From Funding to Philanthropy? International Financial Institutions and the Politics of Giving in the "End of Aid" Era

Extended Abstract

The abrupt termination of U.S. foreign aid in 2025, followed by retrenchment among major Organisation for Economic Co-operation and Development (OECD) donors, has unsettled the foundations of the post–World War II development order. In this moment of uncertainty, international financial institutions (IFIs) such as the World Bank, the International Monetary Fund, and the African Development Bank stand at a historic crossroads. The question before them is not only how to replace lost aid flows, but how to restore trust in a system many in the Global South experience as distant, conditional, and unequal.

This study begins from a simple yet profound observation: money carries meaning. What we call "funding" is rarely neutral. It travels with conditions, reporting requirements, performance metrics, and subtle hierarchies of voice and value. For decades, co-financing arrangements, earmarked trust funds, and concessional replenishments have shaped development not only through capital, but through power. Now, as bilateral aid recedes, IFIs are compelled to rethink both their financial strategies and their moral vocabulary.

Methodologically, this study combines statistical rigour with human listening. A large-N dataset (1990–2026) will be constructed using data from IFI project databases, OECD-DAC statistics, replenishment records, and public lending reports. Quantitative analysis will trace how IFIs have historically responded to donor volatility, examining shifts in lending volumes, sectoral allocations, reliance on trust funds, and conditionality intensity following principal bilateral contractions. These patterns will help illuminate likely trajectories in the post-2025 landscape.

Yet numbers alone cannot capture lived experience. The study will therefore conduct semi-structured interviews with IFI officials, policymakers in low- and lower-middle-income countries, particularly in Sub-Saharan Africa, and civil society actors who have navigated both bilateral and IFI-supported programs. Through narrative inquiry and document analysis of strategy papers and shareholder statements, the research asks: When aid disappears, and IFIs step forward, do relationships change? Or does the architecture of control remain intact beneath new language?

Preliminary expectations suggest that IFIs may expand non-concessional lending, intensify reliance on earmarked trust funds, and recalibrate rhetoric toward "solidarity." Yet without deeper structural reform, such shifts risk increasing debt burdens while preserving upward accountability to powerful shareholders.

This study advances the concept of "ethical institutional philanthropy"— a model in which IFIs embed transparency, participatory governance, and relational trust into financial design. It does not romanticise philanthropy, but insists that giving can be grounded in dignity rather than domination. In an era described as the "end of aid," the legitimacy of IFIs may depend less on how much they lend and more on how they relate to others.

At its heart, this study is about hope: hope that global financial cooperation can move from conditionality toward care; from hierarchy toward humility; from transactional funding toward shared responsibility. If international finance is to endure, it must not only stabilise economies but also restore faith in partnership.

Keywords: International Financial Institutions, End of Aid, Trust Funds and Co-financing, Conditionality and Power, Ethical Philanthropy