Adapting to the Changing Aid Landscape

Opportunities for Corporate Foundations

Alice Allan and Zahid Torres-Rahman

Action Brief 2.

November 2025

In partnership with the Standard Chartered Foundation

"The [aid] sector is not just in crisis – it's at an inflexion point. And while that can feel daunting, it's also an invitation – an invitation to rethink, to reimagine, to be bold."

—Keith Kibirango, CEO, New Global Markets, Letter to Philanthropists, May 2025

Whilst life-threatening challenges created by abrupt cuts to government aid flows continue to be felt, there are opportunities for Corporate Foundations[1] to align with efforts to shape a new, more financially sustainable approach to supporting social and economic development globally.

Executive Summary

- **There is an increasing need, but decreasing funding, to address global poverty and inequality.**[2] There is currently a US$4.3 trillion investment gap to meet the UN Sustainable Development Goals by 2030.[3] In 2024, the Global Humanitarian Appeal requested US$49 billion to meet the needs of those affected by conflicts and emergencies worldwide, while only US$23 billion was provided.[4]

- **In 2025, the world's largest donors – including the US, Germany, France and the UK – all reduced their aid budgets for political and fiscal reasons.** In 2024, the total Overseas Development Assistance (ODA) budget was US$212.1 billion (a drop of 7% from previous years). This is estimated to further decline by 17% in 2027.[5] Additional challenges include trade barriers resulting in a drop in Foreign Direct Investment (FDI) to 2005 levels (US$435 billion in 2023), and debt servicing at record highs, with developing countries paying US$92 billion in net interest on public debt in 2024.

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[1] In this paper, we suggest that independent foundations shape the "what" of development finance, freely setting priorities and funding high-risk innovation, whilst corporate foundations shape the "how" linking those corporate-aligned priorities to scalable, market-based delivery systems. See the final section of the paper for more on this distinction.
[2] See: World Bank (June 2025), *Global Economic Prospects* for further context on the reasons for this widening gap. https://thedocs.worldbank.org/en/doc/8bf0b62ec6bcb886d97295ad930059e9-0050012025/original/GEP-June-2025.pdf
[3] UNCTAD. (February 2025) '*Financing for development: Reforming global systems to drive progress.* Accessed: 8 October 2025. https://unctad.org/news/financing-development-reforming-global-systems-drive-progress
[4] International Council of Voluntary Agencies (ICVA). (March 2025). *Lives on the Line: The Human Impact of US Foreign Aid Shifts*. Geneva: ICVA. https://www.icvanetwork.org/uploads/2025/03/Lives-on-the-Line-Final-Report.pdf
[5] House of Commons Library. (2025, July). *Financing for development: Global aid landscape 2025*. https://commonslibrary.parliament.uk/financing-for-development-global-aid-landscape-2025

- **The impacts on lives are severe:** for example, a Lancet analysis projects that U.S. aid cuts could result in > **14 million extra deaths** globally by 2030, including **4.5 million children under 5**.[6] Many aid workers, NGOs and UN agency staff have lost jobs, and small local organisations have had to close. Cuts have affected all types of assistance, from basic services like health and education to support for civil society and good governance. Impacts are likely to be felt most severely in sub-Saharan Africa and other low-income countries that are most reliant on ODA.

- **Despite the challenges, there are opportunities to reshape the aid system** away from the traditional donor-recipient dynamic and better link it to broader systems of public and private finance.[7] For example, remittances recently overtook Foreign Direct Investment (FDI) in size, and are now greater than both FDI and ODA combined (US$685 billion). Domestic philanthropic giving is rising in middle-income countries, including in Mexico, China and India, where it is outpacing cross-border philanthropy.

- At a major conference in Seville on the future of development financing in June 2025, there was an urgent call to ensure that **private, philanthropic and blended capital become central to the global development architecture**. The conference lamented that, thus far, blended finance has not lived up to its ambition; with investment concentrated in a few markets and sectors, it is leaving behind the countries and communities most in need. Calls were made for concessional resources to steer private capital towards defined public missions.[8] An Organisation for Economic Co-operation and Development (OECD) statement urged philanthropic organisations to support catalytic capital, devolve power locally and unlock more resources in developing countries.[9]

- **This new environment creates both pressure and opportunity for corporate foundations to evolve from complementary grantmakers to systemic actors in development finance.** By collaborating more effectively (including with donors and development banks), embracing systems change, aligning with corporate competencies and devolving power locally, they can turn their unique position – one at the intersection of business and development – into a force that helps close and reshape the global financing gap.

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[6] The Lancet. (2025, July). *Evaluating the impact of two decades of USAID interventions and projecting the effects of defunding on mortality up to 2030.* https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(25)01186-9/fulltext
[7] Schmiddt, I., Wilson, M., and Alam, M. (2025). *Moving Beyond Aid: Transforming global development for long-term prosperity.* FP Analytics Issue Brief. Moving Beyond Aid – Global Governance Reimagined
[8] UN website. (2024, July). *Debt Relief, concessional finance can help countries meet their development goals, say UN Advisory Board members.* https://www.un.org/id/node/232231
[9] Organisation for Economic Co-operation and Development (OECD). (2025, June). *Statement on Philanthropy's Strategic Support to FF4D and Beyond.* https://www.oecd.org/en/about/news/announcements/2025/06/philanthropys-strategic-support-to-ffd4.html

The human impacts of aid cuts across multiple sectors

- **UN OCHA** warns that global humanitarian funding appeals are at record shortfalls – less than **17% of the US$46 billion required in 2025 has been received**, representing a 40% drop from the same time last year.[10]

- UNAIDS officials project that without a restoration of funding, by 2029 there could be **8.7 million people newly infected with HIV**, 6.3 million AIDS-related deaths, and an additional 3.4 million children orphaned.[11]

- **Development assistance for health** fell by **21% between 2024 and 2025**, largely due to a **67% drop (> US$9 billion)** in U.S. financing.[12]

- Vision of Humanity warns that aid cuts could jeopardise access or quality for **~68 million children** in education systems heavily reliant on aid.[13]

- **Women and girls are facing the brunt of the cuts.** UN Women has found that over 90% of women's rights organisations across 44 humanitarian settings had been financially impacted, **with 47% expecting to close**. Programmes and services in GBV response are amongst those most affected.[14]

- The suspension of support for sexual reproductive health services is also devastating. Analysis from the Guttmacher Institute estimates that 130,000 women have been denied contraceptives each day of the freeze, a total of 3.4 million. They predict that **8,340 women will die from complications during pregnancy and childbirth as a result**.[15]

- One of the likely casualties of aid cuts is funding for **trade-related capacity, SME support, business development services, and access to credit / guarantees** in developing countries. In the Sevilla Commitment, a pledge was made to *double support* for trade-related capacity-building by 2030, precisely because this area is under threat.

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[10] UN OCHA Press Briefing. (2025, August 7). https://press.un.org/en/2025/db250807.doc.htm#:~:text=Our%20colleagues%20at%20the%20Office,**Occupied%20Palestinian%20Territory

[11] International Council of Voluntary Agencies (ICVA). (2025). *Lives on the Line: The Human Impact of US Foreign Aid Shifts*. Geneva: ICVA. https://www.icvanetwork.org/uploads/2025/03/Lives-on-the-Line-Final-Report.pdf

[12] Think Health Global. (2025, August). *The State of Global Health Funding 2025.* https://www.thinkglobalhealth.org/article/state-global-health-funding-august-2025

[13] Vision of Humanity. (2025, June 12). *How aid cuts will impact children's education.* https://www.visionofhumanity.org/how-aid-cuts-will-impact-childrens-education

[14] UN Women. (2025, April). *At a breaking point: The impact of foreign aid cuts on women's organisations in humanitarian crises worldwide.* https://www.unwomen.org/en/digital-library/publications/2025/05/at-a-breaking-point-the-impact-of-foreign-aid-cuts-on-womens-organizations-in-humanitarian-crises-worldwide

[15] Guttmacher Institute. (2025, January, plus updates in April). *Family planning Impacts of the Trump Foreign Assistance Freeze.* https://www.guttmacher.org/2025/01/family-planning-impact-trump-foreign-assistance-freeze

Contents

1. The Changing Aid Landscape

This section describes the different vehicles available for financing development and how they are changing. It also looks at the impact of the aid cuts with respect to issues and geographies and summarises what this changing landscape might mean for corporate foundations.

1.1 -Sources of funding

What is ODA?

Official Development Assistance (ODA) is government-to-government aid administered with the main objective of promoting the economic development and welfare of developing countries. It is defined and tracked by the OECD through its Development Assistance Committee (DAC) which currently has 31 member countries plus the European Union. Funds must adhere to specific rules (e.g., concessional terms for loans, welfare / development focus) and are systematically reported and monitored. ODA remains the largest single source of development-aid funding globally. Non-OECD countries are not required to adhere to the same reporting and transparency frameworks, and that data is therefore not as readily available.

Global Official Development Assistance (ODA) is declining and projected to fall by US$31 billion in 2025.

In 2024, the latest year for which official data is available, the 17 largest OECD donors provided US$198.7 billion (of the 212.1bn total) in ODA (making up over 95% of total recorded ODA from all of OECD's Development Assistance Committee (DAC) members), a decline from US$213.13 billion in 2023. In 2025, projections suggest ODA from these donors will fall by a total of US$31.1 billion. The main drivers are cuts from the two largest donors, the USA and Germany. Across 12 other markets, including France and the UK, ODA is expected to decline due to a combination of budget cuts, increased domestic spending by donors on refugee costs, and reduced GDP growth. Small, expected ODA increases in three markets – Japan, South Korea and Italy – will not be able to cover the losses.[16]

Aid is not the only form of finance for poorer countries. Far more money is channelled through remittances and Foreign Direct Investment (FDI). Neither vehicle has an explicit mandate to reduce poverty. In addition, their distribution is skewed towards larger economies (see Figures 1 & 2). Foreign direct investment flows (investment from one country into a business or corporation in another country) into developing economies dropped to US$435 billion in 2023, the lowest since 2005. The World Bank cites rising trade and investment barriers as the main reason for this drop.[17]

Remittances recently overtook FDI in size, and it is now greater than both FDI and ODA combined.[18] Despite representing a private financial flow from migrants to their home countries, numerous studies confirm that remittances play a pivotal role in alleviating poverty.[19] They can be crucial in allowing households to avoid or pay off debts,[20] smooth consumption,[21] fund healthcare, prepare for climate shocks,[22] and invest in productivity.[23] The Center suggests a number of options to maximise remittance flows for development, including lowering the cost of sending remittances and encouraging remittance matching by governments.[24] RemitAid, a remittance match funding mechanism, was included in the Seville Platform for Action Initiatives list. It is supported by the African Foundation for Development (AFFORD-UK) in partnership with the African Union Commission and GK Partners (GKP).[25]

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[16] Donor Tracker: *An initiative by SEEK Development.* (2025, May 14). *The Budget Cuts Tracker*. https://donortracker.org/publications/budget-cuts-tracker#how-much-is-oda-projected-to-fall-in-2025-and-2026

[17] World Bank Press Release. (2025, June 16). *High Trade and Investment Barriers Pose Threat to Mobilizing Financing for Development.* https://www.worldbank.org/en/news/press-release/2025/06/16/foreign-direct-investment-in-retreat

[18] Ratha, D. et al. World Bank blog. (2024, December 18). In 2024, remittance flows to low-and middle-income countries are expected to reach $685 billion, larger than FDI and ODA combined.

[19] Ojeyinka, T.A. and Ibukun, C.O. Do Remittances Mitigate Poverty? Evidence from Selected Countries in Africa, Asia and Latin America. *Economic Change and Restructuring*, vol. 57, no. 93, 2024. https://link.springer.com/article/10.1007/s10644-024-09666-1

[20] Jacobson, C., Crevello, S., Chea, C., and Jarihani, B. When is Migration a Maladaptive Response to Climate Change? *Regional Environmental Change*, vol. 19, no. 1, 2019, pp. 101–112. https://link.springer.com/article/10.1007/s10113-018-1387-6

[21] Kwame Adjei-Mantey, Millicent, O. Awuku, Ruby V. Kodom. (2023).
Revisiting the determinants of food security: Does regular remittance inflow play a role in Ghanaian households? A disaggregated analysis. *Regional Science Policy & Practice*, vol. 15, Issue 6. https://doi.org/10.1111/rsp3.12610

[22] Smith, R. (2016). *The Goal of the Good House: Seasonal Work and Seeking a Good Life in Lamen and Lamen Bay, Epi, Vanuatu*. PhD thesis, University of Manchester.
https://research.manchester.ac.uk/en/studentTheses/the-goal-of-the-good-house-seasonal-work-and-seeking-a-good-life-.

[23] Musah-Surugu, J.I. and Anuga, S.W. (2023). Remittances as a Game Changer for Climate Change Adaptation Financing for the Most Vulnerable: Empirical Evidence from Northern Ghana. In: Meyer, S. and Ströhle, C. (eds) *Remittances as Social Practices and Agents of Change*. Cham: Palgrave Macmillan, pp. 343–367. https://link.springer.com/chapter/10.1007/978-3-030-81504-2_15

[24] Huckstep, S. and Dempster, H. (2025, May 15). After Aid Cuts, Here's How to Make the Most Out of Remittances. *Center for Global Development*. https://www.cgdev.org/blog/after-aid-cuts-heres-how-make-most-out-remittances

[25] FF4D. Sevilla Platform For Action Initiatives. A list of the 130 agreed actions and partners.

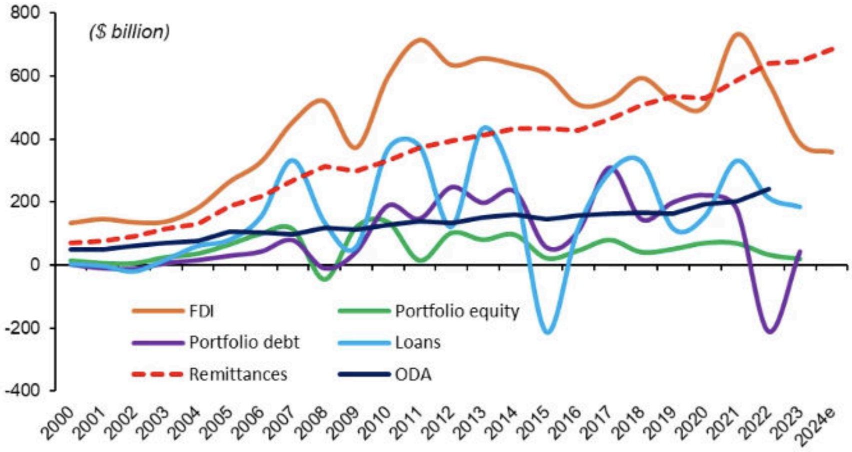

Figure 1: ***Remittances continued to outpace FDI and ODA combined***

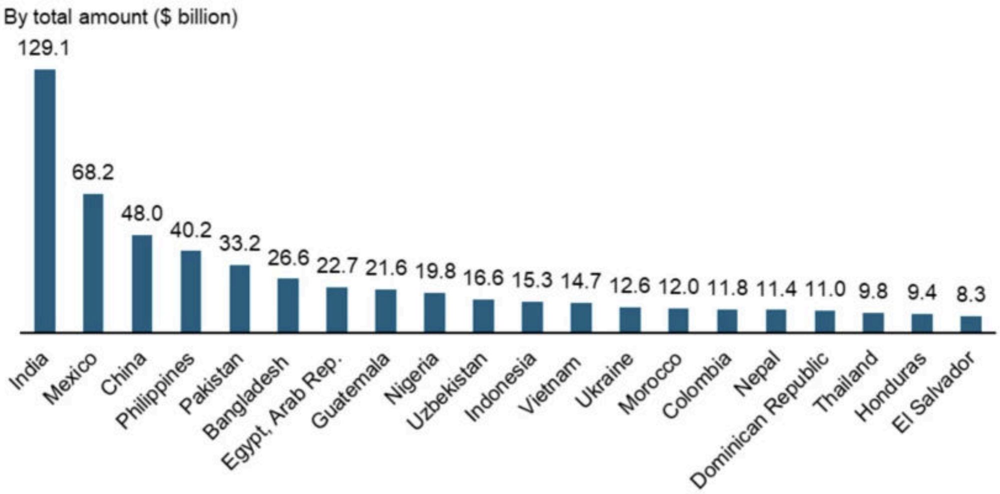

Figure 2: ***Top recipients of remittances among low- and middle-income countries in volume, 2024***

Mobilising domestic resources is key, but public debt is a challenge. Emphasis on domestic resource mobilisation is growing, including the improvement of tax systems. However, global public debt is projected to reach a post-World War II high of over 100% of GDP by 2029.[26] Furthermore, in 2024, developing countries paid a record $92 billion in net interest on public debt, a 10% increase from 2023, straining their budgets and diverting funds from health and education.[27] This debt trap necessitates assistance and aid from the very countries and institutions from which they have received loans. At the macro level, debt-for-development swaps are emerging as mechanisms to reduce the sovereign debts that hold back emerging

[26] IMF. (2025). *Fiscal Monitor.* https://www.imf.org/en/Publications/FM
[27] UNCTAD. (2025). *A World of Debt.* https://unctad.org/publication/world-of-debt

economies, whilst delivering highly impactful development outcomes.[28] At a more micro level, support for financial inclusion programmes and closing digital finance gaps remains critical.

Philanthropy for ODA is *relatively* small but is a growing source of finance in middle-income countries. Private philanthropic organisations cannot directly contribute to ODA as it is a government-government vehicle. However, given the significant grants and investments for international development (e.g., in 2024, the Gates Foundation provided over US$5 billion), the OECD have started to track and analyse 32 major donors. These include independent and corporate foundations such as the Lego Foundation, Mastercard Foundation, and the UBS Optimus Foundation. In 2023, they provided a total of US$11 billion in support of development.[29] To put this into context, it equates to about 5% of the total Official Development Assistance budget (ODA US$212.1 billion in 2024).

Despite data-gathering challenges, one global estimate suggests that total cross-border philanthropic outflows are around US$70 billion.[30] This figure has remained similar to pre COVID-19 levels, suggesting that it is a resilient form of funding and less affected by global shocks than, for example, private capital investment.

Newer (non-OECD) players in development finance (e.g., Gulf States, China, Turkey, South Korea) are combining government-government aid tied to strategic interests[31] with a focus on enabling more domestic philanthropy. Some are facilitating digital platforms, donor-advised funds, family offices, philanthropic collaboratives and Limited Liability Companies, further galvanizing the impact of the philanthropic sector. This is clearly a growth area. In emerging economies that receive significant cross-border financing, such as India, China and Mexico, domestic philanthropic financing has already surpassed the flows of cross-border philanthropy.[32]

Predictions suggest that increasing private wealth in Southeast Asia's six largest economies – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – could result in a surge of philanthropic activities of potentially over US$700 billion per annum (noting that this large figure is a prediction and also combines all philanthropy, domestic and cross-border flows).[33, 34]

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[28] Saavedra, P., Diagana, O., Familiar, J. & Ahmad, J.K. (2025, May 19). *A new approach to debt-for-development swaps. World Bank Blogs (Voices).* https://blogs.worldbank.org/en/voices/a-new-approach-to-debt-for-development-swaps
[29] Lee, X., Sivarajah, K., Addy, C. & Thompson, R. (2023, November 1). The Philanthropic Potential of Asia's Rising Wealth. Bridgespan Insight. https://www.bridgespan.org/insights/philanthropic-potential-of-rising-wealth-in-asia
[30] Indiana University. (2025). *The Global Philanthropy Environment Index (GPEI).* Lily Family School of Philanthropy. 2025 Trends & Themes: Global Philanthropy Environment Index: Global Philanthropy Indices: Indiana University Indianapolis.
[31] Friedman, A. (2025, August 12). *The Future of foreign aid: alternative donors bring different models.* Georgetown University School of Foreign Service Blog. https://sfs.georgetown.edu/news/the-future-of-foreign-aid-alternative-donors-bring-different-models/
[32] OECD. (2025). *Philanthropy.* Op. cit.
[33] Lee, X., Sivarajah, K., Addy, C. & Thompson, R. (2023, November 1). The Philanthropic Potential of Asia's Rising Wealth. Bridgespan Insight. https://www.bridgespan.org/insights/philanthropic-potential-of-rising-wealth-in-asia
[34] Centre for Asian Philanthropy and Society. (2024, June 13). *Doing Good Index 2024: Examining the Readiness of Asia's Social Sectors to Thrive.* Centre for Asian Philanthropy and Society https://doinggoodindex.caps.org/assets/Doing_Good_Index_2024-DHvLUZqA.pdf

There is a growing trend towards alternative financing models.

The rising need and decreasing aid flows, along with a growing recognition of the unsustainable nature of the donor-recipient aid model, have led to the development of alternative financing models for development. One example is blended finance that combines public and private sources, such as USAID's INVEST programme, which over seven years, from 2017 to 2024, mobilised US$1.61 billion, working together with almost 200 private sector partners.[35] Similarly, the World Bank's International Development Association leverages bond markets and repayments (every £1 the UK puts into this leverages £4 in lending and grants).[36] Corporate interest in impact investing and venture philanthropy is growing, though adoption remains gradual.[37] Unlike conventional grants that often fund short-term projects, venture philanthropy provides long-term, unrestricted funding to help social enterprises scale sustainably. A key characteristic of venture philanthropy is its flexible financial models, including low-interest loans and convertible grants.

What does this mean for philanthropic organisations and corporate foundations in particular?

As traditional aid contracts and domestic resources in low-income countries become increasingly constrained, corporate foundations have a critical opportunity to focus where need is greatest, especially in the poorest markets most affected by ODA reductions. At the same time, many middle-income countries are seeing rapid growth in local philanthropic capital. In these contexts, the role of international corporate philanthropy should evolve, shifting from simply providing capital towards strengthening the quality, transparency and effectiveness of funding ecosystems, while also supporting local actors with evidence, data capability and innovation.

In this new landscape, the value of corporate philanthropy lies not only in grantmaking, but in leveraging corporate capabilities, networks and innovation capacity – supporting locally-led organisations and social enterprises, experimenting with blended-finance and venture-philanthropy models, and helping unlock private investment for development. Corporate foundations are uniquely positioned to take calculated risks, build evidence and scale solutions that bridge commercial and social value. In short, the role of corporate philanthropy is evolving from simply distributing funds to instead shaping sustainable, market-aware, community-driven models for development and impact.

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[35] DAI. (2024). *Worldwide—INVEST.* DAI: International Development. https://www.dai.com/our-work/projects/worldwide-the-invest-project
[36] Watkins, K. (2025, May 6). *UK Aid Cuts – Minimising the Harm, Planning for Recovery.* ODI. https://odi.org/en/insights/uk-aid-cuts-minimising-the-harm-planning-for-recovery/
[37] Impact Investor. (2025, February). Interest in Impact Investing Growing but Adoption Remains Gradual, Survey Finds. *Impact Investor*. https://impact-investor.com/interest-in-impact-investing-growing-but-adoption-remains-gradual-survey-finds/

1.2 – Issues most affected by the cuts

Projects most affected by aid cuts, according to OECD data, include **health, humanitarian, education, good governance and civil society**.[38] This mirrors where US aid cuts have been made (see Figure 3), spanning maternal health and education but also 100% cuts to civil society, including all work with non-government organisations. Infrastructure and private sector competitiveness are also severely impacted. The latter is all about helping local businesses thrive through better access to finance, improved regulations, entrepreneurship support, and connecting them to global markets. Good Governance (transparency, accountability, anti-corruption, efficient public service delivery) and political competition and consensus-building (supporting elections and democracy) has also been entirely cut.[39]

What does this mean for Philanthropic Organisations?

Civil Society and Good Governance are both areas that philanthropy could step in to support – especially as they are more likely to remain off limits due to their perceived 'political nature'.

Due to the cuts, many governments have also had to prioritise areas of work – for example, the UK has reduced its focus on both gender equality and climate adaptation. These are two areas which have also traditionally not been a big focus for philanthropic support.[40] Global data also continues to show that women entrepreneurs struggle to access capital (IFC cites a US$1.5 to 1.7 trillion credit deficit for women-owned SMEs), suggesting there is an opportunity – and necessity – for innovation in how philanthropic funds are used for women's entrepreneurship.

Many philanthropic organisations have traditionally spent the most on health and education, issues that are also now under threat from ODA cuts. With all of the above, decisions must be made about where money can best plug gaps. Probably more important than the 'issue' is the principle that philanthropic funding should either seed innovation in underfunded areas or complement / be blended with other, larger funds or missions for greater impact. In the case of corporate philanthropy, the chosen issue should be aligned with the core business for maximum impact (see following section).

[38] OECD. (2025, June). *Cuts in official development assistance: Projections for 2025 and the near term.* https://www.oecd.org/en/publications/2025/06/cuts-in-official-development-assistance_e161f0c5/full-report.html#endnote9
[39] ForeignAssistance.gov. (2025). Dashboard – U.S. Foreign Assistance. U.S. Department of State & USAID. Data last updated 2 May 2025. https://www.foreignassistance.gov/
[40] OECD. (2024, August). How Philanthropic Foundations Support Gender Equality and Women's Empowerment. *OECD Development Policy Papers*, No. 55. Paris: OECD Publishing. https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/08/how-philanthropic-foundations-support-gender-equality-and-women-s-empowerment_21a7eaf1/3fbec947-en.pdf

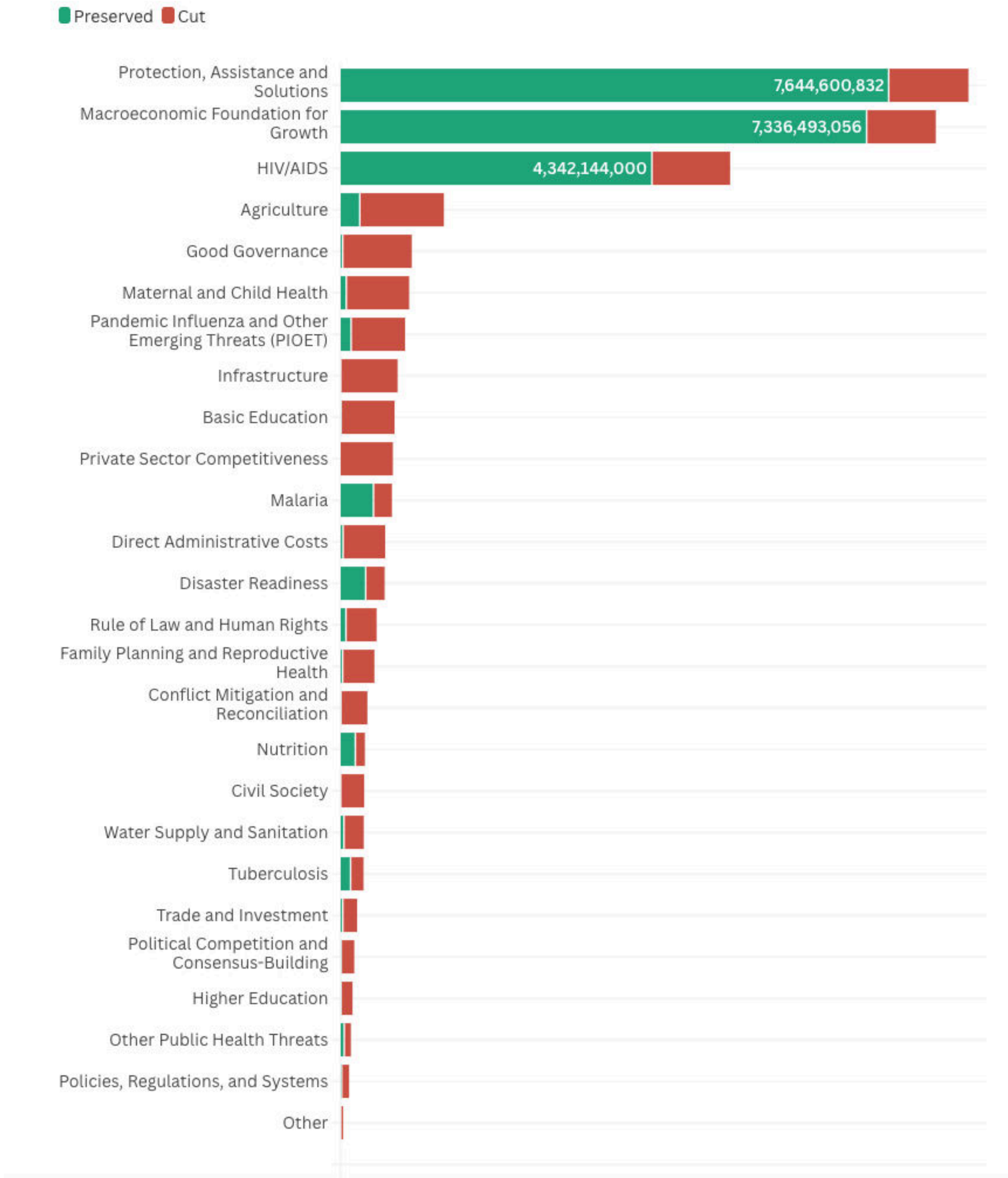

Figure 3: ***Proposed USAID cuts by sector (US$)***

Based on documents shared with Congress on March 27, 2025[41]

1.3 – Geographies most impacted by the cuts

Low-income countries most affected include: Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Tanzania, Timor-Leste, Togo, Tuvalu, Uganda, Yemen, Zambia

[41] Center for Global Development. (2025). *USAID Cuts: New Estimates at the Country Level.* https://www.cgdev.org/blog/usaid-cuts-new-estimates-country-level

Given the explicit poverty reduction mandate of ODA, OECD analysis shows how low-income countries and countries in sub-Saharan Africa are most exposed to the ODA cuts. In addition, the large multilateral organisations that many donor governments fund (such as the World Bank), have also traditionally been among the top providers of finance in the poorest countries.[42]

What does this mean for Philanthropic Organisations?

For corporate foundations with supply chains, customers or workforce presence in these countries, the direction is clear: sustaining investment and support in the most fragile and low-income markets will be critical as ODA and concessional finance declines.

For many companies, however, these contexts will not be commercial markets, and programmes will continue to operate predominantly in emerging and middle-income economies. In these settings, inequality remains a defining challenge, and corporate philanthropy should continue to prioritise the poorest and most marginalised communities.

At the same time, it is justified to support low-income populations that are above the extreme poverty line, such as micro-entrepreneurs or small-scale producers who, with the right capital and capacity support, are positioned to build livelihoods, drive local economic growth, and contribute to more resilient and inclusive market systems. The key principle is not choosing between fragile and emerging markets but ensuring that in all geographies, corporate funding reaches those at risk of being left behind and acts as a catalyst for inclusive development.

2. The Drivers Behind the Changing Aid Landscape

Looking inwards, not outwards. Donor governments are facing unprecedented financial pressures with rising public debt, fiscal constraints, and the failure to mobilise private finance, forcing them to focus more on domestic priorities. They are also having to address historically high numbers of refugees and humanitarian crises, causing them to spend more ODA on refugees arriving in their own country rather than spending internationally. In 2024, in-country donor refugee costs amounted to US$26.95 billion, according to the latest OECD data.[43] These costs outweigh the humanitarian aid of US$23.69 billion in 2024.

Strategic interests are trumping a focus on the poorest and most vulnerable. Countries have partly justified their aid cuts by the need to increase

[42] OECD. (2025, June). Policy Brief. *Cuts in official development assistance: OECD projections for 2025 and the near term.* https://www.oecd.org/en/publications/cuts-in-official-development-assistance_8c530629-en/full-report.html
[43] OECD. (2025). *Components of DAC Member Countries' Official Development Assistance (ODA), 2000–2024.* https://www.oecd.org/en/topics/official-development-assistance-oda.html

defence spending in response to global insecurity. The UK, for example, has committed to increasing defence spending to 3% of GDP, and the US is aiming to spend US$1 trillion.[44] They have also assumed that public support for aid is not high enough.[45] Polarising political narratives about migrants and vulnerable groups have also replaced traditionally more supportive narratives and respect for international obligations around refugee rights and marginalised groups.[46] In 2024, nearly a quarter of governments worldwide reported a backlash on women's rights.[47] Strategic 'geoeconomics', with a focus on protectionist policies and alliances, is also shaping the current world order. Yet bolstering trade access (like tariff-free entry to developed markets) often yields more long-term benefits than direct aid. Global removal of trade barriers could deliver US$250–680 billion in annual welfare gains to developing countries, according to the World Bank. This is 3–5x the size of annual ODA (US$212.1 billion in 2024).

Emergence of other actors. Reform of the international aid system has been long overdue, with critics citing dependency cultures, dominance by countries of the Global North, and high overheads. It is also a fragmented system, with hundreds of aid delivery platforms housed at the UN, and multilateral development banks, often duplicating each other and failing to link up with wider strategic opportunities on debt, tax and trade.[48] The largest donors have long been the USA and Europe. In recent times, China and the Gulf States have been increasing their spending and say in international aid architecture, albeit still at much lower levels of spending and not being held to the same levels of transparency and accountability as the OECD DAC members.[49] China's approach to aid is more commercially driven. For example, its Belt and Road Initiative (BRI), which focuses on land and maritime infrastructure across Africa and other regions, overwhelmingly consists of loans and investments.[50]

There has also been an increase in South-South Cooperation – for example, the African Continental Free Trade Area.

[44] Hadley, G. (2025, May 2). Trump Proposes US$1 Trillion Defense Budget for 2026. *Air & Space Forces Magazine*. https://www.airandspaceforces.com/trump-proposes-1-trillion-defense-budget-2026/

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Headline Outcomes from the Fourth Financing for Development Conference in Seville (June 2025)

The Sevilla Commitment is the first inter-governmental financing for development framework since 2015 and aims to be a blueprint for action. It represents a significant effort to move from agreement to action and to rebuild trust in multilateralism. The Commitment includes more than 130 initiatives aimed at revitalising global finance for sustainable development. While governments reaffirmed their commitment to the SDGs, the conference emphasised a widening financing gap and an urgent need for system reform that prioritises the mobilisation of private, philanthropic and blended capital.

Headline outcomes included:

- Investment - the commitment seeks to increase investment from all sources including domestic, private and foreign to help close the $4 trillion annual SDG financing gap in developing countries.
- 130 initiatives have been launched under the Platform for Action, including SCALED (a blended finance platform and FX EDGE (a toolbox for FX risk management)
- Debt distress was highlighted as a defining issue, with UNCTAD estimating that 3.4 billion people live in countries spending more on debt servicing than on health or education. Requiring a combination of strengthening tax systems; reforming debt architecture and improving trade terms and trade related capacity building for developing countries.
- Governments made commitments to support specific initiatives for example, the UK committed to SME sustainability reporting, debt pause clauses, and common principles for private capital mobilisation.

3. Opportunities for Corporate Foundations

The post-Seville environment creates both pressure and opportunity for corporate foundations to evolve from complementary grantmakers to systemic actors in development finance.

It is important to note the differences between independent and corporate philanthropy. Arguably, independent foundations shape the “what” of development finance, freely setting priorities and funding high-risk innovation, whilst corporate foundations shape the “how” linking those corporate-aligned priorities to scalable, market-based delivery systems.

Big-Picture Summary: Independent vs Corporate Foundations in Development Finance

Dimension	**Independent Foundations**	**Corporate Foundations**
Primary Function in Development Finance	Catalytic capital providers, agenda setters	Market builders, private sector connectors
Risk Appetite	High: pilot and de-risk	Moderate: business-aligned experimentation
Funding Nature	Endowment-based, long-term	CSR-based, annual or project-based
Influence Channels	Policy, research, global advocacy	Industry, supply chains, innovation networks
Contribution Type	Grantmaking, guarantees, convening power	Expertise, market presence, partnerships

By collaborating more effectively (including with donors and development banks), embracing systems change, aligning with corporate competencies, and devolving power locally, they can turn their unique position – one at the intersection of business and development – into a force that helps close and reshape the global financing gap highlighted at Seville.

1. **Collaborate and convene.** Foundations are already often collaborating, but Seville highlighted the need for this to happen on a greater scale and with stronger alignment to national development priorities. A UBS / Harvard Kennedy School study of 7,377 foundations found 42% are collaborating with other foundations and 21% are partnering with governments.[51] Initiatives like Project Resource Optimisation, which was established to help match philanthropic funders with USAID programmes that had lost funding, illustrate how philanthropic organisations and individuals can be better connected to donor programming. [52]

   The next frontier is collaboration that is strategic; co-created and co-owned with governments, multilaterals and civil society; and oriented towards system-level investment vehicles rather than single projects. Corporate

[51] Johnson, P.D. (2018). *Global Philanthropy Report: Perspectives on the Global Foundation Sector*. Cambridge, MA: Harvard Kennedy School & UBS. https://www.hks.harvard.edu/sites/default/files/2023-09/global_philanthropy_report_final_april_2018.pdf
[52] Center for Global Development. n.d. *Funding Opportunities*. PRO Impact Tools. https://proimpact.tools/funding-opps#opp-library

foundations can join or co-create multi-donor or blended finance platforms, pooling funds with Multilateral Development Banks (MDBs), Development Finance Institutions (DFIs), and philanthropic collaboratives. These platforms allow them to de-risk early-stage investments, crowd in private finance, and influence policy frameworks that shape sustainable business ecosystems, while also laying the groundwork for rapid implementation at the country level.

Examples

- The **ID4D Multi-Donor Trust Fund created by the Bill & Melinda Gates Foundation** and **Omidyar Network** supports the World Bank's *Identification for Development* initiative to build digital identification systems that help citizens access vital services like banking, healthcare and social security. This offers a model for how corporate foundations might co-invest in platform-level infrastructure.

- **The Global Energy Alliance for People and Planet (GEAPP)** is a global initiative launched in 2021 to accelerate the transition to clean, renewable energy in emerging economies. It works to end energy poverty, foster inclusive economic growth, and combat climate change simultaneously. Founded by The Rockefeller Foundation and also supported by the IKEA Foundation and the Bezos Earth Fund, the alliance unites philanthropic organizations, governments, multilateral institutions and private sector partners to provide technical support, finance and expertise for renewable energy projects in over 80 countries.

- **Mission 300**, led by the World Bank Group (WBG) and African Development Bank (AfDB), aims to connect 300 million people to electricity by 2030. By expanding access, improving utility efficiency, attracting private investment, and strengthening regional integration, the initiative powers homes, businesses and communities, creating jobs across energy, manufacturing and services. A key insight from Mission 300 is the strategic value of engaging philanthropic partners, such as The Rockefeller Foundation, GEAPP, and SE4LL – not just as funders, but as co-creators tapping into their expertise.

- In the **2030 Water Resources Group (WRG)** partnership, foundations are providing financial and expert support to country-level, multi-stakeholder partnerships that address water security challenges. For corporate philanthropies, efforts to manage and strengthen water resilience tackle a vital, multifaceted sustainability and operational risk. For example, in 2024, WRG in Bangladesh – with support from The **Coca-Cola Foundation** – facilitated the scaling up of climate-smart irrigation and crop management technologies. This project is supporting the adoption of improved irrigation beyond the 20,000 hectares of drought-prone land covered in the first phase. In the first five years, the project increased rice production by 7% using 390 liters less water per kilogram of rice produced.

- The **Africa Capital Hub (ACH)**, backed by the **Children's Investment Fund Foundation (CIFF)**, **UBS Optimus Foundation** and **BwB (Bankers Without Boundaries)**, was officially launched in December 2024 with the ambition to mobilise US$1 billion by 2030 for health, energy and agriculture initiatives across Africa.[53]

2. **Drive systems change.** Seville underscored that philanthropic and private capital must go beyond incremental projects to address structural barriers to sustainable development, such as regulatory frameworks, debt burdens and access to finance for SMEs.[54] Corporate foundations can play an active role in shaping this system's change agenda, advocating for enabling policy environments and testing catalytic finance models that later attract mainstream investment.[55]

   Foundations are also collaborating to challenge regulatory barriers to philanthropy and to establish stronger philanthropic networks in emerging economies.

Examples

- The **Anglo American Foundation** is working on regulatory reforms to make philanthropy more enabling in the Global South. Noting that: "it is widely accepted that more philanthropy is needed, but we need to change the rules to make that happen." [56]

- The **Invest in Childcare Trust Fund** includes support from the LEGO Foundation, the Conrad N. Hilton Foundation, and others. The fund offers match funding to governments for quality childcare, and it is tied to World Bank programmes. This is useful as a precedent of philanthropic capital being pooled to influence national policy and public systems via development bank pathways.[57]

[53] BwB UK Ltd. (2025, April 22). *From Ambition to Execution – the Africa Capital Hub Advisory Board Is Here!* BwB News & Publications https://www.bwb.earth/post/from-ambition-to-execution-the-africa-capital-hub-advisory-board-is-here

[54] Centre for Strategic and International Studies (CSIS). (2025). *Financing Development: What's Next After Seville?* https://www.csis.org/analysis/financing-development-whats-next-after-seville; and United Nations Conference on Trade and Development (UNCTAD). (2025). *World Development Report: Debt and Development Finance Trends 2025.* https://unctad.org

[55] Rockefeller Foundation. (2024). *PlayBook on Systems Thinking for Impact Investing.* https://www.rockefellerfoundation.org

[56] Interview with Michael Mapstone, CEO Anglo American Foundation.

[57] Tsai, L. (2024, July). *An Overlooked Sweet Sport for Foundations How Philanthropic capital can partner with the World Bank.* Stanford Social Innovation Review. https://ssir.org/articles/entry/philanthropic-capital-world-bank

- The **Romanian-American Foundation** and the **Joseph Rowntree Foundation** are making long-term investments in ecosystem change, focusing on structural solutions and reimagined economic models.[58]
- The **Rockefeller Foundation** has designed a playbook on systems thinking for impact investing.[59]

3. **Harness core business skills and innovative business models.** Corporate foundations are uniquely positioned to deploy patient, risk-tolerant capital that bridges commercial and social objectives. This capital can be used to test new models, pilot blended finance structures, or de-risk investments that later attract mainstream capital. This reflects the World Economic Forum's call for corporate philanthropy to move from charity to catalytic capital, noting that only a fraction of the US$71 billion in annual corporate giving targets climate or nature-related causes.[60]

   To achieve "strategic harmony", foundations can align with their parent companies' expertise while maintaining mission independence.

   They can also act as learning labs for sustainable business practices, feeding insight back into procurement, workforce development or market access strategies.[61]

Examples

- **MasterCard Center for Inclusive Growth** is providing communications and fundraising support to NGOs and deploying employee expertise (e.g., finance and data staff) to help NGOs adapt.
- The **Waitrose Foundation** in the UK was eager to align its work to support its suppliers and workers in their own supply chains.[62] They opted not to apply for 'Corporate Foundation' status to achieve this, instead running it as a supply chain programme of the business.

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[58] Philanthropy Europe Association (Philea). (2025, June 2). *Bridging Today and Tomorrow: Futures Philanthropy Case Studies.* Philea. https://philea.eu/philea-releases-bridging-today-and-tomorrow-futures-philanthropy-case-studies/

[59] Rockefeller Philanthropy Advisors. (2025). *Systems Thinking for Impact Investing.* Rockefeller Philanthropy Advisors. https://www.rockpa.org/project/shifting-systems/impactinvesting/

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[62] John Lewis Partnership. (2021). *Waitrose Foundation 2021 Progress Report*. London: John Lewis Partnership. https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/Juniper/ethics-and-sustainability/progress-report/JLP-Waitrose-Foundation-2021-Progress-Report.pdf

- **UBS Optimum Foundation** has adopted a 'collective philanthropy approach', allowing its clients to pool resources around key issues.[63]
- **Acumen** continues to prove the impact of patient capital to build sustainable social enterprises, replacing one-off grants with scalable solutions. Its **Hardest-to-Reach (H2R) Initiative**, a blended finance[ID1] programme backed by the (IFC) and others to expand clean energy access in sub-Saharan Africa, provides capital to off-grid and mini-grid solar companies, particularly in countries with low electrification rates. The IFC provides investment to support the initiative, which aims to bring electricity to 70 million people by providing flexible debt and patient capital to growth-stage companies, as well as early-stage funds.
- **Save the Children's Global Ventures** shifts away from grants and fixed KPIs to funding outcomes through tools like impact bonds, ensuring efficiency and innovation.

4. **Adopt local and flexible approaches.** Responding to Seville's emphasis on inclusivity and local ownership, corporate foundations can strengthen their impact by localising strategies and adopting flexible, adaptive funding mechanisms.

   This means supporting locally led initiatives, investing in national impact-investing advisory boards, and designing interventions that align with community priorities and evolving contexts. "Accountable agility", flexibility coupled with transparency, is key. Corporate foundations can experiment with shorter funding cycles, rolling calls, or milestone-linked tranches, and consider how to align these with ESG-level impact reporting standards.

Examples

- The **Anglo American Foundation** has accelerated its localisation agenda. This includes supporting locally led development initiatives and investing in national advisory boards for impact investing (e.g., in Peru).

[63] UBS. (2025, March 7). *How Does Collective Philanthropy Work?* UBS Global. https://www.ubs.com/global/en/sustainability-impact/our-insights/viewpoints/2022/how-does-collective-philanthropy-work.html

- The **Nike Community Impact Fund** continues their support for local organisations through grants in cities like Amsterdam, Antwerp and Atlanta, focusing on community development via sport.
- The **Laudes Foundation**, the **Mercator Foundation Switzerland** and the **Robert Bosch Foundation** are adopting flexible, responsive approaches that allow for ongoing learning and course correction in response to rapidly shifting contexts.[64]
- Initiatives like **Leap Collective** and **Assifero's Future Chair** are challenging traditional power dynamics in philanthropy, ensuring that those most affected by funding decisions have a voice in shaping them.

The Role of High-Net-Worth Individuals and Collaboration with Corporate or Institutional Actors

Alongside institutional actors, high-net-worth individuals (HNWIs) represent one of the most flexible and catalytic sources of private capital. Their potential lies not in scale, but in speed, risk appetite and thematic flexibility, all of which are essential in the volatile financing environment outlined at Seville.

What wealthy individuals can do

- Deploy unrestricted, risk-tolerant capital to test innovative or early-stage ideas, particularly where corporate or institutional funders face constraints.
- Act as "first-loss" investors or guarantors in blended finance vehicles, helping to crowd in corporate and institutional funds.
- Stay theme-agnostic and adaptive, moving quickly between priorities such as education, inclusion or climate resilience as opportunities emerge.
- Fund system enablers, such as data infrastructure, local capacity-building, and policy pilots that make large-scale finance more effective.

How collaboration can multiply impact

The most powerful opportunities emerge when wealthy individuals collaborate with corporate or institutional actors. These partnerships combine the credibility and reach of corporates with the agility and freedom of private philanthropists. They also align

[64] Philanthropy Europe Association (Philea). (2025, June 2). *Bridging Today and Tomorrow: Futures Philanthropy Case Studies.* Philea. https://philea.eu/philea-releases-bridging-today-and-tomorrow-futures-philanthropy-case-studies/

with the Seville emphasis on mobilising all sources of capital for shared development priorities. The aforementioned trend towards the use of Donor Advised Funds is helping to better facilitate this type of collaboration.

Examples of collaboration

- Joint Challenge Funds: HNWIs provide early grant capital, while corporate foundations add scale and corporate know-how.
- Innovation or Venture Philanthropy Labs: Co-created platforms to test scalable business-society solutions.
- Blended Impact Portfolios: Wealthy individuals underwrite risk, enabling DFIs or corporates to participate in higher-impact ventures.
- Outcome or Social Impact Bonds: Philanthropic capital funds experimentation; corporates and MDBs pay for proven results.[65]

Acknowledgements

This paper was written by Alice Allan and Zahid Torres-Rahman from Business Fights Poverty. We are grateful to **Natasha Kwakwa** and **Kate Sullam** from Standard Chartered, and for inputs from the **Standard Chartered Foundation Board**. We are also grateful to individuals from the **Business Fights Poverty *Global Expert Network*** for supporting us with this research: **Nyika Brain**, John Lewis Partnership Foundation Trustee and The One Foundation Trustee; **Jim Emerson**, formerly CEO, The Power of Nutrition and Plan International; **Keith Kibirango**, CEO, New Markets, formerly Save The Children African Philanthropy and Crown Agents; **Sarah Middleton**, formerly SVP, PIMCO Foundation; **Dr Steph Shankland**, University of East Anglia; **Simon Starling**, CARE International UK Trustee and formerly Director of Policy, Advocacy & Research, BOND UK; **Adam Tomasek**, formerly Supervisory Managing Director, Private Sector Engagement Hub, USAID. We are also grateful for the input of **Michael Mapstone**, CEO, Anglo American Foundation; and for inputs from the World Bank, especially from **Tomoo Okubo** and **Irene Daskalaki**.

[65] See this World Bank webpage for examples of World Bank Outcome Bonds https://treasury.worldbank.org/en/about/unit/treasury/ibrd/outcome-bonds

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