

2022 Retrospective and Trends for 2023

Sarah Cliffe, Marta Bautista Forcada, Symphony Chau, and Hanny Megally

December 27, 2022

One year ago, we started [our analysis of trends in 2022](#) on a pessimistic note, including the long-lasting effects of the COVID-19 pandemic; macro-economic volatility; the risk of a war in Ukraine and escalating tensions over Iran and Taiwan; and [increasing divisions between North and South](#) and between [China and the West](#).

At the end of 2022, looking ahead to next year, we see some surprising grounds for optimism, even though many of the risks that we pointed to have come to pass.

Taking stock of 2022

At the beginning of 2022, we wrote about several emerging trends, all of which materialized in some form:

- We predicted that the **West would not immediately understand the lessons of COVID-19 regarding international solidarity**, and indeed progress on global vaccination and health-related treaties was slow. Western countries saw several divisive elections and protests in which COVID-19 regulations were a mobilizing theme, not for collective action but as complaints against the state for excessive regulation. We did not predict the problems China is currently facing with its COVID-19 response, which shows, amongst other questions of adaptability, that polarization on the role of the state and the benefit of collective action are not confined just to Western countries.
- We covered **increasing geopolitical tensions and the risk of war in Ukraine**, as well as **increased anger in middle- and low-income countries over inequitable responses to crises**. Both risks emerged in acute form—including the war on Ukraine itself, but also increasing international divisions over the response to the Ukraine war versus other crises and pressures.
- We pointed to **macroeconomic pressures**, including inflation, food insecurity, and rising debt: this has increased in 2022 due to the knock-on effects of COVID-19 and the war on Ukraine.

If the risks all materialized, why do we end 2022 on a note of cautious optimism? Essentially, this is because towards the end of the year, diplomacy started to do what it is supposed to do—understand the interests of the other side and seek compromises that avert crises. The following trends were positive notes amid a year of compounding crises:

Multilateralism played a surprisingly successful role on Ukraine

The UN gained popular credibility during the course of 2022 because of the [Black Sea Grain Initiative](#), which released grain stocks from Ukraine and helped lower food prices worldwide. While the UN did not do all the background work to get this agreement, the secretary-general was instrumental in finalizing it. There is an interesting lesson for the UN. While this was just one agreement, people all over the world are aware of it all

because it touches a basic universal interest: *food prices*. Similarly, the eventual success of the UN in installing International Atomic Energy Agency inspectors at the Zaporizhzhia nuclear plant was a demonstration of the continued relevance of venerable UN agencies, despite the inability to reach consensus on the Nuclear Proliferation Treaty this past August. The [resolutions at the UN](#) submitted to the special session created for Ukraine passed, with a high-water mark of the [resolution on annexation](#), with 143 votes. Similarly, the G20 meeting in Bali ended up as a success—not only did Indonesia get several technical agreements under their belt such as the [Financial Intermediary Fund for Pandemic Preparedness](#) and the [Just Energy Transition Partnership \(JTEP\)](#), but against all expectations [the G20 Bali Leader’s Declaration](#) was agreed upon, condemning nuclear action and threats during the war in Ukraine.

Efforts were made to reach compromise across worldviews, resulting in two potentially transformative agreements

This shift took time to arrive, with March-September seeing a “you are with us or against us on Ukraine” approach from both Russia and the West that aimed to force the developing world to choose sides, without much on the table to benefit the South. As one diplomatic representative put it “we cannot keep coming to you to say that our problem (Ukraine) is a global problem because of the violation of the UN Charter, but your problems (food security, cost of living, debt), even when related to the Ukraine war, are your problem, not global problems.” A shift in tone started in earnest only after the UN General Assembly High-Level Week in September, and is manifested in two agreements that are currently symbolic but have the potential to be practical in 2023 and deeply important for multilateral unity across North and South. Firstly, Western countries agreed to [a damage and loss trust fund](#) at the COP27 climate conference last month, an issue that has been at the forefront of Southern demands over climate change. Also in November, the UN General Assembly agreed to [a role for the UN in considering international tax issues](#), a long-standing demand of developing countries.

Countries absorbed longer-term lessons regarding aggression

The exact sequence and content of Russia-China communications before the Ukraine war are not known, but it is likely that Russia gave warning of its plans in Ukraine and China may have assumed a quick victory. The messy (indeed embarrassing) situation that Russia now finds itself in Ukraine is a useful global caution on aggression. There should be lessons learned on all sides from this—it has also brought back memories of the US occupation of Iraq, which was a reckless episode which ended badly for the expeditionary country. A positive note towards the end of the year is the number of countries which condemned the annexation of Ukrainian provinces by Russia at the UN General Assembly ([143](#)) and the [cautions given by China and India](#) towards Russia, at the meeting of the Shanghai Cooperation Organization, and as part of the G20.

On the negative side, multiple crises have been chasing the same (declining) pot of money throughout the year

2022 was the “year of funding appeals for crises”—whether UN humanitarian appeals at a record [USD 51.5 billion](#) for next year, annual climate-adaptation needs estimated at between [USD 160-340 billion by 2023 and USD 315-565 billion by 2050](#), specific country appeals at [USD 4.3 billion](#) for Yemen, or [over USD 5 billion](#) for Afghanistan, the UN’s “largest single country aid appeal ever.” These other country situations are dwarfed by the estimates of the reconstruction costs in Ukraine, estimated [by the Ukrainian government, the World Bank, and the European Union at USD 349 billion](#) and rising, in addition to recurrent costs of more the USD 5 billion per month and the cost of in-country reception of refugees in high-income countries. This does not include the additional costs of, for example, the effects on countries such as [Sweden and Finland](#) of new defense expenditure targets to meet NATO

membership, spurred by the Ukraine war. Yet money previously committed such as [the August 2021 issue of USD 650 billion in Special Drawing Rights \(SDRs\)](#), of which over USD 300 billion could be recycled from high income countries that do not need them, did not materialize in 2022: over a year after the agreement, not a cent of this had been recycled through multilateral channels to actual recovery activities in development countries.

Trends for 2023 and how they will affect multilateralism

The war on Ukraine will persist as a major threat to international peace and security but is unlikely to be paralleled in 2023 by aggression in East Asia

While this is a risky trend to predict, China appears to have been genuinely taken aback by the strength of resistance nationally in Ukraine and the degree of Western unity. While its historic relationship with Russia makes it uncomfortable for China to criticize, China has now made it clear that its “[no first use](#)” nuclear weapons policy applies to Russia in Ukraine. The Biden administration has ramped up the rhetoric against China but is quietly increasing backchannel diplomacy. While the structural tension over Chinese and US common dependence on Taiwan for semiconductors will continue to be a threat, China is also likely to be grappling with its COVID-19 response and the unprecedented domestic protests this unleashed, well into 2023.

Conflict risks will continue to shift in nature, away from national civil wars to the more local and to the more global

The rise in inter-state conflict, as we [have argued before](#), is a function of re-ranking of global and regional powers and will be with us for some time, whatever the eventual outcome in Ukraine. Local conflicts are also becoming more internationalized, both through state interference and through cross-border extremist movements. At the same time, communal and identity-based conflict is becoming a risk for all regions, and for countries at all income levels.

Coup d'états and unconstitutional forms of government will become a rising concern

The number of countries living under unconstitutional governments has increased dramatically in the last five years: close to 500 million people now live under such regimes. Neighbors, regional organizations, global multilateral institutions, and donors [have all been struggling](#) with how to deal with these situations.

Politics and economics will continue to affect each other closely

The evolution of the war on Ukraine will be a major driver of the depth of recession in high-income countries. While the risks of recession in low-income countries are lower, food, fertilizer, and fuel prices will continue to be under pressure, with the consequent possibility for social unrest. The [effects](#) of the global energy crisis in people's daily lives as well as in the fiscal balance of oil and gas-importing countries will continue to be felt in the coming year. The impact of the Ukraine war on food prices has the risk of compounding the effect of climate change and increasing the risk of [hunger and famine](#) for millions of people, particularly in those regions suffering from recent cases of climate disasters such as the [Horn of Africa](#) and parts of [China](#), which are experiencing severe drought, or [West Africa](#) and [South Asia](#), which are suffering the consequences of extreme flooding. The continued pressure on food prices will also [negatively impact](#) the ability of humanitarian agencies to buy grain in conflict-affected places with high levels of food insecurity such as Afghanistan or Yemen. Emerging markets also face a real risk of widespread debt crisis in 2023 (the “[dog that did not bark](#)” in 2021 and 2022): in particular, the exclusion of middle-income countries from the G20 Common Framework and the consequent uncertainty over how China's

debt will be addressed in these cases has the potential for lengthy crises. This may favor moves to facilitate the discussion of debt issues at the UN (long resisted by Western countries)—as a mechanism to ensure both cooperation and accountability regarding China’s lending to debt distressed countries.

Effective overseas development aid will decline but some new money will be brought to the table

2023 is likely to see significant declines in overseas development aid from OECD-Development Assistance Committee (DAC) donors, as some countries cut aid overall—mostly diverted to Ukraine—and use the measures permitted by the DAC to charge the costs of receiving refugees in their own countries to aid budgets. Nonetheless, rising geopolitical contestation and pressure to meet climate commitments is likely to create positive pressures for capital increases and increased leverage at the multilateral development banks, including, finally, the recycling of the 2021 issue of SDRs. Reform at the World Bank will be a big issue in 2023, although it [remains to be seen](#) whether this will include power and voice as well as measures to increase lending. It may also lead to some tension as Western countries focus primarily on the global public goods mission of the multilateral development banks (MDBs), in this particular climate, while most middle- and low-income countries want to see poverty reduction and infrastructure remain at the center of MDB roles. UN development agencies are likely to be under funding pressures, although UN humanitarian funding will continue to increase. Similarly, there will be pressure at the UN on assessed contributions (the mechanism whereby the UN bills countries against an agreed scale of its regular and peace-keeping budgets), to compensate for declining voluntary contributions.

Rise of more assertive Southern models for development

The heating up in [competition over global development models](#) which started in 2021 and 2022 is likely to continue in 2023 and beyond. Indeed, this is probably one of the reasons why the Chinese leadership hesitated so much over loosening its COVID-19 restrictions after the rise of the Omicron variant: successful containment of COVID-19 had become part of the “Beijing model” that China would like to present overseas, through the Global Development Initiative and relaying its own experiences. A greater Southern orientation in thinking about development models is also likely to arise because of the coincidence of having four major middle-income countries chairing the G20 one after another—Indonesia this year, India in 2023, Brazil in 2024, and South Africa in 2025. This offers the chance for large middle-income countries to put forward their vision on development, a positive trend, and one we think that countries should engage with constructively across regional and income groups. This is important for multilateralism because it coincides with the period in which new priorities for development—post-Sustainable Development Goals—will start to be laid out.

Pressure and openings for change in global governance

A series of [Southern countries laid out demands](#) for reform of the multilateral system in 2022 in more forceful terms than has been the case for many years. The US has made several nods in this direction, notably the announcements on [UN Security Council reform](#) and on [reform of the World Bank](#).

There are good and bad outcomes possible here—greater voice and power for developing countries due to Western incentives to keep unity over Ukraine and geopolitical competition in general, but also the possibility that China and others look outside existing models for monetary and financial cooperation (even more starkly than is already the case), if for example Russian reserves are seized in a manner seen as a precedent for other countries who might find themselves in conflict with the West.

Mental health and psycho-social support will become a global political, economic, and developmental issue

We have known in the last over two years that COVID-19 has had significant mental health impacts—in a meta-analysis of studies up to October 2021, the [World Health Organization](#) estimates that one quarter more adults worldwide experienced depression or anxiety. Anecdotal evidence indicates that many people survived 2020 and 2021 mentally but have become exhausted or anxious in 2022 as a result of long-term impact. We know little how this plays out in issues such as [voting patterns](#), [willingness to rebel](#), or bureaucratic effectiveness, but there is a possibility that it will be significant. Mental health is also rising in importance economically, being cited by several private sector analysts as amongst the trends for companies to consider in 2023.

While we may be done with COVID-19, it is not clear that pandemics are done with us

Pandemics will likely continue to threaten international stability in 2023 for three reasons. First, China's response to COVID-19 has significant economic effects on other countries. Second, the anti-vaccine movement in many countries is bringing back dangers from diseases for which effective vaccines have existed for decades, such as polio and [measles](#). Third, all the underling conditions for pandemics stemming from zoonotic diseases continue to increase, including intensive animal agriculture near urban areas, deforestation, and travel.

All opinions and views expressed in this article solely represent the views of the authors and the Center on International Cooperation at New York University. Support for the background analysis was provided through generous contributions from the Dutch Ministry of Foreign Affairs, Norwegian Ministry of Foreign Affairs, and the Swedish Ministry of Foreign Affairs.