



Donors in a Post-Aid World Dialogue Series

# Dialogue #2: Using this moment of disruption to transform development cooperation



ODI Global



Donors in a  
Post-Aid  
World

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# Overview

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Between October 2024 and June 2026, ODI Global (“ODI”) is convening a series of four dialogues that aim to co-create a vision and pathway for transforming Northern bilateral donorship for the 21st century.

We launched this dialogue series with the belief that we were approaching a “post-aid world”, as the legitimacy, relevance and financing for Northern donorship fell into crisis. We sought to create a space to think through a new paradigm—one more suited to today’s global realities—together with major bilateral donors.

This dialogue series began before the current upheaval in international aid, and its relevance has only grown.

The first dialogue, held in October 2024, focused on crafting a new narrative for northern donorship (see the summary of those discussions [here](#)).

The second dialogue, held in Brussels from 20–21 February, gathered 40 representatives from several Northern donor agencies, multilateral organisations, research institutions and civil society organisations to answer the following question: What can we do in this moment of disruption to advance changes in development cooperation that have long been called for?

We framed the dialogue this way because we believe that this moment of disruption in international aid can be an opportunity to catalyse long-needed changes in development cooperation.

With many donor countries cutting Official Development Assistance (ODA) budgets, recent moves by the new US administration to dismantle the US Agency for International Development (USAID) and an assault on multilateralism by many of its original champions, many who care about development are adopting a defensive posture. Yet the instinct to defend ODA risks maintaining a status quo that many have long challenged. The choice need not simply be between defunding aid and defending it. A third option exists: using this moment of disruption to both improve the Northern donor apparatus at the heart of the aid system and to reimagine it. But doing so requires a fundamental shift in mindset.

Interestingly, while bilateral donors recognise the significant short-term suffering caused by ODA cuts and acknowledge that we have yet to feel the full medium-to-long-term impacts, some of the dialogue’s participants from the Global South were less concerned about the cuts than their northern counterparts, revealing a deep-rooted mistrust of the entire aid endeavour. “I am so frustrated [by the system as it stands] that I see hope where you see danger”, an African civil society activist told the group.



Discussions revealed shock about the degree of aid scepticism on both sides: a few Southern participants said they did not realise how much scepticism there was amongst taxpayers in the North, while donor participants were surprised to hear that some of their Southern counterparts were so ready to do away with aid.

It is thus clear that the current development paradigm is being contested and a new paradigm will likely emerge out of this disruption. If we try to save this system of the past, we will lose the opportunity to shape the system of the future.

This document serves as a summary of the second dialogue and does not indicate full participant consensus on any topics discussed. While ODI Global extracts and summarises policy recommendations from these dialogues as a service to the participants, the dialogues primarily serve to provide a space for creative, out-of-the-box thinking that may, in the longer term, inform a new political agenda for transforming development cooperation.

## Key ideas emerging from the dialogue

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Dialogue participants identified actions that northern governments could take in response to the dismantling of USAID and cuts to aid budgets in many major donor countries.

While donors address the immediate crisis in the short-term, opportunities exist to both improve the delivery of aid and to enable longer term visions for a new aid paradigm. To this end, the suggestions below cover a spectrum of options and opinions: from improving aid to replacing aid. Some suggestions represent long-standing proposals within the development community that have a unique opportunity to be advanced in the current context; other suggestions are more ambitious and could form part of the future “post-aid world”.



## On responding to the aid cuts:

- 1. Manage the cuts in an orderly fashion:** Donors should work in consultation with other stakeholders to agree which themes, countries and programmes to prioritise/protect. They should not seek to convince the American administration to change course or to isolate it, but instead make the case that, the dismantling of the aid architecture should be done in an orderly fashion. Donors should also assess areas of common ground that exist beyond the US.
- 2. Protect norms and values:** Money can return to the sector faster than norms and values. Donors should identify what can be done, at what level and in which fora to defend the principles that underpin international cooperation, particularly concerning Diversity, Equity and Inclusion (DEI) and protecting the most vulnerable.
- 3. Identify new partners, allies and sources of income:** Northern donors should identify new allies, including within the G77, and engage in partnerships with unlikely counterparts. Bringing other providers (private sector, new donors, philanthropy) to the table will allow the system to build back better, enhance cooperation and transcend weaknesses within the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). However, harnessing the engagement of emerging donors like Brazil, Indonesia and Saudi Arabia will require being open to new ways of doing things. There could also be greater attention paid to considering the public constituency for aid and communicating with political representatives.

## On improving the delivery of aid:

- 4. Narrow the use of ODA to the most vulnerable:** This is an opportunity to refocus ODA on the most vulnerable, which has long been called for amid the multiple purposes and uses of ODA (see the [take-aways from Dialogue 1](#)). In a resource-constrained environment, donors and agencies will need to prioritise. They should clearly articulate the criteria to safeguard critical programming, which could include the following:
  - Development programmes in the Least Development Countries (LDCs) and a focus on protecting the most vulnerable in LDCs and LMICs the most vulnerable (for instance, HIV/ARV financing)
  - Humanitarian crises
  - Countries in the greatest need of concessional finance with limited access to alternative sources of capital



This could help refocus ODA away from middle-income countries and in-country refugee costs. However, to achieve this, aid agencies should be honest with each another about which programmes may be cut and about inefficiencies in the system, allowing donors to better coordinate their geographic and sectoral allocations.

**5. Rationalise the UN agencies:** It is clear to donors that some parts of the multilateral system are not working effectively. Many participants pointed to the opportunity to rein in mission creep amongst some organisations and to identify efficiencies in the system, especially amongst UN organisations. One donor asked: “Do we need both UN Women and UNFPA? Do UNAIDS, WHO, the Global Fund and GAVI need to be distinct organisations?” For many, this is an opportunity to work with UN agencies to reform and redesign the UN system by rationalising its institutional architectures, strengthening its critical norm-setting functions and providing funding appropriately in line with this new vision.

**6. Refocus on aid effectiveness and impact:** The focus on value for money can be used to reignite the aid effectiveness debate in a way that resonates with the public. While there are concerns that the topic of aid effectiveness may seem too technical and stale, in the current environment, there is an opportunity to prioritise programmes with the greatest potential for sustainable impact, e.g., investments that catalyse additional income through private sector mobilisation or investments in localisation infrastructures.

**7. Advance local ownership of development:** In addition to shifting power, locally led aid can be more efficient. As one participant said: “If we have shrinking budgets and less ODA, let’s think about country-focused programmes and less intermediation.” Remaining ODA could therefore focus on systems strengthening, localisation infrastructure and alignment with country priorities, working to build the capacity of recipient countries to wean themselves off aid. This includes listening to what partners want, better coordination amongst donors around country priorities, reflecting local priorities in global donor funding, increasing policy space in developing countries and investing in systems strengthening at the national level in recipient countries.

### **On replacing aid with a new paradigm:**

**8. Enact policies that address the structural drivers of economic inequality:** In a time of budget cuts, donors have an opportunity to focus on policy reforms that advance development goals, e.g., debt reform to curtail extractive or exploitative debt, the development of trade and tax policies that create greater self reliance for countries in the Global South, sharing of technical expertise and intellectual property. The soaring cost of capital and levels of debt are priority action areas going into the Fourth International Conference on Financing for Development (FfD4), to be held in July 2025 in Seville, Spain.



**9. Make government policies more coherent:** The impact of aid can be limited when a donor country's domestic "beyond aid" policies do not pull in the same direction. Where there is less fiscal space for aid programmes, greater policy coherence could have an outsized impact on development objectives. For example, donors that have decreased funding for climate adaptation in developing countries could instead focus on reducing carbon emissions domestically. Similarly, rather than funding programmes that provide assistance to migrants, northern donors could focus on increasing access to migration pathways. While this is by no means the only, or even most desired, way to achieve policy coherence, mergers between development, foreign and trade ministries may create opportunities to advance domestic policy coherence for development.

**10. Shift towards Global Public Goods framing and architecture:** Embracing Global Public Goods (GPGs) may be strategic in an environment in which countries seek to advance their national interests. GPGs can satisfy the imperative to advance mutual interests and deliver mutual benefits that may be more politically acceptable than "charity", while also reflecting shared global responsibilities and obligations. A [Global Public Investment model](#) may also help to attract additional sources of income, both because all countries would contribute and because the model creates space to tax or levy global public goods. Thus, aid practitioners and policymakers could shift from a narrative of "aid" to one of common investment in "global public goods", leaning into burden-sharing models in which all countries contribute their fair share and promoting arguments that investing in GPGs and the Sustainable Development Goals (SDGs) are mutually reinforcing.

**11. Revitalise the role of civil society:** Northern civil society organisations working in development could strengthen their roles as activists and movement builders. A prerequisite for a world that is less dependent on concessional public finance is a thriving civil society eco-system at both the national and transnational levels. Thus, civil society should rebuild its power as instigators of a global solidarity movement, not merely as service contractors. Global solidarity systems and people-to-people funding mechanisms could be explored as alternatives to current funding models.

These priorities may, at times, seem at odds with one another (e.g., local organisations do not always feel that GPGs resonate with their priorities) and some are more urgent than others (e.g., preventing the dilution of longstanding global norms). Not all achieved consensus amongst dialogue participants. Nevertheless, they represent key areas of opportunity identified.

Ultimately, fully embracing these policy priorities will require an **evolution in the roles and functions of bilateral donors**, which could include:



- Shifting the balance between bilateral and multilateral aid, including a consideration of ending bilateral ODA altogether.
- Merging development ministries into broader trade/foreign ministries, and identifying people within these foreign ministries who are mandated to represent the views of the most marginalised and to provide cross-cutting advice to their governments.
- Reskilling for globally pooled systems that all countries contribute to and can draw from.

Below is a more detailed account of the dialogue's discussions.



## Have we reached peak aid?

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We use the language of a “post-aid world” to signal a likely peak in both the financial levels and the legitimacy of ODA.

Net ODA disbursed increased by 4 percent between 2022 and 2023, reaching a record high of USD \$251 billion. However, if you examine the [data](#), the true peak in aid levels arguably came years ago. Many argue that less aid is going to those who need it most and that the real level of aid today is much lower when certain expenditures are excluded. Examples of these expenditures include:

- Significant portions of ODA go towards in-donor country refugee costs, imputed student costs and development awareness programmes—all spent within a donor country.
- In 2023, Ukraine became the largest-ever recipient of aid for a single country in a given year, despite being upgraded to Upper-Middle Income Country status in 2024. That year, it received aid equivalent to 86% of the total received by Africa.
- ODA in the form of climate finance has been increasing, crowding out other priority areas.

Regardless of the exact timing of the peak, we are now seeing an unquestionable decrease in ODA. Between December 2024 and February 2025, at least nine bilateral donors and the European Union announced cuts [totalling at least USD 17.2 billion \(2025-2029\)](#). The US cuts are projected to increase this estimate by USD 58.4 billion, with the UK’s recent announcement of aid cuts increasing this number by another USD 8 billion.

The US cuts in particular risk accelerating the perception of ODA’s expendability and creating a [potential contagion effect amongst Northern donors](#). This creates a vicious cycle: these reductions in aid further discredit the legitimacy of the endeavour.

These are all reasons why both reforming and reimaging aid is necessary.



## The mood amongst donors

The mood amongst donor representatives at the dialogue was quite grim in the wake of the dismantling of USAID and significant cuts to development cooperation budgets in many European countries. Donor governments government representatives fell into four broad categories:

1. Governments figuring out how to deal with cuts and political demands to shift towards transactional diplomacy.
2. Governments struggling with domestic political uncertainty and the growing securitisation of development.
3. Governments trying to stay the course or grow their aid budgets but feeling pressure from their peers.
4. Governments expressing a resurgent interest in aid effectiveness.

Many donor representatives felt the development cooperation system is collapsing, that there is no political support for aid in many countries and that the value proposition of international cooperation is not successfully responding to the tens of millions of people in developed economies who live in regions where GDP is lower today than it was in 2020. These people may view aid as competing with their wellbeing.

There was also a real sense of existential crisis concerning the UN and multilateralism, particularly because this retrenchment is being led by those who have historically championed it.

While some smaller countries are maintaining, or even growing, their aid budgets and remain committed to agreements like the SDGs, they are increasingly under pressure to align with their peers. As one donor put it: “You want to stay the course but not look ridiculous when things are changing.” (The United States recently denounced the SDGs at the UN General Assembly.) Those holding the line are also expected to answer to an emboldened critique. As another donor put it: “Because of USAID, our public is becoming more sensitive about how we spend our money.”

Some see the developments in the United States as just the beginning of a much broader trend: “What’s happening in the US may be a foreshadowing of what will happen to us”, one European donor representative said about the dismantling of USAID. “Is it ‘of the times’ to have a development ministry?”



National interest is the mantra across the board. “Development cooperation is being framed as an instrument of foreign policy and foreign policy is being framed as an instrument for national security”, one donor representative said. Another noted: “Some solidarity aspect will remain, but [development cooperation] will take a turn towards soft power and ‘What’s in it for us?’” One European donor noted that, in this environment, anything that refers to “global” engagement is more difficult to negotiate.

Given a new Russian-US alignment and the US administration’s threats to annex other countries, defence budgets—particularly in Europe—are increasingly seen as a priority. In 2014, only three NATO members met the target of spending 2 percent of GDP on defence. This number has grown significantly in the last decade, with 23 out of 31 NATO allies now meeting the expenditure target.

Some have tried to argue within their ministries that aid increases soft power, but, as one donor put it: “The soft power idea is not supported. We are at a time of hard power.”

Donors also noted the difference between the moral pressure to meet the 0.7% aid target and the economic pressure to meet the 2% NATO target. The US administration has suggested an increased target of 5%, and many countries fear the US will use tariffs and other financial measures to impose its will.

What is more worrying for some, particularly in the US, is the shift towards foreign aid as a partisan issue. US Congressmen have attacked USAID as having “literally betrayed America” by spending money on “indefensible” programmes that have “hurt America’s standing around the globe” and imposed a “far-left-wing ideology onto other nations”.

Many expressed concern that the actions of the Trump administration could not easily be undone in four years. Even if restoring USAID eventually becomes a symbolic repudiation of Elon Musk, the infrastructure may not exist to “turn the lights back on”:

- Some implementing organisations will have already gone bankrupt.
- Many organisations have already begun laying off large shares of their workforce and will have to shrink by up to two-thirds of their original sizes.
- A personnel pipeline will need to be rebuilt, which will be much more difficult now that the sector has been branded as “criminal”.
- Values and norms are harder to reestablish once lost.
- The political attention on aid may move to other things when the US administration begins attacking other sectors (e.g., US Department of Education)

As one American participant put it: “What is at stake is the future of all foreign assistance.”



# How donors see themselves responding to this moment

Even if some donors want to embrace the idea that “when they go low, we go high”, they cannot and will not fill the gap left by the US. One of the American administration’s narratives is, “if we do less, others will do more”, but this math does not add up. As one donor put it: “There is no way we can backfill, even collectively, that amount.”

In addition, several factors may prevent other countries from stepping up:

- Donors’ programmes delivered jointly with USAID are now in jeopardy. One donor noted that the UN Refugee Agency (UNHCR), for example, “cannot do a single thing with our money” because the agency’s US funding is blocked. “No one can step up if the whole system is frozen.”
- In some cases, national NGOs of donor countries reliant on US funds are at risk of bankruptcy.
- Several major donor countries are facing major domestic challenges, such as unstable politics, “fragile” democracies, demographic changes and pressures on welfare services.
- The economic effects of a trade war could further impact aid budgets.
- Some donors are now wondering whether their small contributions to large UN agencies are worthwhile investments.

As such, the focus is now on figuring out where to cut, what to try to protect and what criteria should guide decision-making. For example, should decisions be based on national interest, on impact/results of aid programmes, on where a country has greater expertise and added value or on where the greatest gaps are?

Donor countries also seek to coordinate their actions and to reach consensus on what to prioritise. European countries seek to determine what their role and the EU’s role should be and agree on a division of labour.

Some donors have already identified their areas of focus in a resourced-constrained environment, with security/stability emerging as a common theme. Other areas of continued focus include climate (for some, not all), global health, migration, international trade and Ukraine.

Many felt the response should prioritise a defence of the values of the development cooperation system, even if its structure and funding do not survive.



While other sources of funding—from philanthropy to non-Western donors—were discussed as possible ways forward, there were questions about both the viability and desirability of some of the “new” actors.

Dialogue participants also noted a desire to learn how to confront populist discourses and to shift the framing of international cooperation from the “right” thing to do to the “smart” thing to do by, for example, moving away from language around “right to health” towards an argument centred on the “common interest” and the “benefits” of investing in global health.

One participant noted the need for a new playbook, modelled on the transnational “Make America Great Again” movement, which has made some contributions to legitimising and spreading nativist populism around the world.

While there was a desire to find “answers” and to bring strands of thinking together, there was also a recognition that it may be too soon to have those answers, and that Europe should “get an overview first and not react too quickly”.



# Using this moment for a reimagining

In this context, many in the aid sector have reverted to defending the ODA status quo.

When asked what this moment represents, however, participants' answers ranged from "chaos", "disruption" and "blood bath" to "opportunity", "inflection point", "farewell to old ways of working" and a "once-in-a-lifetime opportunity to make significant changes".

The dialogue's framing indicated that there is a prospect to create a change in mindset and to use this moment of disruption to catalyse long-needed changes in development cooperation.

In comparison to the first dialogue, donor participants struggled to embrace transformative thinking. There was a noticeable dichotomy between some civil society representatives—who argued that reform of the entire aid paradigm is the only way forward, that we need to build a vision for the future and that we cannot keep using the models of the past—and donors, who were generally less able to envision reform of the system as possible in the current environment (donors, on the other hand, were often more advanced in their thinking about cost-effectiveness and reform at an institutional level than many UN agencies and NGOs.)

One donor stated that the dialogue exposed a tension between dreaming of a new world and figuring out how to save ODA in the present moment, while one of the activists in the room described it this way: "We know the system is broken but we're so attached to it that we can't see the forest from the trees."

Many of the non-donor voices in the room described this as a moment to "rewrite the rules" and described a failure to do so as a "crisis of imagination".

"Ten years ago, we thought we could reform the system incrementally", one civil society leader said. "Today, it will be burned down before we have meaningful progress. Can we get ahead of that by redesigning the system?"



Participants identified the following ways to use this moment to advance the policy priorities that emerged from the first dialogue:

### **1. Refocus ODA on the most vulnerable**

Participants noted that, in recent years, aid has not always been channelled to the most vulnerable. They stated that clear criteria are necessary to navigate difficult trade-offs in a resource-constrained environment.

Participants identified the following potential criteria for donors when deciding what to prioritise. Funding should focus on the following:

- Development programming in the LDCs, considering multi-dimensional vulnerability
- Humanitarian crises
- Countries where there is no alternative access to finance

In order to protect the most vulnerable, participants also proposed that, where cuts need to be made:

- They should not be made across the board, but strategically
- They should be done in dialogue with the recipient country
- Donors leaving a country/sector should coordinate with others (so that a sector is not left hanging when a donor exits and/or another donor can take over)
- Donors should consider accompanying any cuts to ODA with policy shifts that do not require financing but make catalytic contributions in other ways (e.g., action on debt, more equitable trade policies)

In a resource-constrained environment, participants also proposed:

- There should be no grants (i.e., concessional funding) to middle-income countries
- There should be no funding at all to upper-middle-income countries
- Intermediaries and fragmentation should be reduced, particularly where a donor might be funding the same priority through many different channels
- Budget support should be prioritised for greater impact
- A renewed emphasis should be placed on aid effectiveness

This was also seen as a moment to ensure the ODA that does remain can be used as effectively as possible by prioritising:

- Where it can be catalytic (large, systemic issues and not small marginal programmes)
- Where there are mutual interests for “donors” and “recipients”
- Where ODA can contribute to preserving capabilities needed if and when aid is to increase again



- Areas that create industrial capacity
- Developing localisation infrastructure, including by strengthening local organisations and networks
- Catalysing additional funding (e.g., investing in systems strengthening to enable greater domestic resource mobilisation, enabling private sector mobilisation and innovative financing)
- Restructuring debt

## 2. Transform the structural drivers of economic inequality

Changes in tax, trade and debt policy have long been advocated as the means to truly lift developing countries out of poverty. The [ONE Campaign](#) has found that one in five emerging markets and developing countries paid more to service their debt in 2022 than they received in external financing. Of all the calls for changes in development cooperation that preceded these recent developments, the demand for structural transformation is now perhaps getting the most traction in the current context, both from northern donors and southern recipients of aid alike.

As one African activist said in the dialogue: “The sledgehammer that Trump is taking to the system is an opportunity” (though some donors in the room disagreed).

If this is the beginning of the end of aid, a focus on fairer trade, debt and tax policies could address the drivers of inequality without necessarily incurring significant direct expenditures.<sup>1</sup> As one donor said: “US cuts have turbocharged the discussion around moving away from ODA. If you listen to what partners want, yes, they want money. But they also want systems change, a more effective international financial system, action on debt—that doesn’t cost money. That costs collective action. This is an area we are focused on.”

In addition to systems change, some donors are considering what else they can bring to the table beyond a shrinking pot of money, such as expertise and influence. Others suggested taking a “whole-of-government” approach to partnership, including sharing intellectual property, identifying migration pathways, opening up trade and investment and improving voice and representation of developing countries in the governance of international financial institutions.

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<sup>1</sup> Some shifts in addressing debt issues could be budget neutral or involve minimal costs for donor governments, e.g., policy reforms to increase the nuance and data quality in credit rating assessments; debt service suspensions that give the indebted country more time to pay; and credit enhancements that reduce the risk that lenders take, reducing the interest rate. Other shifts, such as restructuring existing debts, could result in costs to donor government where they are required to take a haircut or increase finance to multilateral institutions to refinance debt at lower rates than are provided by commercial lenders.



Policy coherence was raised as an important way in which donors could contribute to development outcomes, even amid shrinking aid budgets. “We cannot talk about how we save ODA. It has to be about policy shifts in our own countries”, one donor said. For example, changing how European countries approach energy and fossil fuel production could make a greater contribution to the well-being of the Global South than the provision of ODA.

A challenge remains concerning how to frame the structural transformation of countries in the Global South as in alignment with the national interests of countries in the Global North. Additionally, there is an obvious operational coordination challenge to implementing whole-of-government approaches in complex bureaucracies.

Participants explored a scenario in which, five years into the future, ODA budgets no longer exist in most countries and development agencies have been dismantled. In such a scenario, participants suggested the following:

- Dedicated development expertise could exist within trade/foreign affairs ministries to bring a development lens to discussions on foreign affairs. Policy screening tools, like one being developed by the OECD, could inform governments of the impact of their policies on development objectives.
- While these ministries would explicitly be oriented towards advancing national priorities, this may still include investing in development to create economic markets, protect supply chains and secure access to critical minerals. Southern participants said they would welcome a more honest approach, even if it was more transactional.
- This would mean the end of bilateral aid. Funding to help the most vulnerable or tackle global challenges could be managed exclusively through multilateral agencies, although this might require new institutions, given the scepticism about the UN and the current international architecture.
- Two requirements were identified to ensure continued protection for the most vulnerable/marginalised: a thriving civil society that would provide advocacy pressure (if it is not coming from within a dedicated development ministry) and a rules-based international order. At the moment, both are under threat.

### 3. Embrace and centre Global Public Goods

Some participants saw this as an ideal moment to shift from a “charity” or “aid” framing to one of “mutual interests”. In the current context, ideas like Global Public Investment—the notion that all countries contribute and benefit from funds to provide/protect GPGs—may find their moment for several reasons:

- If presented as a win-win, this framing could make international cooperation more politically palatable in an environment in which countries are more transactional and explicitly focused on their self-interest. These ideas could also be framed as addressing the grievances of the working class in donor countries.



- The majority of aid comes from a handful of donors who are beginning to turn away from aid. Moving to a model where everyone contributes could appeal to the South as well.

While this shift is already happening (e.g., the [Global Challenges Programmes at the World Bank](#)), the FfD4 and the 2025 G20 Summit, hosted by South Africa, are seen as opportunities to build this agenda, and the negotiations on a pandemic treaty could be a concrete opportunity to shift towards a GPG framing.

To that end, the G20 Development Working Group, the OECD and others should continue their work to advance thinking on what counts as a GPG and what a fair burden-sharing formula might look like.

Language was highlighted as particularly important, with some advocating replacing the term “donor” with “contributor” or “partner”, as is already the case in some development cooperation institutions. “As long as we call ourselves donors, we are saying the US is a ‘donor’ and treating US [aid] as a ‘donation’”, one participant explained. “We should be talking about burden-sharing.”

Participants noted that, at a time when development cooperation budgets are being cut, funding for GPGs could come from other line ministries and that framing international cooperation around GPGs could open up new sources of funding by, for instance, taxing global public bads (through wealth taxes, levies, etc.).

Participants also noted that a burden-sharing approach would allow non-DAC donors who want to do things differently—including the Gulf, Indonesia and Southern donors—to be part of the conversation. As the share of G7 pledges to the World Bank’s International Development Association (IDA) have been declining over the past decade, non-traditional donors like Turkey and Indonesia have increased their contributions, suggesting that there is scope for engaging on GPGs amongst emerging donors.

Southern participants emphasised the need for metrics to capture all the ways in which countries contribute. As one participant noted, while some emerging donors may not be financing every vertical fund, they are contributing globally in other, largely unrecognised ways. Many noted that China was not contributing to GPGs as much as it otherwise might if the governance of bodies like the DAC changed.

A new generation of GPGs institutions could therefore do the following:

- Collect contributions from all countries based on a percentage of GDP and/or in-kind contributions (e.g., knowledge or expertise that can be monetised)
- Be governed by either:
  - o A 1-country, 1-vote model. (Some donors found this untenable: “Rich countries will need to have more of a voice—that’s just how it is.”)



- o A tiered constituency voting system based on high-income vs. low-income countries, but with a new definition system to categorise countries.
- Replace or be integrated into existing structures.
- Impose punishments for those who do not fulfil their responsibilities (e.g., trade restrictions, tariffs or even being expelled from the UN for not contributing to the fund)

The following challenges, however, were raised:

- Packaging development efforts in GPG terms could lead to over-politicisation or could open up contentious renegotiations at the UN.
- This kind of framing closes space for solidaristic motivations and makes international cooperation more transactional and interest based.
- There is no shared literacy around GPGs, and they are not seen as an easy narrative to sell to politicians, especially after all the time taken to sell the SDGs. “Is this old wine in new bottles?” one donor asked. “You’re not selling what you can put your flag on tomorrow; you’re selling the future. In this environment, that’s tough.”
- There is still a perception that GPGs are spent abroad, making them a harder sell in the current environment
- Key principles concerning how to govern GPGs would need to be agreed upon:
  - o What counts?
  - o Who pays for what?
  - o How to manage when a GPG is another country’s sovereign good?
- Which GPGs should be financed first at a time when prioritisation is necessary?
- What happens when major powers (e.g., the US and/or China) refuse to engage on this agenda? Does it still work?
- Existing burden-sharing models—namely UN-assessed contributions—are fought over tooth and nail, so expecting these to increase is simply not realistic.



## Enabling approaches

In addition to the three policy priorities above, the dialogue explored approaches that would enable both better delivery of aid in the short term and a post-aid world in the longer term.

Some argued that, while by no means the only motivation for a locally owned approach, in a context of shrinking aid budgets, fewer intermediaries may create greater efficiency.

It is notable that, despite a 40% cut in its aid budget, the Dutch government has maintained its focus on localisation, suggesting that it may be a palatable agenda even to those looking to cut aid.

“Whatever remains of ODA needs to develop that localisation infrastructure”, one participant said. However, some donors questioned the power of the localisation narrative, arguing that it might “break the contract with domestic audiences at home”. International NGOs often serve as recognisable intermediaries with whom taxpayers feel more connected than with local organisations.

Others advocated for a refocus on country-centred programmes and core systems strengthening in developing countries, which would work to increase the effectiveness and impact of aid and enable development to be more locally owned, thus increasing sustainability and reducing the need for aid in the longer-term.

Others went further, calling this a wake-up call for the African continent, which should have never allowed its entire healthcare system to be so dependent on a few thousand voters in a swing state of the US. “73% of global HIV response came from one country. How did we get there?” one participant asked.

Some activists from the Global South said they were less worried about aid cuts than the donors in the room because they hoped this would force their own leaders to take responsibility for caring for people and lead them to finally wean themselves off aid. “Aid has achieved nothing”, a former government minister from an aid-receiving country said. “I don’t care about the USAID cuts.”

However, these activists noted that, while a move towards local ownership of development is needed, the sudden nature of the aid cuts did not give host governments time to adapt. Thus, in the short-term, this disruption will be tragic. As just one example, according to UNAIDS, new HIV infections are projected to increase to 2,000 a day with a ten-fold increase in AIDS-related deaths over the next four years if the funding gaps from the USAID cuts are not filled.



Reference was also made to countries like Ghana and Nigeria finding hundreds of millions of dollars to fill the USAID gap. “If this was possible, why didn’t [those countries] do it before?” one participant asked.

Some participants highlighted systems of global solidarity as potential alternatives to the current aid funding model. Proposals included a globally pooled system that all countries pay into from which only local actors and networks could draw. This system would not be funded by ODA, offering a potentially more effective means of supporting local action while also consolidating financial resources in advance of crises.

Finally, several participants recognised the need for a more active civil society—one that works to shift focus from service delivery to movement building—to reignite a people-to-people global solidarity movement in the same way that Steve Bannon’s transnational movement has succeeded in embedding his right-wing ideology in the hearts of people worldwide.

This will require different approaches than those traditionally used by aid practitioners. As one participant put it: “The development industrial complex is ineffective at moving money and almost embarrassingly incompetent at building power.”



# Next steps

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Many participants had modest expectations for FfD4 and felt that the dialogue's discussions were too ambitious to find their way into the negotiated outcome document. "FfD4 will no longer be a major outlet for our discussions", one donor representative said after the event. "It's an important moment, but the time will not be right at that point to have a discussion about the architecture and what we want."

Participants did feel, however, that strengthening country ownership and reducing the cost of debt were two areas for potential agreement at FfD4. They also noted that the meeting could be the start of further conversations by, for example, establishing a High-Level Expert Commission to look more specifically at the future of ODA. Others hoped for more ambitious outcomes, such as an agreement to impose levies as a way of securing funding for GPGs.

At the same time, there was a recognition that the process of reinventing the aid system transcends the focus on finance in FfD4. To that end, there was interest in creating a "Coalition of the Willing" of countries who seek to push these ideas forward.

The third dialogue in the Donors in a Post-Aid World series will be held in fall 2025. While it will take stock of what FfD4 did or did not deliver, its primary focus will be on how donor institutions should think about their own capacities to transition to a post-aid world.

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