

# Implications for global governance

In today's power-driven international system, major players increasingly treat rules as constraints rather than shared standards. When rules are ignored, the purpose and operation of institutions are undermined. International efforts to address global public goods are under strain and increasingly being replaced by a mosaic model of overlapping groups that focus on specific outcomes rather than compromise or consensus.

## Overview

In 2024, we wrote about whether multilateral institutions would “evolve or revolve” and rediscover a balance between their convening and consensus building functions. Their legitimacy continues to face headwinds as existing frameworks encounter structural challenges in reaching consensus-based agreements. As power becomes the defining characteristic of policy, authority and relevance is declining further due to the absence of meaningful enforcement capacity – the ability to create consequences.

In parallel, international law and the architecture upon which it rests – which has always had a perceived margin for optionality within the tools of statecraft – is now more overtly challenged by some of its traditional defenders. As a result, global systems are becoming more constrained in their ability to exert the moral suasion and/or coercive pressure required to prioritise and organise global community objectives.

Driven by the incentive of maximising relative power by satisfying immediate needs, short-term individual benefit is increasingly prioritised over longer-term collective gain. This dynamic is now starting to affect the legitimacy and independence of domestic institutions. Governments, in some cases, lack the credibility or institutional legitimacy to convince their populations of the benefits of long-termism on issues such as pension or healthcare reforms. This credibility gap becomes even more compromising when the long-term benefits are diffused across the global commons.

## Observation

### Key trend

Global governance more revolving than evolving

The influence of current multilateral architecture continues to be weakened and structural adaptation has been slow. The UN is facing a budget crisis and the P5 veto framework frequently precludes decisive action, serving as a flashpoint

for emerging market frustration.<sup>19</sup> Progress may well depend on who is elected as Secretary General in late 2026. As seen, for example, in the perceived failure of the 14th Ministerial Conference in March 2026, the World Trade Organization (WTO) is also gridlocked without a functional Appellate Body for dispute settlement or an agreed pathway for reform, which could not be solved for at its 2026 Ministerial Conference despite concerted effort. Similarly, the lack of a globally coherent approach to emerging issues, such as AI regulation, has created roadblocks and incentives for nations to take more competitive actions or devise alternative pathways. Importantly, this significantly weakens the prospects for a unified response to future international crises, whether financial or otherwise, to identify, contain and manage them effectively.

### The issues in the balance for policymakers

#### Credibility gaps

The downside of a model that relies on issue specific or ideological coalitions is that they must overcome the credibility gaps necessary to bridge geopolitical divides. The benefit of the universal institutions such as the UN is that – at least in theory – they operate neutrally in the interest of world peace and the common good.



<sup>19</sup>. The P5 veto framework: refers to the exclusive power granted to the five permanent members of the UN Security Council.

Institutions that are overtly identified with a single major power are less likely to be viewed as neutral. These bespoke security architectures with overlapping alliances further engrain 'us versus them' dynamics in domestic audiences as competing nations are 'othered'.

## What policymakers are doing

### Mosaic of minilateralism

A transition towards transactional minilateralism is serving as a stabilising mechanism for nations seeking to maintain strategic order within a more fragmented landscape. By pivoting towards narrow, issue-based blocs, nations are bypassing multilateral gridlock to secure domestic needs such as resource resilience and regional security through high-trust, functional partnerships. These arrangements do not mark a collapse of global cooperation but instead reflect a pragmatic recalibration of the international architecture in which the pursuit of discrete, actionable outcomes replaces the pursuit of universal consensus. However, this increasingly tangled security alliance structure risks the escalation of regional wars to global conflicts as precipitated the First World War.

## Expectations

### Policy trajectory

#### Evolving hybrid model

The international system is likely to stabilise in a hybrid model, where persistent policy vacuums at the global level are offset by a network of functional, overlapping alliances. This builds resilience but also complexity. As multilateralism comes under further strain from inherent geopolitical rivalries, nations are likely to prioritise strategic autonomy through the expansion of plurilateral agreements that secure supply chains, critical technologies, and energy transitions. There may also be a degree of turnover in the landscape of institutions: as incumbent minilateral institutions such as BRICS expand their membership, they begin to have the same coordination and consensus hurdles as multilaterals and are in turn at risk of being replaced by smaller groupings. However, those nations with power to unilaterally shape the trajectory of minilaterals will likely be the key actors in this new global order.

### First order effect

#### Short-termism and internal focus

At a domestic level, the societal divisions described in the previous section could combine with institutional weakness, leading to short-termism and inward-facing policies. Many governments do not have the strength of mandate, platform or institutions to demand sacrifice today for prosperity tomorrow, as they balance both short term needs and competing priorities. As such, decision making will continue to avoid the risks of popular backlash and removal from power.

## Second order effect

### Narrower multilateralism

Future multilateralism will likely be defined by a retreat from universalist ambition towards the delivery of specific global public goods that exceed the reach of smaller, more ideologically or issue-aligned groups of actors. As values-based globalism recedes, inter-governmental organisations may shift their focus to the system's baseline architecture, looking to provide global platforms to stabilise cross-border financial flows, harmonise universal technical standards, and coordinate responses to existential systemic threats. By acting as neutral service providers and not policy setters, multilateral institutions can attempt to maintain a floor for global stability in a multi-aligned world. The policy vacuum created by this structural shift will be filled by the minilaterals with the power to project their preferred policy solutions, but with more limited geographic reach and competing policy goals.

## Questions

In assessing the trajectory of this trend over the next two years, we will be considering the following questions:

1. To what extent will more minilateral and unilateral global governance models provide the necessary resilience to withstand a major systemic shock (e.g., pandemic, financial crisis, or environmental disaster) given the resulting trade-offs in policy coherence and implementation speed? Can a fragmented system effectively deliver global public goods?
2. Will exclusive, issue-specific blocs successfully replace the security and economic functions of universal institutions or will their proliferation create entangled and conflicting standards that increases net global transaction costs?
3. To what extent will alternative payments platforms such as BRICS Pay succeed in insulating emerging markets from Western-led financial guardrails and sanctions? Will these be mainstream alternatives or bespoke products for select arrangements?



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