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BULLETIN

The end of development aid —international consequences

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Drastic cuts to global development aid spending in 2025, coupled with ongoing debates regarding the future of development cooperation, signal the end of the existing model. Donors are shifting the nature of their aid, increasingly subordinating it to their own strategic and economic interests. While this may compel a more efficient use of resources, it also risks exacerbating humanitarian crises and widening development gaps between countries. Reductions in aid provided by the United States and European nations will likely facilitate the expansion of influence by new donors, such as China and India. Consequently, it will be crucial to maintain a substantial aid budget within the European Union's new financial framework.

Cuts to aid funding. According to preliminary 2025 data from the OECD Development Assistance Committee, the global value of Official Development Assistance (ODA) stood at $174 billion—a decline of 23.1% (from $215 billion) compared to 2024. This represents the largest annual drop since records began, effectively returning support levels to those seen in 2015. The United States was the primary driver of these cuts, with its aid reducing by 56.9% following the closure of USAID by the Donald Trump administration. However, cost-cutting measures were also implemented by the majority of OECD members (26 out of 34), including major donors such as Germany (down 17.4%), France (10.9%), the United Kingdom (10.8%), and Japan (5.6%).

This trend is set to continue in the coming years. According to OECD forecasts, global aid spending in 2026 will reduce by another 5.8%. Budget plans from several donors for 2027 indicate further cuts: a 43% reduction for France (a decrease of €1.9 billion), an 11% reduction for the United Kingdom (falling from 0.7% of GDP in 2023 to 0.37% in 2027), and a 6% reduction for Germany (a decrease of €587 million). Furthermore, EU member states plan to significantly scale back the European Commission's ambitious proposal of a new €200 billion aid instrument—"Global Europe"—in the new multiannual financial framework running until 2034.

A shift in the aid model. The reduction in aid spending is accompanied by an international debate regarding the future of such assistance. In 2025, supported by 17 countries and various organisations, the Coalition for the Future of Development Cooperation was established to develop a new vision for this area. A declaration on this subject was adopted by G7 leaders at their summit in Evian in June 2026. In the same month, Germany—currently the largest bilateral donor—launched its own initiative: the North-South Commission on Development. Meanwhile, under the Irish presidency, the EU is expected to adopt European Council conclusions by the end of this year that will define the future of the Union's development cooperation.

All these actions reflect significant shifts in the approach to aid. Above all, nations are calling for a departure from the traditional model—characterised by a one-way transfer of funds from donor to recipient—in favour of a "mutually beneficial partnership" of equals. At the same time, donors openly acknowledge that aid is also intended to serve their own national interests. The US Secretary of State has stated that American aid should make the United States "stronger, safer, and more prosperous." The EU, meanwhile, emphasises the requirement to incorporate its own objectives regarding migration policy (readmission), economic interests (preferential treatment for European companies), and access to raw materials (such as critical minerals).

Aid is now less focused on poverty alleviation or meeting the immediate needs of recipients; instead, it is increasingly geared toward mobilising capital for investment and trade

development, as well as leveraging the domestic revenues of partner nations. There is a prevailing view that the immense development challenges faced by countries in the Global South cannot be solved through aid alone. Rather, aid can serve as a supplementary instrument to support development and reform in these nations. Consequently, grants are playing a diminishing role, while loans, guarantees, and blended finance are becoming more prominent.

The roots of the crisis. While cuts to foreign aid spending and "aid fatigue" have occurred in the past (for instance, in the 1970s and following the end of the Cold War), the current situation points to structural changes. The crisis in international development cooperation reflects the waning role of the West—the primary global donor—as it is no longer willing to provide aid in the same manner as before. Western donors are being compelled to pursue reforms, driven by external and internal pressures.

External factors include the intensifying rivalry between China and the US, and between Russia and Europe; the resurgence of power politics (exemplified by Russia's aggression against Ukraine and US actions against Iran); and the securitisation of international relations. A sense of threat—whether from Russia in the European context or from US-China competition—has driven an increase in global military spending (by 2.6% in 2025) at the expense of less urgent expenditures. Simultaneously, economic slowdowns, mounting debt, and competition from emerging economies are necessitating the implementation of austerity policies.

Internal pressure, meanwhile, stems from the difficult economic situation in many Western nations, which has led to a reduced willingness to fund aid for other countries, alongside growing expectations that foreign expenditures should yield tangible benefits. Increasingly influential populist movements and right-wing parties—such as the MAGA movement in the US, the AfD in Germany, and the National Rally in France—continue to call for an end to aid in principle. Traditional aid is frequently criticised as ineffective and squandering finite resources. Alongside this, some aid recipients are also calling for a departure from the old model, claiming it fosters dependency on external support and fuels corruption.

The consequences of transition. Funding cuts and a more strategic approach to resource allocation may compel donors to improve the efficiency of their aid delivery, while encouraging partner nations to move toward self-reliance. One can expect a reduction in the administrative and operational costs of many organisations, as well as a greater emphasis on the "localisation" of aid—relying more heavily on local partners. At the same time, developing nations will be compelled to undertake significant reforms, focusing on leveraging their own domestic resources and building robust state institutions. Success in these areas will, in turn, make it easier for countries to attract private capital and investment for economic development.

At the same time, however, a drop in funding will exacerbate humanitarian crises and developmental inequalities between nations. These cuts to Official Development Assistance (ODA) come at a time when developmental and humanitarian needs are at an all-time high—driven by 65 ongoing conflicts (the highest number since the end of World War II), the urgent requirement for climate change adaptation, infrastructure needs, and mounting debt. Against mounting challenges, humanitarian aid spending in 2025 fell by 35.8% (to $15.5 billion), creating a $29.8 billion funding gap and forcing many organisations to scale back their support.

The least developed countries will feel these changes most acutely, as they receive very little private-sector investment and face high costs of capital. A shift from grants to loans will further increase the debt burden on many nations—more than 60 of which already spend more on debt servicing than on education and healthcare. This will heighten the risk of sovereign defaults and increase pressure on wealthy nations to restructure existing debt. Consequently, divisions within the Global South will deepen, and areas of instability will become further entrenched.

Towards a post-aid world. A new vision for development aid will be unveiled in a series of documents over the coming months, yet the direction of these changes is already apparent. First, the traditional model of development cooperation is coming to an end. The value and significance of aid are in irreversible decline, while the methods, objectives, and rationales behind its provision are shifting. Poverty reduction is no longer the primary goal of aid, and loans are increasingly replacing grants as a form of support.

Second, aid is becoming more explicitly and directly aligned with the goals and interests of the donors. Behind the rhetoric of "mutually beneficial partnerships" lies a transactional and pragmatic approach to providing assistance. While some developing nations may leverage this for their own advancement, others will see their humanitarian and economic crises deepen.

Third, this new approach is a symptom of a shifting global order, characterised by a crisis of solidarity and multilateralism. It implies that the UN Sustainable Development Goals, adopted in 2015, will not be met by the 2030 deadline as originally envisioned, and that the 2030 Agenda as a whole is set to fail.

Fourth, shifts in development cooperation point to the growing role of non-traditional donors—such as China, India, Turkey, and various Arab states—who are likely to leverage these changes to influence rules for cooperation. This will accelerate the reform of the development architecture and may even lead to a redefinition of Official Development Assistance (ODA), a term originally established by the OECD in 1969.

The EU—the world's largest aid donor—can maintain its leadership in this sector, provided it secures a substantial budget for development aid for the 2028–2034 period. Such funding would not only enable the EU to more effectively utilise aid to advance its own strategic and economic objectives, but also ensure its capacity to respond to crises and the destabilisation of developing nations. Poland can bolster the EU's role by increasing its own bilateral aid—for instance, by offering support for the development of effective institutions in partner countries.

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