Global Development Funding Outlook

NOVEMBER 2025

Dalberg

GLOBALWA
convene. strengthen. mobilize.

About this document

OBJECTIVES OF THIS DOCUMENT

The purpose of this document is to consolidate a fact base and point-in-time outlook on the shifting landscape of global development as of November 2025. The document intends to show how organizations in the GlobalWA community are experiencing and responding to these shifts – as well as what the likely implications are in 2026 and beyond, in terms of funding flows, organizational capacity and strategy, delivery models, and risk management.

SCOPE AND SOURCES OF INSIGHT

The document draws from a Dalberg analysis of foreign aid funding flows and projections, along with a survey of organizations in the GlobalWA network and interviews with leaders across a diverse sample of GlobalWA membership conducted in October-November 2025. The analysis is intended to be directional in nature and to spark engagement and dialogue in GlobalWA's 2025 annual conference and beyond.

ACKNOWLEDGEMENTS

The authors wish to thank the GlobalWA community and those who took time to participate in the survey and interviews that informed this work. We admire the resilience of those who have seen up close the human consequences of shifting global development priorities – and who continue to deal with the implications in their organizations and individual roles.

Contact the authors to learn more at:

Greg Snyders
Partner, Dalberg
greg.snyders@dalberg.com

Elizabeth Stokely
Executive Director, GlobalWA
elizabeth@globalwa.org

Executive summary

The global development landscape has seen unprecedented turmoil in 2025. The dismantling of USAID has sharply curtailed or terminated a range of global health and development programs, creating direct and indirect ripple effects that are negatively impacting millions of peoples' lives around the world. Other bilateral donors are also facing budget pressure, and many multilateral institutions and nonprofit implementers are cutting staff and programs as they grapple with funding cuts of 10-40% in the near term—and existential questions longer term.

In the next five years, public sector global development funding could fall by over 40% as a percentage of gross national income. These projections, while directional in nature, convey the stakes of shifting priorities and a broader retrenchment in the global aid architecture. And while philanthropy has a strong role to play as a catalyst and systems funder, it is not a substitute for declining public sector sources of development assistance.

Many if not most global development organizations have been impacted in some way, from nonprofit program implementers and humanitarian organizations to global health research institutions, philanthropies, and corporate partners engaging in the global development ecosystem. These effects are being felt here in Washington state—as a globally oriented state economy with strong roots in global development and trade—and many professionals and leaders in the sector are grappling with an unusually high degree of uncertainty.

A recent survey of GlobalWA members confirms the effects on the community. Roughly half or more of survey respondents experienced declines in nearly all aspects of organizational health surveyed including staffing levels, program scope, cash reserves and employee wellbeing. A plurality of respondents expect further large decreases in funding from the US government (44%) and moderate decreases in funding from philanthropies (31%). And many respondents indicate interest but often limited capacity or readiness to engage in new modes of collaboration.

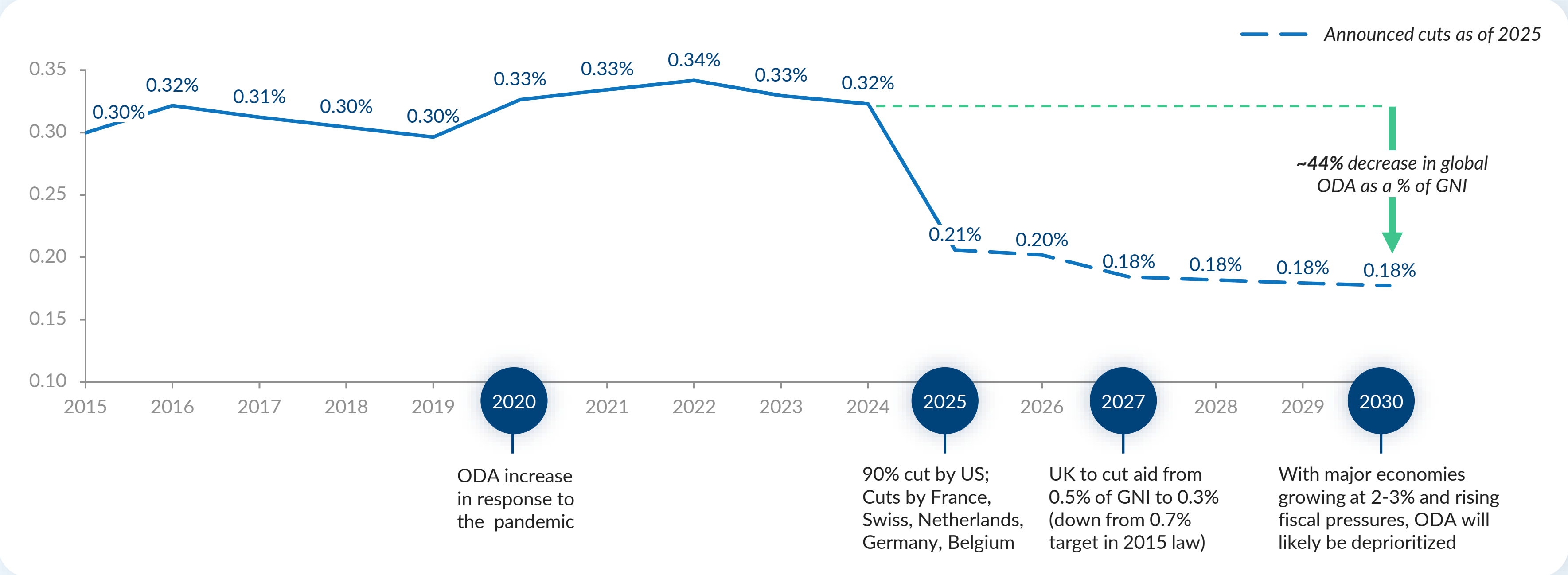
Leaders in the GlobalWA community are adapting to a new reality and heightened levels of uncertainty. Many are seeking new sources of funding and retooling their organizations' capabilities and footprint, while acknowledging the funding environment has tightened. They are experimenting with new delivery and collaboration models, while observing that there is no panacea to backfill lost programs. Some leaders are seeking to manage 'mission risk' that goes beyond their own organizational existence, while grappling with how and when to speak out about their organization's values.

Leaders in the community should speak up, engage openly, listen critically, and commit to new solutions. By navigating a period of significant change and uncertainty as a community, organizations will be more resilient and better placed to thrive and grow in a new era of global development.

Funding for global development is in decline—and expected to fall further in the coming years

ANNOUNCED AID CUTS COULD BRING OVERSEAS DEVELOPMENT ASSISTANCE DOWN TO 0.18% OF GNI BY 2030

Combined ODA as % of Gross National Income (GNI)[1] from DAC member countries, ***2015-2030;*** *[2] 2024 onwards are projected figures[4]*



Notes: (1) Gross national income, abbreviated as GNI, is the sum of incomes of residents of an economy in a given period; (2) OECD, Official Development Assistance (ODA) statistics, excluding aid to Ukraine; (3) Announced cuts for European nations assume current aid levels to Ukraine would continue and aid to other nations would be deprioritized (4) Projections based on Dalberg analysis of foreign assistance shifts, including needs for Ukraine reconstruction, are directional and may evolve. The OECD Development Assistance Committee (DAC) consists of Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, South Korea, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and the United States.

At the heart of this trend are three major shifts in sentiment and policy priorities

POLICY SHIFTS THAT PRIORITIZE DOMESTIC AND OTHER FOREIGN POLICY INTERESTS

- Aid funds redirected toward **domestic economic needs** and other **foreign policy priorities** vs. global development
- Governments prioritizing **budget discipline and economic resilience**

The **"America First"** movement popularized under the Trump White House is reshaping US aid policies e.g., withdrawal of USAID

Brexit, pandemic and economic pressures led to the **restructure of UK's aid.** DFID merger into FCDO and cut in aid spending

FOREIGN AID INCREASINGLY DEPLOYED AS A TOOL FOR ECONOMIC DIPLOMACY

- Aid focused on regions of geopolitical significance, with a view to **reinforcing donor trade ties and military alliances**
- Increasingly, foreign aid is **blended** with spending on defense and infrastructure

Japan has realigned its foreign assistance to serve its geopolitical interests, mainly **countering China's Belt and Road Initiative**

Germany's aid is now aligned with **European security and energy needs** as evidenced by redirection of aid to Ukraine and energy security projects

GROWING SKEPTICISM ON THE VALUE AND EFFECTIVENESS OF FOREIGN AID

- Domestic political sentiment **questioning the allocation of limited resources** to foreign aid vs. taking care of local needs
- Donors moving to **project-based funding** for control and visibility over spending

In 2022 Sweden reversed **its feminist foreign policy,** citing that its implementation has been costly and time-consuming with little results

France has scaled back aid commitments by ~11% over the last 2 years, partly to re-evaluate its aid distribution to enhance efficiency

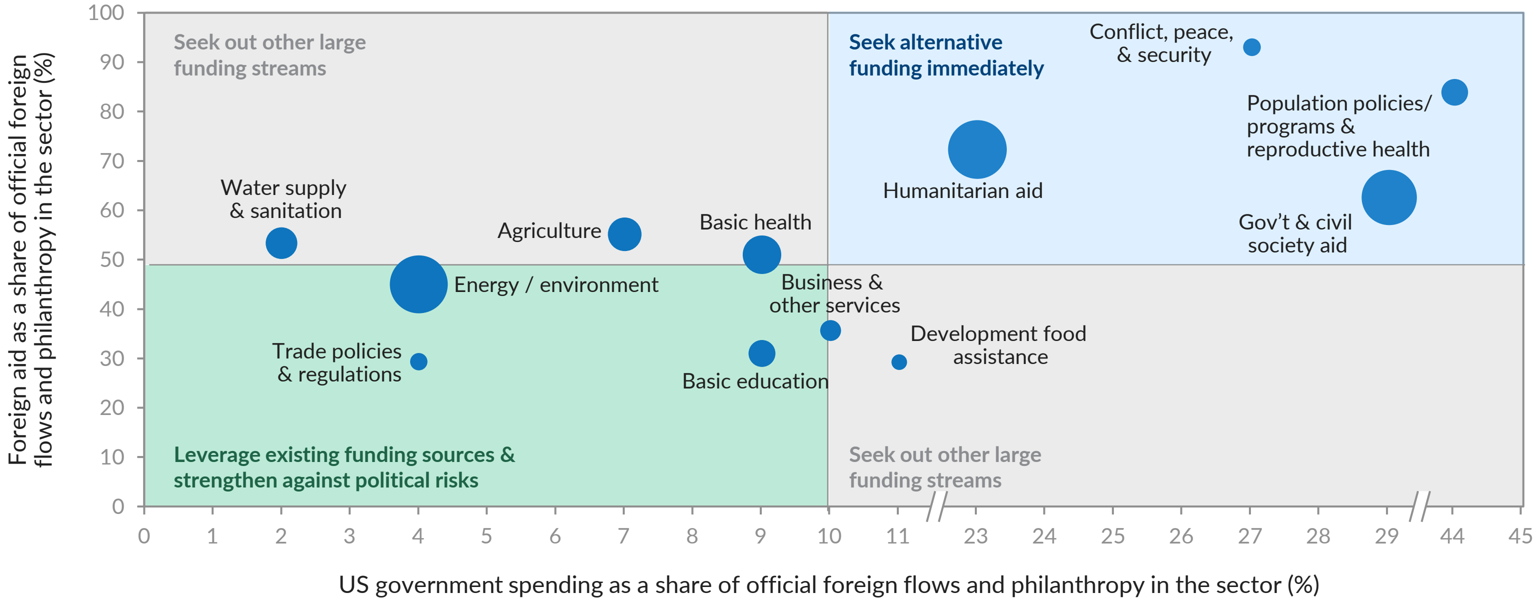
Notes: The White House, "America First Trade Policy", 2025; "Independent Commission for Aid Impact, "Brexit, COVID-19 and budget reductions put extraordinary pressure on UK aid since 2019", 2023; Center for Global Development, "The End of an Aid Superpower? What to Make of Sweden's New Development Policy", 2022; Focus2030, "France's Official Development Assistance in world of uncertainty: A fading ambition? Review 2017-2024 and outlook"; IMF eLibrary, "Germany's Foreign Direct Investment in Times of Geopolitical Fragmentation", 2024; Institute for Security and Development Policy, "The BRI vs FOIP: Japan's Countering of China's Global Ambitions", 2021.

At a macro level, several areas with high reliance on US government funding have been heavily disrupted

FOREIGN AID AS A SHARE OF SECTOR SPENDING VS. SHARE OF US GOVERNMENT SPENDING IN SECTOR

Sectoral ODA and philanthropy data as of 2023-24

The bubble size denotes the magnitude of total funding to the sector including overseas development assistance ("foreign aid"), multilateral funding, other official flows, and philanthropic funding. Particularly for sectors with high US government funding reliance in recent years, the larger the bubble, the greater the gap created will be due to funding cuts.

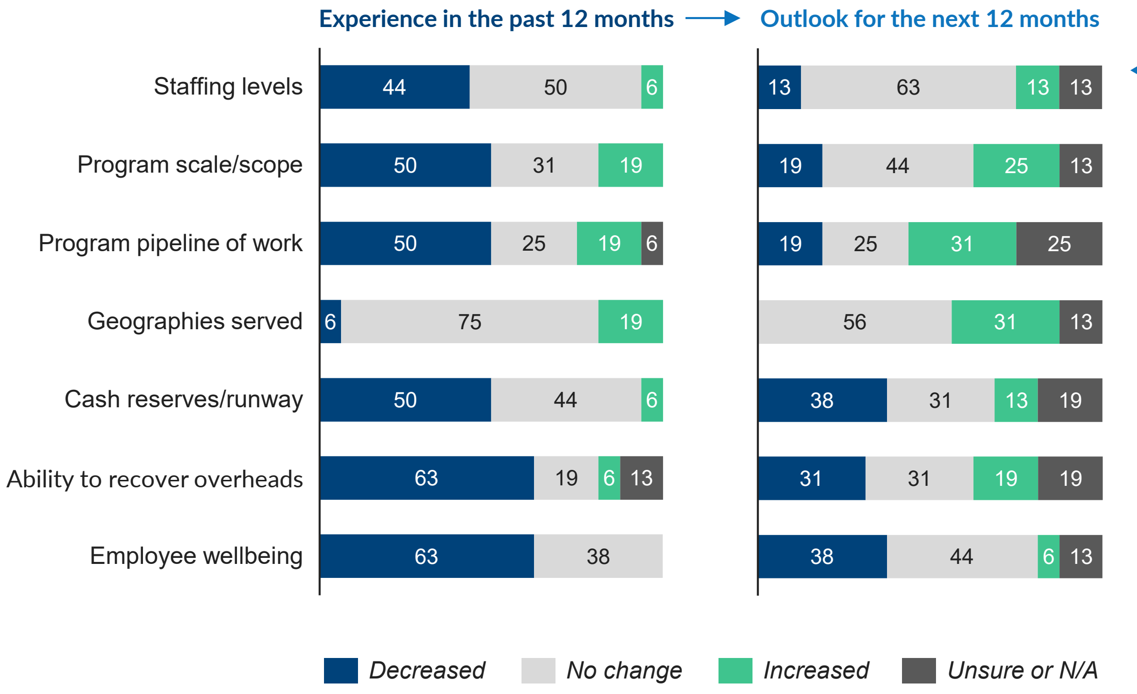


Notes: OECD database for ODA and official flows, including US government spending data; Candid database for philanthropic flows; all data from 2023-2024.

A recent survey of GlobalWA members shows wide-ranging impacts of the shifting funding environment

IMPACT OF FUNDING ENVIRONMENT ON DIFFERENT ASPECTS OF ORGANIZATIONAL HEALTH

% of respondents; source: survey of GlobalWA members, October 2025 (n=19)



KEY OBSERVATIONS

- Nearly half or more of respondents registered declines over the past 12 months in nearly all aspects of organizational health surveyed including staffing levels, program scope, cash reserves and employee wellbeing
- Respondents on average expect the next 12 months to be somewhat more positive than the last 12 months – while some see heightened uncertainty for their organization

NOTABLE QUOTES

"The single biggest change to our organization would be if more donors funded general operating expenses or increased overhead allowances to pay for the true cost of doing business"

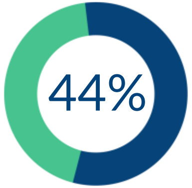
"We'd like to see more interest in social and environmental performance from the development banks and European donors"

Organizations in the GlobalWA community are adapting their funding mix and investing in strategic shifts

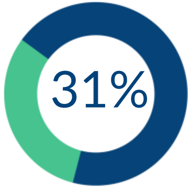
OUTLOOK ON FUNDING MIX AND STRATEGIC SHIFTS IN THE NEXT 12-24 MONTHS

% of respondents; source: survey of GlobalWA members, October 2025 (n=19)

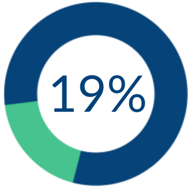
Outlook on funding mix



Expect large (> 15%) declines in funding from US government

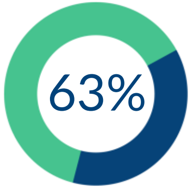


Expect moderate (5-15%) decreases in funding from philanthropies

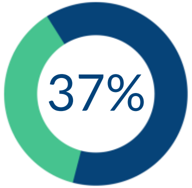


Expect moderate (5-15%) increases in funding from philanthropies

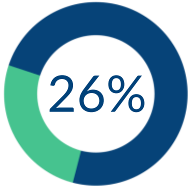
Notable strategic shifts



Are attempting to diversify funding sources with new donors



Are investing in a greater degree of localization



Are investing in results measurement, data, and/or AI solutions

KEY OBSERVATIONS

- Unsurprisingly, 44% of respondents anticipate further large declines in US government funding
- More surprisingly, 31% of respondents expect moderate decreases in funding from philanthropy
- Aside from a clear trend toward diversifying mix of funding and some investments in localization and data solutions, respondents did not offer a strong indication of substantive strategic shifts underway

NOTABLE QUOTES

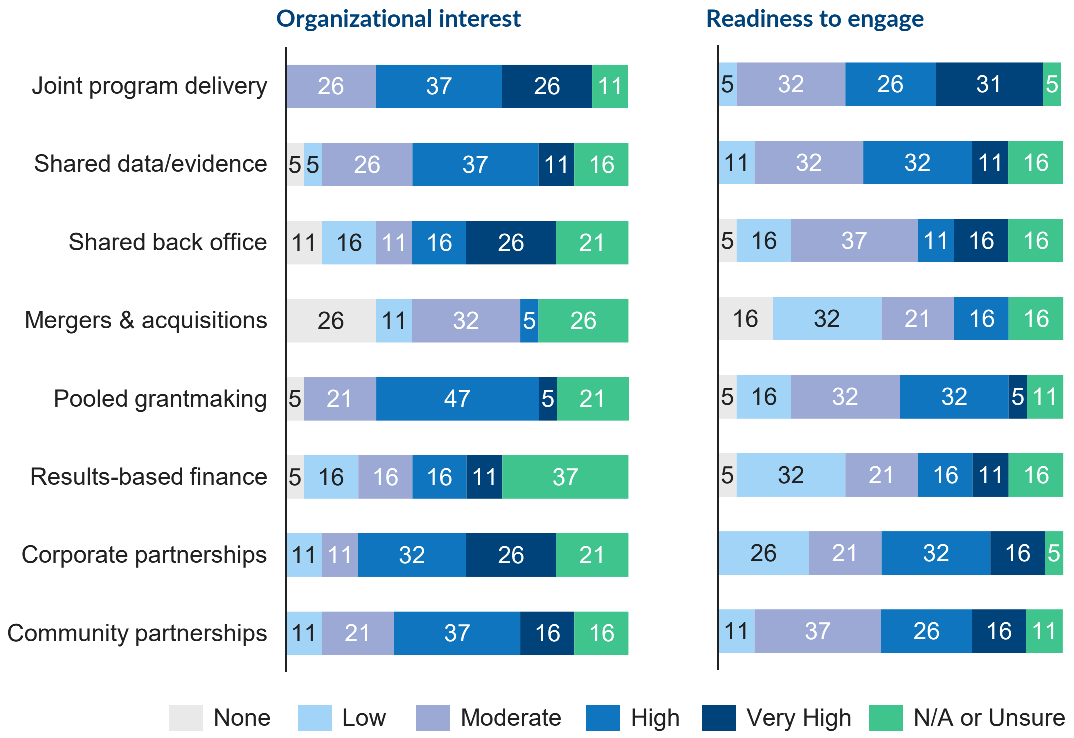
"Our top priority is access to HNW funders active in the global health and development community"

"We are concerned about European donors following CIFF [Children's Investment Fund Foundation] and ceasing all funding of US-based nonprofit entities"

They also show widely varying interest and readiness for different modes of collaboration

INTEREST AND READINESS FOR DIFFERENT COLLABORATION MODES NEXT 12-24 MONTHS

% of respondents; source: survey of GlobalWA members, October 2025 (n=19)



KEY OBSERVATIONS

- Nearly half or more of respondents show High or Very High interest in collaboration modes like joint program delivery, shared data/evidence solutions, corporate and community-driven partnerships
- Across nearly all categories, respondents indicated that their organizations are less ready to engage than they are interested in collaboration
- Notably, non-profit M&A garnered both the lowest level of interest and readiness to engage

NOTABLE QUOTES

“We are funded by private donors and would benefit greatly from exploring how to leverage and secure corporate funding from companies in Washington”

“A shift toward decentralized and trust-based funding models would accelerate innovation, strengthen accountability, and ensure that solutions truly reflect community priorities”

Interviews with leaders reveal four themes shaping their organizations and the future of development

1 LESS FUNDING, WITH MORE COMPETITION AND UNCERTAINTY

The funding environment for global development is being squeezed 'from both sides' with 1) a pullback of US and other sources of foreign aid, and 2) limitations in the scope and scale of what philanthropy can achieve as a substitute.

2 IMPERATIVE TO RETHINK ORGANIZATIONAL CAPACITY

Many nonprofits and global development implementers have had to let go of talented staff and restructure their organizations just to "survive 2025." Many leaders feel an imperative to further transform their organization's capacity.

3 EXPERIMENTATION WITH NEW DELIVERY MODELS

Nonprofit implementers are experimenting with earned income models, corporate partnerships, and innovative finance. Some caution about the risk of "wishful thinking" in the sector that these will be a true substitute for lost funding.

4 HEIGHTENED 'MISSION RISK'

Many leaders share disquiet at the "silence" in the sector amid funding disruption. Some are concerned that pressure for organizational survival leads to self-censorship – putting at risk their ability to achieve their organization's mission.

These shifts have ripple effects on how funders and implementers achieve impact in the world

Insight #1: Less funding with greater uncertainty and competition

In a recent survey of an intermediary's global nonprofit partners, **funding is down 20-40%** on average, while 15-30% of programs have been fully cut this year

"*There is a lot less funding right now—* ***and we're not seeing other donors step in to fill the void"***

Some intermediaries see **rising philanthropy through fiscal-sponsorship funds,** but the incremental dollars aren't necessarily going to programs that lost public funding

"*We see funding growing through fiscal sponsorship,* ***but not necessarily to the programs experiencing cuts"***

"*It's not 'blind trust philanthropy' but 'aligned trust philanthropy' where* ***HNW donors are directing more resources to specific areas and trusted delivery partners – and letting them do the work"***

Some **HNW donors are channeling more unrestricted money** to trusted partners: nonprofits with existing donor trust see flexibility, while those who are less diversified are more exposed

"*Congress supports these areas in the FY26 budget, but* ***Congressional budget appropriations don't matter with the Office of Management and Budget (OMB) doing rescissions and impoundment"***

The rules of the game have changed: old assumptions of bipartisan stability and predictable funding from one administration to the next no longer hold

2

Insight #2: Imperative to rethink organizational capacity

Some stakeholders expect a need for consolidation through M&A and shared services, with cost-efficient outsourcing of **tech solution development**

"*It would be better to* ***double down on shoring up delivery capacity*** *– for example by being serious about M&A and sector consolidation – than to run many half-funded projects*"

Leaders are consolidating portfolios, right-sizing back office, and pushing decision authority to local teams, accelerating a preexisting shift to greater localization

"*Localization isn't 'performative' now'* ***there must be real leadership and decision-making authority in-country.***"

"*Near term, our mantra is 'survive 2025' and* ***in 2026 we will make big choices about our capabilities and future footprint***"

Many leaders are balancing a **tension of short-term survival with a need for medium-term strategic reset** including the potential to scale-down and reconfigure for a different future

"*Invest in AI-powered impact measurement tools to power reporting dashboards that* ***will enable funders to make resource allocation decisions based on impact and results***"

Some leaders see a need to be ruthless in prioritizing impact and performance over activities; **shut down low ROI programs and stage-gate programs based on results**

Insight #3: Experimentation with new delivery models

Some urge peers to take a **candid and realistic view in the sector on future funding scenarios** and alternative funding approaches like blended and innovative finance

> *"**There's a lot of wishful thinking in the ecosystem right now about funding coming back** or approaches like blended finance filling the hole left by USAID"*

There is strong interest among nonprofit implementers in corporate partnerships and earned income business models, but a **need for successful examples and guidance to show the way**

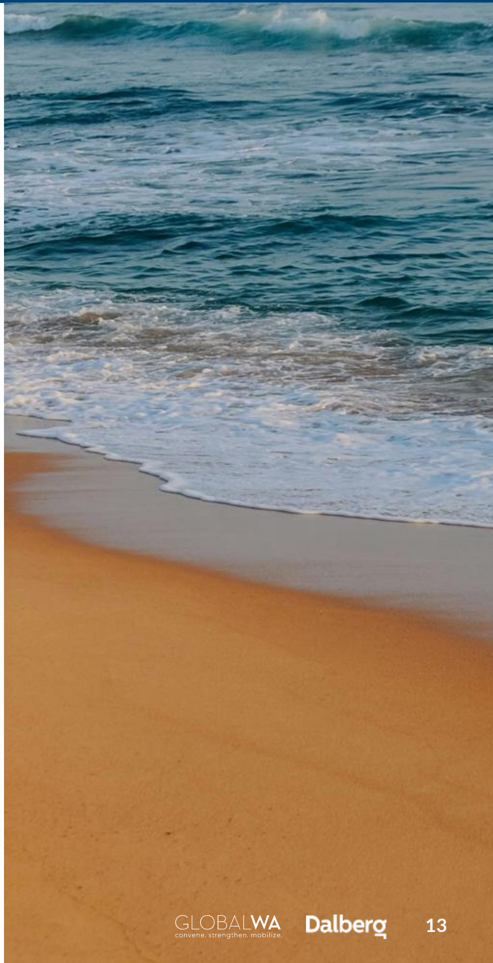
> *"We are testing revenue models where **our technical insights provide guidance to corporate supply chain investments**"*

> *"We're actively testing service contracts where **our data capability has a clear ROI to other entities**"*

Some organizations are testing shared services where **their capabilities can add value to other implementers**

> *"Interest in combining forces for delivery is high but the enablement layer is often missing, and **we need pre-agreed building blocks so we can move more quickly**"*

Many leaders are open to joint programs and consortium-based approaches to program design and delivery, but **readiness gaps slow down the activation of partnerships**



Insight #4: Heightened 'mission risk'

Leaders remarked on **how quiet peers are in public messaging given the scale of shifts**, connecting this dynamic to potential for blowback and precarious funding

> *You can't criticize policies anymore… **beyond questions around funding, what we're dealing with now is existential to our mission"***

Some leaders expressed concern about **non-US funders pulling back from US-domiciled nonprofit implementers** and funder collaborators supporting work in global development

> *We're worried about the next shoe to drop—**other non-US funders following CIFF and pulling back from US-based NGOs and funder collaboratives indefinitely"***

> *We need to keep our head down and **live to fight another day"***

Some leaders observe that the current climate has **raised risks of public association with high-profile funders** and causes, prompting quiet exits and cautious partner selection

> *Find responsible ways to tap the talent market with fair contracts **(e.g., clear scopes, market-rate pay, long-term paths where feasible) to avoid the perception of exploitative gigification"***

Funding cuts have created **a surplus of talent moving into short-term consulting:** useful for some organizations but often precarious and unstable for a large base of talent

Implications and thought starters for the GlobalWA community

1 LESS FUNDING, WITH MORE COMPETITION AND UNCERTAINTY

- Seek out diverse funding sources including pooled funding vehicles and donor collaboratives
- Address funder demand for stronger evidence of impact and results by building IMM systems
- Expect more of the unexpected and engage in scenario planning to test organizational resilience

2 IMPERATIVE TO RETHINK ORGANIZATIONAL CAPACITY

- Seek out opportunities for sector alliances and smart M&A that help sustain and grow delivery capacity
- Double down on impact performance to drive program decision-making and funder engagement
- Become digital-first and AI-fluent to speed up the pace of work and raise quality expectations

3 EXPERIMENTATION WITH NEW DELIVERY MODELS

- Expect no 'silver bullet' backfill of resources from innovative and blended finance approaches
- Experiment with earned income models aligned to organizational mission and ruthlessly prioritize efforts
- Seek out partners to build 'rapid enablement' for joint bids with standard terms for collaboration and delivery

4 HEIGHTENED 'MISSION RISK'

- Organize or join closed-door forums to swap notes with other sector leaders and stay informed
- Commit to a values-based enterprise risk management framework to guide operations and governance
- Develop a mission risk playbook of actions to mitigate reputational risk and harm to the mission

Call to action

SPEAK UP:

Promote the value of global development – and the values and real impact underlying it – as if no one else will do so

ENGAGE OPENLY:

Get outside your team and engage openly with peers, competitors, and collaborators to learn and build community

LISTEN:

Engage with global development critics and improve programs by demonstrating value, results and performance

CREATE:

Think outside the box and build new solutions and products with a positive narrative around global development and connection