

FOR A PROGRESSIVE NEW GLOBAL ORDER

IMPLEMENTING THE UN PACT FOR THE FUTURE

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TABLE OF CONTENTS

INTRODUCTORY REMARKS

Maria João Rodrigues 7

1. EUROPE'S STRATEGIC ROLE IN GLOBAL DEVELOPMENT

Mario Pezzini and Stefano Manservigi 12

2. TOWARDS A GLOBAL PACT FOR THE FUTURE WITH A STRONGER SOCIAL PILLAR

Azita Berar 25

3. GOVERNING THE GLOBAL JUST TRANSITION FROM FOSSIL FUELS TO CLEAN ENERGY

Céline Charveriat and Pierre Leturcq 44

4. DIGITAL SOVEREIGNTY AND A NEW MULTILATERALISM FOR THE AI ERA

Francesca Bria 61

2024-2025 'FEPS UNITED FOR' PROJECT OVERVIEW 78

AUTHORS, ABOUT FEPS & PARTNERS 85

INTRODUCTORY REMARKS

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THE NEW GLOBAL ORDER, EUROPE AND THE UN PACT FOR THE FUTURE

Maria João Rodrigues

Last year, the question was still: will the current global order survive? Now, the question began to shift: what will the emerging global order look like?

To understand this sea change, let us first recall the basic scenarios for the global order which were being referred to until last year:

- First of all, a kind of muddling through scenario where an ineffective multilateral system was combined with Western leadership and a predominance of a neo-liberal agenda;
- The second scenario on the horizon was an increasing fragmentation of global governance, also marked by the rivalry between great powers, notably the US and China;
- In the third scenario, this trend would evolve into a new Cold War with areas of influence and the decoupling of global value chains;
- A last scenario, as a more progressive alternative, should be based on a larger coalition of forces to reform multilateralism and to make it more effective, fair and inclusive.

Also, to understand this sea change, these are the recent key trends reshaping the global order:

- The mounting criticisms about the dominant neo-liberal agenda throughout a sequence of crises: the financial crisis, the climate crisis, the pandemic, the cost of living and the wealth distribution crisis.
- The mounting tensions between the Global South and the Global North, more specifically,

the Western leadership, which translated into the divide between the G7 on the one hand and, on the other hand, the G77 and the BRICS, with China trying to build on this division.

- Major military conflicts notably in Ukraine, Gaza, Sahel, Sudan and DR Congo; most of them reviving a Cold War atmosphere and exposing the incapacity of the United Nations Security Council.
- More recently, the tariff war triggered by the Trump administration and spreading a transactional approach to many fronts of international negotiation, notably the access to critical raw materials, the flows of foreign direct investment and the reorganisation of value supply chains.
- A new phase of the digital transformation spurred by AI developments is announcing a major re-organisation of all interconnections regarding infrastructures, supply chains, access to knowledge, media ecosystems and, ultimately, democracy and governance.

Last but not least, a new political movement is emerging across the world with an inward-looking and retrenchment approach, pushing for national-populist, radically conservative solutions.

Let us also emphasise that, while all this was happening, a major international process was underway to design, negotiate, and adopt a comprehensive agenda for reforming the multilateral system to make it more effective and inclusive. This agenda, adopted under the title of the UN Pact for the Future, comprises a detailed list of reforms across

various fronts: sustainable development goals (SDGs), financing for development, social policies, climate and green policies, science and technology, digital transformation policies, security architecture, and forward-looking global governance driven by a Future Generations approach.

This UN Pact for the Future is now being implemented using the impulse of a sequence of United Nations summits which took place all over the year 2025, even if without US participation (for the first time in history): on financing for development in Seville, on social development in Doha, on climate change in Belém and on digital transformation in Geneva and New York.

Moreover, the G20, under the leadership of a sequence of global South presidencies – India, Indonesia, Brazil and South Africa – has been instrumental in better formulating the needs of developing countries, while calling for the reform of the multilateral system

In a nutshell, the basic situation we are in now is the following.

First of all, it is important to underline that there is an increasing gap between the current global challenges and the current global governance capacity to cope with them.

Facing this, we have four systemic movements shaping the global order:

- First, the national populist movement neglecting the role of international cooperation, undermining key components of the multilateral system and disengaging from other forums such as the G20 or even the G7;
- Secondly, the emergence of poles acting above international law in search of land recourses and political dominance, a neo-imperialism;
- Thirdly, another movement calling for the respect and for the re-establishment of the rules-based order;

- Finally, another movement arguing that a rules-based order is necessary, but it should be based on new rules because the current ones are outdated, ineffective and unfair.

The interplay and the relative shaping power between these four movements can bring about four basic scenarios for the global order:

- A scenario of deep fragmentation of global governance and decline of the multilateral system, with incapacity to cope with global challenges and increasing risks of shocks and catastrophes
- A scenario marked by the emergence of different spheres of influence with varying rules of governance
- A scenario with a variable geometry of coalitions of the willing, focusing on some concrete common challenges and objectives
- A scenario of a renewed global governance with a reformed multilateral system

The US Security Strategy recently announced by the Trump administration obviously aligns with the first two scenarios. But the scenarios that are most in line with European values and interests are the latter two. Against this background, we should ask what a progressive and smart strategy should be to maximise the chances of the last two scenarios. It seems to me that such a strategy should build on stronger European autonomy in defense, energy, digital and on stronger European external action on four fronts:

- The first is the ongoing process to reform the multilateral system by implementing the UN Pact for the Future agenda, in spite of the many underlying difficulties;
- The second is to stimulate the catalyst role of the G20, as this can be more promising than the current tension between the G7 and the BRICS, which are a kind of proxy to the tensions between the West and the Rest, even if both of them have many internal divisions;

- The third is the multiplier effect of the regional organisations such as the African Union, CELAC, ASEAN and the European Union including their strategic partnerships (e.g. recent Summits EU-AU and EU-CELAC).
- The fourth is to develop a new generation of trade investment and partnership agreements with larger scope including digital issues and cooperation for better standards, which offer a real alternative to tariffs war approach as long as the paralysis of WTO is not overcome.

We can spell out in more concrete terms some possible steps for such a strategy, building on what was achieved so far by the United Nations Pact for the Future and the G20.

We will also indicate what the possible role of the European Union can be, particularly if it can reach an acceptable solution for the war in Ukraine and regain the time and the political energy to develop its strategic autonomy in many areas, including its external action in the multilateral and bilateral fronts.

1. One of the important commitments of the UN Pact for the Future is to hold a bi-annual summit on sustainable development and finance to monitor the implementation of the SDGs agenda with more adequate funding solutions. The EU has a long and rich experience in coordinating the implementation of economic, social and environmental policies in articulation with fiscal and financing policies under the term of 'European semester'. The EU can bring this experience not only to UN bodies but also when setting its bilateral partnerships, creating better conditions for all countries to implement the SDGs' agenda with transformative national plans.
2. The Doha agenda for social development was recently adopted to strengthen the social pillar of the UN Pact for the Future, in the same way the European pillar of social rights was adopted to rebalance the EU architecture and economic governance. In the same vein, these new global social objectives should have implications for a

new approach regarding economic, green and digital policies. An effective combat of poverty requires more fiscal space and progressive taxation. Job creation must be supported by an active industrial policy, and better labour standards should be included in trade negotiations. A fair green transition must count on re-skilling workers for new jobs. Managing the digital transformation requires new social rights for digital work. Building sustainable access to social protection for all types of workers is the best way to reduce informal jobs. Care work should be fully recognised as a basic need, as well as an essential sector where workers should be given standard labour rights.

3. The Belém conclusions on climate action achieved some progress regarding more ambitious nationally determined contributions and increasing the global financing effort, but they were disappointing regarding the phasing out of fossil fuels. The resistance of the big fossil fuel producers remains a huge stumbling block, but the definition of just transition corridors can help. These corridors should reduce the costs not only of moving to new jobs, but also of transitioning to renewable energy consumption. This requires significantly higher international cooperation in both technological and financial terms. From this viewpoint, the European Union needs to do much more to overcome the misunderstandings created by its carbon border tax, Carbon Border Adjustment Mechanism (CBAM).
4. The Seville compromise could make progress on some hard issues of global financial governance. Still it was limited by the absence of the US as a significant global player. Further progress is still needed, and the European Union should be bolder than usual about these matters. More boldness is needed regarding debt burden reduction, where the alignment with SDGs implementation should be used as a more explicit criterion. The same should happen when assessing the public debt sustainability. Combatting illicit outflows of capital and loss of public revenue requires a much higher international cooperation on taxation, on the

basis of UN Tax Convention. Global public goods, such as climate actions, require global taxation as well as more generous funding of global facilities to cover investment needs and address shocks. The reform of multilateral development banks needs to go further to provide capital for higher-risk investments. Finally, it is high time to turn the governance of the international financial institutions into a more representative and inclusive one in geographic terms.

When it comes specifically to the European Union, its important financial instrument Global Gateway should be redesigned to better cope with partners' needs and to integrate all the relevant tools from macro financial assistance, export support, energy, transports and digital infrastructures industrial policies and competitiveness instruments.

5. Finally, the UN Global Digital Compact should be used not only to establish basic principles regarding security, access, human rights, and relevance for sustainable development. It should be used to define a global digital architecture that enables countries and macro regions not only to have access to imported digital services but also to develop their own digital ecosystems, responding to their specific needs and cultural preferences. This will require not only defining regulations, but also building up capacities to provide tailor-made solutions, as the European move towards digital sovereignty is highlighting for the time being. But European digital sovereignty should not be against digital international cooperation, on the contrary. Much higher international cooperation should be promoted regarding technologies, skills, infrastructures and new governance models for platforms such as those in digital public infrastructures. This is particularly urgent regarding the avenues to develop the AI potential.

The time of global politics has arrived. Can Progressive forces better coordinate their plans and actions, not only in each country but across the multilateral system, in global fora such as the G20, in coalitions of the willing, strategic partnerships

between macro regions and a new generation of trade agreements? This will be decisive to shape the new global order in the making.

We are pleased to include in this report on Implementing the UN Pact for the Future four remarkable policy papers exploring all these issues in detail with a progressive approach.

- EUROPE'S STRATEGIC ROLE IN GLOBAL DEVELOPMENT by Stefano Manservigi and Mario Pezzini, presented during the 4th International Conference Financing for Development in Sevilla/Spain from 30 June – 3 July 2025.
- TOWARDS A GLOBAL PACT FOR THE FUTURE WITH A STRONGER EUROPEAN PILLAR by Azita Berar Awad, presented during the Second World Summit for Social Development in Doha/Qatar from 4 to 6 November.
- GOVERNING THE GLOBAL JUST TRANSITION FROM FOSSIL FUELS TO CLEAN ENERGY by Céline Charveriat and Pierre Leturcq, presented in the context of the UN Climate Change Conference (COP30) in Belém/Brazil from 10 to 21 November 2025.
- DIGITAL SOVEREIGNTY AND A NEW MULTILATERALISM by Francesca Bria.

They are part of the FEPS Flagship project UNited for, which since 2018 has mobilized experts, policymakers and civil society stakeholders to bring a European Progressive contribution to the reform of the multilateral system aligned with the main topics of the annual UN General Assembly. The Summit of the Future adopting the Pact for the Future was a culminating moment of this UN reform process. Implementing its decisions despite the current very adverse geopolitical landscape and turmoil should remain a vital compass if we want to shape the emerging global order in a progressive direction.

An overview of FEPS' main activities during the 2024-2025 'UNited for' project period, contributing to the Summit of the Future and the Pact for the Future, is annexed to this report.

1. EUROPE'S STRATEGIC ROLE IN GLOBAL DEVELOPMENT

A CALL FOR AMBITION AND REFORM

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Introduction

The global landscape is shifting rapidly – and it remains unclear who stands to benefit.

Geopolitics is hardening, and international relations require redefinition. The USA, long regarded as a trusted ally, is now increasingly unpredictable – even adversarial – and it is undergoing a structural shift in its approach to global governance. At the same time, the assertive voices of the Global South, from Africa, Asia and Latin America, insist on a seat at the table of global rule-making, speaking of lost credibility and broken promises in a system they did not design.

Cooperation is faltering and its erosion needs to be addressed. The dismantling of the United States Agency for International Development (USAID) and erosion of World Trade Organization enforcement mechanisms, just to mention two visible cases, point to a deeper reconfiguration of international engagement. Institutions built to manage shared challenges are showing visible cracks and no longer inspire trust in delivering credible global solutions. Without renewed architecture and inclusive reform, the international system risks losing its legitimacy – pushing development further down its list of priorities.

In this context, the Europe must take up its significant responsibility and seize a historic opportunity. This moment calls not for reactive crisis management or marginal technical adjustments but for a bold and proactive redefinition. The global commons are under increasing strain, and hopes for sustainable development will slip further out of reach. Europe must choose to follow, to retreat or to lead. This policy brief argues that Europe must play a strategic role in shaping the future of global development – not as a donor amongst many, but as a partner amongst equals. It must help build new coalitions, co-design multilateral institutions, and facilitate inclusive investment and development – steps that ultimately serve Europe's strategic interests.

The EU has the institutions – and strategic interest – to act. But coherence demands more than good

branding. Fragmented instruments and mandates must give way to a shared political vision capable of rebuilding trust. The EU must rebalance its foreign policy priorities, making international cooperation the central pillar of its international relations, with defence, security and competitiveness aligned to support – not overshadow – this priority. It should equip flagship instruments, such as the Global Gateway and Team Europe, with a simplified legal framework and the robust budgets they require.

In the coming sections, we first assess the breakdown of global cooperation and the risks it creates. Secondly, we explore what the Global South expects from Seville. Thirdly, we evaluate the EU's current position. Finally, we outline how the EU must reframe its role and present policy proposals to support global alliances through institutional reform.

1. Cooperation matters more than ever...

Development challenges have not disappeared – they have multiplied. The erosion of global public goods, persistent underdevelopment, and increasing fragility and humanitarian crises, which are often interlinked,¹ make multilateral renewal a necessity.

Antonio Gutierrez sounded the alarm: “Our world is in big trouble. Divides are growing deeper. Inequalities are growing wider. Challenges are spreading further”.² This was not a rhetorical flourish but a crucial wake-up call. Global public goods are under strain. Climate-related disasters are becoming more frequent, deadlier and more expensive. The losses in education caused by the COVID-19 pandemic have not yet been fully offset, and healthcare systems continue to face severe strain. The development traps are hardening. Many countries remain unable to free themselves from low productivity, high levels of economic informality and an unjust social structure. Over the last five years, extreme poverty has increased in several regions, undoing decades of progress. Social discontent, as well as inequality within and between countries, is on the rise. Youth unemployment, informal labour and a lack of access to services are fuelling political instability. Conflicts and humanitarian crises are intensifying. More than

100 million people have been forcibly displaced. Armed conflicts have returned to Europe, while the crises in Sudan, Myanmar, Haiti and Gaza are pushing humanitarian systems to their limits. Over 700 million people worldwide are affected by food insecurity.

The irony is stark: just when international cooperation and multilateral action are a necessity, the global system appears least capable of providing them. Financing is fragmented, unpredictable and insufficient, and it lacks the flexibility and tools to respond to complex realities. The global financial architecture is not designed to fund public goods at scale nor to allow sufficient fiscal space to finance sustainable public policies. Debt servicing is now higher than public investment in many low-income countries that don't have fiscal space to act. Middle-income countries fall through the cracks of the current system: too rich for concessional finance and too poor for market-based instruments. The international community consistently underfunds humanitarian appeals. The disconnect between demand and delivery deepens the legitimacy crisis of the multilateral system, the responses of which have become increasingly narrow and ineffective. If the system is not reformed and re-legitimised, and development finance remains stagnant – and often procyclical – trust will erode further, and fragmentation will accelerate.

... but what kind of cooperation? From development assistance to partnerships – and beyond – with the South

Seville is a chance to reverse the current course – we hope by promising more, but also by doing better. It offers a moment to emphasise a shift – not only in discourse, but also in institutional practice. In the past, Europe has repeatedly supported development *in the South*. It now has the opportunity to monitor, expand and transform its practices into a far-reaching strategy of building development *with the South* – and increasingly for itself. European strategic autonomy cannot be reduced to defence and aloofness but built through development through global solidarity and partnerships.

Development is no longer a unidirectional process in which “advanced” countries pass on standards, technical assistance and financial resources to “lagging” countries. This is – or should be – widely acknowledged by now. The 2030 agenda and its sustainable development goals (SDGs) have radically transformed the very concept of development, along with the goals and responsibilities it entails for all countries. Today, high-, middle- and low-income societies all face the following:

- *Systemic challenges* that require international partnerships for joint innovation, co-investment and mutual learning. This observation is and has been the reason for SDGs. Climate change adaptation and disaster risk reduction, migration and forced displacement, the digital divide, AI governance, health security, and conflict prevention are global challenges with country-specific characteristics.
- *National development aspirations and “bottlenecks”* that call for dialogue and knowledge sharing between countries. In the face of uncertainty, governments are exploring various strategies that differ significantly from past prescriptions. In this pluralistic landscape, there is no universal development blueprint; instead, there are differentiated paths that respond to specific conditions and circumstances. This diversity makes international peer-to-peer exchange and knowledge sharing not only desirable but essential for countries to compare strategies and discuss solutions.

In this reality, a multilateral system that recognises plurality is more likely to promote trust, efficiency and legitimacy. Cooperation must be reframed as a partnership – and beyond: a relationship that recognises specific knowledge, interdependence and reciprocity, and builds on shared missions, transparent agendas and mutual accountability.³ What is needed is an architecture that supports the co-creation of common goods and cooperation for national development – and that ensures adequate financing is available to achieve these goals.

2. Redesigning multilateralism for a fragmented world

A series of changes is needed to make cooperation credible and effective in the current global context. In particular, we would like to emphasise four key aspects: who decides; what goals are pursued; how cooperation operates; and how it is funded.

Who decides: Reforming participation and legitimacy

Governance structures are at stake, as they do not reflect current global realities. The United Nations (UN) system remains, by and large, an anchor for many countries in the Global South, while their trust in international financial institutions is dwindling dramatically. They see those institutions as exclusive clubs where vital decisions are made without meaningful input from those most affected. In the meantime, new Southern-led institutions have emerged to fill the gaps in representation. This two-track approach is understandable but risks further weakening the strength and coherence of global cooperation. To build trust and legitimacy, decision-making processes must ensure greater voice and participation from developing countries. Almost all actors have been saying this for some time. It is, therefore, essential to find new pragmatic solutions that promote an “inclusive and non-exclusive”⁴ partnership in which the distinction between “donors” and “recipients” is outdated.⁵

What goals: Rethinking development priorities and metrics

The priorities of cooperation must evolve. Structural adjustment policies of the past enforced a financial orthodoxy that prioritised fiscal austerity over development. They failed not only because a reductionist ideological approach inspired them, but also because they did not consider national-context specificities, which exacerbated their adverse outcomes. Therefore, a critical question today is not how to enforce fiscal stability in a vacuum, but how to ensure that developing countries have access to

adequate resources that expand their fiscal space to finance public policies and support national development strategies. Economic growth is important, even crucial, in this context, but it is not the only instrument. Expanding fiscal space requires the capacity to mobilise domestic resources – including fair taxation of multinational corporations and combating illicit financial flows – attract investment with significant linkages, leverage international cooperation and use remittances strategically.

In addition, cooperation must, in any case, be measured by the results it delivers – and countries must assess these results *beyond GDP*. The 2030 Agenda already emphasised that development must be inclusive, context-specific and focused on long-term wellbeing. Nevertheless, financial flows continue to rely on GDP-based classifications that neglect many sustainable development concerns and exclude many vulnerable middle-income countries. A renewed multilateralism should introduce multidimensional indicators of progress and vulnerability that take into account what is important for people, the planet and the future. Such alternatives to GDP already exist; the real challenge is not to invent them but to ensure that decision-making and accountability integrate them effectively.

How to achieve cooperation: Renewing instruments and principles

The current models, rooted in the past, have reached their limits, as was evident when developing countries had to contend with the consequences of the COVID-19 pandemic. The key element remains increasing funding for sustainable development to achieve lasting, sustainable results. However, countries should consider how to improve permanent development policies and spending instruments through peer-to-peer policy dialogue and monitoring of results. They must promote innovation through experimentation, knowledge sharing, capacity building and peer learning in development cooperation practices, rather than imposing routine technical standards as a precondition for support. This refers not only to traditional North-South

cooperation, but also to South-South and trilateral modalities that should be strengthened.⁶

How to finance a global system under strain

The global financial architecture does not adequately respond to needs. Developing countries, including emerging economies, face interest rates several times higher than Western or Chinese borrowers. Credit rating agencies tend to penalise investments in developing countries, particularly when countries apply for debt restructuring, thereby undermining their ability to invest in climate and development initiatives. Two thirds of low-income countries and one third of middle-income countries are at risk of debt distress. Most restructurings are too slow, too narrow or too late. Private creditors (today, the leading group of creditors, along with China) often refuse to cooperate. The result is paralysis.

Capital mobilised by multilateral banks remains modest. Despite narratives on blended finance, actual leverage ratios remain low, and coordination among instruments is far from being optimal. For example, the promises of SDGs and climate finance remain largely unfulfilled. The \$100 billion commitment made in 2009 was reached only in 2023 – and much of it came through loans, not grants. The investment gap to achieve carbon-neutrality goals remains huge. New mechanisms, such as the Loss and Damage Fund, lack predictable resources. Countries have not yet approved new approaches for international taxation to meet climate commitments.

More generally, to finance the SDGs and global public goods, there is a need for long-term, highly concessional loans for investment. However, the current system channels funding through short-term projects¹ and allocates it across various agencies, funds and bilateral programs. Not to mention that prudential and regulatory frameworks have reduced appetite for equity investments longer than 7-8 years, and credit rating methodologies and country risk assessments are frequently opaque, procyclical and biased toward short-term stability rather than

long-term development potential. These distortions constrain access to private finance and export credit.

Meanwhile, the political salience of financing development cooperation is waning for many governments, which are significantly disengaging from this effort. The Trump administration is dismantling USAID and blocking most US foreign aid. The UK cut development funding by almost half in favour of increased military spending, prompting the resignation of the Minister for International Development. But also elsewhere in Europe, many are cutting development assistance funds, including the generous Nordic countries and Switzerland.

In response to persistent debt vulnerabilities and fiscal constraints, several proposals are being advanced. Among them, debt pause clauses⁷ are gaining attention. The same is true for debt-for-investment SWAP initiatives. These mechanisms, long advocated by the Bridgetown initiative, are being discussed by several governments and development banks, including under Spain's leadership. Their uptake remains limited, but they represent a practical option for increasing resilience without incurring additional costs to creditors. At the same time, there are calls to revise the frameworks used for debt sustainability analyses – particularly those of the International Monetary Fund (IMF) – to reflect climate and nature-related risks and better assess countries' actual capacity to service debt while investing in long-term development.

Finally, there is renewed momentum around broadening the sources and criteria of development finance. Proposals for solidarity levies on under-taxed sectors – such as fossil fuels, maritime transport or financial services – could generate significant additional resources without increasing debt. At the same time, reforms to the allocation of concessional finance are being discussed to incorporate measures of multidimensional vulnerability, which are currently excluded from traditional aid eligibility. These efforts are supported by flexible platforms, such as the Pact for Prosperity, People and the Planet (4P),⁸ which bring together governments, experts and institutions to test and accelerate practical reforms. Rather than replacing

formal negotiations, such coalitions provide space for experimentation and policy learning – essential steps in building a more equitable and responsive financial architecture.

3. What the Global South expects from Seville

Expectations from countries in Africa, Latin America and Asia for the Seville conference are high. While diverse in form and emphasis, they build on the consensus – painfully reached – around the Pact for the Future, which reaffirmed the need to reform the international system to make it more equitable, representative and responsive to present challenges. Based on official statements, summit declarations and inputs from civil society, several recurring demands can be identified. Although not entirely unified, they underline areas where meaningful change is anticipated:⁹

- **Reform of international governance.** As already stated, many countries contest a system where development priorities are set elsewhere and implemented locally. They call for fair representation in global institutions and a rebalancing of voting power – notably in the IMF and World Bank.¹⁰

The G77 and China have insisted that global tax rules be negotiated within the UN,¹¹ and many Latin American countries have proposed more regionally anchored frameworks for debt and development planning.¹²

The southern countries' presidencies (Indonesia, India, Brazil and South Africa) sought to advance a stronger role for the G20. In this context, the African Union's long-standing call for a permanent seat at the G20 – granted under India's – marked a significant step toward more inclusive global governance.

The countries of the Global South also call for cooperation to align with national strategies. This is not a matter of procedural harmonisation but of joint priority setting. The implementation and monitoring of partnership projects should

involve domestic institutions, with increased transparency and accountability.

- **Fair and predictable access to finance,** as well as ways to **reduce debt risks** and improve sovereign markets with new debt instruments and options. In different fora, ministers and heads of state criticise short project cycles and rigid risk profiles that penalise their credits. They support the idea of mobilising additional and innovative financial resources. They call for strengthening global tax rules to address digitalisation and globalisation, seek to counter illicit financial flows, and emphasise the need to reduce the costs of remittances, which are a vital source of external financing.
- **Climate justice and a just transition.** A persistent theme is the imbalance in climate finance. Countries question why most green finance arrives as loans, including for urgent mitigation actions, why it bypasses the poorest and why transition rules are often set elsewhere. Loss and damage, adaptation, and green industrialisation must be financed on equitable terms – and with stronger operational follow-through.¹³
- **Access to technology and productive transformation.** Beyond financing, countries advocate for non-financial fairness. This includes intellectual property reform to enable access to green and digital technologies, as well as policy space to support national industries and bust investments. The emphasis is on industrial strategies that generate decent work, add value locally and avoid new forms of technological dependence.¹⁴

These expectations indicate that more resources are needed, and the logic and structure of cooperation must change. Seville will not be judged by the number of new commitments added to the old framework, but by whether it marks a turning point in restoring credibility, shared responsibility and effectiveness to cooperation through partnerships.

4. Where Europe stands

The approach to development cooperation – and, more broadly, to partnerships with developing countries – is at a crossroads.

On one hand, there is a possible adverse scenario. Without reforms to make cooperation more inclusive, representative and effective, cooperation risks being replaced by transactional approaches, with the consequence of increasingly weakening and disjoining global governance. The EU itself is facing risks. It has invested, and continues to invest heavily, in worldwide cooperation and, together with its member states, remains the world's largest source of official development assistance (ODA). However, it risks losing relevance if it doesn't take a step further, setting long-term common strategies with its partners, or if it doesn't address its fragmentation effectively, unifying its narrative and voice. The European Parliament¹⁵ urges for better alignment between external action, climate objectives, trade, industrial policies and development goals.

On the other hand, there is an optimistic scenario. Suppose the EU acknowledges and moves beyond the aid mindset; upscales its engagement with partners; and decides on common ways, means and objectives for a multilateral partnership. Suppose it increases the budget for its external action and consolidates its instruments. Then the EU will be well positioned to play a meaningful role in a new global development pact. It has the **institutional capacity** and **strategic interest** to support a more inclusive and effective global system. With decades of experience in regional integration, and as one of the largest providers of development finance, the EU brings significant expertise to the table for new learning and cooperative governance. Moreover, Europe has a direct stake in promoting global public goods – from climate action to health security.

Some encouraging signs of positive evolution do exist.

Over the past decade, the EU has progressively reshaped its development and cooperation

instruments to engage with a more diverse set of partners through more flexible, demand-driven and partnership-based approaches. Already in 2017, the **European Consensus on Development**¹⁶ designed a multidimensional approach: it acknowledged the interlinkages between development, migration, security and climate change; and engaged all sectors in development policies, not just foreign aid.¹⁷

Building on this foundation, the **NDICI-Global Europe** (Neighbourhood, Development and International Cooperation Instrument), the main financial instrument for external action, was launched in 2021. NDICI consolidated several previously fragmented funding channels into a single framework, with a budget of over €79 billion for 2021-2027. It allows the EU to operate more coherently and strategically, beyond traditional ODA constraints, with greater capacity to respond to emerging needs,¹⁸ including in upper-middle-income countries like those in Latin America and the Caribbean (LAC). Finally, and crucially, the NDICI finances investments¹⁹ with guarantees and blended instruments to mobilise private and public capital.

The EU also launched the **Global Gateway initiative**, a tool to turn these reforms into action and support investments, notably in infrastructure. In parallel, the EU introduced the **Team Europe initiatives** (TEIs), a central operational tool that intends to improve the coherence and visibility of European external action in partner countries by aligning the efforts and funds of EU institutions, member states, development finance institutions (such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development) and implementing agencies. Under a common strategy, TEIs combine grant funding, guarantees, loans and technical assistance from various European sources and have been deployed to support geographic and key priority areas. Those initiatives are built in dialogue with governments and civil society partners in countries and are designed to “act together as a Union”.²⁰

In a relatively stable world, these reforms were significant for doing development cooperation better and more in tune with demands from partners in the South. However, over the last few years, the

global political and economic environment has dramatically changed. A deeper shift is needed.

5. The Global Gateway: Test case for the EU's new strategic cooperation

As we just said, the European reorientation in external partnerships, away from traditional assistance practices, culminate in the **Global Gateway strategy**, starting with the **Global Gateway Investment Agenda** (GGIA): the EU's attempt to translate institutional innovations – such as NDICI-Global Europe and TEIs – into a coherent platform for sustainable investment. Launched in 2021, the GGIA aims to mobilise up to €300 billion by 2027.

What the Global Gateway set out to be: Ambition and early implementation

The Global Gateway has not been conceived as a traditional – albeit modernised – assistance programme. It emerged as the flagship initiative of the first von der Leyen Commission to reshape the EU's partnerships with developing countries. It aims to represent a geopolitical-based approach, offering investments rooted in reciprocity and mutual interest. It promises co-creation, rather than conditionality, to project **a distinctly European new model of cooperation**. Among the many elements that define this approach, a few stand out:

- **Prioritising investment** with multiplying effects in sectors essential for global transitions. In particular, the Global Gateway explicitly seeks to prioritise infrastructure as a driver of growth and to offer an alternative to other global investment frameworks. It supports large-scale investments across Africa, the Indo-Pacific, the Western Balkans, Eastern Europe and LAC, with comparable financial commitments. In Africa, the EU backs vaccine manufacturing, regional electricity interconnectors and green hydrogen corridors. In the Indo-Pacific, projects include undersea fibre optic cables, sustainable port infrastructure, and just energy transition partnerships in countries like Vietnam and

Indonesia. In Eastern Europe and the Balkans, initiatives focus on regional transport links, digital corridors and industrial decarbonisation. In LAC, investments focus on clean energy, digital education, sustainable mining and innovation, with flagship projects including hydrogen development in Brazil and broadband expansion in Central America.

- **Scaling up financing** by mobilising private investment and by facilitating blending with public financial institutions. The Global Gateway is a multi-actor, multi-instrument platform that combines grants, guarantees, loans and equity to leverage private and public resources through blended finance and de-risking instruments. This is primarily achieved through the EFSD+, a leveraging instrument designed to attract private capital. Its primary innovation lies in offering partial guarantees to financial institutions to mitigate political, economic and project-related risks and improve the bankability of projects.
- **Unpacking geopolitical perspectives** by reflecting a geopolitical reading of international cooperation. The Global Gateway is not merely an investment funding platform; it maintains a commitment to the SDGs, reinforces regional integration, and supports green and digital transitions. Nor is the GGIA a traditional aid program. Explicit references to assistance policies have been deliberately minimised – reflecting a shift away from donor-driven narratives and distancing the initiative from language and frameworks perceived as outdated. The GGIA instead aims to be a political proposition to deepen strategic ties with partner countries. It intends to redefine partnerships around mutually beneficial projects designed to serve both partner country priorities and to build strategic alignment.
- **Enhancing European coherence** and unity of action. The Global Gateway intends to consolidate the Team Europe approach, seeking to concentrate efforts on sectors with high leverage, to project coherence across EU actions, and to articulate a distinct European

path to partnership and engagement with the Global South.

Yet, to be entirely consistent with its ambition of building a new model of international cooperation through genuine partnerships, the EU should address a set of recurring criticisms. Among them is the perception that projects are still conceived mainly in Brussels. Moreover, beyond infrastructure and connectivity, cooperation should also support local value creation. This entails investing not only in capital and technology, but also in skills, institutions and ecosystems, and aligning industrial policies with the development priorities of partner countries. While many EU initiatives move in this direction, such dimensions often appear as residual elements inherited from past approaches rather than as core features of an integrated investment strategy.

To ensure lasting outcomes and to credibly address the challenges shaping today's world, the Global Gateway requires a shift that rethinks not only instruments but also the underlying tools:

- *Governance model*: The gateway should become an open platform – not just for project delivery, but also for coordinating strategic choices with partner governments, private-sector actors and civil society. These choices must then be translated into concrete, bankable initiatives. To fulfil this role, it must truly become global – open to all partners from the Global South who are willing to engage around the same table.
- *Political and strategic perspective*: The prevailing narrative still falls short of providing a credible and comprehensive integrated approach. It lacks a fully articulated offer that combines economic goals with broader development policies, and that aligns with the evolving demands of partner countries.

If the EU wants to navigate the present juncture and shape a constructive role in the evolving political, economic and development landscape – if it truly recognises that its future is tied to its capacity to work with the countries of the Global South – if it wants to act as a relevant global actor, it must complete its strategic transition and articulate a

broader policy offer rooted in shared objectives and joint ownership. It must not only invest but invest differently through the Global Gateway.

Unlocking the potential for a new approach to development

The Global Gateway, NDICI²¹ and Team Europe can serve as the pillars of the European strategy. They should, therefore, be enhanced to become a trustable platform for transformative alliances. The Global South has made its requests clear. The EU must now show that it is not only willing to listen but ready to change. The road to Seville is not just a checkpoint – it is a chance to reset and lead. Several decisive steps must be taken – immediately and strategically.

The EU must **unlock resources and overcome its procedural barriers**:

- Seize the opportunity of the upcoming Multiannual Financial Framework negotiations to substantially increase its budget for external action – sending a clear political signal that the EU's global role cannot be considered only in terms of defence and competitiveness, but must be anchored in strong international partnerships and alliances.
- Deliver meaningful impact and further integrate and simplify the EU's toolbox – including the alignment of ODA, macro-financial assistance, export support and competitiveness instruments under a single strategic platform.
- Evolve Team Europe into a true upstream mechanism for joint resource pooling, coordinated programming and streamlined delivery.
- Reform the EIB by establishing a dedicated implementation branch or agency aligned with the EU's geopolitical and development priorities.
- Prioritise the radical simplification of delivery procedures – time is not on Europe's side.

But resources and simplification are not enough.

The EU must also **send an unequivocal political signal** that its relations with the Global South are entering a new phase – a phase of strategic alliance aimed at doing more and better together not only bilaterally, but also through joint action at the multilateral level. This means working in partnership to promote reforms and to design innovative ways of cooperating in practice. Countries in the Global South are indeed asking for support to expand their fiscal space and address the debt crisis. For this, they seek a role in decision-making processes and genuine co-creation grounded in their priorities. What they expect are partnerships that strengthen productive capacity, enable industrial transformation, find their place in new supply chains, and ensure access to knowledge and technology.

This requires immediate, visible changes, starting with:

- launching a permanent dialogue platform co-led with Global South partners from all regions to co-design and operational architecture of the Global Gateway Platform;
- establishing inclusive governance mechanisms for this Global Platform that reflect equal participation in agenda setting; and
- inviting regional institutions and development banks from Africa, Latin America and Asia to shape project pipelines and co-own delivery frameworks. The partnership established with national development banks around the world through the Finance in Common movement can play a crucial role in this regard.

The platform for dialogue would develop the rules, priorities and implementation methods of the Global Gateway, starting with the principle that public support must be channelled toward investments that meet rigorous environmental, social and developmental targets. A robust and agreed certification mechanism would help ensure that public contributions are tied to verifiable outcomes. Moreover, tools such as de-risking instruments, guarantees and blended finance are indispensable for public funds to serve as catalysts for sustainable and productive investments, thereby unlocking

private capital for high-impact sectors. A renewed approach to risk assessment is needed – one that integrates transparent governance indicators to complement conventional financial metrics and guide investment toward environments where institutional capacity supports long-term impact. A proactive strategy to incentivise private-sector engagement should be developed, including high-visibility initiatives that position the Global Gateway as an opportunity for European businesses and investors – an opportunity, not a constraint – linked to the EU global competitiveness agenda.

These steps are not exhaustive nor cosmetic – they are structural. They are going in the direction of showing that the EU has understood the message from the Global South and that it is willing to act not as a better donor but as a strategic partner in the construction of a more equitable international system.

Ultimately, this points to a way forward for building effective multilateralism through a pragmatic approach grounded in shared interests. Five examples of operational initiatives could be conceived:

- 1) **Purpose-specific “tables of dialogue”.** The initiatives design should be inclusive, leading to co-programming and, when possible, co-financing. They should reflect the development plans of partner countries and be informed by regional frameworks, such as ECLAC’s agenda for structural transformation or the African Union’s Agenda 2063. Rather than imposing a single template, the EU should facilitate the emergence of a shared understanding. Each cooperation initiative should be grounded in dedicated and inclusive tables of dialogue that gather all relevant actors – governments, civil society and the private sector. These platforms should not start from preset standards but rather enable the joint formulation of problems, priorities and vocabulary. Mutual learning, collective validation of data and interpretative exchanges must be the foundation.

- 2) **Mission-oriented design.** Avoiding generic goals, each platform should target concrete “common goods or bads” with clear geographic relevance. A shift from broad frameworks to focused missions would foster ownership and measurable outcomes in line with local capabilities and ambitions.
- 3) **Joint operational modalities.** Action plans should be co-developed by diverse coalitions – including local authorities, businesses, unions and knowledge institutions. Mobilising complementary capacities is more effective than replicating top-down administrative blueprints. Incentives and soft enforcement mechanisms (including mutual accountability) should replace rigid conditionalities.
- 4) **Light and voluntary governance.** Rather than reinforcing bureaucracy, governance arrangements should remain minimal, flexible and open. Voluntary commitments and iterative processes would favour responsiveness and experimentation. This would allow projects to adapt to context-specific dynamics while reducing transaction costs.
- 5) **From pilots to systems.** Short-term experiments must be connected to long-term learning. Mechanisms for collective monitoring, transparent reporting and policy feedback loops are essential to identify what works, where and why. This will require robust impact assessment, public access to project data and participatory evaluation mechanisms. Metrics must focus on long-term outcomes beyond GDP. A gradual institutionalisation would help define the evolving architecture of multilateral cooperation, grounded in real-world results rather than normative abstraction.

6. Conclusions

Development in today’s broken and risky world is a shared imperative, even more than in the past. Europe’s own green, digital and social transitions will falter without global partners who share ownership of these processes. In the lead up to the Seville Conference on Financing for Development, the challenge for the EU is not only to contribute meaningfully to its outcomes but to define a strategic agenda for the period that follows.

Summing up a few considerations:

Firstly, we need to reframe the debate. Rather than focusing solely on the size of the financial gap for the SDGs – vast and realistically impossible to fill under current conditions – it is worth recognising a deeper setback: the decoupling of the SDGs from the broader reform agendas they were meant to inspire. The 2030 Agenda has been reduced to a new version of the millennium development goals: targets to be achieved by developing countries with external support. Yet the SDGs call for universal commitments, mutual policy shifts and a shared mobilisation of resources. This call demands not only more financing but also strategic choices – particularly around global public goods – and the capacity to define common agendas. The EU can support these efforts by utilising instruments such as the Global Gateway not only to deliver projects, but also to structure reforms and set the conditions for investment. As we mentioned, real breakthroughs will depend on building a joint global platform to define, in collaboration with partners, the rules of the game. This is the political meaning of a new approach to alignment and ownership.

Secondly, the narrative on aid must evolve. Its requalification is long overdue. Moving away from traditional schemes is now widely accepted and needed. The next step is to move proactively, starting with proposals for reform, definitions and statistical tools. Under the present conditions, a strong EU external action budget remains essential and must be maintained and even scaled up. Without such a budget, de-risking instruments, guarantees or even blended finance will be ineffective – especially for the most fragile countries and sectors. The commitment

to reach 0.7% must be kept, as ODA must be recognised as a necessary lever for investment. With recent cutbacks in other donor countries, the EU remains the largest provider of ODA, a fact that will become more pronounced in light of decisions made by the current US administration.

Thirdly, the EU needs a reformed toolbox that integrates ODA, macro-financial assistance, export promotion and investment support under a unified platform; establishes an external investment window in any future EU Competitiveness Fund; and transforms Team Europe into an upstream mechanism for joint resource mobilisation and decision-making. The EIB, too, must move further, developing a dedicated branch or implementing agency for external action. Simplification of the procedures remains a must.

Fourthly, the EU can play a significant role politically by advocating for reforms on the global stage.

On one hand, the EU should champion UN-based negotiations on international tax cooperation, preventing and combating illicit financial flows, and work to reduce the fragmentation of climate-related funds, which currently number over 60. It should support further action on mitigation and adaptation, endorse calls for reforming voting rights at the IMF and World Bank, and help advance the reforms outlined in the Pact for the Future. The EU must also support initiatives to address unsustainable debt burdens, including through a revised Common Framework, and commit to reducing remittance transaction costs to below 2%.

On the other hand, it could do more than just join calls for reforms on the global stage. It could start experimenting with and exploring new forms of operational multilateral action to demonstrate its feasibility. The best message it can bring to Seville is not only a financial pledge but a clear political signal: that its future lies in upgrading partnerships into strategic alliances with the Global South, starting with countries that are ready to act now. Such coalitions, built without preconditions, could generate flexible geometries of cooperation and bottom-up momentum for reform. External action is not a luxury – it is a strategic investment. The EU cannot achieve its global ambitions on its own. In

a fragmented and contested world, its future will depend on its ability to build alliances.

The strongest message Europe could send in Seville is that **it is ready to act – together.**

Endnotes

- 1 External shocks – conflict, commodity price volatility, climate events – compound structural development bottlenecks.
- 2 Guterres addressed the urgency of collective action to tackle challenges such as climate change, growing inequalities, food security and geopolitical tension. Guterres, A. (2022) “Secretary General’s address to the General Assembly”. United Nations, 20 September.
- 3 See the debate on development in transition launched by Alicia Barcena, Stefano Manservigi and Mario Pezzini in 2017: Barcena, A., S. Manservigi and M. Pezzini (2017) “Development in transition”. OECD, 11 July.
Spain’s new Law on Sustainable Development Cooperation and Global Solidarity (February 2023) introduces “development in transition” as a central element of its cooperation policy. The Spanish Cooperation Master Plan further elaborates this approach. Spain commits to evolving its international cooperation towards more inclusive and adaptable models – recognising the transitional dynamics of partner countries and promoting partnerships based on global solidarity and shared responsibility.
As for civil society engagement, see the vibrant debate around Global Public Investment, and for key academic contributions, the work of Jayati Ghosh and José Antonio Sanahuja.
- 4 See, for example, the chairperson of the African Union interventions at the Sixth African Union-European Union Summit in February 2022.
- 5 Mary Robinson, chair of the OECD DAC High-Level Panel. She emphasised this point in January 2017 and stressed that institutions must foster inclusive partnerships based on shared responsibility and mutual benefit. “Reshaping development cooperation for a transformed development agenda”. Mary Robinson Foundation, 14 February 2017.
- 6 The Belt and Road Initiative, despite criticisms, is perceived as more open to experimentation than many Western instruments.
- 7 These allow temporary suspension of repayments in the event of external shocks.
- 8 4P, launched at the 2023 Summit for a New Global Financial Pact, is a voluntary platform that brings together over 70 countries from both the Global North and South. It aims to support practical reforms of the international financial architecture through flexible coalitions and targeted initiatives.
- 9 “We are not asking for generosity”, said Brazil’s Finance Minister Fernando Haddad, “we are asking for justice”. Haddad, F. (2023) Speech at CELAC–EU Economic Forum, July.
- 10 Africa Climate Summit Declaration, Nairobi, September 2023.
- 11 G77 and China Statement, UN General Assembly, October 2023.
- 12 “Towards a Latin American Regional Development Platform”. CEPAL (ECLAC), 2023.
- 13 “The Global South is not the polluter”, said Indonesia’s Minister of Finance Sri Mulyani, “but we are paying the price”. Mulyani Indrawati, S. (2023) IMF–World Bank Spring Meetings, April.
- 14 As Colombia’s Minister of Planning Jorge Iván González stated, “Development is not a service to be delivered – it is a right to be exercised”. González, J. I. (2024) Statement at UN DCF Forum, March. Many Global South countries are still trapped in extractive, low-productivity and informal economies. Without change, these countries cannot meet social demands or climate goals. What is needed is not just any growth, but an inclusive and green industrialisation process that enable them to leapfrog. In this context, cooperation must not only fund projects – it must help countries build productive capacity, fiscal autonomy, and industrial and territorial policies.
- 15 European Parliament Resolution on the EU’s Development Policy, 2023.
- 16 A joint statement by EU institutions establishing a unified framework for EU development policies aligned with 2030 Agenda for Sustainable Development.
- 17 Among other things, it recognised the diversity of developing countries, including fragile states and middle-income countries, encouraging tailored cooperation models rather than a one-size-fits-all approach.
- 18 A “window of flexibility” (up to 10% of the budget) allows funds to be reprogrammed quickly in the event of crises, conflicts or urgent needs (e.g., pandemic, war in Ukraine).
- 19 Through the European Fund for Sustainable Development Plus (EFSD+).
- 20 Examples of TEI include green energy in Mozambique, with investment in renewable energy and sector governance reforms; digital in Africa for digital connectivity; vaccine production in Africa to build capacity for local production of vaccines and essential medicines; just transition in South Africa to accompany industrial conversion and worker training; biodiversity in Amazonia for the protection of the environment and indigenous peoples in the Amazon.
- 21 Or its possible successor.

2. TOWARDS A GLOBAL PACT FOR THE FUTURE WITH A STRONGER SOCIAL PILLAR

REFLECTIONS ON A BOLDER ROLE OF
THE EU AHEAD OF THE SECOND WORLD
SUMMIT FOR SOCIAL DEVELOPMENT

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Introduction

“Social in crisis”

Ahead of the Second World Summit for Social Development (WSSD2; Doha, 4-6 November 2025), a review of a range of indicators, including sustainable development goals’ targets and indicators, clearly point to a deep social crisis worldwide, albeit with variations among and within countries.

While extreme poverty and working poverty have dropped globally, the pace of poverty eradication has significantly decelerated in the last two decades. 800 million people still live on less than \$3 per day. Working poverty – those who have a job, but their earnings are too low – while improving globally, persists in low-income countries.

There is a major deficit in *decent work*, both in the levels of productive job creation and in the quality of jobs. Significantly, 58% of the global workforce are in informal employment. The employment crisis is harshest on women, youth and in developing countries. Half of humanity, or 3.8 billion people, still do not have access to any type of social protection.

Alarmingly, inequalities have been widening, particularly within countries, both income and wealth inequalities. The top 1% of the global population holds 20% of income and 38% of wealth.

The quest for a new social contract

Clearly, the quest for a new social contract everywhere has never been so strong. In the wake of COVID-19, there was much expectation that the “social” would take centre stage as the main factor of resilience, and there were promises of a new social contract. These promises have been pushed aside, and there is fear that renewed tensions, conflicts, trade wars, migration crises and increasing military expenditures negatively impact investment in social policy and social cohesion. A new social contract needs to be sustained by a shift in policy approaches and a new deal at the global level, where economic

and social priorities are given equal pre-eminence and resources, and where the global governance system is fairer, more inclusive and representative.

Multilateralism and the new social contract: From the Summit of the Future to the Second World Summit for Social Development

Since 2021, the UN Secretary General has launched a major initiative, “Our Common Agenda”, the main purpose of which is revitalised multilateralism through wide-ranging reforms of global governance. This initiative is premised on the compelling and converging diagnostic that the current structure and mechanisms of global governance, including the international financial system, created post-WWII, have become *unfit for purpose, unfair, and unable to respond to today’s realities and challenges*. Wide-ranging reform proposals have been discussed in successive major summits held since 2023, from the most structural to incremental amends. These summits, in particular the Summit of the Future (New York, 2024) and the Fourth International Conference on Financing for Development or FfD4 (Seville, 2025), did not meet the high expectations that were placed on them, for rebalancing the global governance and the financial order. The Second World Summit for Social Development (WSSD2, to be held in Doha in November 2025, 30 years after the first summit in Copenhagen, has set its ambition as a renewed call for action reiterating the triple goals of *poverty eradication, full and productive employment and decent work, and social cohesion*, acknowledging that many of the Copenhagen commitments remain unfulfilled. This will be the last of the series of summits under the initiative and a global opportunity to recommit to social development, international solidarity and cooperation.

The European Pillar of Social Rights (EPSR) and international cooperation

Europe is proud of its “unique social model”, which can promote, in tandem, economic competitiveness and a strong framework of social and economic

rights in Europe. Although the EPSR, proclaimed in 2017, provides a framework for social rights within the EU, on the eve of WSSD2, we examine the extent to which the values and principles embodied in the EPSR **should** also guide the EU's action beyond its borders, particularly in its multilateral diplomacy through the UN; in the G20; and in its bilateral partnerships, trade and investment agreements, and neighbourhood policy. How could Europe promote the same principles of social justice and support their effective implementation more globally?

To this end, we highlight a number of policy areas where a progressive and bolder posture and action can indeed contribute to a more inclusive and fairer world.

Ideas and proposals for a more progressive international cooperation on social policy

Several proposals, analysed in detail in the policy brief, are submitted for bolder and more progressive European action. These proposals fall into four broad areas: (1) the remake the international financial order, in particular management of the debt crisis, the recycling of special drawing rights and cooperation on the UN Convention on Taxation; (2) trade and investment partnerships for industrial policy, full and productive employment, and the green transition; (3) *universal* social protection; and (4) international migration.

In summary, ahead of WSSD2, in a highly unequal and fragmented world, we propose that a value-centric Europe, should project the principles embodied in its own EPSR globally and through all of its instruments of foreign policy. It should lead counter-cyclically in an environment of declining international solidarity.

1. The state of play

"Social in crisis"

Between two World Summits for Social Development (Copenhagen, 1995, and Doha, 2025), there has been undeniable social progress, albeit uneven. Extreme poverty dropped from four in ten people in 1995 to one in ten in 2023, while working poverty dropped from 27.9% in 2000 to 6.9% in 2024.¹ Labour productivity per worker increased by 78% globally, and by 215% in upper-middle-income countries. Between-country labour productivity inequality also decreased by 40%.

However, a more granular examination of social indicators, such as in the 2023 UN review of sustainable development goals (SDGs), clearly shows that there is significant under-achievement of most social targets globally, with variation across countries and within countries.²

Importantly, partial advances made on poverty reduction have been reversed or decelerating. The combined effects of multiple crises, including the lingering impact of the COVID-19 pandemic, inflation, the food and energy crisis, armed conflict, and natural disasters, have wiped out years of global progress on the goal of eradicating extreme poverty. 800 million people still live on less than \$3 per day, and one in four people lack access to safely managed drinking water. Working poverty – those who have a job, but their earnings are too low – while improving globally, persists in low-income countries. Extreme forms of working poverty affect 240 million workers or 7% of the global workforce.

Regarding the goals of full employment and decent work, while global unemployment rates have fallen – especially in high-income countries and partly because of ageing populations and lower labour force participation rates – they are rising in low-income countries. In 2024, the *global jobs gap* stood at 402 million people in 2024. The International Labour Organization's (ILO's) estimate of the *global jobs gap* consists of 186 million unemployed; 137 million mainly discouraged workers, especially

those lacking prospects of finding a decent job; and 79 million who would like to work but remain outside the labour force, because of obligations such as care work.

The jobs gap is particularly large for women, youth and in developing countries.

A more significant indicator of deficits in access to employment and of the erosion of the quality of jobs is the high incidence of informal work. **Those working and producing in the “informal economy” today account for over 58% of the global workforce, or around 2 billion people.** A majority of workers and small businesses and entrepreneurs around the world have no or limited access to labour and social protection and other development opportunities. The phenomenon of informality, which, for many decades, was associated with developing-country conditions, remains one of the most pertinent social indicators in the Global South; however, its incidence is not insignificant in advanced economies and has been reemerging in multiple sectors, including in the digital gig economy.

Reductions in working poverty and informality have been concentrated in a few countries in East and South-East Asia and Latin America. Many other countries have seen only limited reductions of informality and working poverty and continue to struggle to provide decent work.

Overall, 3.8 billion people, or half of humanity, working and non-working, do not have access to any type of social protection.

Gender-equality indicators in labour markets have been particularly stubborn.

A persistent 27-percentage-point gap in the labour force participation rate separates men and women – in large part, because of women’s disproportionate care responsibilities (76% globally), which limit their access to paid employment.

The World Inequality Report 2022 estimates that women’s share of total income from work (labour income) is around 35%, when it should be 50% in

a gender-equal world, and has not changed in the past three decades! Although women have made significant progress towards closing the earnings gap with men, they still earn only 75% of what men do in high-income countries and only 46% in low-income countries. Large gender gaps, including in relation to pensions and quality of work, persist.

The youth “employment crisis” remains a major challenge everywhere.

The 2007-8 global financial crisis revealed the extent of the youth employment crisis in the Global North and Global South, in ageing societies, and in countries undergoing a youth bulge. Numerous studies and surveys undertaken since have shown how the nature and pathways of school-to-work transitions have changed and become more difficult with uncertain outcomes, including for the educated youth. Young people (aged 15-24) face severe difficulties in securing decent employment. Their unemployment rate is three times as high as that of adults. More than one in five are neither in education, employment nor training (NEET), a SDG indicator that has risen in recent years, and amongst working youth, one in four are in informal employment.

Youth were again severely hit during the COVID-19 crisis, in terms of their education, jobs, incomes and socio-psychological health. There is ample evidence to show that young people who lose their jobs or fail to obtain one are particularly vulnerable to “scarring”, the phenomenon whereby their future labour market outcomes are worse than those of their peers, even when macroeconomic conditions improve again. They may end up accepting a job for which they are overqualified, which risks trapping them in an employment trajectory that involves informality and low pay.

Studies and opinion polls on youth transitions carried out following the waves of youth-led protests in different regions of the world reveal the extent to which, in youth perceptions and expectations, the issues of work, rights, space for civic engagement and political participation are intertwined. As we are witnessing a new wave of youth protests in several countries, leaders and societies should reckon

that youth engagement and agency are the most important elements of a new social contract.

The overarching indicators of inequality have never been so alarming. The widening of inequalities, both income and wealth inequalities, has reached new levels. While inequality has increased within most countries, over the past two decades, global inequalities between countries have declined. The latter is due to upward economic convergence and catching up by emerging countries.

The top 1% of the global population holds 20% of income and 38% of wealth. The richest 10% of the global population currently takes 52% of global income, whereas the poorest half of the population earns 8.5% of it.³

Global wealth inequalities are even more pronounced than income inequalities. In 2022, the poorest half of the global population barely owned 2% of the total, while the richest 10% of the global population owned 76% of all wealth.

In some parts of the world, private wealth is increasing faster than public wealth, with implications for public spending or tackling crises. According to the 2022 World Inequality Report, over the last 40 years, the gap between the net wealth of governments and net wealth of the private sector has been widening; countries have become significantly richer, but their governments have become significantly poorer. This trend was magnified by the COVID-19 crisis, during which governments borrowed the equivalent of 10-20% of GDP, essentially from the private sector. The low wealth of governments has important implications for state capacities to tackle inequality through social spending and the provision of quality public services and goods.

Labour market inequalities had been deeply entrenched and in motion for two or more decades prior to that. **As labour income is the main, if not sole, source of income for most households in the world, what happens in labour markets matters a great deal for overall inequality.** The single most critical indicator characterising the induced jobs and social crisis is the “labour income share of total income”.

This share has been on a declining trend overall, in spite of major labour productivity gains accrued in the same period. This declining trend is a major contributor to the rise in extreme income inequalities that we are observing, in contrast to the situation prior to the mid-1970s. It has been undermining the European model of social dialogue based on tripartite (employers, workers and governments) negotiations to ensure the equitable distribution of economic and productivity growth. A model that, by and large, has inspired global systems of social dialogue and collective bargaining, including through the ILO's system of international norm setting and monitoring.

In the face of such compelling evidence, there is a shared diagnostic that policies of the last three decades, by and large, have not delivered on decent work, social protections and social cohesion, and they have failed to generate and distribute the long-promised prosperity. To build a new social contract, “business as usual” is not “socially” tenable, and major shifts in policy, at the local and global levels, are needed.

2. The quest for a new social contract

Clearly, the quest for a new social contract everywhere has never been so strong. Scarcity of opportunities to access meaningful, stable and decent work; insecurity of incomes; discrimination; and limited social protection for large swathes of the populations in the Global North and Global South play a large part in the overall state of social crisis. These trends, in turn, lead to mistrust in policies and institutions.

Furthermore, management of the sovereign debt crisis, an increasing occurrence, is constraining policy and financial space for investing in public goods and in managing just transitions.

Situations of protracted armed conflicts, forced displacements of populations, and major disruptive technological and environmental transitions are clearly compounding the social crisis and adding to anxieties. These grievances and disappointments

are impacting political systems, weakening democracies and instrumentalised by populist discourse.

In the wake of COVID-19, there was much expectation that the “social” would take centre stage as the main factor of resilience, and there were promises of a renewed social contract. These promises have been pushed aside, and there is fear that renewed tensions, conflicts, trade wars, migration crises and increasing military expenditures negatively impact investment in social policy and social cohesion.

In such an unequal world, a pro-employment, pro-development, pro-environment, pro-investment and pro-social macro-economic framework is needed to deliver on “decent work” creation and universal social protection and to address rising inequalities. Only a rights-based perspective, such as in the European Pillar of Social Rights (EPSR), can aim to rebuild trust in public institutions and policies.

Such a vision must be supported by a fairer and more representative and inclusive global governance order. A key part of this shift has to do with global institutions of governance of economic, trade and financial policies, the structures, mandate and policy instruments of which are no longer considered “fit for purpose”.

In short, a new social contract needs to be sustained by new policy approaches and a new deal at the global level, where economic and social priorities are given equal pre-eminence and resources.⁴

The Second World Summit for Social Development (WSSD2) is a global opportunity to strengthen the social dimension as a key pillar of the global Pact for the Future.

3. Multilateralism and the new social contract: From the Summit of the Future to the Second World Summit for Social Development

The widespread belief that “social” policy is, first and foremost, a prerogative of national policy and jurisdiction least affected by global trends and turbulence must be demystified. In fact, global frameworks, rules and instruments can act as significant *enablers* or *disablers* of social progress across countries. The predominant “neo-liberal” macroeconomic paradigm shaped national policies over the last decades, by determining their limits and their content.

The present unprecedented debt distress, and its unsatisfactory management through existing international financial policies and instruments, have severely limited the fiscal policy space, the single most important policy area to tackle rising economic and social inequalities.

Additionally, in the context of major technological and environmental transitions, the importance of financing and managing “*just transition*” policies with a focus on poverty eradication, jobs and social protection cannot be overstated.

Consequently, the reform of the global economic and financial architecture will potentially have more impact on social outcomes, in particular on jobs, incomes and inequalities, than targeted social interventions.

In 2021, UN Secretary General António Guterres launched the “Our Common Agenda” initiative to reshape the future of international cooperation, in response to a global survey carried out on the occasion of the UN’s 75th anniversary. The main purpose of the initiative is revitalised multilateralism through the reform of global governance. Through this process, wide-ranging reform proposals have been prepared and discussed at successive major summits held since 2023.

It should be recalled that **global summits convened by the UN, such as the Earth Summit or World Conferences on Women, have acted as major catalysts for displaying the state of play in a particular field and, more importantly, for generating new ideas and vigour for action. Summits have been landmark opportunities for reaching consensus and new commitments that shape national agendas and international cooperation frameworks.**

This recent cycle of global summits, however, has been particularly entangled by intensifying geo-political divides and the USA's retreat and disengagement from the UN and global diplomacy and from championing progressive causes. The abrupt decline in official development assistance (ODA) and the financial and liquidity crisis at the UN have created a particularly difficult context for active diplomacy and negotiations with tangible outcomes.

This cycle of summits set in motion a flurry of preparatory activities. Multiple independent commissions mandated by the UN Secretary General or member states have come up with detailed assessments of the necessary areas for reform and have made proposals for fairer global governance. The converging diagnostic is compelling. **The current structure and mechanisms of global governance, including the international financial system, designed by and for industrialised countries post-WWII – at a time, when neither climate risks nor social inequalities were considered preeminent development challenges – has become unfit for purpose, unfair, and unable to respond to today's realities and challenges.**

A range of proposals for reform, from the boldest transformation to incremental changes, have been put on the table.

These summits, in particular the Summit of the Future (New York, 2024) and the Fourth International Conference on Financing for Development or FfD4 (Seville, 2025), did not meet the high expectations that were placed upon them, for reaching consensus binding commitments for rebalancing the global governance, the UN's global institutions and the

financial order, including financing for development mechanisms.

However, the doors have not been completely shut. In lieu of actual reform and binding commitments for implementation, **voluntary guidelines and new processes for dialogue and negotiations are set in place with the promise of probable consensus further down the line.** The broad issue and solutions' identification undertaken, and the accountability processes set up, aim to maintain and intensify the momentum.

WSSD2, to be held in Doha in November 2025, will be the last global UN summit initiative in this new round. The draft Doha political declaration acknowledges that, 30 years after Copenhagen, many of the initial goals remain unfulfilled. The ambition set, therefore, for 2WSS is to reaffirm commitments to a more inclusive and equitable future. It renews the urgency of the call for action on fulfilling the commitments agreed at the Copenhagen Declaration adopted by the First Social Summit, 30 years ago.

The draft Doha political declaration builds on the Copenhagen Declaration's framework by reasserting the same three goals of poverty eradication, full employment and decent work, and social inclusion, while integrating new challenges, such as climate change, digital transformation and uneven progress in achieving the SDGs. It also reaffirms the commitments reached in the Pact for the Future and its annexes.

The Copenhagen Declaration incorporated a broad vision of social development and the notion of integration and inter-relatedness of these goals and policies to sustain them. However, in practice, these three goals and related commitments have often been pursued in a compartmentalised manner and through targeted policies and programmes.

Although the cascading effects of the outcomes of previous summits and the lack of breakthroughs will loom large over WSSD2, the demands for systemic transformative policies that address the root causes of rising inequalities are as strong as ever, and will be expressed by non-governmental organisations

and a variety of other stakeholders to weigh in on the outcome of official intergovernmental negotiations.

This will be another global opportunity to recommit to social development and international solidarity and cooperation.

4. The European Pillar of Social Rights and international cooperation

Europe is proud of its “unique” social model, which can promote, in tandem, economic competitiveness and a strong framework of social and economic rights in Europe. The European Social Charter (ESC) originally adopted by the Council of Europe, in 1961 and revised in 1996, is a key treaty guaranteeing these rights. EPSR, developed by the EU in 2017, draws on the ESC and aims to achieve a fairer society within the EU. EPSR sets out 20 key principles spanning a broad range of issues, from fair working conditions to anti-poverty measures and universal social protection, that are sustained by renewable action plans.

Since its adoption, the EPSR serves as an overarching conceptual framework for social initiatives of the EU. The 2017 proclamation was followed by the adoption of the 2021 Action Plan, which fixed targets by the 2030 horizon; led to important new legislative proposals, such as the EU Pay Transparency (2023) and Adequate Minimum Wages (2022) Directives; and launched specific strategies and initiatives like the Gender Equality Strategy, the Anti-racism Action Plan and the European Platform on Combating Homelessness. Social considerations are given greater prominence in the coordination of economic policies through the European Semester process.

Nonetheless, the uneven implementation of these 20 principles and the lack of a binding accountability framework are regarded as challenges for the effective application of EPSR within EU member states themselves. Questions have also been raised regarding a more ambitious implementation road map, thereby steering the direction of EU policies, including its macro-economic policies.

A detailed discussion of these challenges is beyond this policy brief. Instead, **we question the extent to which the values and principles of the EPSR do or should inform and guide EU action beyond its borders. In particular, through its participation in multilateral diplomacy at the UN, the G20 and similar fora, and its bilateral trade and investment agreements or its neighbourhood policies.**

In other words, **how does Europe promote the same principles of social justice and support their effective implementation more globally?** How could Europe promote a more progressive social agenda by deepening and expanding the EU's stance and policies in global institutions and in its neighbourhood and development partnerships?

We examine this value-based proposition by focussing on selected issues and proposals that are particularly relevant in the present context. Issues that have been on the agenda of the recent UN global summits mentioned above, as well as G20 meetings, under its successive presidencies.

These progressive proposals fall into four broad categories of reforms: (1) the global financial architecture and development financing; (2) trade, investment and industrial policy for quality job creation and just transitions; (3) universal social protection; and (4) international migration. These proposals are deeply connected in their combined impact on poverty eradication, full employment and decent job creation, and social inclusion, the triple objectives of the First and Second World Summits for Social Development. Additionally, the EPSR's emphasis on policy coherence suggests that EU policies beyond its borders, in various sectors, such as trade, investment, agriculture and migration, should also be aligned with development objectives and should not undermine efforts to promote social inclusion and sustainable development in partner countries.

The EU, with the strongest social pillar, has a potential advantage in leading a reinvigorated commitment and action to a global progressive social agenda.

Herein, we highlight EU action in multiple areas that could advance the national and global social policy.

5. Ideas and proposals for a more progressive international cooperation on social policy

5.1 The remake of the global financial architecture – key for social policy space

The importance of reforming the global financial architecture as an overarching macro-enabler for delivery on “social” objectives, such as universal social protection, decent job creation, healthcare, quality education, sustainable food systems, infrastructure, and energy and digital transitions, cannot be over-emphasised.

As discussed earlier, wide-ranging proposals have been prepared, debated and negotiated in the run up to and at the Summit of the Future and, in particular, FfD4 in Seville.

Three critical issues are highlighted here: (1) the unprecedented (public) debt crisis and its unsatisfactory management at the international level; (2) the special drawing rights (SDR) mechanism at the International Monetary Fund (IMF); and (3) international cooperation on taxation.

5.1.1 Debt crisis and management

The burden of (public) debt is battering the economies of many countries and the rising debt burden is crowding out fiscal space for social investments.

Currently, nearly 60% of low-income economies are either at high risk or already in debt distress, while one in four middle-income countries, which host the majority of the extreme poor, are at high risk of a fiscal crisis.⁵

Repeated global financial crises that spread rapidly in highly integrated and volatile financial markets result in recurring sovereign debt distress, with

dire consequences for fiscal space; long-term development financing; climate finance; and public expenditures, including on education and social protection.

There are numerous areas of dysfunction and a great divide between developed and developing countries in the present debt management architecture.

Four issues are of particular relevance.

Firstly, *the higher borrowing costs* for developing countries in financial markets: developing countries that borrow from international capital markets often pay rates of 5-8%, compared to 1% for many developed countries. More recently, rising investor risk aversion has pushed the cost of borrowing above what would be warranted by macroeconomic fundamentals in many countries, with some middle-income countries with investment-grade ratings paying between six and seven percentage points above US treasury yields in 2022.

As a result, developing countries have experienced a net resource outflow for successive years in a row. In 2023, they paid \$25 billion more to their external creditors in debt servicing than they received in fresh disbursements, resulting in a negative net resource transfer. **Developing countries’ interest payments are not only growing rapidly but also outpacing growth in critical public expenditures, such as on health and education. Overall, a total of 3.4 billion people live in countries that spend more on interest payments than on either health or education.**

Secondly, there is a great variation in countries’ *access to liquidity in times of crisis*: many middle-income countries near debt distress are excluded because of the eligibility criteria or in practice for a series of political reasons.

Thirdly, there is the issue of *creditor coordination* amongst and between multiple official and private creditors to a single country. The IMF has no mandate to oversee all global transactions, and it has had very little ability to influence private creditors into lowering premiums and actually restructuring debt. The “Common Framework for Debt Treatment”

established by the G20 for this purpose failed to conclude a single restructuring in the first 18 months of its existence. Reform proposals called for either the creation of an independent authority or an effective coordination platform, a solution that would bring the heterogeneous and fragmented community of public creditors and private creditors together, to coordinate debt restructurings.

Fourthly, repeated global financial crises that spread rapidly in highly integrated and volatile financial markets result in recurring sovereign debt distress, with dire consequences for fiscal space; long-term development financing; climate finance; and public expenditures, including on education and social protection. The “great divergence” between poorer and richer countries in the capacity to cope with recurring crises and contingencies through fiscal policy became more blatant in the recovery from the COVID-19 pandemic. Constrained by economic slowdown, rising debt burdens and shrinking fiscal space, many countries now face an even more daunting policy landscape and few policy tools to tackle the social impact of financial, food and energy shocks.

These episodes reveal endemic policy incoherence among global institutions in the management of debt crisis. Debt-relief measures are often conditional on austerity measures that curtail fiscal space; cut essential public spending, including social spending; and exacerbate economic and social crises.

In particular, “fiscal consolidation” policies advocated by the IMF in the process of “Article 4 reviews” and in the management of the debt crisis have come regularly under increasing criticism. **The impact of austerity measures on the contraction of public spending and public institutions providing essential services, food and energy subsidies, and social assistance programmes is significant and lasting.**

The conditionality imposed by the IMF is supported by major economic powers, including by the EU, as a condition to further technical and financial support and/or trade and investment agreements, to secure the repayment capacity of the debtor country to

creditors. However, there are many instances in which the primary objective of financial stability is not achieved, whereas socio-economic insecurity and inequality increase.

In spite of evolutions in social spending frameworks used by the IMF in the Article 4 review process, the nature of measures remains “pro-cyclical” at a time when counter-cyclical strategies are needed. Moreover, the IMF’s approach to social spending, when it exists, is limited to short-term targeted social assistance. Such programmes suffer from major exclusions, in contrast to systemic expansion of universal social protection, which would have a broader social impact.

In the process of financial and budget stabilisation, revitalising state institutions and, at the same time, holding them accountable for development and social spending, are critical steps. A different approach is possible: a complete turnaround of conditionality by seeking to secure more ambitious social and equality goals, and making the debt restructuring measures conditional on spending more, not less, on “social SDGs” and “just transitions”.

In spite of numerous negotiation opportunities for reforming the international debt architecture – from the Summit of the Future to the G20 finance track, at the governing organs of international financial institutions (IFIs) and through FfD4 in Seville – consensus has not been reached on some of the basic elements of a new global financial architecture.

The process leading to the “*Sevilla Compromiso*” displayed the continuing divide between debtor and creditor countries, where several Global North countries and the EU opposed key proposals for inclusive UN-led reforms. These included intergovernmental debt negotiations, frameworks for debt cancellation and the establishment of a permanent forum for international tax cooperation under the UN.

Continued status quo and lack of progress in this critical area of financial governance is not only socially and politically untenable, but it also risks

further alienation of the EU's current partners and potential new partners, in particular in the Global South. Reliance on voluntary reforms by IFIs, instead of a binding commitment under more inclusive UN oversight, will not break through the resistance within governing organisations, to make it more inclusive and representative and/or more effective.

Still the EU and its member states, as major shareholders of IFIs, should weigh in and lead the way for reform to ensure more inclusive governance in the international financial system and less fragmented multilateral cooperation.

5.1.2 Special Drawing Rights (SDRs)

Reform of the IMF Special Drawing Rights (SDRs) is perhaps the more advanced building block of current reform proposals. The allocation in 2021 of SDRs equivalent to \$650 billion, to support recovery in countries struggling to cope with the impact of the COVID-19 pandemic, was a rare and welcome incidence in the history of SDRs. By far the largest ever allocation, it raised hopes that a reviewed SDR system could effectively channel much-needed liquidity for long-term or contingency funding without adding to the debt burden of receiving countries or submitting them to austerity conditionalities of the type discussed above. However, for this to materialise, there are important changes that need to be introduced, such as a review of the IMF's Articles of Agreement, to allow "selective SDR allocation", enabling only those countries most in need to receive SDRs.

New mechanisms are also needed to enable counter-cyclical issuance of SDRs in a more automatic or timely manner in times of crisis, which would avoid protracted political negotiations during crises and provide SDRs for immediate use when most needed. Predictability of the amount of recycled SDRs to be committed to the IMF's two trust funds would also increase the effectiveness of lending operations.

The EU, with significant SDR reserves, could further build on this experience and lead the way, for example, by making an EU-wide commitment to

recycle at least 20% of the EU's SDRs, contributing to the goal set by the G20.

The EU can also take a more proactive approach to recycling SDRs, working with the European Central Bank to overcome technical and legal hurdles and by seeking alternative modalities to recycle SDRs.

5.1.3 International cooperation on a tax convention

Tax-funded public spending on social sectors, in particular quality education and training, health services, care, housing, water and sanitation, plays a critical role in reducing inequalities and in promoting equality of opportunities. Given the large volume of wealth concentration, modest progressive taxes can generate significant revenues for governments. The rise of modern welfare states in the 20th century, associated with significant progress in health, education and other public goods, was linked to the rise in progressive taxation rates. Historical evidence, in particular in the European experience, is clear: countries that have reduced inequalities have adopted progressive taxation.

There is growing demand and support for a UN tax convention to establish a global framework for taxation, which could provide a basis for progressive taxation, the taxation of extreme wealth and the taxation of multinationals, and for international cooperation.

The EU's more active engagement in support of the UN process could be critical to ensure its conclusion, broad coverage and effectiveness.

5.2 Trade and investment partnerships for industrial policy, full and productive employment, and the green and digital transitions

Higher levels of productive employment are essential for reducing inequality. Without employment-derived income, no distribution or redistribution is possible on a significant scale.

Numerous empirical analyses and country policy experiences also show that availability and access to increased job opportunities and securing “decent” working conditions are two sides of the same coin. Without massive job creation to close the jobs gap, there will not be much progress in reducing the downward pressure on the quality of work and the increase in informality.

Quality education, training and public services are preconditions for successful labour market transitions, equal opportunities in employment, gender equality and social inclusion.

The promise that the liberalisation policies of trade and investments in the last decades, accompanied by fewer regulations, would automatically lead to decent job creation has not been fulfilled. Rather, **we have witnessed a systemic rise in employment insecurity and a steady erosion in the conditions of work and pay.**

The high prevalence of employment and businesses in the informal economy worldwide, 58% of the global workforce, is epitomised by the global jobs crisis, the convergence of deficits in job creation and in the quality of jobs, limited social protection, unsafe conditions, and low pay. **Legislation and compliance enforcement have proved to be insufficient at promoting just transitions to formality, including in the Global North, and at curtailing economic and labour market dynamics that contribute to the informalisation of formal jobs. There are multiple new approaches to pre-distribution policy interventions – innovation policies, for example, that can create the conditions to reduce inequalities in economic opportunities.**

Integrated strategies that promote innovation, productive job creation and financial inclusion, in tandem with appropriate and fit-for-purpose regulations, delivery institutions and comprehensive social protection, have shown the best results in enabling just transitions to materialise.

5.2.1 New approaches to industrial policy and quality job creation

As an increasing number of both developed and developing countries are reconsidering their growth models and turning to the green and blue economies and digitalisation, deliberate investment in job creation is deemed not only desirable but necessary.

Policy taboos and dogmatism have been changing rapidly in recent years with respect to industrial policy and the role of government interventions and public investments to spearhead the transformation and to crowd-in private investment. Whereas under the neo-liberal paradigm, industrial policy was decried for alleged distortionary effects of picking and choosing sectors, both disillusion with trade liberalisation policy outcomes for creating quality jobs, as well as new research on industrial policy, have shown its critical role in innovation and job creation in the Global North and Global South.⁶

There is a need and major opportunity for industrial policy in the green, blue, digital and care economies. Employment opportunities are expected to arise, in particular, from investments in clean and renewable energy, construction, sustainable agriculture, recycling and waste management. While all policies need a contextual understanding and adaptation, national institutions should consider such policies, and regional and global institutions should support such strategies.

International partnerships, including the EU’s bilateral trade and investment agreements, should take into account and make more policy space for appropriate and country-owned industrial policy in partner countries. These should also support and encourage investment in skills training and upgrading in the corresponding sectors to maximise the employment impact.

Investments in sectors characterised more often than not by a high incidence of informality and precarity, low pay, and poor conditions of work, such as in the care sector, must be accompanied by a focused reform of labour and social protections,

including guaranteeing freedom of association, the right to collective bargaining and equal pay for work of equal value, and preventing and eliminating violence and harassment.

The EU could support international mechanisms and multi-stakeholder partnerships, such as the Global Accelerator for Jobs and Social Protection at the UN (see Box 1).

It could also support ideas considering new mechanisms that strengthen international cooperation on industrial policy through its participation in the G20.

5.2.2 Socially just transition to low carbon economy

The interactions of the social agenda with climate change and environmental transitions are multiple, complex and multi-directional. Net carbon neutrality by mid-century, the objective of the Paris Agreement, can only be achieved through a major transformation of energy systems and structural changes to economies. Structural changes of this scale and within the limited time horizon are bound to create major disruptions in employment, livelihoods and social wellbeing.

A “*just transition*” implies the recognition of the significant redistributive impacts that both environmental degradation and environmental transition action have and the need for compensatory policies and programmes to achieve a more equitable outcome.

The concept embedded in the Paris Agreement in 2015, “*Taking into account the imperatives of a Just Transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities*”, has been gaining ground and momentum in international policy frameworks and discussions on climate change.

The same year, through a consultative tripartite process, the ILO adopted *guidelines for a just transition towards environmentally sustainable economies and societies for all*.⁷

It is estimated that the jobs and livelihoods of more than 1.2 billion people and 40% of total global employment depend directly on the ecosystem. Under “the business as usual” scenario, climate change and environmental degradation, through their various manifestations, threaten jobs, businesses and livelihoods, as well as access to water and other resources, in particular for the poorest and most vulnerable. Jobs, businesses and livelihoods are particularly vulnerable to the higher incidence of environmental-related disasters, whether slow-onset events (droughts, erosion, soil degradation or sea-level rises) or rapid-onset events (extreme weather events, forest fires).

Environmental degradation is also adding to population displacement, both internal and cross-border movements. It has increased the risk of conflict. Both climate change and environmental transition policies to a low-carbon economy exacerbate conflicts for access and the distribution of resources amongst different population groups – not only between big business interests and the more vulnerable – but amongst the latter too.

Large-scale adaptation measures, as essential components of “just and timely transition” policies, are essential to enable millions more people to overcome poverty and deliver improved livelihoods.

Adaptation measures in the context of the Paris Agreement and since then have not received the same level of policy attention, and the financing mechanisms put in place fall short of achieving the intended ambition.

Several proposals for the reform of the global financial architecture include proposals and tools for climate finance, addressing primarily “climate justice” between countries and the need for loss and damage and adaptation finance, for instance.

As put forward in the Bridgetown Agenda, greater use of state-contingent clauses in multilateral development bank lending can also provide breathing room for countries hit by shocks by automatically suspending payments in the case

of a disaster, economic or financial crisis, or other exogenous shocks.

To finance adaptation and just transitions, recourse to reformed SDRs would scale-up funding without adding to the debt burden. The IMF has already operationalised a Resilience and Sustainability Trust, but the scale and ambition is not commensurate with the challenges faced by the world and the growing demand for resources.

Tackling the social and distributional impact of various policies and their conflicts within countries, however, is still a domain in need of innovative thinking and policy engineering. The policies for a just transition should involve a broader perspective than compensating workers and communities affected by the closure of coal mines, for example, as necessary as these measures may be.

In the recent past, there have been useful attempts to quantify the impact of environmental transition or greening policies, in particular mitigation policies, on jobs through various modelling exercises.⁸ These estimates forecast a net-positive impact, meaning that the net job creation potential of green policies will exceed the jobs and livelihood losses in other sectors. However, the win-win scenarios over the medium to long term tend to overlook the social costs of transition in the short term, in particular for the poorest and most vulnerable segments of society.

Employment and the social effects of the transition to a low-carbon economy should be considered within a more comprehensive economic and societal cost-benefit framework. This is essential for increasing the political buy-in for environmental transition policies and avoiding clashes between sustainability and social objectives.

Historically, there are few examples of “socially” successful transition policies through market-driven approaches, and it is clear that the role of the state and political leadership will be crucial for launching large-scale New Deal efforts at national and global levels.

A broader and bolder EU vision is needed for financing green industrialisation and promoting a just environmental transition as key components in its partnerships and international cooperation.

5.2.3 Digitalisation and “just transitions”

The concept of a “socially just digital transition” has multiple facets too.

The extent of the digital divide between and within countries is well established. A third of the world’s people (2.7 billion) still do not use the Internet. Many of them are women, or live in rural and remote areas, in the least developed countries.⁹ The COVID-19 pandemic shed new light on digital divides in access to education and skills and jobs, for those who were connected or not, and those who could muster digital skills or those who could not.

The extremely unequal distribution of profit and productivity gains from digital technologies, such as robotics, artificial intelligence and monopsonist market structures, are contributing to rising income inequalities. The introduction of new digital technologies spearheaded in the private sector has often outpaced the establishment of national institutions and the regulatory capacity to manage these innovations.

Intense negotiations on various proposals to close the governance and data gap led to the adoption of the first overarching Digital Compact as an annex to the outcome document of the 2024 Summit of the Future. The Compact has received varied reactions from different stakeholders.

Digitalisation is also giving rise to new challenges for the effective governance of labour, in digital labour platforms, anchored locally or the crowd-work or micro-task platforms that operate across numerous countries. The blurring of the status of dependent worker or self-employed; the use of algorithms, with all the discriminatory biases embedded therein, in managing human work performance and dues; and generally, low pay and limited social protection are some of the most common issues raised. In spite of important court

rulings, conventional labour market institutions have proved inadequate at upholding fundamental labour rights on digital platforms, in particular those operating cross-borders. In 2025, the International Labour Conference started the negotiation process for the adoption of new international labour standards to regulate digital labour platforms.

Industrial strategy, innovation and competitiveness policies, and just transitions are closely intertwined. To what extent these strategies and partnerships integrate, in practice, human and social rights and a vision of equity and fairness at their core is the question.

The EU has shown leadership in regulating digital platforms operating within the EU. It should actively extend this vision more globally.

5.2.4 A bolder and more inclusive Global Gateway

The EU's Global Gateway could potentially support such approaches to quality job creation, the green transition and social development in partner countries. However, five years into its creation, the Global Gateway was launched as an ambitious financing mechanism and "geo-political project", but it has yet to clearly define its main aim, whether it is about prioritising development, by upholding SDGs in investment projects, supporting job creation and the green transition, or achieving strategic autonomy in the self-interest of EU and the resilience of its supply chains. The perceptions of partner countries is equally important, as to an extent, the Global Gateway genuinely supports partner countries' defined priorities, including their own industrial strategy and the manner in which private sector financing supports public sector finance.

The lessons from the assessments of the first round of flagship projects need to be fully integrated in the review and reform of the Global Gateway. It is important to redefine its objectives and modus operandi and to rebuild trust with partner countries and local communities.¹⁰

5.2.5 The Global Accelerator on Jobs and Social Protection

At the international level, the EU could also support the UN's Global Accelerator on Jobs and Social Protection, which is framed around the SDGs and supported by advice from key global institutions. The Accelerator was endorsed in the 2023 EU Council Conclusions for a Social, Green and Digital transition (Article 15, para d (page 7)), as well as in key G20 resolutions:



To make full and effective use of all the instruments available to promote just transitions, including the UN Global Accelerator and the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all, following the Team Europe approach.



Box 1. The Global Accelerator on Jobs and Social Protection for Just Transitions

To promote such policy approaches, in September 2021, the UN Secretary General launched a new scheme, with the ambition of bringing together member states, IFIs, social partners, civil society and the private sector, coordinated by the ILO, to help countries create 400 million decent jobs, including in the green, digital and care economies, and to extend social protection coverage to the 4 billion people currently excluded.

The Global Accelerator aims to promote: (1) the in-country development of integrated and coordinated employment and social protection policies and strategies that facilitate just transitions; (2) the establishment of integrated national financing frameworks and the mobilisation of public and private domestic and international resources to invest in universal social protection and inclusive, environment- and gender-responsive employment interventions with a view to creating quality jobs; and (3) the improvement of multilateral cooperation on jobs and social protection for just transitions, including with international financial institutions.

The Global Accelerator aims to use a new tool, Integrated National Financing Frameworks, to support more investments for productive employment and adequate social protection – boosting domestic resources and expanding the tax base, as well as mobilising further development cooperation assistance and international support. Complementary interventions will aim to create a more effective use and stronger alignment of current financial flows (both public and private) for social investments.

The Global Accelerator aims at strengthening the level and coherence of the multilateral system's support for countries. (UN, ILO)

5.3 Towards universal social protection

In 2025, 3.8 billion people, nearly half of humanity, do not have access to any type of social protection! For the other half, there are deep-seated inequalities and significant gaps in social protection coverage, comprehensiveness and adequacy across all countries.¹¹ In the current context of inflation and food and energy insecurity, significant differences in country responses to prevent hunger and poverty and to sustain the purchasing power of families are displayed.

This is due to both the gap in fiscal space and the availability of the right institutions

and mechanisms. Beyond the financing gap, successive shocks have revealed a structural divide among developed and developing countries that is in the range of policy instruments, such as “social automatic stabilisers”, to deal with ordinary life-cycle contingencies or exogenous shocks and crises.

There is ample evidence and experience to show that policy approaches relying only on targeted interventions, with respect to social protection and poverty eradication, are insufficient in monetary terms and in outreach, leaving behind many segments of the population. Furthermore, the multiplication of types and sources of endogenous and

exogenous shocks that cannot all be anticipated and planned for, including those induced by climate change or technological innovation and demographic shifts, calls for a universal and multi-purpose social protection that leaves no one behind.

A renewed social contract requires the institutionalisation of universal social protection systems, for all those working and non-working, scaling-up its financing significantly through the mobilisation of domestic resources and a more coherent global governance system that supports its establishment and financing.

A major push is expected at WSSD2 for promoting universal social protection.

This support should include both promoting policy coherence, as well as enabling investments and the enlargement of the fiscal space, to sustain increased coverage towards universal social protection.

The debate on the preference for and affordability of universal social protection schemes versus targeted anti-poverty programmes or safety nets has been going on for a long time. In spite of the vast literature on the shortcomings of targeted safety nets, some global institutions, the World Bank in particular, promote and invest primarily in these types of schemes, whereas the ILO promotes a right-based approach towards progressive realisation of universal social protection.

This shift towards *universal social protection* is essential for reducing systemic inequalities.

Given the poverty dynamics, it is crucial to prevent population groups from falling or falling back into poverty, to cushion predictable life-cycle contingencies and to build resilience in the face of multiple other crises. Experience has shown that investments in infrastructure and

targeted schemes can deviate resources and political attention from building well-designed universal social protection schemes. There is a growing body of policy innovation in design and implementation mechanisms to move towards universal social protection that is adapted to local conditions, including where there is a large informal economy.

As mentioned earlier, international cooperation supporting mechanisms to manage the debt crises, as well as to expand access to international emergency financing is equally critical for countries facing macro-economic shocks or natural disasters.

Ensuring a broad tax base with progressive taxation and social security contributions is key to universal social protection. So is international support for the proposed UN Convention on Taxation.

The EU, inspired by its own EPSR, could make a firm commitment to promote policy coherence and support universal social protection systems in its development cooperation and in multilateral institutions.

5.4 International migration

A progressive perspective on international migration should emphasise the benefits, as much for the EU as for origin countries and migrants themselves. The need for migrant labour to sustain economic activities in the EU, in the context of an aging and shrinking population, needs to be underlined. Migrants raise demands for goods and services, thus spurring economic growth. Through their employment, they contribute to producing goods and services, as well to financing social protection systems, which benefit the entire labour force and population.

A progressive perspective should also call for the formulation of migration policies jointly with countries of origin. The aim would be to maximise migration benefits and to minimise their shortcomings for all parties. Development in countries of origin in the Global South should be a concern for a progressive EU. Therefore, policy measures they advocate have to emphasise the need to minimise brain drain and brain waste and to maximise brain gain for developing countries of origin.

A progressive perspective should place utmost importance on the discourse on international migration and counter prevailing false narratives. In addition to bringing out their contributions to the EU labour markets and economies, it should address the hostile discourse towards migrants and populations of migrant origin. A progressive EU perspective should downplay the cultural tones that ignore commonalities between natives and migrants and magnify their differences. Deficient integration of migrants and populations of migrant origin should be remedied. But the discourse should shed particular light on and underline the effective integration of the large majority of migrants. The numerous resounding success stories of migrants in EU politics, economy and culture can go a long way to neutralising essentialist and hostile approaches to international migration.

6. Conclusions

The global landscape for development cooperation and, more generally, for international solidarity is changing rapidly. The EU and its member states dispose of important resources and instruments to weigh in on the reform of global governance toward more inclusivity and fairness. They are the largest global ODA providers, accounting for 42% of global ODA. They have demonstrated their

leadership on the global agenda for sustainable development.

In the highly divided and competitive world, the EU has also attempted to strengthen the strategic and transactional dimension of its development aid, such as through the Global Gateway.

The EU pursues the goals of democracy, rule of law and economic integration with neighbouring countries in its neighbourhood policies. These goals are inevitably inter-related with social development and inclusion. A better articulation of social goals and rights, as in the EPSR, within the neighbourhood policy goals is required.

This multiplicity of goals has at times created confusion and diminished ambition, effectiveness and trust.

In a highly unequal world, a value-centric Europe, should project the principles embodied in its own EPSR, in particular, globally and through all of its instruments of foreign policy and multilateral engagement.

Ahead of WSSD2 and in the follow-up to the multiple multilateral processes and opportunities, the EU should lead on equity and fairness from a rights-based perspective.

This policy brief singled out several areas where such a progressive perspective could be promoted. **Will the EU be bold enough to take the strategic lead on the global social agenda, acting counter-cyclically in the context of heightened geopolitical rivalries and conflict, increased defence spending versus other goals, and transatlantic tensions?**

Endnotes

- 1 All social indicators and labour market data are from "The state of social justice: A work in progress". International Labour Organization, 2025; and various editions of the "World employment and social outlook". International Labour Organization, unless indicated otherwise.
- 2 "The sustainable development goals report: Special edition". United Nations, 2023.
- 3 Data on inequality are based on L. Chancel, T. Piketty, E. Saez et al. (2022) "World inequality report 2022". World Inequality Lab; and "Poverty and shared prosperity 2022: Correcting course". World Bank, 2022.
- 4 Some of these ideas have been further developed in the FEPS publication ahead of the 2024 Summit of the Future: M. J. Rodrigues (ed.) (2024) *A New Global Deal: Reforming World Governance* (Brussels: FEPS).
- 5 Data on the debt crisis are drawn from "A world of debt". UNCTAD.
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3. GOVERNING THE GLOBAL JUST TRANSITION FROM FOSSIL FUELS TO CLEAN ENERGY

LITMUS TESTS AND PROPOSALS FOR COP30

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Introduction



As a non-state actor disposing of limited means of coercion, whose global ambitions were facilitated by the development of the rules-based liberal international order [...], [the] EU's (continued) relevance as a global actor will be linked to its ability to advocate a global order which others can support [...].



Helene Sjursen

In the lead-up to COP30 in Belém, Brazil, the EU is navigating a far more complex geopolitical and political landscape than the one that shaped the Paris Agreement. The relatively stable, cooperative world order of 2015 has given way to sharper competition, fragmentation and uncertainty. Major powers – including the USA, Russia and China – are now centring their strategies on securing energy, critical minerals and clean technologies, with climate policy emerging as a lever of geopolitical influence and industrial strength. Recent developments, from US-Russia security talks to China's curbs on rare-earth exports, have underscored the EU's vulnerability and limited agency in an era of intensifying rivalry. **Increasing the EU's actorness*** in this new context is creating unprecedented challenges.²

These external pressures are compounded by shifting domestic politics. Economic concerns over industrial competitiveness, energy affordability and strategic autonomy have fuelled a green backlash among public opinion, eroding the previous political consensus over the 2019 European Green Deal. The rise of far-right parties in member states and in the European Parliament, challenging the pace and fairness of the transition³ while seeking control over

the most crucial files (i.e., obtaining rapporteurship of the 2040 climate target), has **deepened divisions**, making it harder to forge a unified, credible negotiating mandate for COP30.

Internationally, the EU faces calls from partners to raise its ambition, while responding to the economic concerns of developing nations regarding its set of unilateral measures with extraterritorial reach and amid a global trend of trade “transactionalism”. At the same time, its credibility is under scrutiny – both in delivering climate finance and in meeting its forthcoming 2035 Nationally Determined Contribution (NDC) and finalising the proposed 2040 target. The task is to sustain green leadership while managing economic headwinds, political fragmentation and the need to work more constructively with emerging economies and climate-vulnerable nations, so a new international order or **a new global deal** can emerge.⁴

Falling short of climate targets?

The 30th meeting of the UNFCCC Conference of the Parties (COP30 – Belém, Brazil) is taking place a decade after the landmark Paris Agreement, which aimed to limit warming to 1.5°C. As more nations experience the consequences of climate change, COP30 faces heightened pressure to deliver results on the following targets:



Align countries' national targets with the Paris Agreement

Six months before COP30, only 21 countries had submitted a revised NDC for 2035, representing less than 20% of global greenhouse gas (GHG) emissions. Of the new 2035 targets submitted by the major economies, only one country's target (Norway) is currently rated as “1.5°C compatible”⁵ and almost none have significantly strengthened 2030 ambitions – critical for actually halving emissions this decade. The current trajectory (taking into account submitted NDCs) sets us on a pathway to 2.6-3.1°C of global warming, well off the Paris objective.

*Actorness refers to the capacity of an entity to actively and deliberately behave in relation to other actors in the international system, measured through core dimensions such as authority, autonomy, cohesion, and recognition (see TRIGGER “TRends in Global Governance and Europe's Role” European project (2019) “The trigger model for evaluating actorness: Testing EU actorness and influence in domestic and global governance”).

Halt and reverse deforestation by 2030

COP28's UAE Consensus emphasised (for the first time) "that halting and reversing deforestation and forest degradation by 2030 is crucial to achieving the Paris Agreement goals [...]". Deforestation continues at a high rate – 2022 saw a 4% global increase, putting the world 21% off track from meeting the 2030 halt-and-reverse goal. Efforts to preserve old-growth forests are 33% off track.⁶ While forests feature more strongly in official climate planning, action and finance remain insufficient to meet the 2030 commitments.

Triple global renewable energy capacity by 2030 "to at least 11 TW", as specified in the COP28 outcome document

Global renewable energy capacity reached a record increase in 2024, with over 700 GW added – the largest annual growth to date. However, current national pledges and deployment trajectories would only deliver about 70% of the 11 TW target by 2030. To meet the target, installation rates must further accelerate. Solar and wind are now the cheapest energy sources almost everywhere⁷, and renewables have supplied around 49% of global electricity in 2025, up from 40% last year. Emerging and developing countries' economies (EMDE) only represent 15-18% in clean-energy investments, despite representing two thirds of the global population⁸. This is due to the high cost of capital in EMDE, upfront costs of grid extensions and modernisation, supply-chain bottlenecks, and lagging regulatory reforms. Legitimate concerns over the environmental integrity and social fairness of renewable energy projects currently in the pipeline are also causing delays and tensions.⁹

Double annual average rate of global energy efficiency improvements, from "approximately 2% to over 4% by 2030"

Most recent analyses place the global rate of energy-intensity improvement in 2024-2025 at around 2% per year, much below the >4% target.¹⁰ Some regions (EU, China) have stronger efficiency gains, driven by electrification, heat pumps and vehicle transitions¹¹,

but globally, structural economic headwinds, policy delays and the rise of energy-intensive artificial intelligence/data services slow progress.

Transition away from fossil fuels "in a just, orderly and equitable manner, accelerating action in this critical decade to achieve net zero by 2050"

COP28 ended with the first direct reference to "transition away from fossil fuels" in a COP outcome document. Half of the world's economies are already five years past their peak fossil-fuel power generation¹². Coal is declining rapidly in OECD economies; a third are now coal-free. While global fossil-fuel emissions hit another record high in 2024, some analyses suggest that emissions may peak and begin to fall in 2025, as China's fossil demand stabilises and clean energy soars. Big gaps in oil and gas phase-out plans persist, and investment in new fossil infrastructure continues, especially outside the power sector (e.g., industry, transport). **Almost no major fossil-fuel-producing country has concrete, fully funded plans for a just transition** for workers and regions, nor sufficient climate finance for developing country transitions, as called for in the outcome document. The OECD and IEA estimate that fossil-fuel support remained at approximately \$1.1 trillion in 2023.¹³

Key tasks ahead on means of implementation under the UNFCCC include the full operationalisation and adequate resourcing of the Loss and Damage Fund, alongside a significant scaling up of the provision and mobilisation of climate finance – from the current level of around \$300 billion annually to at least \$1.3 trillion per year by 2035, as agreed under the New Collectively Quantified Goal (NCQG) adopted in Baku (COP29). This must be achieved in a manner that ensures accessibility, predictability and concessionality of financial flows, including through addressing unsustainable debt burdens and avoiding onerous conditionalities that undermine the capacity of developing countries to implement their climate actions.

Justice, what justice?

From an ideational perspective, the concept of a *just transition* originates from trade union campaigns in the late 1980s (mostly in the UK and the USA), emphasising that environmental and industrial policies must protect workers, their communities and those dependent on carbon-intensive sectors. Centred around people's right to decent jobs, the concept was further developed in 2015 under the framework of the International Labour Organization (ILO). The 2015 Guidelines published by the ILO¹⁴, developed together by governments, workers and employers, have become a form of global standard on the matter. The 2023 ILO International Labour Conference reinforced and expanded these principles, emphasising gender equality; poverty eradication; enterprise creation and a human-centred, inclusive approach to sustainable development. Since then, the concept of a just transition, included in the preamble of the Paris Agreement, has become a **central piece of climate negotiations** and expectations are high for Belém to deliver a concrete outcome, building on two years of discussions on the Just Transition Work Programme (JTWP). The Brazilian presidency, which managed to get the G20 to adopt Principles for Just and Inclusive Energy Transitions in 2024, is expected to make a just transition one of the signature issues of COP30.

Transitioning away from fossil fuels in a just, orderly and equitable manner requires taking into consideration the different dimensions of justice:

- **Distributive justice**, which focuses on how the benefits and burdens of climate actions are shared, aiming for fair allocation across populations, countries or generations through *inter-country equity, intra-country equity and inter-generational equity*.¹⁵
- **Procedural justice**, which ensures fair and inclusive processes in the design, implementation and evaluation of climate policies.

- **Restorative justice**, which focuses on repairing harms and addressing past injustices from climate impacts or policy implementation.
- **Recognitional justice**, which focuses on the recognition and respect of differences, identities and experiences among various social groups, especially those that are marginalised or disadvantaged due to socio-economic, cultural or historical structures.

We will therefore present two “litmus tests” that ensure an equitable outcome in Belém and beyond, and actionable proposals that the EU should champion, grounded in this definition of justice.

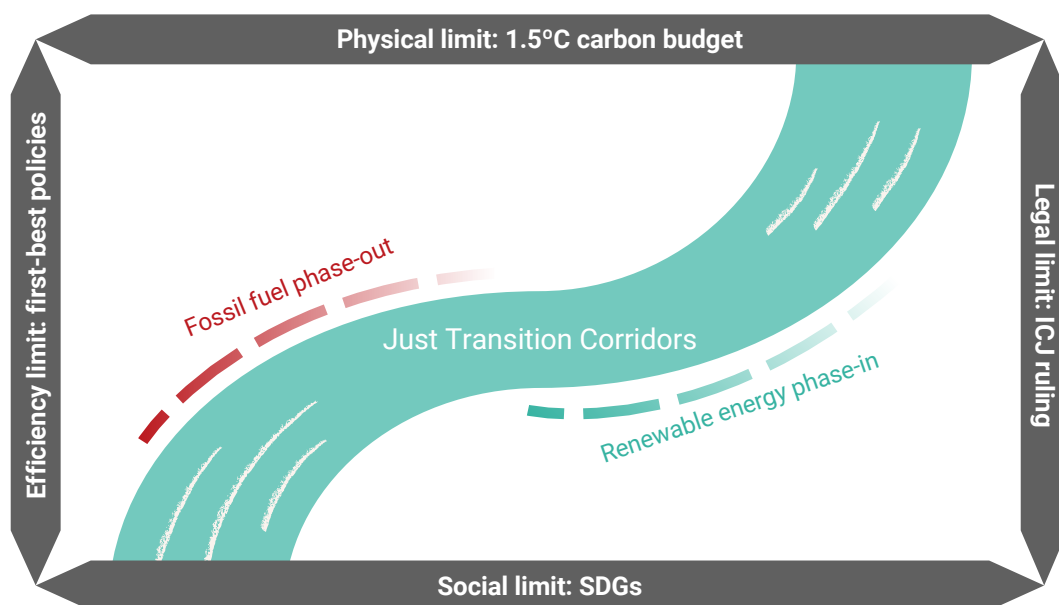
1. Two litmus tests of an equitable outcome at COP30 and beyond

Litmus test 1: A common understanding of just transition corridors

COP30 outcomes should reflect a common understanding of what we call here *just transition corridors*. The notion of just transition corridors allows us to bring together the two key dimensions of justice and planetary boundaries and sets non-negotiable limits to the just transition discourse. Indeed, just transition corridors emphasise that *just transition processes should effectively bring societies within the safety thresholds of the two critical planetary boundaries, climate change and biodiversity loss** Doing so allows us to prevent irreversible harm that would be incompatible with the principles of intergenerational equity, but also interspecies equity, which promotes the equitable distribution of resources, opportunities and the reduction of harm across all species. To deliver for the people, now and for future generations, the JTWP must anchor itself in just transition corridors that are delineated by **four non-negotiable limits**: (1) scientific thresholds; (2) legal compliance; (3) respect of social floors; and (4) rigour on first-best policies (see Figure 1).

*Just transition corridors are inspired by the concept of a “safe and just corridor” developed by the scientists of the Earth Commission (Rockström et al., 2021). They define a safe and just corridor as a “clearly defined space in which pathways of future human development are both safe and just over time, and that acknowledges that the Earth's natural resources (including carbon, nutrients, water, and land) are finite and have to be justly shared between people and nature” (Gupta et al. 2024).

Figure 1: The four non-negotiable limits of just transition corridors



1) Scientific thresholds

Scientific thresholds, grounded in IEA and IPCC carbon budgets, must define the maximum permissible emissions to stay within a 1.5°C pathway and respect other planetary boundaries.

Justice in the energy transition can only be conceived of as the **simultaneous governance of an equitable phase-out of fossil fuels and an equitable phase-in of renewables**. As Fressoza demonstrates, past “transitions” were cumulative expansions rather than substitutions – coal rising with wood, oil adding to coal – producing ever-growing energy use rather than replacement.¹⁶ Relying on substitution rhetoric risks repeating this pattern, layering “green” systems onto fossil ones, without reducing emissions. A just transition therefore requires intentional policies that manage both decline and renewal, ensuring that the costs of fossil-fuel contraction do not fall on the vulnerable and that access to clean infrastructures is fairly distributed. Equity, redistribution and sufficiency must anchor this dual process if the transition is to remain within social and ecological boundaries.

There is an inherent risk, when addressing climate justice, linked with using the framework of the “just transition”. This framing can be used to shift the conversation away from the outcome itself (achieving emission reductions that are compatible with a 1.5°C scenario). Any just transition pathway which puts into question the destination (i.e., the size of the carbon budget and the timeline) by putting in place processes or principles that are incompatible with possible transition pathways must be called into question, as it will not keep human beings and other species within safe planetary boundaries.

This risk of losing sight of the Paris Agreement spirit and target is not merely academic. The oil and gas industry, supported by some members of the OPEC, see a continuing and major role for oil and gas as part of the just transition, in contradiction with the best available science on mitigation pathways and viable carbon-negative technologies. In contrast with the net zero scenario of the IEA, which foresees 25 million barrels per day as the remaining oil production by 2050, the OPEC’s World Oil Outlook 2025 presents three possible futures in which oil demand ranges from 96 million to 127 million barrels per day¹⁷. This risk is currently materialising

Table 1. Evolution of fossil-fuel language at the COP level.

<p>COP26 (Glasgow, 2021)</p>	<ul style="list-style-type: none"> Initially aimed to “phase out” unabated coal but was weakened to “phase down” after late interventions by high-emitting countries, such as India and China.
<p>COP28 (Dubai, 2023)</p>	<ul style="list-style-type: none"> Introduced the phrase “transitioning away from fossil fuels”, yet stopped short of endorsing a clear “phase-out” or “phase-down”. This ambiguity reflects a compromise between ambition and fossil-fuel-dependent interests.
<p>COP29 (Baku, 2024)</p>	<ul style="list-style-type: none"> Efforts emerged to remove even this modest fossil-fuel language entirely, signalling a worrying regression and raising concerns about erosion of prior commitments.

in efforts to move away from the 1.5°C target and to water down the language around the phasing out of fossil fuels at the COP level, as exemplified in Table 1.

2) Legal compliance

The outcomes of COPs must comply with the conclusions provided by the International Court of Justice (ICJ), which can interpret international obligations – especially regarding intergenerational equity – to prevent dilution or backsliding.

According to the ICJ’s recent Advisory Opinion on the obligations of States in respect of Climate Change, intergenerational equity must serve as a guiding principle in the interpretation and implementation of all climate-related obligations¹⁸. This clarification is critical, as it reinforces that just transition processes cannot be decoupled from the overarching imperative of safeguarding planetary boundaries. The ICJ has underlined that states have not only a moral but also a **legal duty to act on behalf of both present and future generations**, thereby narrowing the political space for the dilution of ambition. In practical terms, the Opinion suggests that continued production, licensing and subsidisation of fossil

fuels may constitute internationally wrongful acts, insofar as they undermine agreed climate targets and expose populations – both human and non-human – to irreversible harm. This Opinion strengthens the argument that just transition processes cannot be used to delay or weaken mitigation pathways but must be consistent with the scientific thresholds defined by the IPCC and the IEA, as stated above. By establishing legal clarity alongside scientific imperatives, the ICJ ruling has added a normative boundary to global climate governance: any transition strategy that legitimises fossil-fuel expansion or entrenches dependency is not only unjust but unlawful.

3) Respect for social floors

A genuine just transition must establish a credible pathway for each country, and the world as a whole, towards the realisation of *social floors*, in line with human rights conventions and targets set by the sustainable development goals (SDGs), not just SDG7 on energy access but also SDGs related to multidimensional inequality (SDG5 on gender equality and SDG10 on reduced inequalities for instance).

The Doughnut model, created by Kate Raworth,¹⁹ frames sustainable development as residing in a “safe and just operating space for humanity” – the area between a set of planetary boundaries (ecological ceiling) and a social foundation (floor) comprising minimum thresholds for human wellbeing, such as access to food, water, education, health, housing, gender equality and decent work.²⁰ By **explicitly aligning social floors with the quantifiable targets of the SDGs**, the just transition debate would gain both precision and authority, making it possible to track progress, address intra-country and inter-country equity, and effectively operationalise the commitment to “leave no one behind”. The Doughnut model’s holistic approach can help mitigate inequalities – including gender and income gaps – which persist, despite economic growth, and can support the creation of multi-stakeholder platforms for collaboration and knowledge-sharing, especially vital for developing nations.

A recent FEPS report on “A new global deal: Reforming world governance”²¹ has added the notion of *egalitarian sufficiency* to this model, advocating a global deal that elevates the social foundation above mere subsistence and aims for a fair distribution of resources within and between countries. The authors have emphasised that wellbeing for all is attainable only if sufficiency is pursued for everyone, not just the minimal escape from poverty. The “Giant Leap” scenario modelled by Earth4All,²² for instance, demonstrates that transformative leaps in poverty reduction, income equality and gender equity require sufficiency for all as the guiding ambition – a concept that not only rebuilds trust but also anchors just transition within genuinely progressive, deeply egalitarian sustainability.

4) Rigour on first-best policies

In economic and policy theory, a first-best policy directly targets the root cause of a problem with optimal efficiency. So, climate policy should be considered “first-best” for poverty and inequality when it does so more effectively than alternative policies by directly addressing the roots and remediating the causes of social inequality. A prominent example can be found in Indonesia’s

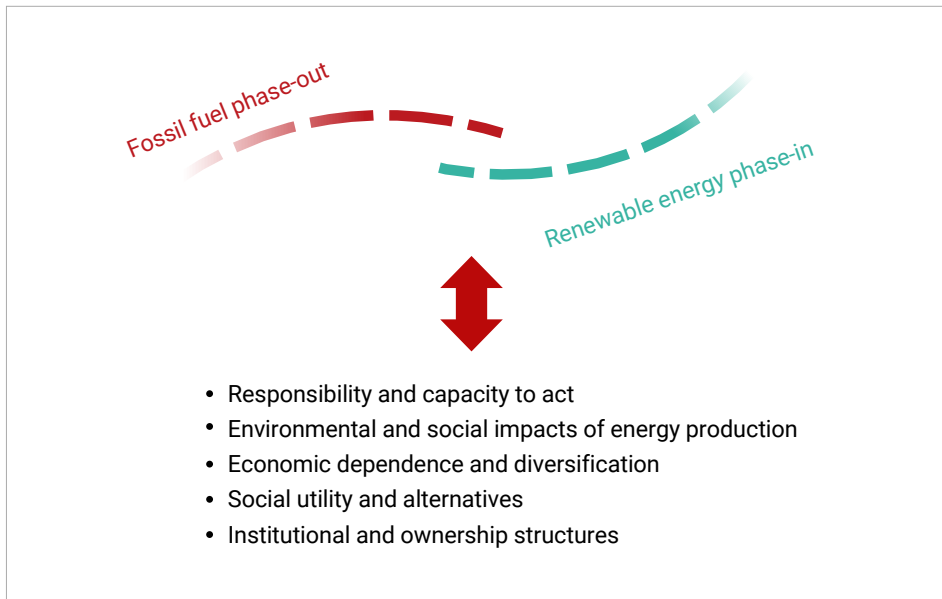
fossil-fuel subsidy reform. Rather than maintaining generalised subsidies, the government gradually phased them out and reallocated the fiscal savings toward targeted social protection schemes for low-income and vulnerable households, including cash transfers, subsidised food programs, healthcare and education support.²³ This policy shift **simultaneously advanced emissions reduction objectives (mitigation) and enhanced poverty alleviation outcomes** more effectively than blanket subsidies, thereby illustrating how climate action can operate as a “first-best” policy instrument for poverty reduction. Equally, policies simply aimed at alleviating the fiscal or financial burden stemming from the implementation of environmental measures cannot be deemed “just transition policies” if they lead to a nullification of environmental benefits. This is why low-income households or small and medium enterprises should be compensated for rather than exempted from implementing measures so the reduction of the consumption of GHG-intensive goods and services can be achieved in a socially just way.

To operationalise just transition corridors within COP30 negotiations, countries must commit to **adopt a common template to define national “just transition corridors”** that set end-dates for different fossil fuels, paired with renewable and efficiency milestones. In addition, the JTWP must integrate social floors (jobs, reskilling, social protection) and nature safeguards (Free Prior and Informed Consent, no-go biodiversity areas).

Litmus test 2: An actionable delivery-oriented plan for the phasing out of fossil fuels and phasing in of renewables based on distributive, procedural and restorative justice

Based on a common understanding of just transition corridors, COP30 and subsequent climate negotiations must attempt to design an actionable plan for the phasing out of fossil fuels and phasing in of renewables. To be just, such a plan must be based on the careful consideration of the distribution of efforts and benefits, as well as restorative justice

Figure 2: A phase-out and phase-in process anchored in justice



for people and ecosystems, while translating into a delivery-oriented package of measures.

1) Effort and benefit sharing

To achieve an equitable fossil-fuel phase-out, we need to establish **principles that allow us to define who will need to do what, who will need to start doing it first and with whose support.** Currently, too many countries are shying away from this foundational discussion. Without credible pathways for each country that define end-dates and critical milestones for the production and use of fossil fuels, the world will not remain within planetary boundaries. To unlock progress on this discussion, five dimensions are key, as shown in Figure 2.

Responsibility and capacity to act

Responsibility is based on a country’s cumulative contributions to GHG emissions driving climate change, often called *historic emissions*. **Nations that have contributed the most to the climate problem are expected to move first and fastest** in phasing out fossil-fuel extraction. Responsibility also considers a country’s **financial and institutional capacity** to act – essentially, wealthy states with ample resources must take on a greater share of the cost and effort in

phasing out fossil fuels.²⁴ Likewise, the deployment of renewable energy should be expected to be quickest in countries with the highest renewable energy potential, especially those in which such deployment is the most cost effective and where fiscal constraints are the lowest. First-mover countries that are making a genuine effort by curbing fossil-fuel subsidies and committing budgetary resources towards renewable energy should be rewarded, instead of those countries which have proved to be laggards, due to the unwillingness of governments to confront their fossil-fuel sector or to address systemic barriers to renewable energy. This should, for instance, be reflected in country risk ratings with consequences for their ability to borrow on international markets.

Direct and indirect environmental and social impacts of energy production

Fossil-fuel production should be curtailed in ways **consistent with environmental integrity.** All barrels are not equal.²⁵ The carbon footprint associated with oil production varies significantly, depending on the physical and geological characteristics of deposits and extraction methods, such as flaring, leading to major differences in GHG emissions per barrel. For example, Canada’s tar sands produce

more than double the emissions of lighter oils from Norway or Saudi Arabia.²⁶ Between 1992 and 2018, re-allocating oil production to prioritise lower-carbon fields could have avoided nearly 10 billion tons of CO₂ equivalents, equating to \$2 trillion in climate damages. Despite this opportunity, the lack of accurate, transparent and publicly verifiable emissions data – compounded by underreported figures from industry sources – continues to hamper effective regulation. Combining demand-reduction measures with careful selection of oil sources, improved carbon pricing frameworks and stronger monitoring – such as satellite observations – can deliver substantial climate gains during the energy transition. From a justice perspective, priority should be given to halting extraction **where local communities and ecosystems disproportionately bear the costs** of pollution, dispossession or environmental degradation, yet receive limited benefits. This includes contexts where operations violate the principle of FPIC. The exact same requirements should apply to renewable energy.²⁷

National economic dependence and diversification capacity

The phasing out of fossil fuels should proceed most rapidly in countries where the transition entails the **lowest socio-economic costs**. In practice, this often points to wealthier, diversified economies with relatively low dependence on fossil revenues, and with greater fiscal and institutional capacity to manage transition pathways. In contrast, wealthy nations that are less dependent on fossil-fuel revenues (like the USA, Norway, Australia and the UK) are called to phase out extraction earliest, by the early 2030s, because they have greater capacity to diversify and absorb the transition. Operationalising this framework could entail directly tying timelines and financial conditions for phase-out to both economic dependence on fossil fuels and national capacity for diversification.²⁸

Social utility and alternatives

Consideration must also be given to the *social utility* of fossil-fuel-based goods and services in different contexts, and the extent to which **affordable, accessible alternatives** are available. Where such

alternatives exist at scale, fossil-fuel phase-out becomes both more feasible and equitable. Amongst the wicked issues that the international community has been incapable of solving so far is that of plastics: the petrochemicals sector is projected to be the dominant source of oil demand growth from 2026 onward. By 2030, global production of polymers and synthetic fibres will require 18.4 million barrels of oil per day – more than one in every six barrels. This means that petrochemicals will account for over 16% of global oil demand by 2030, and they are expected to continue driving growth through 2050 as transport demand plateaus and declines.²⁹ The notion of social utility also applies to the nature of consumption in terms of achieving decent living standards. All forms of luxury and frivolous consumption of energy, whether brown or green, as well as associated investments into such business models, must be curtailed if a genuine equitable outcome in terms of energy demand is to be achieved.³⁰ Creating this hierarchy of societal values to guide energy consumption would need to be defined through democratic means, perhaps through a citizen assembly.

Institutional and ownership structures

Finally, the feasibility of phasing out fossil-fuel production depends, in part, on ownership models. While private companies can, in principle, be regulated or held accountable through divestment and liability mechanisms, **state-owned enterprises raise politically sensitive questions** about sovereignty and development. Both cases confront the complex issue of potential investor claims and compensation. In terms of renewable energy deployment, similar questions apply as to which type of institutional and ownership structures of renewable energy must be incentivised to achieve optimal environmental and social outcomes.³¹

2) Concrete steps towards restorative justice for people and ecosystems

It has become increasingly crucial that the just transition does not focus narrowly on emissions cuts alone – but also equally prioritises restorative justice, **compensating for historical and structural inequalities that climate change exacerbates**. The Copenhagen Accord (2009) recognised that developing countries – especially the most vulnerable – required “adequate, predictable and sustainable financial resources, technology and capacity-building” to implement adaptation, reflecting a principle of compensation rooted in climate justice. In 2021, the COP26 Glasgow Climate Pact reaffirmed the need to scale up finance and capacity building specifically tailored to developing nations’ vulnerabilities.³² COP28 introduced the Loss and Damage Fund, an institutional step toward restorative justice – intended to assist countries already suffering irreversible impacts. However, scholars note that, for such mechanisms to embody justice rather than charity, they must be designed with inclusive governance, direct access for impacted communities, new and additional finance, and burden-sharing aligned with the “polluter pays” principle.³³

COP29 in Baku brought **transformational adaptation** into the limelight, pushing adaptation beyond isolated projects toward systemic, integrated reform in areas like urban planning, land use and ecosystem-based solutions. Importantly, COP29 emphasised that adaptation must focus on frontline communities, particularly those economically and socially marginalised, and scale up towards genuine sufficiency and resilience. As See et al. demonstrate through case studies in the Philippines,³⁴ adaptation can go hand in hand with justice when it shifts power, respects local knowledge and enables meaningful participation by historically marginalised communities. However, more efforts are needed to equally include recognitional, distributive and procedural justice in adaptation. For example, procedural justice, which involves inclusive decision-making and implementation clarity, is weakly addressed in US municipal adaptation plans, according to Brousseau and colleagues.³⁵

3) A delivery-oriented package of measures for COP30

One of the worst possible outcomes of Belém would consist of a vague series of just transition principles that are not operational enough to change realities on the ground. Instead, concrete solutions must be found, as exemplified in Table 2. International climate governance should also better integrate equity dimensions in its various institutionalised reported processes. For example, equity benchmarks could be integrated into the global stocktake (GST) follow-up, requiring parties to report not only on emissions progress but also on distributive and procedural justice (who benefits, who bears the costs, progress on social floors).

Table 2. Justice-based means of implementation for international climate targets.

<p>Tripling global renewable energy capacity by 2030</p>	<p>Equitable access and financing: establish dedicated finance windows (e.g., under the Green Climate Fund) to support least-developed countries and vulnerable communities in scaling renewable energy, including for locally led, prosumerist and decentralised RE provision for adaptation and resilience.</p> <p>Technology transfer: mandate open access to key renewable technologies, supported by South-North partnerships, to avoid reinforcing dependency.</p> <p>Inclusive governance: ensure that renewable expansion respects land rights, Indigenous peoples and local communities, embedding FPIC into implementation.</p>
<p>Doubling average annual rate of energy efficiency by 2030</p>	<p>Targeting the poor: prioritise efficiency investments in low-income households, public housing and essential services (schools, hospitals), so benefits reduce energy poverty rather than only lowering costs for industry.</p> <p>Fair distribution of costs: introduce international mechanisms to support developing countries in accessing affordable finance for efficiency retrofits, appliances and transport systems.</p> <p>Just labour outcomes: link efficiency investments to job creation programs and reskilling of workers at risk of displacement.</p>
<p>Phasing out fossil fuels in energy systems in line with 1.5°C</p>	<p>Equitable timelines: recognise differentiated capacities through faster phase-outs in advanced economies and longer but conditional pathways in developing countries with strong support.</p> <p>Just transition mechanisms: strengthen the role of the UNFCCC’s JTWP by requiring national plans that include social protection, reskilling and community transition funds.</p> <p>Avoiding false solutions: guard against phasing out being offset by excessive reliance on carbon capture and storage or carbon markets, ensuring real reductions and prioritising sufficiency.</p>

2. Rising to the challenge: What must the EU deliver?

To advance the just transition globally, the EU must help deliver a *new global deal*³⁶ combining ambition on fossil-fuel phase-out with equity and sufficiency. At the **multilateral level**, this means advocating for clear exit timelines, subsidy reform, and scaled-up just transition support. On the **bilateral front**, Just Energy Transition Partnerships (JETPs) offer a promising model, but the EU must champion stronger governance, inclusiveness and social investment. Finally, **closing the renewable finance gap in EMDE and Africa** is equally urgent: the EU should de-risk investment, expand concessional finance and back African-led initiatives.

1 Set clear and ambitious fossil-fuel phase-out timelines: Coal by 2030, fossil gas by 2035, oil by 2040

As argued in our litmus tests above, phase-out plans need to be based on science and respective responsibility and capacity. These dates presented here are widely considered necessary to stay within a 1.5°C global warming limit. Similarly to IPCC and IEA reports, Climate Analytics³⁷ calls for OECD countries to end coal use by 2030, a global coal phase-out by 2040, and highlights that fossil gas should be phased out by 2035 in developed countries and by early 2040s globally. Global Witness and other climate groups actively advocate these targets within the EU, emphasising that credible climate plans must include a clear path to phase out all fossil fuels by these dates. Overall, the EU must continue to support high ambition internationally.

2 Phase out all forms of fossil-fuel subsidies earlier than current targets and reallocate funds to the just transition

Whether direct budgetary support and tax breaks, financial resources used to subsidise fossil fuels must be reoriented towards renewable energy,

energy efficiency, social protection and job creation in green sectors.

- The EU and all its member states should join and resource the **Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (COFFIS)** and push for time-bound national phase-out roadmaps under COP and SDG pledges. COFFIS, launched at COP28 and chaired by the Netherlands, now counts 17 countries and explicitly targets both producer and consumer subsidies. As developed below, the EU should support a matchmaking platform for a just transition.³⁸
- The EU should promote the **use of existing peer-review tools**, for example, scaling up and making publicly available the G20/APEC voluntary peer reviews of fossil-fuel subsidies. The EU should offer technical assistance to partners to run inventories and design social-protection-first reforms.³⁹
- **Make the money visible.** The EU should require all partners to publish annual subsidy accounts using OECD-IEA-IMF methods (and feed them to the Fossil Fuel Subsidy Tracker) to underpin reform and track reallocation to just transition priorities.

3 Support the creation of an Integrated Forum on Climate Change and Trade

The EU should support this initiative of the Brazilian COP presidency, provided that it seeks to foster a positive, neutral and technical dialogue on the role of trade policies for climate action. Trade-impacting unilateral measures (mainly the EU's CBAM and the EU Deforestation Regulation) have been a source of concern for developing states and a recurring topic of contention in the COP context. The creation of the forum could help ease tensions by anticipating the distributive impacts of trade-related measures.

4 Support the creation of a global Just Transition Match-Making Facility

The EU should share best practices from the Just Transition Mechanism, the Just Transition Fund⁴⁰ and the Social Climate Fund. Building on the EU's Just Transition Platform model and the Platform for Coal Regions in Transition, a global "Just Transition Match-Making Facility" should be created: a **one-stop platform that matches country transition needs (finance, skills, tech, reskilling, community plans) with public/private solutions**. The process of designing and implementing national just transition plans should be inclusive and involve broad stakeholder consultations, including workers, affected communities and civil society. The facility could be hosted jointly with the UNFCCC Technology Mechanism (TEC/CTCN), be linked to the PCCB Network for capacity-building and plug into existing tech exchange hubs – like WIPO GREEN – for practical technology match-making. The new UNFCCC JTWP would create the policy mandate and annual dialogues for the facility – this could be used to turn dialogue into funded country pipelines and to surface best practice. The facility should also ensure transparency and accountability for the selected actions and fund distribution.

5 Scale concessional windows

The EU should help expand **access to international funds** like the IMF's Resilience and Sustainability Trust, but with conditions that link money directly to just transition milestones – for example, closing coal plants and ensuring workers get support and retraining. Countries also need options like **debt-for-climate swaps**, where part of their debt is cancelled in exchange for investing in clean energy or nature protection. To bring in more funding, the EU can work with development banks and philanthropic organisations through programs such as the Climate Investment Funds' Accelerating Coal Transition (ACT) initiative, which already helps countries retire coal, clean up old mining sites and invest in renewables. Crucially, part of every transition finance package – whether from JETPs (see below), ACT or bilateral EU deals – should be **set aside for**

people and communities. This means earmarking money for income support, job retraining, small-business development and community services, with progress tracked against clear indicators, such as gender equality and decent work.

6 Improve and expand Just Energy Transition Partnerships (JETPs)

JETPs originated as an innovative model of international cooperation to support emerging economies in phasing out fossil fuels – primarily coal – while ensuring a just transition for workers, communities and vulnerable groups. The concept of a JETP was first announced and put into practice at COP26 in 2021, where an inaugural agreement was struck between South Africa and an International Partners Group comprising France, Germany, the UK, the USA and the EU. JETPs represent a significant breakthrough by combining donor finance, political leverage and high-level government commitments to accelerate power-sector decarbonisation. JETPs have emphasised a "country-owned" approach, tailoring investment and reform plans to national contexts and priorities, rather than imposing donor-driven blueprints. They have also prompted the creation of new national coordinating bodies (e.g., South Africa's Presidential Climate Commission), improving cross-government and cross-society engagement. The finance pledged in JETPs is significant (e.g., \$8.5 billion for South Africa), but remains a fraction of what is needed for the full power sector and a just transition (e.g., South Africa estimates \$60 billion is needed by 2030 for power alone).⁴¹

However, most JETP finance is in the form of loans rather than grants, raising debt concerns. The political and technical complexity of the transition – illustrated by South Africa's electricity crisis, entrenched interests and legacy utility debt – has delayed implementation and, in some cases, forced a reconsideration of coal phase-out timelines. Essential reforms to enable the effective absorption and deployment of JETP finance – such as regulatory changes, market redesign and anti-corruption measures – have progressed more slowly and been

more contested than anticipated. Progress is further hindered by strong domestic resistance from coal industry actors, trade unions and political figures concerned about foreign influence,⁴² all of whom must be engaged and negotiated with throughout the process.

On the “just” dimension of JETPs, many investment packages remain heavily weighted towards infrastructure and technological upgrades, with insufficient funding for social protection, worker reskilling and community development.⁴³ Decentralised, community-led renewable energy projects that ensure energy sovereignty and the participation of workers, marginalised communities, and those historically impacted by the fossil economy, should be a priority.⁴⁴ Regarding transparency and inclusiveness, a recurrent criticism of JETPs is that civil society consultation was limited during deal-making and rollout, especially in Vietnam and Indonesia, undermining stakeholder buy-in and legitimacy.⁴⁵ Sustained and broad-based consultation and communications are essential for overcoming distrust, ensuring “process legitimacy” and achieving durable reforms. Reporting and monitoring of finance, impacts and progress are also still insufficiently transparent.⁴⁶

- **The EU should ensure that social justice is at the core of JETPs** by earmarking significant portions of finance for worker reskilling, social protection and community development – not just infrastructure and technology upgrades. Outcomes should be tracked against clear social indicators (e.g., gender equality, decent work, access to services).
- **Shift the finance mix.** The EU should promote expanding grants and concessional finance to reduce debt risks, and scaling up resources well beyond current pledges to match actual investment needs. In the JETPs, finance should be directly linked to just transition milestones, such as plant closures and new community energy projects.

- **The EU should advance governance and inclusiveness.** By requiring broad consultation with workers, civil society and affected communities during JETP design and implementation. JETPs should include transparent monitoring and reporting on finance, progress and impacts to build trust and legitimacy.
- **The EU should support enabling reforms in JETPs.** Providing technical and political support for essential measures – such as regulatory changes, electricity market redesign and anti-corruption safeguards – is key for the effective absorption of JETP finance.
- **Foster country ownership.** The EU should back the development of national coordinating bodies (e.g., South Africa’s Presidential Climate Commission) and strengthen domestic institutions to drive reforms sustainably and inclusively.

7 Filling the renewable finance gap for EMDE, especially Africa and SIDS

EMDE – Africa and SIDS in particular – are falling behind in renewable energy finance. Africa receives less than 3% of global renewable investment, despite vast resource potential and acute energy needs.⁴⁷ SIDS face a similarly stark gap: they are among the most energy-import-dependent economies in the world, with fossil fuels accounting for over 80% of their energy supply.⁴⁸ Yet, their renewable potential – solar, wind, geothermal and marine energy – remains largely untapped due to small market size, high capital costs and climate-related vulnerabilities. Financing gaps are driven by high perceived risk, weak enabling environments and limited international support. Therefore, the EU should champion a transformative scale-up of renewable energy finance. By aligning fossil-fuel phase-out commitments with scaled-up renewable investment in EMDE and SIDS, the EU can embed equity and justice into global climate action, strengthen resilience in the most vulnerable regions and help close the renewable energy finance gap.

- The EU should contribute to **de-risking investments** through guarantees, blended finance, and partnerships with local banks and infrastructure providers. In SIDS, this includes supporting regional risk-pooling facilities and using export credit agencies to reduce currency and sovereign risks.
- **Prioritise decentralised, affordable renewables** such as solar mini-grids and off-grid storage, which can enhance resilience, lower electricity costs (now among the highest globally in Caribbean and Pacific SIDS) and reduce reliance on imported fuels.
- Again, the EU should **expand concessional and grant-based finance**, aligning climate finance, development aid and private capital. This should include debt-for-climate swaps tailored to SIDS' high-debt burdens, as already piloted in Belize and Seychelles.
- **Support African- and SIDS-led initiatives**, such as the Africa Renewable Energy Initiative and the SIDS Lighthouses Initiative, while collaborating with UNECA on strategic investment, capacity building and technology transfer.
- **The EU should contribute to backing micro, small and medium enterprises as key drivers of innovation** in clean energy, including SIDS-based entrepreneurs deploying solar desalination, waste to energy and battery technologies, while promoting regulatory and market reforms that unlock private capital.

3. Conclusions

The credibility of COP30, and of the international climate regime more broadly, depends on the capacity of parties to operationalise the principle of a just transition within scientifically defined planetary boundaries. The two proposed litmus tests – a common understanding of just transition corridors and an actionable plan for the phase-out of fossil fuels and phase-in of renewables based on distributive, procedural and restorative justice – provide a benchmark against which the adequacy of outcomes in Belém should be assessed. **Equity, understood across inter-country, intra-country, intergenerational and interspecies dimensions, is not an adjunct to ambition but a condition for its realisation.** The seven actionable proposals outlined above demonstrate that embedding justice into the means of implementation is feasible. Tripling renewable energy capacity, doubling energy efficiency and phasing out fossil fuels in a socially equitable manner can be achieved through adequate finance, inclusive governance and rigorous accountability mechanisms. In this regard, the EU has a particular responsibility, both to maintain its own credibility as a climate leader and to act as a catalyst for a coalition of the willing capable of advancing ambition while addressing structural inequities. A just transition will ultimately be evaluated by its outcomes: whether it reduces global inequalities, restores ecosystems and secures a viable future within planetary boundaries. COP30 offers a critical opportunity to re-anchor global climate governance in principles of sufficiency, fairness and restorative justice. Failure to do so would not only compromise the Paris Agreement's 1.5°C objective but also further erode the legitimacy of multilateral climate cooperation.

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4. DIGITAL SOVEREIGNTY AND A NEW MULTILATERALISM FOR THE AI ERA

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Introduction

Artificial intelligence (AI) is transforming not only economies but the very nature of global power, reshaping sovereignty itself in the digital age. This policy brief examines how control over digital infrastructures – chips, cloud computing, data networks and algorithmic systems – has become the new determinant of geopolitical influence. As technological interdependence is increasingly weaponised, creating new vulnerabilities for states and unprecedented forms of digital dependency for societies, the need for a new multilateral digital order has never been more urgent. Drawing on the frameworks established by the United Nations through the Pact for the Future and the Global Digital Compact, this analysis argues that Europe can play a transformative role in building a shared digital civilisation rooted in democratic values, rights-based governance and sustainable development. Through the EuroStack vision¹ and deep cooperation with Global South partners, Europe has the opportunity to contribute to a fairer digital order built not on dependency but on reciprocity, trust and a shared commitment to treating AI, data and compute as global public goods.

1. The current world order: Challenges and progressive paths forward

1.1 The digital stack as global power infrastructure

The 21st century has witnessed a fundamental transformation in the nature of sovereignty. Where once territorial boundaries, military capacity and trade relationships defined the contours of national power, today sovereignty is increasingly determined by who owns and governs the digital infrastructures that underpin modern societies. The chips that compute, the clouds that store collective knowledge, the networks that connect billions of people and the algorithms that shape everything from political discourse to climate planning – control over this digital stack now determines who sets the rules of the global order.

This transformation reflects a deeper shift in the material basis of power, what I have been calling the political economy of the digital stack,² a new regime in which technological infrastructures reorganise value, authority and geopolitical leverage. The semiconductor industry, concentrated in a handful of facilities primarily in Taiwan, South Korea and the Netherlands, has become perhaps the most strategically significant manufacturing sector in human history. Advanced chips are not merely components of consumer electronics; they are the substrate upon which artificial intelligence (AI) systems are trained and deployed, the foundation of modern military capabilities, and the enabling technology for virtually every aspect of digital infrastructure. Control over chip design, manufacturing and supply chains has accordingly become a matter of national security for major powers.

Cloud computing represents another critical layer of this digital stack. The vast majority of the world's cloud infrastructure is controlled by a small number of hyperscale providers, predominantly American in origin, whose data centres process and store an ever-growing share of global information. This concentration creates profound dependencies: governments, businesses and citizens increasingly rely on infrastructure they neither own nor control, subject to the jurisdiction and commercial decisions of foreign entities. The shift to cloud computing has been presented as a matter of efficiency and innovation, but it also represents a fundamental restructuring of information sovereignty.

The rise of what might be called *compute diplomacy* shows how digital infrastructure has become a central instrument of statecraft. Export controls, restrictions on access to computing power, and proprietary standards now function as tools of geopolitical leverage. This logic was formalised in *Pax Silica*, the Trump administration's December 2025 initiative to reorganise AI and semiconductor supply chains into a US-led alliance. Modelled on *Pax Americana* and *Pax Romana*, it brings together Japan, South Korea, Singapore, the Netherlands, the UK, Israel, the UAE, Qatar, and Australia to control critical

minerals, energy, semiconductors, AI infrastructure, and data centres.

The European Union is relegated to “guest” status—a deliberate divide-and-rule strategy favouring bilateral deals over engagement with the EU as a bloc. As Jacob Helberg, Under Secretary for Economic Affairs and former Palantir executive, put it: *“If the 20th century ran on oil and steel, the 21st century runs on compute and the minerals that feed it.”* This approach is reinforced by the US *Stargate* initiative, a \$500 billion AI infrastructure programme announced after Trump’s second inauguration, which explicitly ties frontier AI development to US-controlled chip ecosystems, keeping the most advanced capabilities anchored in American infrastructure.

China’s Digital Silk Road, meanwhile, extends end-to-end digital supply chains and infrastructure across Asia, Africa, Latin America and even Europe, creating new patterns of technological dependency oriented toward Beijing.

These dynamics reveal a deeper trend that should concern all nations committed to maintaining their autonomy in an interconnected world: technological interdependence is being weaponised. The complex global supply chains that once seemed to guarantee mutual benefit and shared prosperity have been revealed as vectors of vulnerability, creating new forms of leverage that can be exercised by those who control critical nodes in the network. States that once celebrated their integration into global technology markets now find themselves exposed to risks they had not anticipated and dependent on systems they cannot easily replace.

1.2 Weaponised interdependence and rising digital inequality

The weaponisation of technological interdependence operates through multiple channels. Control over standards, protocols and cloud infrastructure translates into leverage over states that have become dependent on these systems. A country that relies entirely on foreign cloud providers for its government services, healthcare systems and

educational infrastructure has ceded a form of sovereignty that traditional international relations theory struggles to conceptualise. The ability to deny access to these services, extract data from them or shape their development according to foreign interests represents a new form of power that operates beneath the threshold of traditional conflict.

Equally concerning is the emergence of AI energy and compute inequality as a new dimension of the global development divide.³ Training state-of-the-art AI models requires enormous computational resources and correspondingly massive energy consumption.⁴ The infrastructure necessary for the frontier of AI development is concentrated in wealthy nations with access to capital, energy, data and technical expertise. Developing countries face a stark choice: accept dependent relationships with foreign providers or be excluded from the AI revolution entirely. Neither option is consistent with genuine self-determination.

The assumption that compute scarcity guarantees American dominance has, however, been challenged by China’s DeepSeek, which in January 2025 demonstrated that algorithmic efficiency can partially compensate for hardware restrictions. DeepSeek’s R1 model, trained for reportedly under \$6 million in compute, triggered a market panic that erased \$593 billion from Nvidia’s market capitalisation in a single session. Washington’s response was not to abandon control but to change tactics: in May 2025, the Commerce Department rescinded its global AI Diffusion Framework, pivoting from regulation to cartel logic – waivers, bilateral deals and supply-chain blocs. When rulemaking cannot keep pace with technological development, managed scarcity fills the gap.

Surveillance architectures present another dimension of this problem. Digital technologies developed primarily in the USA and China are increasingly exported as geopolitical tools, carrying with them embedded assumptions about governance, privacy and state-citizen relations. Countries that adopt these systems wholesale may inadvertently import governance models

incompatible with their own values and institutional traditions. The spread of facial recognition systems, predictive policing algorithms and social monitoring technologies represents not merely a commercial transaction but a form of ideological diffusion with profound implications for democratic governance worldwide.⁵

The concentration of digital infrastructure also has significant implications for economic development. The platform economy has created unprecedented concentrations of wealth and power in the hands of a small number of technology companies, many of which have market capitalisations exceeding the GDP of most nations. These platforms extract value from local economies while often contributing little to local tax bases or employment. The data they collect from users worldwide is processed and monetised primarily for the benefit of shareholders in wealthy countries, creating new patterns of digital extraction that parallel historical patterns of resource extraction.

1.3 The UN's renewed multilateralism: Pact for the Future and Global Digital Compact

Recognition of these challenges has prompted renewed attention to multilateral approaches to digital governance. **The United Nations 2024 Pact for the Future** and its accompanying **Global Digital Compact** represent the most significant recent efforts to articulate a shared global vision for the digital age. These frameworks acknowledge that the world cannot allow itself to fracture into rival techno-blocs, each operating according to its own rules and standards, with smaller nations forced to choose between competing hegemony.

The Global Digital Compact articulates several key principles that should guide the development of global digital governance: universal connectivity that ensures all people can access the benefits of digital technologies; equitable access to data and compute resources necessary for economic development and AI innovation; trustworthy AI developed and deployed according to principles of

safety, transparency, and accountability; secure and interoperable digital public infrastructures that serve citizens rather than corporate interests; and the treatment of core digital systems and AI as global public goods available to all.

The most politically consequential follow-up process for global AI governance is the member-state-led initiative adopted by General Assembly Resolution A/RES/79/325. This resolution establishes a dual-track approach: (1) an annual UN member state global dialogue on AI governance to facilitate ongoing intergovernmental discussions; and (2) the establishment of an independent International Scientific Panel on AI to provide evidence-based assessments and recommendations. These mechanisms place AI governance firmly within the intergovernmental framework, ensuring that states retain primary responsibility for shaping global AI policy. The UN Secretary-General has also released a high-level advisory body report on "Governing AI for humanity,"⁶ which provides additional perspectives on the challenges ahead.

The first **digital UN General Assembly** scheduled for 2025 represents a decisive moment to translate these principles into governance architectures capable of addressing the challenges of concentration, fragmentation and growing digital divides.⁷ This gathering will test whether the international community can develop institutions and mechanisms that are adequate to govern technologies which are transforming every aspect of human society. Success will require not merely agreement on principles but concrete commitments to build the infrastructure, share the resources and establish the governance frameworks necessary for a more equitable digital future.

1.4 A progressive vision: Multilateral digital sovereignty

A progressive response to these challenges must begin with a reconceptualisation of digital sovereignty.⁸ Rather than viewing sovereignty as a zero-sum competition in which one nation's digital autonomy necessarily comes at the expense

of another's, we should understand sovereignty as something that can be enhanced through cooperation. Treating AI, data, compute and digital public infrastructure as global digital public goods⁹ creates possibilities for mutual benefit that purely competitive approaches foreclose.

This vision requires a non-aligned, democratic model for global digital cooperation that resists the gravitational pull of existing techno-blocs. Rather than forcing countries to choose between American and Chinese digital ecosystems, a truly multilateral approach would create space for diverse developmental models, respecting the right of each nation to shape its own digital future while enabling cooperation on shared challenges. This is not a call for digital autarky, which is neither feasible nor desirable, but rather for forms of interdependence that enhance rather than undermine autonomy.

The ultimate goal should be a shared digital civilisation rather than competing techno-blocs. This civilisation would be characterised by interoperability, sustainability and fairness rather than fragmentation, by standards developed through inclusive multilateral processes rather than imposed by dominant powers, by governance frameworks that protect environmental and human rights and promote accountability, and by the distribution of the benefits of digital technologies that reduce rather than exacerbate global inequality. Building such a civilisation is the defining challenge of our era.

2. The European digital way: Regulation, sovereign capacity and international responsibility

2.1 Europe's normative legacy in digital governance

Europe has established itself as a global standard-setter for digital rights through an ambitious programme of regulatory innovation. The General Data Protection Regulation (GDPR) pioneered a rights-based approach to data governance that has been influential worldwide, establishing principles of

consent, purpose limitation and data minimisation that have shaped debates about privacy and surveillance far beyond European borders. The Digital Services Act (DSA) and Digital Markets Act (DMA) represent the most comprehensive efforts anywhere to regulate the platform economy, establishing obligations for transparency, accountability and fair competition that challenge the dominance of major technology companies.

The Data Act and the Data Governance Act extend Europe's digital regulatory framework into the emerging data economy, setting rules for data sharing, interoperability, and the development of data intermediaries that could offer real alternatives to the platform-dominated status quo. Most recently, the AI Act has established the world's first comprehensive framework for regulating artificial intelligence, introducing risk-based obligations and prohibiting practices deemed incompatible with fundamental rights.

Taken together, these measures embody a distinctive European approach to digital governance, one that places fundamental rights at its core, insists on democratic accountability, and treats emerging technologies as objects of proactive public governance rather than passive market outcomes. This approach stands in clear contrast both to the largely laissez-faire tradition of U.S. technology policy and to China's state-centric model. Europe's normative legacy demonstrates that democratic, rights-based governance of technology is not only possible, but capable of shaping digital innovation in ways that serve broader social interests.

Yet this model is now under sustained pressure. In December 2025, the United States imposed visa bans on Thierry Breton, the former EU Commissioner behind the Digital Services Act. Senator Marco Rubio labelled him the "mastermind" of European censorship; leaders of HateAid and the Global Disinformation Index were also targeted. The signal was unmistakable: regulate American technology platforms, and face retaliation.

2.2 The EuroStack: From vulnerability to capacity

Regulatory leadership alone, however, is insufficient. Europe's position has become increasingly fragile precisely because it has allowed itself to become deeply dependent on foreign digital infrastructure. Dependencies on foreign cloud services, chips, satellites and hyperscale compute are no longer simply economic risks. They have become strategic liabilities that constrain European diplomacy and weaken Europe's role in shaping global rules. The recent escalation in US tariffs and the intensification of the AI and cloud race, together with export control on chips and rare earths, have made these vulnerabilities impossible to ignore.

Denmark's recent decision to phase out Microsoft services for government use illustrates both the urgency and feasibility of this transition. As Danish Digital Minister Caroline Stage explained: "We must never make ourselves so dependent on so few that we can no longer act freely." The decision followed revelations that Microsoft had blocked the International Criminal Court prosecutor's email account after US sanctions – demonstrating that a foreign company can sever access to critical services at Washington's behest. The US Cloud Act explicitly requires American companies to hand over data to the US government regardless of where it is stored.

The EuroStack¹⁰ vision represents a comprehensive response to these vulnerabilities – a capacity-building strategy that addresses the full spectrum of digital infrastructure. This includes raw materials and chip alliances to secure access to the inputs necessary for semiconductor manufacturing; sovereign cloud and secure connectivity initiatives to reduce dependence on foreign providers; AI factories and green computing facilities to ensure European access to the computational resources necessary for AI development; trusted data spaces and data commons to enable the sharing of data for public benefit while protecting privacy and sovereignty; and open standards, interoperability and public digital infrastructure to create alternatives to proprietary systems.

The EuroStack is not about digital protectionism or autarky. It is about building the capacity necessary for genuine choice and genuine partnership. A Europe that controls its own digital infrastructure can engage with the world from a position of strength rather than dependence. It can offer genuine alternatives to partners who might otherwise face a binary choice between American and Chinese digital ecosystems. Most importantly, it can demonstrate that democratic societies can compete technologically while remaining true to their values.

2.3 What Europe can offer the world

Europe's significance lies not in projecting its model outward but in contributing capabilities that advance global digital equality. This distinction is crucial. The goal is not to create a European techno-bloc to rival American or Chinese ones, but to support a new multilateral digital order built on reciprocity and shared commitment to rights, trust, sustainability and democratic governance.

Europe can offer the world democratic digital governance frameworks that provide global reference points for rights-based, accountable and transparent digital ecosystems. The regulatory innovations described above – GDPR, the AI Act, DSA/DMA and data-space regulation – are not merely European rules but templates that other countries can adapt to their own circumstances. Interoperable digital public infrastructure, developed collaboratively with partners, can provide alternatives to proprietary systems that create lock-in and dependency. Open, secure and privacy-preserving digital identity systems; public payment infrastructure; and platforms for health and education represent concrete offerings that can advance the objectives of the Global Digital Compact.

Green by design and sovereign computing represents another distinctive European contribution.¹¹ Energy-efficient compute infrastructure¹² powered by renewable energy sources is crucial for Global South innovation and digital climate action. As AI development becomes increasingly energy-intensive,

ensuring that this infrastructure is sustainable is not merely an environmental imperative but a developmental imperative. Countries that lack abundant fossil fuel resources should not be excluded from AI development because of energy constraints.

Open standards and trusted cloud environments that are GDPR-compliant, interoperable and decentralised protect sovereignty and avoid vendor lock-in. Mission-driven AI capacity to support climate adaptation, food security, health delivery, disaster preparedness and sustainable urban development demonstrates that AI can serve sustainable development goals rather than merely commercial interests. Skills, training and research partnerships build the human capital needed for an equitable digital transformation. Finally, a global coalition for digital rights and cyber-peace can embed transparency, accountability and non-weaponisation into global rules, providing the normative foundation for a more peaceful digital order.

3. Proposals for EU action toward a democratic global digital order

3.1 Bilateral and regional cooperation with Global South and democratic partners

To deliver on this vision, Europe must expand its alliances. A progressive digital multilateralism requires deep cooperation with India, Brazil, the African Union, ASEAN and Latin American partners – countries that are building sovereign digital capabilities through their own distinctive initiatives. These partnerships demonstrate that the future of digital governance will be plural, polycentric and anchored in diverse developmental models rather than dependent on any single power.

Cooperation with India should build on the remarkable success of India Stack, which has demonstrated how digital public infrastructure can serve hundreds of millions of people while remaining under national control. Collaboration on open-source governance

and data trusteeship can advance shared interests in digital sovereignty while creating models that other countries can adapt. Partnership with Brazil should address, amongst other things, digital payments, building on the success of the Pix instant payment system, as well as democratic AI governance, digital commons, and the use of digital technologies for forest and climate monitoring.

Engagement with the African Union should support Smart Africa initiatives, expand connectivity across the continent, build cloud capacity, and establish green data corridors that link European and African data infrastructure in ways that benefit both regions. Cooperation with ASEAN and Latin America should focus on standards harmonisation and the development of trusted cloud alternatives to hyperscale providers. Small island states face unique vulnerabilities to climate change and could benefit from climate-AI applications and early warning systems developed in partnership with European institutions. Democratic partners, including Canada, Australia and Singapore, share European commitments to rights-based AI and interoperability and represent natural allies in building a coalition for a fairer digital order.

These partnerships should be supported by concrete tools: Global Europe and Global Gateway investment mechanisms can direct resources toward digital development priorities; EuroStack, AI and cloud partnerships can share European technological capabilities with partners; digital development missions can provide technical assistance and capacity building; circular semiconductor supply chains can create more resilient and sustainable production networks; and joint digital public infrastructure and public AI compute and AI laboratories can develop shared resources available to all partners.

3.2 Multilateral and mini-lateral action

Beyond bilateral partnerships, Europe should pursue ambitious agendas in multilateral and mini-lateral forums. Within the UN system, particularly through the Pact for the Future and the Global

Digital Compact, Europe should advocate for global principles for AI accountability, transparency and inclusive democratic technology governance; compute accountability and reporting mechanisms that create transparency about who has access to the computational resources necessary for AI development; fundamental-rights-based digital governance that places human dignity at the centre of technology policy; digital commons and global digital public infrastructure architecture that establishes common foundations for cooperation on applications including digital identity, payments and data governance; and rights-based digital identity systems that protect privacy while enabling access to services.

In forums such as the G20, OECD, ITU, WTO and GPAI, Europe should work with like-minded partners to establish standards for cybersecurity, cross-border data flows and green computing; align AI safety regimes to ensure consistent protections across jurisdictions; secure affordable access to public compute for developing countries; advance public digital commons developed on principles of interoperability, open source and security; support joint public AI development for sustainable development goals; and establish public compute-sharing arrangements for climate modelling, urban planning, education and health – initiatives that could take the form of public AI factories and Giga factories serving multiple countries, following the example of European High Performance Computing (EuroHPC).

3.3 Three strategic priorities

Three priorities should define a European strategy aligned with the Pact for the Future. Firstly, co-building digital public goods globally through joint programmes to develop open, interoperable, rights-preserving digital public infrastructure and sovereign cloud and compute capabilities. These programmes should prioritise least-developed countries and climate-vulnerable regions, ensuring that those most in need of digital transformation can access it on terms compatible with their sovereignty and development priorities.

Secondly, establishing shared norms and standards for global AI governance by strengthening the global dialogue on AI governance,¹³ launched in the General Assembly in September 2025 (Resolution A/RES/79/325), and by advancing rights-based norms through the UN, ITU, G20, OECD and regional bodies. These norms should address algorithmic transparency, privacy protections, safety evaluations and compute accountability, creating a common framework within which AI development can proceed in ways that benefit humanity as a whole rather than merely the shareholders of technology companies.

Thirdly, building a global digital commons coalition – a new multilateral alliance of states committed to shared digital infrastructure, rights-respecting innovation and reciprocal capacity building. This coalition would bring together countries that reject the false choice between American and Chinese digital ecosystems and are willing to invest in building alternatives. Such a coalition could achieve collectively what no country can achieve alone: genuine digital sovereignty within a framework of cooperation and mutual benefit.

3.4 Operationalisation: Governance, instruments and financing

To move from vision to implementation, Europe requires a clear operational framework. This section outlines the governance structures, policy instruments and financing mechanisms necessary to realise the proposals set out above. These recommendations are designed to provide actionable guidance for political decisionmakers, particularly Members of the European Parliament and ministers responsible for digital policy, industrial strategy and international cooperation.

3.4.1 Governance architecture and institutional responsibilities

A coherent digital sovereignty strategy requires clear institutional leadership and coordination mechanisms. At the EU level, this should include establishing a dedicated Digital Sovereignty Coordination Unit within the European Commission to

ensure alignment between internal capacity-building and external partnerships to coordinate digital diplomacy across all external relations; creating an interinstitutional Digital Sovereignty Task Force at the European Council level, with representation from member states' digital ministries and the European External Action Service; and establishing a European Digital Sovereignty and Cooperation Board, modelled on the European Semiconductor Board under the Chips Act, to coordinate investment priorities and monitor progress toward strategic autonomy goals.

At the member state level, national digital sovereignty strategies should be developed in alignment with the European framework, identifying national strengths, international cooperation and investment priorities within a common roadmap. National competence centres for semiconductors, AI and cybersecurity should be networked through EU coordination mechanisms to maximise synergies and avoid duplication.

3.4.2 Policy instruments and implementation mechanisms

The following specific instruments should be deployed or developed to operationalise the proposals in this policy brief. For bilateral and regional cooperation (Section 3.1), concrete mechanisms include digital partnership agreements with priority partners (India, Brazil, African Union, ASEAN), establishing mutual commitments on data governance, interoperability standards and joint infrastructure development; a dedicated EuroStack International Cooperation Programme, building on Global Gateway, to co-finance digital public infrastructure projects with partner countries; technology-sharing arrangements for open-source AI models, digital identity frameworks and data space architectures developed through EU programmes; and joint research and innovation facilities, including public AI laboratories and quantum computing, established in partner regions with co-investment from EU and partner-country sources.

For multilateral and mini-lateral action (Section 3.2), key initiatives should include a European proposal for a global AI governance framework to be tabled at

the UN global dialogue on AI governance, covering algorithmic transparency, compute accountability and fundamental rights; a G20 initiative for a Digital Commons Charter establishing AI, data and digital public infrastructure as global public goods; a coordinated EU position within the ITU and OECD to advance interoperable standards on digital identity, data portability and green computing; a proposal for a Multilateral Compute Access Facility offering subsidised high-performance computing for developing countries, supporting climate modelling, health research, and education.

Finally, Europe should champion a Global Observatory for supply chain accountability – monitoring data centres, extractive industries, and the water and energy footprint of the AI ecosystem – grounded in environmental and social justice, and explicitly integrating Indigenous knowledge, land rights and representation in governance structures.

3.4.3 Financing framework for digital cooperation

Implementing Europe's digital cooperation agenda requires mobilising dedicated financial resources for international partnerships. The following outlines the primary funding sources available for digital cooperation with Global South and democratic partners.

The Global Gateway initiative¹⁴ represents the EU's principal vehicle for digital cooperation financing, committing €300 billion in public and private investment for 2021-2027. Half of this amount (approximately €150 billion) is allocated to the Africa-Europe Investment Package. Key digital cooperation components include the EurAfrica Gateway Cable for submarine connectivity along the Atlantic coast; satellite connectivity through the European Secure Satellite Communications Programme, extending internet access to underserved regions; co-investment in green data centres and sovereign cloud infrastructure in partner countries; and digital skills and innovation hub partnerships supporting local capacity building. At the October 2025 Global Gateway Forum, Team Europe and South Africa announced a nearly €12 billion investment

package, including digital connectivity components, demonstrating the scale of bilateral digital cooperation now possible.

The Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe), with a budget of €79.5 billion for 2021-2027, provides the primary vehicle for Team Europe's digital development initiatives in partner countries.¹⁵ This instrument can finance digital public infrastructure deployment, including digital identity and payment systems; technical assistance for regulatory capacity building aligned with EU digital governance frameworks; support for digital skills training and workforce development; and co-financing arrangements for joint AI research facilities and data space architectures.

For structured international partnerships, financing should be channelled through several mechanisms. Team Europe initiatives combine EU, member state and European development finance institution resources for coordinated digital cooperation programmes. The European Investment Bank and European Bank for Reconstruction and Development can provide concessional lending for digital infrastructure projects in partner countries, meeting EU interoperability and governance standards. Co-investment arrangements with partner-country development banks, sovereign wealth funds and regional institutions such as the African Development Bank can leverage EU contributions for greater impact.¹⁶

Innovative financing mechanisms should also be explored, including public-private partnerships structured around public green AI compute, data sovereignty and interoperability principles, and blended finance facilities combining grants with commercial investment for sustainable digital infrastructure. Potential contributions from multilateral development banks, including the Asian Infrastructure Investment Bank and the Inter-American Development Bank, can complement EU resources in regions where these institutions have an established presence and expertise.

For the next Multiannual Financial Framework

(2028-2034), digital cooperation financing should be explicitly prioritised within the proposed European Competitiveness Fund and successor instruments to NDICI-Global Europe, with dedicated budget lines for EuroStack international partnerships, digital public goods co-development and multilateral public AI compute access initiatives (including EuroHPC and the European network of AI factories).

3.4.4 Just transition safeguards: Raw materials, energy and planetary commons

Europe's digital sovereignty agenda cannot be divorced from its material basis. Semiconductors require critical raw materials, including cobalt, lithium, rare earths, copper and tantalum. Data centres demand vast quantities of energy and water. The infrastructure underpinning the EuroStack vision depends upon global supply chains that, if managed irresponsibly, risk replicating extractive colonial patterns that have historically exploited the Global South while externalising social and environmental costs. As the Friedrich-Ebert-Stiftung's analysis of the EU Critical Raw Materials Act demonstrates,¹⁷ civil society organisations in Latin America and Africa have raised serious concerns about being positioned solely as raw materials suppliers for Europe's green and digital transitions, with consequent expansion of mining activities in fragile ecosystems and indigenous territories.

A planetary commons approach recognises that critical raw materials, freshwater systems, a stable climate and biodiversity are shared global inheritances, the governance of which requires collective responsibility across borders. Europe, representing approximately 6% of the world's population while consuming 25-30% of globally produced metals, bears particular responsibility to ensure its digital and green transitions do not simply displace ecological burdens onto communities least responsible for overconsumption and least equipped to bear its consequences. Digital sovereignty pursued through extractive dependency would represent a contradiction in terms – genuine strategic autonomy requires solidarity with producer countries and respect for planetary boundaries.

Indigenous peoples and local communities in raw-material-rich regions possess rights that Europe must actively protect rather than merely acknowledge. Europe's digital cooperation partnerships should explicitly require alignment with ILO Convention 169 on Indigenous and Tribal Peoples, the Escazú Agreement on environmental access rights, and the UN Declaration on the Rights of Indigenous Peoples. Strategic projects in partner countries should not proceed without genuine community engagement, and European financing should be conditional upon demonstrated compliance with these international frameworks.

Water merits particular attention as both a critical input for extraction and a key resource for indigenous communities. Lithium extraction in the Andean altiplano threatens aquifers upon which communities have depended for generations; copper mining in Chile and Peru depletes watersheds in some of the world's driest regions. Europe's digital cooperation frameworks should require hydrological impact assessments before strategic project approval, recognise indigenous water rights and traditional governance systems, and treat water sovereignty as non-negotiable. Communities should strengthen their water security in the digital transition process.

Effective monitoring mechanisms are essential to ensure stated commitments translate into practice. Europe should establish, in partnership with Global South civil society and affected communities, independent observatories to track the social and environmental impacts of raw material extraction linked to digital and green technology supply chains. These observatories should monitor water consumption and contamination in mining regions (noting that 52% of global copper mines are located in areas of high water stress); energy sources powering extraction and processing operations; labour conditions, including the persistence of artisanal mining under hazardous circumstances; land use changes and deforestation; and the distribution of economic benefits between extracting communities, national governments and international corporations. The Corporate Sustainability Due Diligence Directive provides a

legal foundation, but implementation must be robust and enforcement meaningful.

Europe's partnerships must genuinely support local value creation in producer countries rather than perpetuating the historical pattern in which the Global South exports raw materials while the Global North captures processing and manufacturing value. African nations have increasingly restricted mineral exports to encourage domestic processing – a legitimate assertion of economic sovereignty that Europe should support rather than resist. Digital cooperation partnerships should include concrete commitments to technology transfer, workforce development and co-investment in processing facilities within partner countries, ensuring that communities bearing the environmental costs of extraction also capture meaningful economic benefits. The EuroStack vision of digital public infrastructure should extend to supporting partner countries' own digital sovereignty aspirations.

Finally, a just transition requires confronting demand-side questions. The Critical Raw Materials Act's recycling targets (25% of strategic raw materials from recycled sources by 2030) represent a step forward. Europe should commit to reductions in primary raw material consumption through circular economy measures, extended product lifespans, design for reparability and ultimately a reconsideration of consumption patterns that treat perpetual growth in digital devices as inevitable. Ensuring technology serves genuine human needs should become an explicit principle guiding Europe's digital sovereignty strategy, reducing the material throughput required for a dignified digital future.

3.4.5 Immediate next steps for political decisionmakers

The following actions should be prioritised in the near term. Digital partnership agreements should be concluded with at least three priority partners, such as India, Brazil and one African regional partner. The EU should prepare a European proposal for a Global Digital Commons Framework to be tabled at the UN's global dialogue on AI governance. A Digital Sovereignty and Cooperation Programme should

be established and made operational within the European Commission. Finally, a pilot Multilateral Public AI Compute Access Facility should be launched for climate-modelling applications, in partnership with at least five developing countries, potentially hosted at the newly created UN University on AI in Bologna, where Italy's AI Factory and the European Centre for Meteorology are located.

Concrete projects on sovereign cloud and public AI infrastructure should be operational in at least two partner regions. Interoperability arrangements should be established between European and partner countries on data spaces, digital identity and payment systems, following the example of Brazil's Pix and the EU's digital identity wallet. A formal digital commons coalition should be launched with founding member commitments from at least ten non-EU states.

4. Conclusion: Toward a shared digital civilisation

The stakes of the current moment could hardly be higher. In an age when platforms influence elections, cloud providers shape sovereignty and compute access defines developmental possibility, the alternative paths before us are starkly defined: a fragmented world governed by technological power blocs, in which smaller nations are forced to choose sides and digital inequality compounds existing injustices; or a shared digital civilisation rooted in democratic values and sustainable development, in which digital infrastructure serves human flourishing rather than extracting value for distant shareholders.

The digital order will define the world order of the 21st century. Europe must pair sovereignty with cooperation and solidarity, recognising that genuine autonomy in an interconnected world requires building relationships of reciprocity rather than dependence. Digital cooperation is not merely desirable but a condition for peace, security and sustainability. The challenges we face – climate change, pandemic preparedness, financial stability, decent working standards and many others –

cannot be addressed without digital infrastructure that serves the common good.

A shared digital civilisation is possible; one grounded in democratic values, ecological responsibility and global equality. Building it will require sustained investment, patient diplomacy and genuine commitment to treating digital infrastructure as a global public good. It will require Europe to be both ambitious in its domestic capacity building and generous in its international partnerships. Most importantly, it will require recognition that the digital future is not predetermined by the interests of existing powers but can be shaped by collective action oriented toward shared values.

A progressive European strategy, anchored in real investment, global cooperation and commitment to digital public goods, can help shape this multilateral path. The EuroStack vision, properly implemented and linked to ambitious international partnerships, offers a concrete contribution toward a more just and sustainable digital order. The current continued dependence, dominance, fragmentation and inequality is not acceptable for Europe or for the world. The moment for digital cooperation is now.

5. Implementation challenges and pathways

5.1 Overcoming institutional fragmentation

Implementing a comprehensive digital sovereignty strategy will require Europe to overcome significant institutional fragmentation. Digital policy currently spans multiple Directorate-Generals within the European Commission, involves numerous member state agencies with varying levels of capacity and divergent priorities, and intersects with both domestic and foreign policy domains. Creating coherent action will require new mechanisms for coordination that do not currently exist.

The challenge is particularly acute at the interface between internal market development and external

partnerships. Building sovereign capacity through EuroStack initiatives must be closely coordinated with international partnership programmes to avoid duplication, ensure compatibility and maximise the strategic impact of limited resources. This may require the establishment of dedicated coordination mechanisms, perhaps in the form of a high-level digital sovereignty task force at the European Council that brings together relevant actors across institutional boundaries.

Member states will also need to align their national digital strategies with European frameworks while retaining the flexibility necessary to address their specific circumstances. Some member states have significant existing capabilities in particular areas – whether semiconductor manufacturing, cloud infrastructure or AI research – that can be leveraged for broader European and international benefit. Others will require significant investment and capacity building before they can fully participate in EuroStack initiatives. Managing this heterogeneity while maintaining a common strategic direction represents a significant governance challenge.

5.2 Financing the digital transition

The scale of investment required for genuine digital sovereignty is substantial. Building competitive semiconductor manufacturing capacity, developing sovereign cloud infrastructure at scale, establishing public AI training facilities and creating digital public infrastructure that can serve as alternatives to dominant platforms will require investments measured in hundreds of billions of euros over the coming decade. These investments must compete with other pressing demands on public resources, from defence and security to climate adaptation, environmental preservation and social welfare.

Financing this transition will require creative approaches that combine public investment with private capital while ensuring that the resulting infrastructure genuinely serves public interests. Traditional procurement models may be inadequate for developing infrastructure that must remain under public control while operating at commercial

scale. New models of public-private partnership, perhaps drawing on the experience of mission-oriented innovation agencies and a new model of governance for digital commons may be necessary. The European Investment Bank and national development institutions will need to play central roles in mobilising patient capital for public digital infrastructure.

International partnerships and collaboration with private foundations can also contribute to financing the digital transition, though on terms that avoid creating new dependencies. Development finance institutions, multilateral development banks and bilateral cooperation programmes all represent potential sources of investment for digital infrastructure in partner countries. Ensuring that these investments align with principles of sovereignty, interoperability and sustainability rather than creating lock-in to monopolistic digital systems, will require careful attention to conditionality and governance.

5.3 Building technical capacity and talent

The AI revolution is redrawing the global division of labour more rapidly and profoundly than any technological shift since industrialisation. Within a decade, AI and automation will replace hundreds of millions of jobs worldwide, not only routine manufacturing and clerical work, but increasingly cognitive tasks once considered automation-proof. The question is not whether this transformation will occur but who will shape it, who will benefit and who will bear the costs. The world cannot build a digital sovereign and fair transition on a foundation of skills scarcity and brain drain to US technology giants offering compensation packages that public institutions cannot match.

For the global majority, the stakes are existential. Countries that positioned themselves as outsourcing destinations – call centres in the Philippines, business process operations in India, content moderation farms across the Global South – face wholesale disruption of development strategies built over decades. Meanwhile, the new jobs being

created concentrate overwhelmingly in a handful of locations: Silicon Valley; a few Chinese technology hubs; and pockets of Europe. Without deliberate intervention, AI threatens to widen the global labour divide, creating a world of AI owners and AI subjects. Europe must reject this trajectory, both for its own workforce and in solidarity with partner countries, the development pathways of which are being upended.

Building genuine technical capacity requires rethinking education from the ground up. Primary and secondary curricula must develop computational thinking alongside critical analysis of AI systems and their societal implications. Universities need resources to conduct world-leading research and train specialists in semiconductor design, AI development, cybersecurity and digital infrastructure – but also in AI ethics, digital governance and the political economy of technology. Cooperation with UN institutions such as the newly created United Nations University on Big Data and AI in Bologna, and engagement with ITU and UNESCO capacity-building programmes, can amplify European efforts. Immigration reform must attract global talent while developing domestic capacity, ensuring Europe is not permanently dependent on imported skills that can be poached by better-funded competitors.

Most fundamentally, Europe should champion a new international framework for the AI-era division of labour; one that distributes the gains from automation more equitably and supports workforce transitions globally. This means genuine technology transfer and joint capacity building. Partnerships should include joint AI research facilities located in partner countries, shared training programmes that build local capacity rather than extract talent and collaborative development of AI applications addressing local priorities. The goal is to build coalitions for a just transition that protect workers everywhere from bearing the costs of a transformation, the benefits of which flow primarily to capital.

5.4 Managing relations with major powers

Pursuing digital sovereignty will inevitably create tensions with the major technology powers, particularly the USA and China. Both countries have strong interests in maintaining the current structure of global digital infrastructure, which gives them significant advantages. American technology companies dominate global cloud markets, digital advertising, social media and AI infrastructure development. Chinese companies have made significant inroads in telecommunications infrastructure, e-commerce, Internet of things and smart cities, and AI diffusion across the industrial sector and public administration. Neither power is likely to welcome European efforts to reduce its dependence on their systems or to offer alternatives to Global South partners.

Managing these relationships will require diplomatic skill and strategic patience. Europe should be clear about its intentions and the values that drive its approach, while also recognising the importance of continued cooperation with both the USA and China on matters of shared concern. Climate change, pandemic preparedness, financial stability, global taxation, AI weapons and nuclear non-proliferation all require cooperation among major powers that could be complicated by digital decoupling. Finding ways to pursue digital sovereignty while maintaining productive relationships with major technology powers represents one of the central challenges of the coming years.

The transatlantic relationship demands particular honesty. The USA remains Europe's most important security ally and shares democratic values that distinguish both from authoritarian alternatives. Yet Europe must name clearly what it opposes: tech nationalism that weaponises export controls and investment screening for geopolitical dominance rather than genuine security; trade practices that shield American platforms from competition while demanding market access abroad; regulatory frameworks that permit mass data extraction by private monopolies while criminalising equivalent conduct by foreign actors; and an economic model

in which a handful of corporations capture the gains from digital transformation while externalising costs onto workers, communities and democracies worldwide. The Trump-era tariff wars showed how quickly alliance solidarity can give way to mercantilist reflexes, while the unchecked dominance of U.S. technology platforms confirms that supremacy—not real partnership—remains the underlying logic.

Against this backdrop, the EU–US trade accommodation commits Europe to large-scale, largely asymmetric economic concessions: estimated purchases of around \$40 billion in advanced Nvidia AI chips, up to \$750 billion in U.S. energy products over time, and hundreds of billions in anticipated European investment in American strategic sectors, including defense. While often framed as trade normalisation, this effectively trades strategic autonomy for tariff relief in a world where trade barriers have become a permanent instrument of statecraft.

This shift also reflects a deeper erosion of trust. According to ECFR polling from January 2026, analysed by Ivan Krastev, only 16% of EU citizens now view the United States as an ally, while majorities in South Africa, Brazil, and India see China as either an ally or a necessary partner. As Krastev notes, “Trump was polarising domestically but depolarising internationally. China became another name for multipolarity.”

Europe should cooperate with the United States and China where interests genuinely align—on global AI governance, cybersecurity, and limiting monopolistic dominance and authoritarian surveillance exports—while building autonomous capacity and offering Global South partners alternatives to a digital order designed to entrench existing hierarchies. Solidarity with democratic allies cannot mean acquiescence to monopolistic extraction.

6. Final reflections: The democratic imperative

The argument for digital sovereignty is ultimately an argument for democratic self-determination in the digital age. As more and more of social, economic, and political life migrates to digital platforms and depends on digital infrastructure, the question of who controls that infrastructure becomes a question about the very possibility of democratic governance. A society that depends entirely on foreign-controlled infrastructure cannot fully govern itself; a world in which a handful of platforms mediate public discourse and shape elections cannot be a democratic world.

This democratic imperative distinguishes the European approach from both American and Chinese alternatives. The American model, despite emerging from a democratic society, has produced unprecedented concentrations of private power with limited accountability to democratic governance. The Chinese model subordinates digital development to state control in ways that are incompatible with fundamental rights and political pluralism. Europe’s contribution lies in demonstrating that a third way is possible: digital development that is innovative and competitive while remaining subject to democratic governance and respectful of fundamental rights.

Success in this endeavour will have implications far beyond Europe’s borders. If Europe can demonstrate that digital sovereignty is achievable within a framework of democratic governance, it will offer hope to countries around the world that are struggling to maintain autonomy in an increasingly digital global order. If it fails, the world may indeed fracture into competing techno-blocs, with authoritarian models gaining ground as democratic alternatives prove unable to compete. The stakes could not be higher, and the time for decisive action is now.

Building a shared digital civilisation rooted in democratic values, ecological sustainability and global equality represents perhaps the greatest governance challenge of our time. It requires reimagining international cooperation for the digital age, developing new institutions and mechanisms

that can govern technologies transforming every aspect of human life, and mobilising the political will and resources necessary to implement this vision. Europe, with its distinctive combination of regulatory leadership, commitment to fundamental rights and capacity for international partnership, is uniquely positioned to contribute to this endeavour.

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2024-2025 'FEPS UNITED FOR' PROJECT OVERVIEW

FEPS' MAIN ACTIVITIES DURING THE 2024-2025 'UNITED FOR' PROJECT PERIOD



FEPS President Maria João Rodrigues with Jutta Urpilainen, former European Commissioner for International Partnerships and Guy Ryder, UN Under-Secretary-General.

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FEPS 2024 Symposium “Navigating through poly-crisis: Towards a global pact for a better future for people and planet”

The symposium “*Navigating through poly-crisis: Towards a global pact for a better future for people and planet*”, co-organised by the UN Office in Brussels, the Friedrich Ebert Foundation EU Office, and FEPS, convened policymakers, experts, civil society, youth, and Global South representatives in Brussels in March 2024 to discuss the findings of

the FEPS book *A New Global Deal. Reforming World Governance* and the opportunities of the Summit of the Future (SOTF). The event featured a keynote address by UN Under-Secretary-General Guy Ryder, followed by a high-level panel discussion with Jutta Urpilainen, European Commissioner for International Partnerships, alongside senior EU and FEPS representatives, focusing on the EU’s positioning ahead of the SOTF. With over 100 participants from EU institutions, diplomatic missions, and think tanks, the symposium was particularly timely, coinciding with the UN Secretary-General’s visit to Brussels to engage EU leadership on the upcoming SOTF.



FEPS panel at the 2024 UN Civil Society Conference in Nairobi.

Photo by: Thainá Leite/FEPS

FEPS Side Event during the 2024 UN Civil Society Conference

The UN Civil Society Conference held in Nairobi, Kenya, in May 2024 brought together 2,158 participants from over 140 organisations and 115 nationalities, providing a key platform for civil society and NGOs to engage in discussions ahead of the SOTF and the final opportunity to influence the Pact for the Future. Notably, over 70% of participants came from Africa and more than 40% were under the age of 35, highlighting strong regional and youth engagement. In this context, FEPS advocated for a New Global Deal by organising the panel “A New Global Deal to Implement the Sustainable Development Goals”, which explored global governance reforms, strategic scenarios for accelerating SDG implementation, and key policy areas, and attracted over 100 participants.

FEPS Side Event during the 2024 Summit of the Future

FEPS hosted an official side event during the Summit of the Future Action Days on 21 and 22 September at UN Headquarters in New York, supported by the governments of Brazil and Portugal, the UN Research Institute for Social Research (UNRISD), and the Brazilian Institute of Applied Economic Research (IPEA) IPEA as a member of the T20 Brazil process within the G20. The event presented key policy recommendations from the T20 Brazil Communiqué to the G20 Heads of States and Governments and the FEPS book *A New Global Deal. Reforming World Governance*, highlighting their relevance for the SOTF outcomes and the Pact for the Future. Discussions focused on accelerating SDG implementation, particularly poverty and inequality reduction and climate action financing, as well as reforming



FEPS official Side Event at the SOTF Action Days in the UN Headquarters.

Photo by: Thainá Leite/FEPS



FEPS President Maria João Rodrigues in the United Nations General Assembly during the adoption of the Pact for the Future on 22 September 2024.

Photo by: FEPS

global governance and the international financial architecture to address debt and investment gaps. The event brought together experts from across the T20 and G20, including representatives linked to the Indian, Brazilian, and South African G20 presidencies, and concluded with remarks by Mauricio Carvalho Lyrio, Brazilian G20 Sherpa. In addition, based on its ECOSOC consultative status, FEPS was represented by its President, Maria João Rodrigues, at the UN General Assembly (UNGA) for the adoption of the Pact for the Future on 22 September 2024.

FEPS Side Event during the 4th International Conference on Financing for Development

Together with the UN Brussels Office, FEPS hosted the side event “New Strategic Partnerships for Development: Developing Countries and European Union” during the 4th International Conference on Financing for Development in Sevilla from on 30 June to 3 July 2025. The event addressed the growing fragmentation and inefficiencies of global development finance amid overlapping crises, highlighting the urgent need for renewed multilateralism, stronger coordination, and strategic partnerships between the EU and developing countries to close the SDG financing gap. Discussions focused in particular on the EU’s Global Gateway initiative, examining how its instruments,

governance, and implementation can better reflect developing countries’ priorities and ensure local ownership. The session fostered an action-oriented dialogue between policymakers, experts, and practitioners on aligning Global Gateway and similar initiatives with national financing platforms and de-risking investments to deliver sustainable and equitable development outcomes. The discussion featured contributions from Fernando Sampedro, Secretary of State of the European Union, Spanish Ministry of Foreign Affairs, European Union and Cooperation; Aminata Touré, former Prime Minister of Senegal and Member of the Club de Madrid; Udo Bullmann, Member of the European Parliament, S&D Group; Tri Purnajaya, Director for Development, Economic, and Environmental Affairs at the Ministry of Foreign Affairs of the Republic of Indonesia; and Oliver Röpke, President, European Economic and Social Committee.



FEPS official side event during the 4th International Conference on Financing for Development.

Photo by: Christian Salm/FEPS



Panellists from the official side event during the Second World Summit for Social Development.

Photo by: Christian Salm/FEPS

FEPS Solution Session during the Second World Summit for Social Development

FEPS co-hosted a Solutions Session alongside the United Nations Research Institute for Social Development (UNRISD), NetRight, and the International Budget Partnership, focused on addressing systemic inequality through innovative policy approaches during the Second World Summit for Social Development in Doha/Qatar from 4 to 6 November 2025. The session explored both pre-distribution measures, such as direct interventions in labour markets and the economy, and redistribution strategies, including progressive and gender-just fiscal policies, aimed at supporting the three priority objectives of WSSD2: poverty eradication, full and productive employment, and social integration. Participants discussed concrete solutions for

mobilizing resources through fair taxation, investing in public services, and strengthening social policy, alongside necessary reforms to international trade, investment, and financial frameworks to expand policy space at local and national levels. The session further emphasized community-led solutions, meaningful stakeholder participation, and the role of international cooperation, policy research, and knowledge exchange among academia and think tanks in driving equitable and sustainable development outcomes.



FEPS President Maria João Rodrigues at the first Digital UNGA in December 2025.

Photo by: FEPS

FEPS at the first Digital UNGA in New York

From 15 to 17 December 2025, the first Digital UNGA took place in New York, bringing together global leaders, innovators, and communities to advance inclusive collective action on how digital technologies can drive people-centred and sustainable development. Convened by the *International Telecommunication Union* (ITU) and the *United Nations Development Programme* (UNDP), the event builds momentum around global digital cooperation. As part of its FEPS UNited for project 2024/2025 supporting the implementation of the UN Pact for the Future adopted in September 2025, FEPS focused on how global governance mechanisms for artificial intelligence can promote peace, security, and human rights. FEPS President Maria João Rodrigues took part in the first Digital UNGA and met with UN Tech Envoy Amandeep Singh Gill.

**AUTHORS,
ABOUT FEPS &
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Maria João Rodrigues, FEPS President and former Portuguese Minister of PM António Guterres in Portugal, is a European politician with a long track in different European institutions: EU Presidencies, Council, European Council, European Commission, European Parliament. She played a relevant role in several European initiatives as: the Lisbon Treaty, the EU's development agenda, the Eurozone reform, the interface with EU strategic partners US, China, Brazil, India and South Africa, the European Pillar of Social Rights, the plans to respond to the COVID crisis, the roadmap for EU's future, and the EU's inputs to the UN Summit of the Future.



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Stefano Manservigi is a former European Union official. He occupied various positions, notably as Director-General for Development and International Cooperation, Director-General for Home Affairs and Migration, EU Ambassador to Türkiye. He served as Chief of Staff to President Romano Prodi and to HRVP Federica Mogherini. At present, he lectures at several Universities. He is a member of the board of several think tanks and the Chair of GCERF (the Global Fund to prevent violent extremism).

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Azita Berar has extensive experience in global governance institutions and the UN system, and has held for more than two decades senior leadership positions in the International Labour Organization (ILO), including that of Director, Employment Policy Department (2006-2017).

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She advises the European Commission and is a member of the High-Level Round Table for the New European Bauhaus, established by EC President Ursula von der Leyen to drive the EU's green transition. She also serves on the Spanish International Council on Artificial Intelligence, created by Prime Minister Pedro Sánchez, and is a member of the Committee of External Scientific Review at the International Institute for Applied Systems Analysis (IIASA).

Previously, Francesca was president of the Italian National Innovation Fund (CDP Venture Capital) and a board member of RAI, Italy's public media company. She co-founded the UN-backed Cities Coalition for Digital Rights and launched DECODE, the EU's flagship project on data sovereignty in Europe.

Francesca has taught at leading universities in the UK and Italy and has advised governments, international organizations, and institutions on technology and innovation policy, digital rights, and the socio-economic, geopolitical, and environmental impacts of technology.

ABOUT THE FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES

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The Karl-Renner-Institute is the political academy of the Austrian Social Democratic Party. It is a forum for political discourse, a centre for education and training and a think tank on the future of social democracy.



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The Friedrich-Ebert-Stiftung is Germany's largest and oldest party-affiliated foundation. It is committed to the fundamental values of social democracy and is active worldwide in support of freedom, solidarity, and social justice. In Ukraine, the FES focuses on four fields of work that fit the values of social democracy into the Ukrainian context: reducing social inequality, sustainable economic policy, strengthening the democratic rule of law, and security cooperation in Europe.



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Jean-Jaurès is the leading French political foundation. It not only works as a think tank but also as a grassroots actor and a historical memory centre, serving all those who defend progress and democracy worldwide.



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The Olof Palme International Center is the Swedish labour movement's umbrella organisation for international solidarity. The organisation work globally for democracy, human rights, social justice, peace and sustainability through a just transition – in the spirit of Olof Palme – and supports progressive social movements and parties that change societies and people's everyday lives.



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The time of global politics has arrived. Can Progressive forces better coordinate their plans and actions, not only in each country but across the multilateral system, in global fora such as the G20, in coalitions of the willing, strategic partnerships between macro regions and a new generation of trade agreements? This will be decisive to shape the new global order in the making.

We are pleased to include in this Policy Study on Implementing the UN Pact for the Future four remarkable policy briefs exploring all these issues in detail with a progressive approach.

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