireland in justice and China in health. However, despite this sustained investment, Malawi remains one of the poorest countries in the world. The article raises two key issues:

- **Dependency and Distortion.** In many cases, foreign aid has replaced local tax revenues, reducing the accountability of governments to their own citizens. For example, in Malawi, per capita spending by international agencies has exceeded that of the national government itself since the country gained independence in 1964.
- **Lack of understanding of growth.** Aid organizations have struggled to identify effective strategies for promoting economic growth. Each generation of development programs has failed in different ways, without addressing the structural causes of poverty.

Policy recommendations based on the urgency of a new international cooperation agenda

Based on the studies reviewed above in this paper, as well as on documents published by international bodies discussing the challenges of financing for development, the following philosophical foundations and policy recommendations emerge as crucial starting points for action (Club of Madrid, 2025; United Nations, 2025; ECLAC, 2025).

First and foremost, it is important to give clear signals of multilateralism in the reform phase as the only credible path forward. The core of this reform must be rooted on global solidarity as a key principle of the new architecture for financial cooperation. All efforts should aim to demonstrate that finance serves human development and dignity. In this regard, the policy recommendations focus on the following key areas:

- **Strengthening multilateral development banks.** This involves implementing the recommendations of the G20 Capital Adequacy Framework (CAF); expanding financial capacity to mobilize at least USD 300 billion annually in long-term financing by 2030; and reforming global liquidity mechanisms to ensure countercyclical, equitable, and timely support.
- **Establishing a sovereign debt restructuring framework.** Creating a mechanism under the auspices of the UN for sovereign debt restructurings, featuring automatic payment suspensions (standstills), independent debt assessments, effective participation of private creditors, and linking debt relief to climate and development goals.
- **Preventing new debt crises.** Expanding concessional, countercyclical, and local currency financing, prioritizing vulnerability over income levels.
- **Reforming international taxation.** This includes redistributing tax rights to the countries where economic activity takes place; establishing an international framework with principles of unitary taxation and significant economic presence; promoting a coordinated global minimum tax on individuals with large fortunes; supporting the development of a UN Framework Convention on International Tax Cooperation; and encouraging comprehensive governance approaches to modernize national tax systems.
- **Reinforce ODA.** Protect and increase ODA, reaffirming the commitment to the 0.7% of GNI target, including 0.2% for least developed countries. Recognize ODA as a strategic tool for peace, trade, resilience, and international trust.
- **Differentiate climate finance from ODA.** It is important to ensure that climate finance is additional and not a

substitute for development aid, as well as to responsibly mobilize private capital through transparent risk-reduction mechanisms and alignment with sustainable development goals.

5. Final Reflections

The international community must seize this moment—coinciding with the 80th anniversary of the United Nations—as a turning point to align financial systems with shared goals for people and the planet.

The credibility of multilateralism and global cooperation is at stake. It is time to show that inclusive and effective global financial governance can deliver real, transformative results.

While external aid remains important, it should not be seen as a complete solution for the sustainable development of Latin America and the Caribbean. The region's ability to generate its own growth, strengthen institutions, and promote social inclusion will ultimately determine its future. In this regard, investing in education, science, and technology; fostering innovation and entrepreneurship; encouraging economic diversification; and strengthening governance are all essential elements.

The low investment in science and technology in some countries, when compared to the volume of external aid received, reveals a pressing need to reassess and rebalance priorities. Addressing the structural causes of poverty and inequality requires policies that promote income redistribution, equitable access to basic services, and the full protection of human rights. Only through such efforts can a more just, equitable, and truly sustainable society be built.

The persistence of high levels of inequality in the region—despite substantial aid flows—highlights the need to tackle the root causes of inequity. Despite philanthropy for economic development, in some countries the economic situation of their people does not appear to be improving

significantly. This disparity underscores the importance of effectively channeling aid to those who need it most, and of addressing the factors that perpetuate inequality.

External assistance—both official and private—is a powerful tool that can contribute to the development of Latin America and the Caribbean. However, its impact is intrinsically linked to the willingness of various stakeholders to work in a coordinated manner, align strategic priorities, and promote greater transparency and accountability at all levels.

Governments in the region must take on a leadership role by creating enabling environments for effective cooperation and strengthening their capacities to manage and utilize external assistance efficiently. Nevertheless, it is essential to recognize that sustainable development ultimately depends on the region's ability to generate its own growth, strengthen its institutions, and promote social inclusion. External assistance can serve as a catalyst, but it should not be seen as a substitute for endogenous efforts and domestic investment.

Only through a strategic and collaborative approach—one that engages all stakeholders

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and prioritizes long-term sustainability—can a more prosperous and equitable future be built for all the people of Latin America and the Caribbean. The analysis of official aid and private philanthropy in the region from 2014 to 2023 reveals a complex interplay of factors, trends, and challenges that must be addressed comprehensively. •

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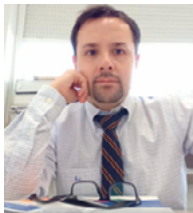
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