

# Realists, re-imaginings and reformers: aid in the post-America multiverse



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by Cameron Hill

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If it wasn't already, it is clear now that the US has left the building on aid and international development — at least for the foreseeable future. One only need look at the Trump administration's [FY2026 budget request to Congress](#) for another reminder. The US's dramatic slashing of aid, which has been accompanied by Trump's ongoing attacks on key drivers of global development like trade and migration, is being compounded by [cuts by other OECD donors](#) who have cited a range of ideological and fiscal justifications. While non-OECD donors, private finance and philanthropy might help fill some of the emerging gaps, they [will not replace](#) the tens of billions of dollars in funding that will be ripped out of sectors like global health and humanitarian assistance over the next several years.

So, what are the competing visions for global aid in this new era of aid austerity? A lot has been written in the last few months, and it would be foolish to attempt a comprehensive summary. But, I argue, it is possible to classify the various points of view under three broad, if imperfect paradigms: the “realists”, the “re-imaginings” and the “reformers”. Importantly, I don't think we are likely to see any single paradigm dominate what is left of the post-war aid system. Rather, we are likely to continue to see a messy multiverse in which these paradigms co-exist in an often uneasy — but not necessarily mutually exclusive — tension.

When I speak of realists, I mean the “realism” associated with the International Relations discipline — that is, thinkers that emphasise the role that power relativities, national interests and geopolitics will play in defining the landscape of aid over the next decade or so. According to this school of thought, we are witnessing [a reversion to the Cold War aid system](#) in which questions of development effectiveness will again be wholly subordinated to aid's role as supplier of carrots and sticks, advancing various forms of “statecraft” and foreign policy transactionalism. As others have argued, in some ways this reflects the extent to which, in competing with China, the US and other Western donors have [increasingly](#)

come to emulate Beijing via a tighter fusion of development assistance and foreign policy tactics. Indeed, this approach was also evident during the Biden administration, albeit in a somewhat more nuanced form.

The problem for the realists is that the Cold War showed that aid was a flawed, and often failed, instrument for securing non-development goals. This is because elites in recipient nations proved adept at directing aid toward their own domestic political goals which, whether benign or malign, were not always aligned with those of their foreign patrons. As well as overstating aid's ability to influence recipient elites' preferences and inviting moral hazard, the realist approach also fails to address ongoing debates about how best to supply important international public goods in areas like climate change and public health which demand "diffuse reciprocity" — that is, a belief in long-term mutual benefit — between states over narrow, short-term transactionalism. US support for such international public goods, a feature of the Biden administration's approach, has been all but eliminated as a result of Trump's aid cuts.

A second school of thought emphasises large-scale disruption as a catalyst for "reimagining" a fundamentally flawed global aid system. In this view, the demise of the "aid industrial complex" represents a chance to restructure development cooperation in such a way that it will be more participatory, less "neo-colonial" and more "locally led". One version of this argument suggests that aid disruptions might also force more local accountability upon domestic elites who will no longer be able to rely on donor largesse to avoid hard decisions about development and reform. At the macro level, those who seek a reimagined global development system argue for new finance models based on "global public investment" approaches that would involve universal contributions to the production of shared public goods and that would supplement traditional aid to poorer countries.

While a reimagining of the aid system might seem attractive and long overdue, the barriers remain formidable. As my colleague Terence Wood has argued, the current donor retreat is likely to see some of the worst elements of the aid system, like short-termism and transactionalism, elevated rather than abolished in favour of more progressive and emancipatory practices. Moreover, even if there is an "aid industrial complex", the aid cuts, many of which will be used to increase donors' defence spending, will ensure that it remains totally ineffectual compared to its military counterpart. And while the global public investment agenda does present some positive options for reshaping development finance, the US — along with countries like Russia, China and the Gulf states — is actively blocking the advancement of new development financing options in the United Nations and in other climate and development fora.

A third school of thought, and the one I personally have the most sympathy for, is that donors should focus on what they can actually control — that is, on reforming their own practices in order to get the most out of what is likely to be a much smaller, but still significant, global aid pie. While aid cannot and should not be held accountable for advancing ephemeral goals like “influence” and is unlikely to be able to fix the wide array of global injustices, it must and should be held more accountable for its tangible contributions to economic and human development. One version of this argument is that, with less money to go around, donors should “radically simplify” what are often fragmented or over-complicated aid projects and focus on scaling up interventions for which there is a solid foundation of evidence.

Another version of this third, reform-minded school suggests that donors should use political economy analysis to be more selective about which countries they give aid to, prioritising those countries in which inclusive development bargains have been struck and where scarce aid would be put to the best use. Yet another approach favours prioritising aid efforts based on need, particularly the needs of low-income, fragile and conflict-affected countries. Reflecting the “aid-institutions paradox”, delivering effective aid is harder in these countries but they are also the ones where the human toll of global aid cuts will be highest.

Like the realists and the re-imaginers, the reformers face hurdles. As the proponents of radical simplification acknowledge, organisational incentives favouring complexity are built into donor bureaucracies and will be hard to shift. Nor is there much indication that aid bureaucracies are good at using the mountains of evidence they already have to improve their strategies and practices. And calls for bilateral donors to be more selective about whom they aid, whether based on performance or need, have been around for decades but have had little success in shifting politically and geographically driven allocations.

Each of these approaches is likely to figure in debates about the future of Australian aid. Despite protestations to the contrary, there is little doubt that transactional realism is playing a role in Australia’s aid planning and decision making, particularly in the Pacific, even if the ultimate foreign policy and development dividends are likely to prove disappointing and could end up feeding public cynicism toward aid.

The Albanese government’s 2023 international development policy also includes a nod to efforts to re-imagine aid through its strengthened focus on “locally led development”, even if DFAT continues to wrestle with the practical application of this. And while Australia remains a miserly multilateral aid donor, the government has endorsed ambitious visions for redesigning global development finance such as those put forward by Barbados’s Prime Minister, Mia Mottley, to support collective action on shared challenges like climate change.

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The chances of Australia reallocating its geographically targeted aid based on either development performance or need are non-existent given the primacy of its regional focus, a focus that has become narrower over the last decade **despite the “Indo-Pacific” branding**. However, there are those within and outside DFAT using research, evaluation and political economy analysis techniques to try to make individual aid programs more effective, **notwithstanding the countervailing incentives**. The Australian government should give these efforts more ballast by re-establishing an autonomous and authoritative development evaluation function within DFAT, addressing aid fragmentation and improving donor coordination, particularly in the Pacific, and reducing program complexity.

In the messier and smaller multiverse of aid, an uneasy co-existence between realists, re-imaginings and reformers will surely endure.

## Disclosures:

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Link:

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