

2025 Global Develop Predictions: Perform and Transform

Summary

The LG Consulting 2025 Global Development Predictions: Perform and Transform emerge in a turbulent and rapidly evolving landscape for the international development sector. Prolonged and often unpredictable geopolitical and economic crises continue to increase both humanitarian and development needs and reshape global priorities.

Simultaneously, the sector is adapting to the transformative forces of advancing AI technologies, which are redefining workflows, organizational roles, and reshaping the external information environment. These shifts build upon earlier significant changes initiated by the adoption of hybrid and remote work, further challenging traditional organizational models.

Adding to this complexity, rising nationalism and growing pressures on multilateral engagement threaten collaborative efforts that are crucial to address global challenges. The development sector must now navigate an increasingly fragmented international landscape, balancing diverse and competing priorities to meet the intricate and evolving needs of the future.

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“This year will be a time for disruptive thinking to break through and pivot away from predictable, linear progress.”

*--- Karl Hofmann
President & CEO, PSI*

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External Environment Creating **More Needs** and **Uncertainty** . . .

1

Shrinking Foreign Assistance Budgets Will Drive Strategic Change

SURVEY INSIGHT:

Survey respondents predicted that it's **significantly more likely** (average of 78 on 100 point scale) for **meaningful and uneven reductions in US Government (USG)** funding due to shifting political priorities, greater national interest alignment and global crises, following reductions by other international donors.



- Cuts will disproportionately affect sectors such as **global health, inclusive development**, and multilateral programs. Localized reductions in USAID staffing will further complicate implementation of localization efforts.
- **Strategic Response:** Boards and executive teams are prioritizing scenario planning to navigate cuts and are exploring funding diversification options to remain resilient.

2

Climate Crisis Will Remain a Dominant Theme

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“The climate crisis is disrupting systems everywhere, and we’re unprepared for the accelerating pace, complexity, and uncertainty of its impact and radical change. Yet, tools to mitigate this accelerating systemic crisis are in our hands if we choose to act decisively and quickly.”

--- John Glover

Executive Director, Purdue Applied Research Institute, Global Development and Innovation

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SURVEY INSIGHT:

Survey respondents predicted that **climate-induced disasters will persist** (average of 53 on 100 point scale) with cautious optimism as efforts to address food systems and sustainability in lower-income countries **continue to gain traction**.

- Leaders emphasize the need for more **effective disbursement** of climate funds, currently hindered by bureaucratic delays.
- Boards and executive teams must position their organizations to access climate-related funding while addressing the **growing impact of climate-induced crises**.

3

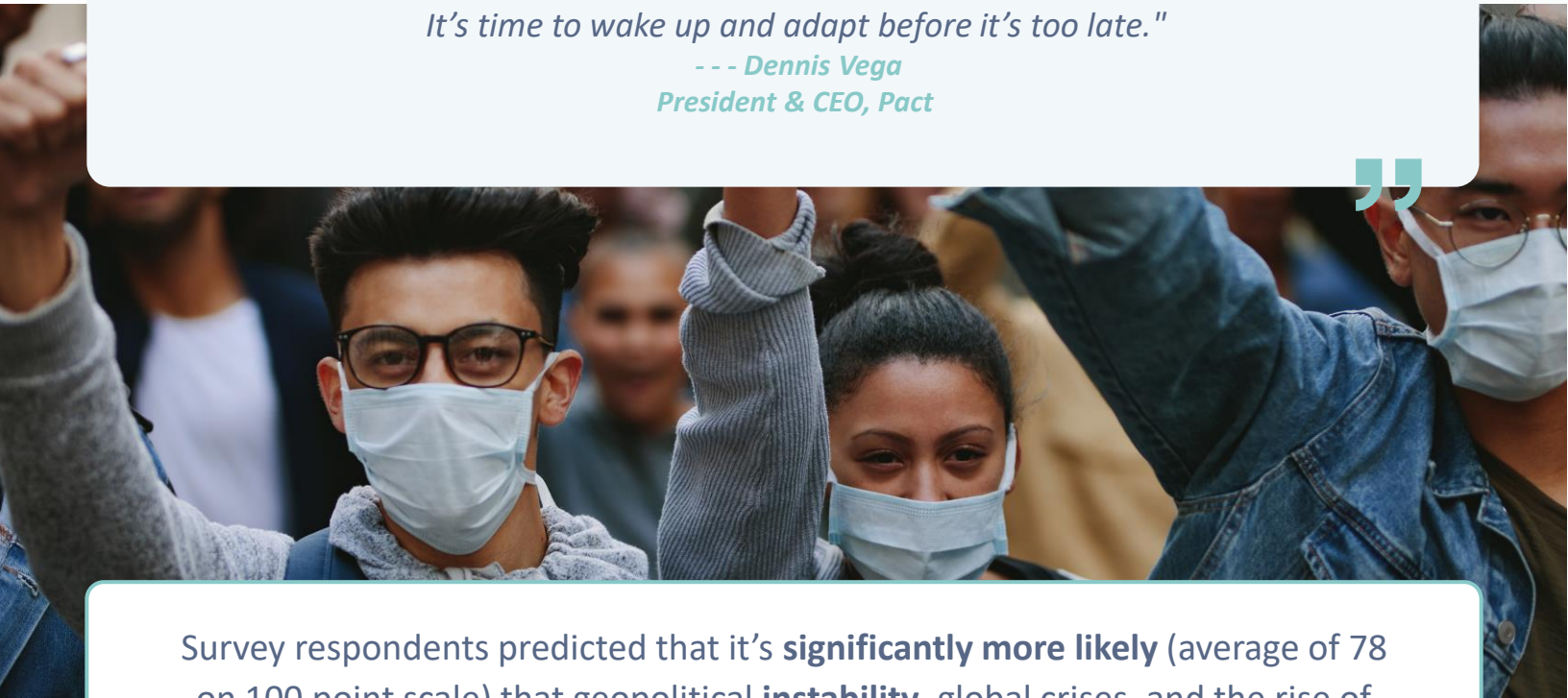
Political Polarization Will Reshape Funding and Programming

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“We don’t have the friends we thought we had. The attack on development is more severe than we realize, and we’re still working under an old paradigm of support. It’s time to wake up and adapt before it’s too late.”

*--- Dennis Vega
President & CEO, Pact*

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Survey respondents predicted that it’s **significantly more likely** (average of 78 on 100 point scale) that geopolitical **instability**, global crises, and the rise of **nationalism** will continue to increase uncertainty and strain resources.

- **Faith-based organizations** are likely to see **preferential treatment** under certain administration priorities, while inclusive development and marginalized community programs will face setbacks.
- Boards and leadership are urged to remain **apolitical and balanced** in key decisions to mitigate risks and maintain focus on their missions.

The background of the slide features a close-up, shallow depth-of-field photograph of a ball-and-stick molecular model. The model consists of black spheres (carbon) and white spheres (hydrogen) connected by grey rods. It is positioned on a reflective surface, likely a glass table, which creates a clear reflection of the model below it. In the background, a tablet and some papers are visible but out of focus. A large, dark blue curved shape covers the bottom half of the image, serving as a backdrop for the title text.

Operating Models Continuing to Evolve. . .

4

Localization Will Continue but Face Resource Constraints

- While localization remains a core objective, survey respondents predict that localization strategies and efforts will likely **continue at the same pace** in 2025 (average of 57 on 100 point scale) in moving beyond rhetoric to practical implementation.
- The reduced capacity at USAID to manage smaller grants and the **misalignment between rhetoric and funding resources** may stall progress despite intentions.
- Boards and leadership must **balance the urgency for localization with operational realities** and seek innovative partnerships to maintain impact.



5

Organizational Resilience Depends on Diversified Revenue Streams and Business Models

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“Grant funding isn’t sustainable on its own. We need repayable financial instruments, partnerships, and bold new business models to thrive in a constrained environment.”

*--- Dr. Dorothy Nyambi
President & CEO | MEDA*

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- NGOs will increasingly explore **blended finance, impact investment**, and **other value-creation models** to reduce reliance on traditional grants, recognizing the unique capabilities that these require.
- Comments from leaders highlight the urgent need for organizations to **innovate their business models**, with some exploring and implementing social enterprise initiatives, and striving for more operational flexibility to respond to changes in the geopolitical and funding environments.

SURVEY INSIGHT:

A growing number of respondents stress the importance of operational continuity through **alternative revenue generation**.

6

Systems Thinking and Strategic Partnerships Will Be Critical for Impact

- Leaders stress the importance of shifting from fragmented interventions to a **systems-level approach**, addressing underlying infrastructure and systemic issues in education, agriculture, and health.
- **Partnerships will be vital** as no single organization can tackle systemic challenges alone. Increased collaboration across sectors and regions is necessary to maximize impact.
- **Increasing strategic alliances** overall with **mergers or closures** for smaller NGOs heavily reliant on specific funding streams.

SURVEY INSIGHT:

Survey respondents predicted that it's **more likely** (average of 68 on 100 point scale) that NGOs will innovate and continue to **shift their operating models, embracing partnerships**, new capabilities, and **simplifying processes** to address global challenges effectively





... With Organizations
**Striving to Meet this
Moment**

7

Boards Must Evolve to Support Innovation and Resilience

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“We need the boards to embrace more risk, but they’re going to be under a lot of pressure as resources shrink.”

*--- Karl Hofmann
President & CEO, PSI*

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SURVEY INSIGHT:

Survey respondents predicted that the pace of board evolution - moving away from traditional risk mitigation toward innovation, flexibility and adaptive governance - will **remain the same** in 2025 (average of 53 on 100 point scale).

- Boards are expected to prioritize **scenario planning, political diversity**, pragmatic leadership, and decentralization strategies to ensure organizations remain resilient amidst political and economic shifts.

8

Executive Teams Must Prioritize Trust and Adaptability

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“Trust has to be the cornerstone of how we lead our teams through this uncertainty. No team can function without trust, and we’ve unwittingly not paid attention to building trust in and around our organizations.”

*--- Aleksander Dardeli
COO, Save the Children US*

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SURVEY INSIGHT:

Survey respondents predicted that it’s **significantly more likely** (average of 72 on 100 point scale) that leaders refocus on guiding their teams through uncertainty by **fostering trust, collaboration, and open dialogue**, leveraging global diversity.

- **Trust-building within organizations** is seen as essential to maintaining morale, aligning teams, and ensuring operational stability amidst funding pressures and external erosion of institutional trust.
- **Adaptable leadership**, emphasizing grounded assessments of organizational limitations, ongoing organizational learning, and a clear focus on actionable priorities becomes key.

9

Organizational Culture Must Be Rebuilt to Strengthen Resilience

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“The old model of leadership where the leader comes in with all the answers is very different from what we need right now. I don’t have all the answers. I don’t know, and I won’t pretend to know, what is going to happen. What I do need to do is build an environment where staff trust that leadership is working in the best interest of the organization, in service to our values and in support and recognition that our people are respected and cared for...”

*--- Sylvia Megret
President & CEO, ACDI/VOCA*

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- Survey data indicates that it is **more likely** (average of 61 on a 100 point scale) that NGOs will continue to focus on rebuilding **social capital** through engagement, inclusion, and **authentic culture-building**.
- Leaders are expected to prioritize team cohesion, invest in talent retention, and **foster a culture of resilience** to ensure operational stability during turbulent times.



This report synthesizes insights gathered from **extensive interviews with industry leaders**, a detailed survey of sector professionals, and the expertise we've cultivated through our work with clients and our podcast, Lessons From Leaders. As part of our LG Consulting **4th annual Predictions Report**, we hope that these findings continue to serve as a trusted resource for **leaders, boards and executive teams**, helping them strategize, share insights with peers, and plan for the challenges and opportunities ahead. This annual review underscores our commitment to equipping organizations with the knowledge and foresight needed to thrive in an ever-changing landscape.



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