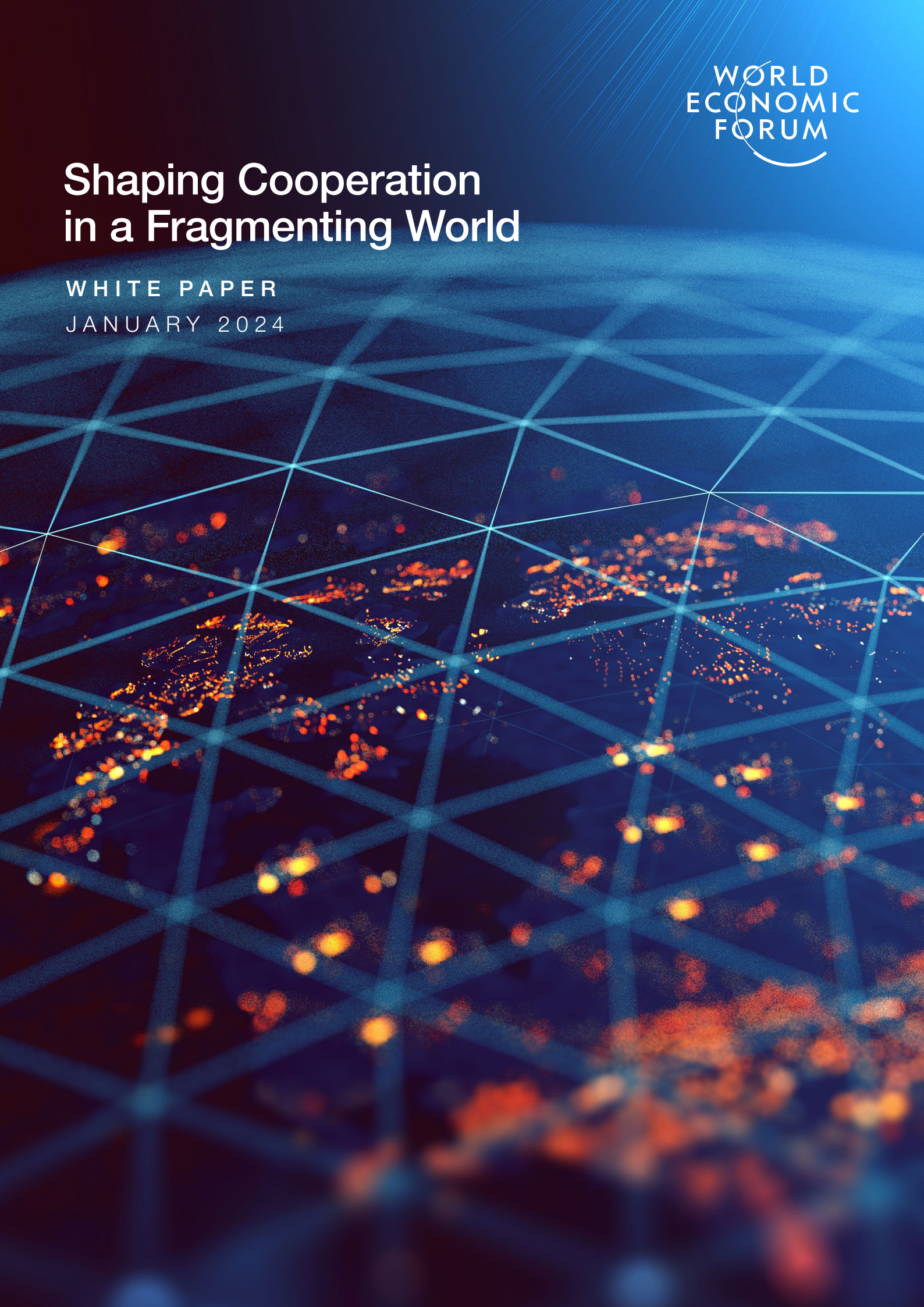


Shaping Cooperation in a Fragmenting World

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Preface

The World Economic Forum's network of Global Future Councils is a multistakeholder and interdisciplinary knowledge community dedicated to promoting innovative thinking to shape a more resilient, inclusive and sustainable future.

The mandate of the Global Future Council on the Future of Geopolitics is to offer insight into the current, turbulent geopolitical context and to identify opportunities for revitalizing or rebuilding mechanisms of cooperation to advance shared interest within this context.

The ideas presented in the following report draw on discussions that took place among the council members – both in person and virtually – over the course of 2023.

While each chapter of this report is informed by the insights generated during council discussions, the chapters represent the views of the respective authors alone and should be understood and attributed as such.

Executive summary

Ongoing global challenges demand collaborative solutions.

Strengthening global cooperation is essential for a safer, healthier and more prosperous world. Yet, the current, turbulent geopolitical context in which conflict and competition are increasing has pulled stakeholders apart at the very moment that acute and ongoing global challenges demand collaborative solutions.

Against this backdrop, the World Economic Forum convened the Global Future Council on the Future of Geopolitics to identify how global stakeholders can cooperate in addressing critical issues. Though building cooperative pathways will be challenging within the current climate, the council members argue that innovative, inclusive approaches to cooperation are not only necessary but possible in the following areas:

- **Global security:** Following decades of relative global stability, insecurity is rising amid heightened distrust. Still, there are ways to manage the distrust so that it does not prevent collaboration or escalate to conflict – here, lessons from previous periods of tension, most notably the Cold War, offer insight into how mechanisms can be established to advance joint interests. Third parties and middle-power diplomacy can also be crucial for mitigating and mediating disputes. At the same time, new, issue-specific, functional bodies that include relevant stakeholders can be established ad-hoc as needed.
- **Climate change:** Financing for climate change mitigation and adaptation is drastically behind global commitments. To address climate change, the international community should reframe investments in renewables and climate-smart technologies as opportunities and ensure the Global South and Global North benefit equally from these investments. Climate-forward lending policies from multilateral development banks, the diffusion of climate technology to the Global South, and linking the climate and health agendas can improve trust in global climate governance and spur more immediate action against this existential threat.
- **Technology:** Frontier technologies can fuel geopolitical tension, but developing protocols and mechanisms for regulating the growing risks around them requires collaboration. Recent partnerships at the multilateral level offer promising models for cooperation and for promoting attendant trust. Frameworks developed with input from stakeholders across the public and private sectors, as well as across the Global North and South, can further strengthen necessary trust.
- **Trade:** By expanding the global trade agenda, the international community can create a more stabilizing system that works towards re-globalization. Leaders must consider the ramifications of social inclusion and climate policy in making trade decisions and ensure that the economic benefits of global trade are felt more equally across social classes. The global trade system and the economic interdependence it creates offer a vital avenue for reconstructing trust among the international community.

Introduction

New approaches to global cooperation

The world is at a geopolitical inflection point.

By Samir Saran and Jane Harman

War is raging in Europe, Africa, the Middle East and elsewhere. The global economy risks fracturing into blocs, and the planet races towards a climate catastrophe. At the same time, breakthroughs in frontier technologies are poised to reshape industries and societies while raising fundamental questions about safety and privacy.

The latest developments are sobering. This past year marks the largest ever single-year increase in forcibly displaced people.¹ The year was the hottest on record.² Global economic recovery remains below historical averages.³ Looking ahead, just 12% of the Sustainable Development Goals (SDGs) are currently on track.⁴

None of the issues facing the world today – on the economy, environment, security or technology – are confined by borders or limited to specific regions. The world is so interconnected; addressing the challenges can only take place through mechanisms of global cooperation. Yet, existing structures have strained under geopolitical pressure or have shown themselves to be ill-suited for the challenges confronting us. The question, then, is what can cooperation look like in today's complex geopolitical context?

Broadly, cooperation will need to be mission-focused and purpose-driven, constructed towards addressing specific challenges. In this way, parties will need to – and history has shown, can – look past differences in pursuit of common benefit.

Identifying cooperative approaches and putting them into practice won't be easy but will be necessary. Without a practical approach to strengthening cooperation, conflicts will grow deadlier, the planet warmer and the economy weaker. The world would be less secure, prosperous and healthy for years to come.

“ Without a practical approach to strengthening cooperation, conflicts will grow deadlier, the planet warmer and the economy weaker.

Towards innovative, inclusive cooperation

In many instances, the shape of cooperation will need to be rethought to fit today's more contentious geopolitical context and the complexity of challenges. Leaders will therefore need to be innovative by identifying and embracing new forms of cooperation that, in many cases, will necessitate more inclusive approaches than they have been used to in recent years.

This will require new ways of thinking, and the World Economic Forum asked its Global Future Council on the Future of Geopolitics to examine what cooperation can look like in four critical areas: security, climate change, technology and global trade. The aim was to be “practically optimistic” – namely, forward-thinking, creative and solution-oriented, but also doable. In presenting specific new ideas for how to manage global distrust, an important operating premise was to draw on the insights of a diverse group of experts so that the ideas presented would be representative and realistic. The following chapters offer the views of members of the council.

At a time when UN Secretary-General António Guterres has said a “malady of mistrust” is plaguing the world, actors will need to cooperate even if they don't always trust one another.⁵ Chapter one authors, Bruce Jones, Ravi Agrawal, Antonio de Aguiar Patriota, Karin von Hippel, Lynn Kuok and Susana Malcorra argue that “distrust is, in the short and medium term at least, a baked-in feature of geopolitical reality”, but that in acknowledging this it is also possible to find innovative approaches to diplomacy, security cooperation and multilateralism. As the authors remind us, even at the height of the Cold War, the United States and the Soviet Union were able to cooperate on global health campaigns to eradicate smallpox. The multilateral community must now develop creative strategies to manage distrust, such as by developing a new “M-10” group that enhances the participation of rising middle powers in the multilateral process.

“ To capture opportunity for cooperation, however, stakeholders will need to be innovative by establishing new processes or moulding existing frameworks to meet the current moment.

Arguably, the area in most need of improved cooperation and with the highest level of distrust is global security. There were more deaths in 2022 from state-based conflicts than any year since 1994.⁶ Within this context of increased global insecurity, chapter one authors argue for more nimble, inclusive approaches to conflict resolution and conflict management. Indeed, this may require both reform of current multilateral entities or “more ad hoc, functional bodies that deal with an issue as and when it arises ... and includes those countries most affected”.

On climate action, the 2022 UN Climate Change Annual Report said the only way to meet current climate objectives is “if and only if we take a quantum leap in climate action, now. That requires the world to work together”.⁷ Yet, in chapter 2, Samir Saran and Danny Quah argue that, so far, “the global climate governance framework has failed to deliver” largely because developed countries have not followed through on commitments, notably steering much-needed financing to developing nations.

This is why, the authors argue, the Global North needs to increase the amount of capital it deploys, and multilateral development banks need to adjust lending practices by assuming some of the risks that prevent private capital from flowing to the Global South. At the same time, technologies that advance climate action efforts need to be more widely shared. One way to do this is for governments to override patent protections as they do in the face of other emergencies.

One major disrupter of the geopolitical landscape is the rapid advancement of frontier technologies. Chapter 3 authors Samir Saran, Flavia Alves and Vera Songwe underscore how these technologies are “transforming commonly held notions of power”

for state and non-state actors alike. The authors encourage an approach that brings together diverse stakeholders in a global regulatory process, such as through a standing Conference of the Parties on the future of technology, to responsibly regulate current technologies and prepare for the future.

Similarly, global trade has emerged as a domain of increasing geopolitical friction but also an area in which expansive cooperation is not just possible but desirable. In chapter 4, Nicolai Ruge and Danny Quah argue that “geopolitical rivalry has eroded the trust that holds the global trade system together”, but expanding the trade agenda by having it address global goals, such as climate change targets, would infuse it with a sense of common purpose. Critically, ensuring least-developed countries are included in development pathways created by the global trade system will build trust.

Adaptive approaches will be key

Security, economic and technological challenges will test the international community. Each of these areas could fuel geopolitical confrontation, but they also present opportunities for cooperation. To capture these opportunities for cooperation, however, stakeholders will need to be innovative by establishing new processes or moulding existing frameworks to meet the current moment. Most importantly, the North Star will need to be the inclusion of diverse actors, including those from rising powers, those from geographies too-often shut out of the multilateral process, and those from the private sector and civil society.

These approaches will be dependent on flexibility and agility – a necessity for parties to work together to prevent current tensions from boiling over into further geopolitical crises.

1

Global security

“Cooperation” in an age of distrust and insecurity

Managing distrust and forging responses despite it necessitates new approaches that include establishing new partnership mechanisms.

By Bruce Jones, Ravi Agrawal, Antonio de Aguiar Patriota, Karin von Hippel, Lynn Kuok and Susana Malcorra

The international system has never been free of violence and inequity. Yet today, as violence is rising, order is eroding and the spectre of nuclear war is casting its menacing shadow, greater urgency – and creativity – is needed to reduce the risk of conflict.

The challenge: two rising sets of tensions

The Cold War saw existential risk, occupation, wars of aggression and brutal proxy conflicts that killed millions in Africa, Asia, Latin America and the Middle East. When the strategic dangers of the Cold War receded, civil wars flared, as did attendant humanitarian crises.

However, then, for a quarter century, in the absence of great power tensions, the level and intensity of war diminished – never totally, always unevenly, but materially and significantly. The global economy grew. Cooperation flourished. During this period, divisions over developments such as the war in Kosovo and the US war in Iraq reduced but did not derail overall cooperation.

Cooperation held even under the pressure of the global financial crisis, which was met by the combined resources of the newly elevated G20. That crisis, though, exacerbated internal tensions within Western economies and between the West, emerging Asia and the still-developing South. Countries began to turn inwards, and cooperation began to fray. Since then, two sets of geopolitical tensions have continued to grow – and to compound one another.

The first set of tensions has arisen from the recalcitrance of the West’s response to a growing (wholly justified) demand from the developing

countries of the Global South for more voice and more voting weight in the management of the global economic order. The issue of climate adaptation became a focal point for tension as the developing world began experiencing the cost and consequence of climate change they did not cause. Then COVID-19 hit, and the massive economic and social damage, the nationalist turn in Beijing and Washington (and later, Europe), and the gross inequities revealed in the vaccine response turned these sentiments from resentment to anger.

The second set of tensions has arisen from a shift in the balance of relative power and the (wholly worrying) re-militarization of regional security in parts of the world. Russia’s invasions of Georgia and Crimea signalled a return to aggression in Europe. Military tensions in the South China Sea are triggering concern of potential confrontation between powers. This is occurring as the aftermath of the wars in Afghanistan and Iraq and the wider “war on terrorism” campaign eroded the credibility of the West in much of the broader Middle East and, to some extent, in other regions as well.

As tensions escalated, cooperation around issues of international peace and security unsurprisingly declined. For instance, America’s withdrawal from the Iran nuclear deal removed a critical mechanism for security management in the Middle East. Agreements designed to limit the violence in Syria failed almost as soon as they were negotiated, and major power interventions in Syria took the form of (limited) proxy war while efforts at joint conflict management fizzled out. At the same time, compliance with arms control mechanisms has eroded among powers to the point of near collapse, and negotiations over new mechanisms to bring in new actors are moribund. Great power tensions have blocked effective diplomacy and conflict management through the UN.



Most recently, the rising, searing violence in Ethiopia, Ukraine, Nagorno-Karabakh, Israel and Gaza has caused immense civilian casualties. These conflicts also have had enormous global spillover effects, heightening tensions and impeding attempts to find common ground on critical global challenges. Efforts to respond through the UN have achieved little but to showcase geopolitical divisions.

A new approach to multilateral cooperation

These realities require resolve and innovation in the realms of diplomacy, investments in deterrence and cooperation in response to aggression. (It is essential that such cooperation is undertaken in defence of the core purposes of the UN Charter, even if primarily through Chapter VIII institutions rather than through the UN itself.)

Most important is renewed diplomacy between the world's two largest powers, the United States and China. This would help – or at least stop hindering – the resolution of international conflicts and global challenges. Progress on military-to-military channels for managing crises and avoiding unintended escalation is vital. As is an eventual return to arms control negotiations.

The multilateral realm must also be reconceptualized and retooled – revitalizing the capacity of key multilateral mechanisms

to contribute to the management of regional conflict and the prevention of great power war – recognizing that the multilateral domain has itself become competitive.

Addressing this slate of challenges first requires eschewing vague hopes that shared global threats will decisively outweigh national tensions; there is little evidence that they do, and the world has just lived through several episodes that suggest the opposite. The notion that economic interdependence and rationality will forestall war must also be abandoned. Rather, the starting point must be to recognize that distrust is, in the short and medium term at least, a baked-in feature of geopolitical reality. Then, design approaches premised on distrust rather than hoping it will fade.

Managing distrust and forging responses despite it requires three conceptual shifts:

- **Recognizing that collaboration is possible even under conditions of intense distrust:** The US and the Soviet Union repeatedly proved this during the Cold War. Lessons from episodes like the Washington-Moscow collaboration on eradicating smallpox need to be re-learned. (Though another lesson those episodes reveal must also be recognized: issue-specific collaboration does not bleed into wider comity of relations. After all, just after Moscow and Washington collaborated on smallpox eradication, the Cuban Missile Crisis occurred, the most dangerous moment of the Cold War.)

“ The starting point must be to recognize that distrust is, in the short and medium term at least, a baked-in feature of geopolitical reality.

- **Using third parties:** Everything that was learnt from four decades of post-Cold War innovation in crisis management indicates that third parties are key to managing the problem of distrust. There is also ample evidence from the Cold War of the value of third parties and quiet diplomacy (often at or through the UN) in brokering off-ramps, de-escalation and crisis avoidance.
- **Investing in middle-power diplomacy:** Throughout the history of multilateral institutions, so-called “middle powers”⁸ have been the driving source of innovation and have played a key role in great power conflict prevention and de-escalation. Although the term has until recently been confined to Western countries, shifts in the global balance of power mean that this function extends beyond the West to “rising” powers elsewhere.

Operationalizing these concepts could be achieved through a variety of mechanisms. US President Biden has become the first American President since the end of the Cold War to advocate for UN Security Council expansion. As plans get under way for the UN’s “Summit of the Future” in 2024, the US should intensify its diplomacy here; but there are further opportunities as well.

The following could serve as other starting points for a new approach to managing competitive multilateralism.

Establish a “middle/major powers” grouping – an M-10 (or similar)

At this moment of intense need, a standing mechanism that links the western major and middle powers with the non-Western ones (Brazil, India, South Africa, the United Arab Emirates, etc.) would create a diplomatic mechanism that could straddle the increasingly bifurcated worlds of the G7, Quadrilateral Security Dialogue (the Quad) and the expanded BRICS (Brazil, Russia, India, China and South Africa, plus newly admitted Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates). The G20, consisting of the European Union, the African Union and 19 countries, including China, Russia and the United States, is bound up in the geopolitical tensions of the day. The proposed grouping – a kind of “coalition of the capable” – would have the diplomatic flexibility and heft to raise the costs to the great powers for actions or behaviour that seriously undermined the multilateral order and the quiet diplomatic channels to help find de-escalatory off-ramps and similar mechanisms.

Within this, there should be a “middle powers mediation group” on issues like Russia/Ukraine. Unlike the various unilateral peace initiatives attempted to date, a middle-powers grouping with cross-regional representation would have the diplomatic weight, the range of perspectives and

the combined geopolitical clout to change the terms of debate around viable pathways to war termination and a stable peace.

Such a group could also agitate for a return to arms control negotiations – by using its bilateral relations with the great powers to urge a focus on stability, by investing in the diplomacy of new negotiations, and, where relevant, by supporting multilateral arms control arrangements.

Create new ad hoc international forums

There should also be more ad hoc, functional bodies that deal with an issue, country or region as and when necessary and involve those countries most affected. Such forums should not require bricks and mortar headquarters with permanent staff but rather enhanced modalities for collaboration between countries involved for as long as the issue remains in play.

Currently, the risk to grain and fertilizer shipping out of Black Sea ports should be mitigated through the creation of a neutral nations naval task force that could escort ships transiting the Black Sea to help secure stability in global food markets. This could also serve as a testing group for the notion of more robust multilateral cooperation at sea, which would have important uses in other contested waters.

Practice safety-net diplomacy

As devastating as are the consequences of Russia’s invasion of Ukraine, the consequences of direct conflict between the United States and China could be even graver – but that outcome is growing more and more likely. Avoiding it will require, above all, restraint and calibration on the part of Beijing and Washington. The history of crisis management indicates the need for safety nets or guardrails, mechanisms that both powers can turn to, to trigger de-escalation.

For instance, after the Cuban Missile Crisis, the Soviet Union launched a major naval build-up to attempt to match American strength at sea. This resulted in a dynamic of frequent near-misses and near-accidents in the Atlantic. In 1968, the US called for negotiations over an agreement to limit this risk, and after two years, the Soviets agreed to start talks. Two years later – despite relations being near the nadir – the 1972 US-Soviet Incidents at Sea agreement was signed, creating a tool that helped avoid escalation during the tensest years of the Cold War.

The foreign and defence ministries of the capable powers, as well as the UN, should re-examine and publicize lessons such as this and invest in the needed diplomatic and analytical capacity for similar responses.

“ Multilateral mechanisms remain essential to avoiding wars, saving lives and promoting stability, even if, in the past, they may mainly have mattered in selective moments.

Establish a multi-national reference group on the laws of armed conflict and international humanitarian law

Both the UN and the International Committee of the Red Cross (ICRC) are stewards of the key international instruments designed to limit war and regulate its prosecution, but at present, neither body carries the necessary diplomatic weight to influence behaviour by leading military powers. The Secretary-General and the President of the ICRC could create a diplomatic mechanism comprised of diplomats and international legal experts from a dozen or so leading countries from every region. This could serve as an ad hoc reference group to speak out in defence of the key provisions of the UN Charter, the laws of armed conflict and

international humanitarian law; engage in quiet diplomacy designed to support compliance with those laws; and invest in monitoring and documentation mechanisms that could be used to support post hoc accountability.

Correcting the course to collision

The world is on a collision course, and both the global economy and capacity to manage global challenges are likely to be collateral damage – indeed, they already are. Avoiding acute crises will require courage and creativity. Much of this must lie at the level of national action and bilateral diplomacy. At the same time, however, multilateral mechanisms remain essential to avoiding wars, saving lives and promoting stability, even if, in the past, they may mainly have mattered in selective moments.

Climate

Rethinking climate governance

New approaches should reduce the cost of capital, bridge the technology divide and develop new pathways to cooperation.

By Samir Saran and Danny Quah

Climate change is the most salient example of a challenge that demands global cooperation to solve. Yet, this necessity has so far failed to translate into a cooperative mechanism that can withstand geopolitical shocks, partly because trust in the current approach is eroding.

The challenge: global frameworks haven't kept emissions from rising

In 2023, the world breached the critical 1.5°C average temperature rise barrier for the first time.⁹ It is now visibly evident that the impacts of human activity on the climate are no longer a thing of the future. Climate-induced natural hazards are now among the foremost threats to lives and livelihoods, as witnessed by the devastating floods in Libya, East Africa, Italy, Yemen and Pakistan in 2023 alone. The Global South is particularly vulnerable, with some estimates suggesting that the gap in economic output between the world's richest and poorest countries could be as high as 25% compared to a world without climate change.¹⁰ The future looks even bleaker, with predictions from the Intergovernmental Panel on Climate Change (IPCC) suggesting that if current emission pathways are maintained, average temperatures could rise 3.2°C by 2100.

Yet the global climate governance framework has failed to deliver. Despite various landmark agreements in Rio (1992), Kyoto (1997) and finally Paris (2015), emissions have continued to rise. Trust has broken down between developed and developing countries, given that the former have not only refused to make binding commitments on emission reduction, but have also failed to deliver on whatever meagre promises they did make – for example, to provide \$100 billion annually to the developing world by 2020.

However, the fact is such tussles distract from the real scale of the problem. The final text at COP27 noted that between \$4 and \$6 trillion needed to be invested annually in renewables and decarbonization solutions if the world was to stay on track to its Paris commitments. Even less ambitious targets, such as the 2022 Report of the High-Level Expert Group on Climate Finance, noted that annual investments would have to be between \$2 and \$3 trillion annually, with at least \$1 trillion of that being foreign private investment.¹¹ Instead of identifying solutions to raise and target flows of this scale, global governance has lost its way fighting over small, insignificant change.

The \$100 billion figure has been left behind by events. It is now necessary to think in trillions. For that to happen, the debate needs to be reframed away from questions of guilt and compensation and towards obligation and opportunity. Fortunately, restructuring climate investment as an opportunity is entirely possible given that the technologies to combat climate change are becoming increasingly cost-effective: The IPCC estimates that the global average cost of renewable energy has dropped by up to 85% since 2010. As a consequence, over 80% of climate projects in the developed world are financed by the private sector, which sees a clear business case for green investment in those geographies.

However, investment in the Global North alone will not address a global problem. Only around 25% of global climate finance currently flows to the Global South, although the developing world is where vast new investments in infrastructure and energy access are actually needed.¹² The prohibitive cost of capital in the emerging world means that, in contrast to the developed world, only 14% of green investment originates from private savings.



“ The differentials in the cost of capital between the Global North and South are prohibitive and the largest constraint on private investment flowing into climate action where it is most needed.

A new approach for rethinking climate governance

There is now a need to rethink global climate governance. The fundamental imbalance is this: While the developed world has been the key contributor to historical emissions, future emissions will be concentrated in the developing world. For instance, the International Energy Agency (IEA) estimates one-quarter of global energy demand growth between 2019 and 2040 might come from India alone.¹³ This energy growth is natural if crippling energy poverty in countries like India is to be addressed. The advantage for policy-makers is that much of the energy infrastructure in these countries is yet to be built, and there is an opportunity for new, greener development that does not mimic carbon-intensive pathways adopted by the developed world. Development is energy-intensive, but it does not have to be carbon-emitting.

It is necessary to not just increase the amount of private capital deployed in the Global South, but also to ensure the scope of such investment is widened to include adaptation. Scaling up private investment into renewable energy, particularly grid-scale solar power, is easy to at least imagine. Yet other use cases for climate capital are no less important and need to be financialized. Traditional water conservation methods, regenerative agriculture, drought-resistant practices and seeds, low-cost community infrastructure like bunds to protect against sea level rise and salination – all

these can no longer be financed out of public finances alone and must be seen as priority targets for private capital.

Finally, the technology needed to scale up green energy solutions also remains concentrated in the developed world and China, requiring the Global South to often pay a heavy premium for using these technologies. Resolving these inequities and addressing the geopolitics around those imbalances will be imperative for achieving the Paris targets and necessitate a radical re-imagining of global cooperation around climate action.

Fortunately, climate action aligns well with the national development strategies of much of the emerging world. The Indian G20 Presidency highlighted the need to place green development at the heart of the climate action agenda. For the global energy transition to be successful, the right conditions need to be created for the Global South to use this transition as a means to eliminate energy poverty, create new economic opportunities and resolve existing gender and health inequalities.

The outcome from COP28 in Dubai has kindled renewed hope for multilateral climate cooperation. For the first time there is a clear consensus on the need to transition away from all forms of fossil fuels. The operationalization of the loss and damage fund and the decision on the global adaptation goal also sends a strong message that adapting to the impacts of climate change is now just as important as mitigation. Yet, the decisions from COP28 fall short of outlining a clear pathway for providing the

means of implementation necessary for effective climate action in the Global South. Going forward, ambition must be combined with equity if the United Arab Emirates consensus is to be implemented.

The following are proposals to reimagine global climate governance:

- **Reduce the cost of capital:** The global financial architecture needs urgent reform and re-targeting. Much climate investment requires capital upfront, with savings paying out over long tenures, sometimes in decades. The differentials in the cost of capital between the Global North and South are prohibitive and the largest constraint on private investment flowing into climate action where it is most needed. Ending this problem will need a vast expansion of guarantees and Multilateral Investment Guarantee Agency (MIGA)-like schemes.

Traditional reasons for this spread in capital costs are related to the political risks of investing in developing countries. Sovereign risk is, of course, real, but it is also often exaggerated. Certainly, reducing the spread of sovereign risk is a vital task for international financial reform. Climate risk is the greatest threat to the stability of the international financial system. Sovereign risk cannot be allowed to outweigh climate risk.

Bold new initiatives are needed to address the question of sovereign risk delaying climate action. For example, it may be necessary to produce internationally administered pools of capital that directly discount the cost of capital for projects and platforms related to climate action.

India's experience with digital public infrastructure has shown that there are other possible approaches. The creation of global public goods need not be cost-intensive. A global pipeline of 10,000 climate projects, each with a clear timeline, risk-reward payoff, and carbon scoring – which together might mitigate a significant proportion of future emissions – would represent such a global public good. A green infrastructure database on such a scale would allow for the much faster and more transparent mobility of green capital.

Thus, the mandate and lending patterns of multilateral development banks (MDBs) must be changed if they are to tackle the climate change. These entities can be instrumental in channelling greater financial flows to the Global South by taking on some of the risks that prevent private capital flows to these geographies. While the key areas for reform have been identified by several independent committees, there is a need for clear, time-



bound action. An independent committee under the Indian G20 Presidency has put forward a roadmap for MDB reform, aiming to make the provision of global public goods a pivotal mandate alongside existing priorities. This roadmap must be made more ambitious, along the lines suggested above.

- **Bridge the technology divide:** The lesson of the pandemic for the developing world was that even lifesaving technology in a health emergency may not flow quickly enough between the Global North and the Global South. It is natural, therefore, to ask how technological diffusion will work in the climate space.

The global understanding of intellectual property in the health sector is that patent protection is vital for innovation but also that, on occasion, governments may have the duty to override protections in the face of emergencies. The right to issue compulsory licences is rarely invoked but is a vital part of the international property rights landscape. A similar mechanism needs to be deliberated on for climate tech. The presence of the possibility of compulsory licenses also ensures that many companies have the incentive to be good global citizens and provide voluntary licences that spread access to lifesaving technology while preserving a satisfactory share of their profits. Regulators and global institutions need to be able to create a parallel set of incentives for climate tech.

Fortunately, emerging economies are also seeing the emergence of a home-grown cleantech ecosystem driven by start-ups looking to disrupt traditional energy systems. This innovative sector might solve the problem of scaling up climate tech, but home-grown innovation continues to suffer from a lack of available public funds to incentivize research, reduced access to cutting-edge tech and a shortage of early-stage risk capital to bring certain technologies to commercial scale. Creating the right mechanisms to connect available risk capital in the Global North to cleantech ecosystems in the emerging world will be essential to bridging this innovation gap. Voluntary licensing can play a role in this mechanism as well.

Repositioning the start-up sector in the emerging world towards climate goals is a matter of allowing for potential rewards through the creation of risk funds. A simple \$100 billion climate tech fund that would disburse money to 120-odd companies in the Global South, including start-ups with clear roadmaps for scaling up climate tech, would greatly multiply the mitigation effect per dollar of its money.

- **Spotlight the climate-health-gender nexus:** The climate conversation needs to be made personal, especially for the vast populations of the Global South. Women, for example, are most affected by climate change and serve on

the frontlines of adaptation. They should lead the effort to counter it. Female leadership in the climate field is both practical and essential. Creating women-led projects investing in female leadership will allow for the conversation about climate to move from an elite 30,000-foot discussion to one related to the real requirements and concerns of households.

Women are also the most likely to bear the health impacts of climate-related hazards. For countries across the world, public health systems will have to adapt and shift scale in response to new climate-related risks. Putting health at the centre of the climate conversation will also allow for a further personalization of climate policy. It will create new reasons for and loci of climate action.

Multilateral forums such as the United Nations Framework Convention on Climate Change (UNFCCC) and the G20 must better acknowledge and differentiate impacts of climate change on health outcomes across genders and craft women-led initiatives to mobilize societal support for political action. It is essential to establish appropriate mechanisms that include and build capacities of this key population segment to shape global and national action on climate.

- **Build new pathways for cooperation:** While traditional multilateral mechanisms – such as the UNFCCC and other organs of global climate governance – may have fallen short at times, there is nevertheless an opportunity for global action that transcends geopolitical divides. India's approach to its G20 presidency prioritized consensus in contested times. Even at the height of geopolitical polarization, every major country is nevertheless moving, for its own reasons and out of a sense of responsibility, to take national action on mitigation and adaptation. In other words, climate action is the location of "inadvertent cooperation" between great powers and the driver of greater regional dialogue as well.

It can and should be viewed as a mechanism for restoring global stability and trust in multilateralism – if, that is, parties live up to their own commitments. This inadvertent cooperation should be captured and energized through new partnerships, institutions and dialogues. Countries with the coincidence of capabilities and concerns can collaborate in smaller groupings for faster and more ambitious action. UN-led discussions may suffer from "zero-sum" approaches and offer outcomes with only minimal ambition. They offer a suitable location for the mutual blame game, but global climate action must proceed nevertheless and build on the national action and inadvertent cooperation that is already visible.

“ Putting health at the centre of the climate conversation will also allow for a further personalization of climate policy. It will create new reasons for and loci of climate action.

Technology

Taming – and unleashing – technology together

Innovative approaches will require regulatory processes to include all stakeholders.

By Samir Saran, Flavia Alves and Vera Songwe

Technology has long shaped the contours of geopolitical relations – parties competed to out-innovate their opponents in order to build more competitive economies, societies and militaries. Today is different. With breakthroughs in frontier technologies manifesting at rapid rates, the question is not who will capture their benefits first but how parties can work together to promote their beneficial use and limit their risks.

The challenge: benefits of frontier technologies may be compromised by inequities and risks

The prolific pace of advancement of frontier technologies – artificial intelligence (AI), quantum science, blockchain, 3D printing, gene editing and nanotechnology, to name a few – and its pursuit by a multitude of state and non-state actors, with varied motivations, has opened a new chapter in contemporary geopolitics. For state actors, these technologies offer a chance to gain strategic and competitive advantage, while for malicious non-state actors, these technologies present another avenue to persist with their destabilizing activities.

Therefore, emerging technologies have added another layer to a fragmented and contested global political landscape. Besides shaping geopolitical dynamics, they are also transforming commonly held notions of power – by going beyond the traditional parameters of military and economic heft to focus on states' ability to control data and information or attain a tech breakthrough as the primary determinant of a state's geopolitical influence.

These technologies also have significant socioeconomic implications. By some estimates, generative AI could add the equivalent of \$2.6 trillion to \$4.4 trillion to the global economy and boost labour productivity by 0.6% annually through 2040.¹⁴ Yet, simultaneously, the rapid deployment

of these technologies has sparked concerns about job displacement and social disruption. These dynamics are triggering new geopolitical alignments as states seek to cooperate or compete in developing and using new technologies.

As frontier technologies take centre stage in global politics, they present a new challenge for international diplomacy. What can states do to stem the proliferation of frontier dual-use technologies in the hands of malicious actors who intend to cause harm? Can states look beyond their rivalries to conceive out-of-the-box solutions, or will they always be playing a catch-up game with tech advancements? What role behoves the United Nations-led multilateral frameworks regarding the global governance of these technologies, or will plurilateralism and club-lateralism trump it?

A new approach for governing frontier technologies

The historical evolution of global tech regimes offers important lessons for the challenges posed by frontier technologies today. During the Cold War, industrialized nations established export control regimes, such as the Nuclear Suppliers Group and the Missile Technology Control Regime, that sought to exclude certain countries by denying them several dual-use technologies. Those control regimes proved successful in curbing tech proliferation. However, with changing geopolitical realities, the same regimes began extending membership to previously excluded countries. This approach offers a vital lesson: shedding the initial exclusivist approach in favour of extending membership helped to retain the regimes' legitimacy.

Secondly, while the multilateral export control regimes succeeded, the nuclear non-proliferation regimes performed sub-optimally as they amplified the gap between nuclear haves and have-nots. This triggered resentment from the nuclear have-nots, who sought to chip away at the legitimacy of the regimes.

“ As frontier technologies take centre stage in global politics, they present a new challenge for international diplomacy.



The key lesson for today is that the success of any tech-related proliferation control efforts is contingent on not accentuating existing technology divisions between the Global North and South.

The UN-led multilateral framework has focused on enhancing global tech cooperation through initiatives like the Secretary-General's High-level Panel on Digital Cooperation. However, while there has been little substantive progress at the global, multilateral level, bilateral and minilateral tech cooperation has thrived. Groupings such as the Quad, AUKUS and I2U2 that focus on niche tech cooperation present a possible model pathway forward.¹⁵ They have demonstrated the value of like-minded partners coming together to realise a common vision and ambition. These arrangements also suggest that even as the UN-led multilateral frameworks attempt to grapple with frontier technologies, minilaterals may provide the starting point for collaboration to address frontier technologies' advancement.

To ensure that efforts at tech regulation succeed, countries will be required to undertake innovation in policy-making, where governments take on board all the stakeholders – tech corporations, civil society, academia and the research community. The challenge posed in recent months by generative AI through tools like deep fakes and natural language processing models like ChatGPT has shown that unless these stakeholders are integrated into policy design, regulations will always be afterthoughts.

How to strengthen tech cooperation

The following are four proposals for strengthening global cooperation on frontier technologies:

- **Develop the Responsibility to Protect (R2P) framework for emerging technologies:** Similar to the R2P framework developed by the UN for protecting civilians from genocide, war crimes, ethnic cleansing and crimes against humanity, the international community must create a regulatory R2P obligation for states to protect civilians from the harms of emerging technologies. This obligation would entail three pillars: 1) the responsibility of each state to protect its populations from the emerging technologies' misuse, 2) the responsibility of the international community to assist states in protecting their populations from the emerging technologies' misuse, and 3) the responsibility of the international community to take collective action to protect populations when a state is manifestly failing to protect its own people from the emerging technologies' misuse. The specific measures that are needed will vary depending on the specific technologies involved and the risks that they pose.
- **Design a three-tier "innovation to market" roadmap:** States must ensure responsible commercial application and dispersion of new technologies. One critical step towards this is for states to design a three-tiered tech

absorption framework comprising a regulatory sandbox (pilot tested in a controlled regulatory environment for assessing collateral impact), city-scale testing and commercial application.

- **Convene a standing Conference of the Parties for future tech:** The Global South must convene a standing Conference of the Parties (COP) for future technologies along the lines of COP for climate change negotiations. This body would meet on an annual basis where the multistakeholder community – national governments, international organizations and tech community – will deliberate on new tech developments, present new innovations and reflect on related aspects of the dynamic tech ecosystem and its engagement with the society and communities.
- **Link domestic innovation ecosystems:** Inter-connected national innovation ecosystems will ensure that like-minded countries can pool their finite financial, scientific and technological human resources to develop technologies. For instance, in the field of

quantum science, the European Commission's research initiative, the Quantum Flagship, has partnered with the United States, Canada and Japan through the InCoQFlag project. Likewise, the Quad has the Quad Center of Excellence in Quantum Information Sciences. This underlines the importance of prioritizing one of the frontier technologies and networking domestic innovation ecosystems to focus on its development, as no country alone can harness the deep potential of frontier technologies and mitigate the associated risks.

Technology as a tool of trust

Throughout history, technology has been the currency of geopolitics. New innovations have bolstered economies and armies, strengthening power and influence. Yet, technology has also served as an opportunity to bind parties closer together. Today, at a time of heightened geopolitical risks, it is incumbent on leaders to pursue frameworks and ecosystems that foster trust and cooperation rather than division.

Trade

Expanding and rebalancing global trade

Strengthening and rebalancing the trade system requires expanding the trade agenda.

By Nicolai Ruge and Danny Quah

Geopolitical tensions are putting global trade and investments under significant pressure, adding to existing health and climate shocks and concerns over the social and environmental costs of trade.

The challenge: global trade is straining under geopolitical pressure

The global economic outlook is already fragile, with the countries of the Global South most at risk. The World Bank expects a decade of historically low growth, with global gross domestic product (GDP) growth hovering just above 2%.¹⁶ Yet, if, in addition, the world economy decouples into two distinct blocs, the World Trade Organization estimates that global GDP would decline by at least 5%.¹⁷ In that case, some developing economies would face double-digit welfare losses. Those dependent on foreign direct investment (FDI) would be particularly hard hit, losing out on the positive technology and innovation spillovers from trade that boosted productivity and living standards elsewhere in the world.

Large emerging economies, however, are poised to be the engines of global growth. According to the International Monetary Fund (IMF), about 50% of global growth from the next two years will come from just two of these countries alone: India and China.¹⁸ The rest of Asia-Pacific will contribute another 20-25% of global growth. It is clear that, in order to ensure that the gains from this growth are widely shared, the interests of emerging economies must be preserved in the global trading system.

The last few years have demonstrated the high cost of geopolitical tensions for business, governments and households. Russia's invasion of Ukraine caused enormous human suffering but also massive disruptions of global food and energy flows, fuelling inflation worldwide.¹⁹ Most recently, the armed conflict between Hamas and Israel has, in addition to the devastating human toll, added concerns to an already fragile global economic outlook.²⁰

Increased strategic competition has also led to tariffs and export restrictions on products considered relevant to national security – from rare earths to advanced semiconductors.



“ It is possible to ensure that the prosperity trade generates is just and inclusive and delivers on both national and global priorities.

This geopolitical-driven protectionism threatens to limit the gains of globalization. It is important to remember that the past decades of economic integration have made everyone wealthier, healthier and better educated. The IMF estimates that 1.3 billion people have been lifted out of extreme poverty since the end of the Cold War.²¹

A world divided into geoeconomic blocs with diminishing commercial ties threatens to halt that march to prosperity. When politicians talk of “derisking” and economic security, some hope it will make supply chains more resilient through “reshoring”, “nearshoring” or “friendshoring”. Other businesses, however, will consider geopolitical tensions the biggest threat to their growth and their countries’ growth.²² If efforts at “resilience” restructure supply chains to source inputs from countries that are geographically closer – rather than from those that are more efficient – then the sourcing country will in fact be left more vulnerable to economic shocks, not less.

Given these risks, why has deglobalization taken hold despite the widespread benefits trade has delivered? The basic challenge is that those gains have been distributed unevenly within and between countries. Further, geopolitical rivalry has eroded the trust that holds the global trade system together.²³ If the world, especially the Global South, is to return to the high-growth path and increasing prosperity that globalization can deliver, then this trust needs to be restored through a new trade agenda.

A new approach: expanding and rebalancing the trade agenda

Leaders need to work towards re-globalization, not deglobalization. It is possible to ensure that the prosperity trade generates is just and inclusive and delivers on both national and global priorities – including legitimate security concerns. International trade would then be infused with a stabilizing sense of common purpose.

Strengthening and rebalancing the trade system requires expanding the trade agenda, not limiting it. The broader the benefits delivered by trade, the more firmly it will be aligned with national and global priorities. Trade that is designed to deliver on globally shared priorities as defined by the Sustainable Development Goals will gain the trust of governments and citizens and be “fenced off” from geopolitical rivalry rather than disrupted for near-term political wins.

Towards more trust in trade

To rebuild a stabilizing sense of common benefit and trust in the multilateral trade system, the global trade agenda needs to be expanded and rebalanced.

Achieving an expanded trade agenda should entail the following:

- **Making sure trade works for the climate and social inclusion:** The most ambitious step forward for trade in recent years is the African Continental Free Trade Area Agreement (ACFTA), which aims to create a single market for goods and services on the continent and facilitate the free movement of people. However, a key and novel feature in the agreement is the Protocol on Investment, designed to support the continent’s green transition by promoting investment in green sectors, encouraging incentives for low-carbon investments, facilitating technology transfer and developing green investment standards. The protocol also includes commitments against a “race to the bottom” on environment, labour and consumer standards to attract foreign investment. The lessons from ACFTA need to be incorporated into the broader trade agenda: green investment is a necessary accompaniment to closer integration.
- **Developing supporting national policies:** An expanded international trade agenda must be mirrored by governments adopting more inclusive national policies that aim for trade to work for all. The concerns of those sections of national workforces that believe trade is not working for them need to be addressed through national policies, not through constricting trade. National governments must work harder to enable the economic benefits from international trade to be fairly distributed in society – through efficient labour markets, updated social safety nets and equality of opportunity, among other mechanisms. Only national policies that make trade work for all will ensure public trust in the benefits of international trade.
- **Embracing, but ring-fencing, national security:** It is at times of crisis that timeless principles are important. An important policy principle is that any trade-restrictive retaliatory measures be focused, proportionate and time-bound. Given the tense geopolitical environment, this principle should always be applied to restrictions imposed in the name of national security. Before imposing such restrictions, businesses should be consulted on how best to achieve governments’ ends, and the principles themselves should be periodically revisited to ensure their clarity and fairness.

Achieving a rebalanced trade agenda should entail the following:

- **Closing geographic divides:** To rebuild global trust in the benefits of the multilateral trade system, it is of paramount importance that the Global South – and particularly least-developed countries – are not cut out of the growth and development pathways that participation in international trade provides. Mechanisms must be in place to ensure they are able to take



advantage of new opportunities created by shifts in global value chains. The multilateral trade system can only stay relevant to the needs of the developing world by adequately addressing the specific challenges they face in adapting to rapid changes in the global economic environment.

- **Developing inclusive trade mechanisms:** Multiple stakeholder voices are needed to ensure that multilateral trade policies prioritise the sustainable development of countries with the least economic power. These countries have limited ability, currently, to influence global decision-making. More public-private consultations centred on the Global South are needed. States must strive to keep communication channels with business and

trading partners open around any national measures under consideration to minimize unintended consequences and improve transparency, certainty and mutual trust.

Economic interdependence carries by its very nature a risk that states weaponize their trade relationship to force another state to make a policy change. However, the level and complexity of interdependence today – not the least among the world’s largest economies – means that any retreat into competing trade blocs would have enormous negative consequences. To increase the trust in the global trade system and stay focused on the opportunities that come with economic interdependence, it is necessary to expand and rebalance trade, preventing any country from getting an advantage by deliberately disrupting it.

Appendix

Members of the Global Future Council on the Future of Geopolitics

Membership in the Global Future Council does not constitute endorsement of the conclusions presented in this report.

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Endnotes

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