


# STATE OF THE BUILDERS



2025

unlock  
aid

# Executive Summary

*The 2025 aid freeze did not just expose the weaknesses of the old system. It also highlighted where we must focus support to build what comes next.\**

For the past two decades, across Africa, Latin America, and Asia, a new generation of innovators has spent years building business models that combine social impact with financial sustainability, referred to in this report as social entrepreneurs.

While many social entrepreneurs have historically received funding from donors like USAID, they did not build organizations that relied on donor-funded revenue to stay afloat. Instead, this new generation of social entrepreneurs have embedded themselves in the local markets they serve, forged direct government partnerships, and built diversified income streams relying on revenue from a mix of other sources including consumers, businesses and commercial clients, governments, and philanthropy. Their approach represents a quiet but powerful shift in how development work gets done.

Over the past six months, we interviewed more than 50 social entrepreneurs and many of their funding and ecosystem partners to understand how they are navigating the changing landscape of international assistance. Their experiences tell a consistent story: because these social entrepreneurs built a foundation for a more financially sustainable, accountable, evidence-based, and locally-driven approach to changing systems, these organizations were able to weather disruptions to international assistance – and many even grew their footprints to scale their impact.

When roughly 80% of U.S. foreign assistance was frozen in early 2025, the system these entrepreneurs built was tested. While traditional aid programs collapsed – mass layoffs, stalled supply chains, and the abrupt loss of funding for critical services – these builders continued to operate. Some even expanded their reach as governments turned to them to sustain essential programs once managed by large U.S.-funded aid contractors. What appeared to be a crisis for traditional actors also confirmed that a more durable model had also already taken root.

This report examines both the challenges triggered by the aid freeze and the strategies that enabled social entrepreneurs to continue delivering impact. Social entrepreneurs told us that, while the aid freeze has had significant impacts in many countries – and especially so in highly aid-dependent settings, including where governments will make hard decisions about what sectors to prioritize funding (and what not to) – the freeze has also accelerated a broader transition toward models grounded in sustainability, local ownership, and measurable results.

What follows is both an account of transformation and a roadmap for change. The next sections explore how social entrepreneurs built models designed to stand on their own, what new forms of partnerships are emerging, where risks remain, and how funders can support the transition to higher-impact, locally accountable, and more financially-sustainable approaches to development. Together, these insights point toward a new era of collaboration, one where development is defined not by dependency, but by investing in builders that are transforming their countries for the better.

**The first opportunity in decades.** Despite the challenges, disruptions to international assistance also now creates the first real opportunity in decades to institutionalize a new model for global development, one rooted in evidence for impact, financial sustainability, and local leadership. What comes next will determine whether we rebuild what broke or invest in what works.

## **Amanda Arch**

Co-Executive Director, Unlock Aid

## **Walter Kerr**

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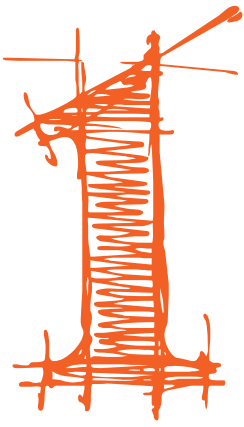
**\*Important Note:** *These findings reflect primarily the experiences of organizations in relatively stable environments. Our conclusions should not be applied to fragile states or conflict zones, where weaker private markets and state capacity create more dependence on international funding.*

# WHAT WE HEARD

## Key Themes







## **Social Entrepreneurs Were Able to Withstand (and Even Thrive) During This Moment Because They Had Diversified Revenue Models**

The funding freeze created an enormous stress test for different development models. While traditional aid industry contractors faced catastrophic disruption, many social entrepreneurs weathered the storm, and some even saw an uptick in their work. This wasn't luck. It reflected fundamentally different organizational approaches developed over the past 15 years.

The traditional aid architecture proved extraordinarily fragile. Many major contractors and international NGOs, having built funding models that depended wholly or largely on aid dollars, crumbled within weeks. Many organizations reported laying off 50% to 80% or more of staff. Multi-million dollar programs stopped overnight. Entire country offices closed. This devastation rippled through the programs these aid partners managed: thousands of community health workers lost stipends, critical food supply chains froze, and essential services vanished.

The disruption exposed how the traditional model had created dangerous dependencies. As one interviewee observed, "It's staggering the amount of dependency there was," explaining that the U.S. government paid for all delivery components, HR, and other administrative functions of one country's entire health supply chain.

In stark contrast, social entrepreneurs demonstrated surprising resilience. Among our interviewees:

- 27% reported zero direct impact from the funding freeze
- 55% reported minimal impacts
- 18% reported significant impacts, however virtually all were able to maintain core operations
- Among those we interviewed, 30% said they saw an overall uptick in their revenue this year, even if they experienced some initial impact as a result of aid cuts

What explains this differential impact? Years of building diversified, sustainable models had prepared these organizations for exactly this type of shock. The social entrepreneurs we interviewed had cultivated multiple revenue streams over years, with no single source typically exceeding 30% of total funding. They had embedded themselves in local systems rather than creating parallel structures. They had built lean operations focused on cost-effectiveness. Most importantly, they existed to solve specific problems, not to capture aid funding.

As a result, when the aid freeze hit, these organizations continued serving their communities. One Kenyan health enterprise exemplified this resilience: “We had already made the decision to pivot away from donor funding years ago. The decision to move away from donor dollars has been a good thing for our company. It’s pushed us to evolve and build a profitable model.” When they lost a \$250,000 USAID sub-grant, this enterprise continued operations through government contracts, user fees, and other revenue sources.

This pattern repeated across sectors and geographies. An agricultural company in Nigeria saw “very little effect” because commercial revenue dominated their model. An education technology firm in West Africa accelerated their shift from U.S. government funding to school subscriptions, contracts with local governments, and support from multilateral banks. A conservation organization in Asia replaced USAID support with corporate partnerships from tourism operators.



## **Social Entrepreneurs are Doubling Down on Revenue Pathways Beyond Aid; Local Governments are Increasingly Turning to Them**

Prior to the aid disruptions, very few social entrepreneurs pursued aid dollars as core to their business strategies. Instead, social entrepreneurs largely built models focused on generating revenue from commercial sources or government contracts, with additional subsidized support from philanthropy. A number of entrepreneurs said they saw aid dollars as creating a very insular cottage industry that was not well integrated within local economies, so they avoided aid funding and the aid industry entirely.

During our interviews, most social entrepreneurs told us they remained unlikely to pursue aid dollars outside of select opportunities for one-time catalytic support, such as expanding operations, funding innovation, or creating financial runway while establishing new partnerships.

Instead, many entrepreneurs told us they would intensify their existing strategies, with numerous organizations pursuing more direct-to-government relationships. Many viewed this moment as a fortuitous opportunity for such a strategy explaining that, for decades, local organizations had been buried deep in aid contracting and sub-contracting structures, or ignored altogether. When this elaborate architecture collapsed, enterprises embedded within the local economy were often the only ones left standing.

In many cases, entrepreneurs told us that, when aid contractors withdrew due to sudden loss of

U.S. government funding, local governments turned to social entrepreneurs to fill the void. Entrepreneurs told us this had previously been difficult for governments to do given what was seemingly “free” money from donors – contingent that the government work with the implementing partner chosen by the donor – but with these contingencies gone in the wake of frozen aid programs, many governments turned to locally-embedded social entrepreneurs to keep vital programs running. Many social entrepreneurs told us they were also often the subcontracted partner often “doing” the work of the donor-chosen implementing partner, so the decision to start contracting the social entrepreneur directly was a natural one.

As one example, in Kenya, Ministry of Health officials reached out to organizations they knew were delivering services, groups that had previously been subcontractors to major USAID “prime” implementers. One entrepreneur recalled:

**“After years of trying to access government contracts through USAID primes, we were suddenly getting direct calls from ministry officials. They knew we were doing the work and wanted to contract directly.”**

This dynamic has revealed one major inefficiency of the traditional aid system. Where aid funding might see significant resources absorbed by contractors’ overhead and intermediary margins, direct contracts with social entrepreneurs put more resources

into service delivery, leading to far more cost-effective investments. By working directly through governments rather than via aid intermediaries, social entrepreneurs reported that response times have improved and accountability for results has increased.



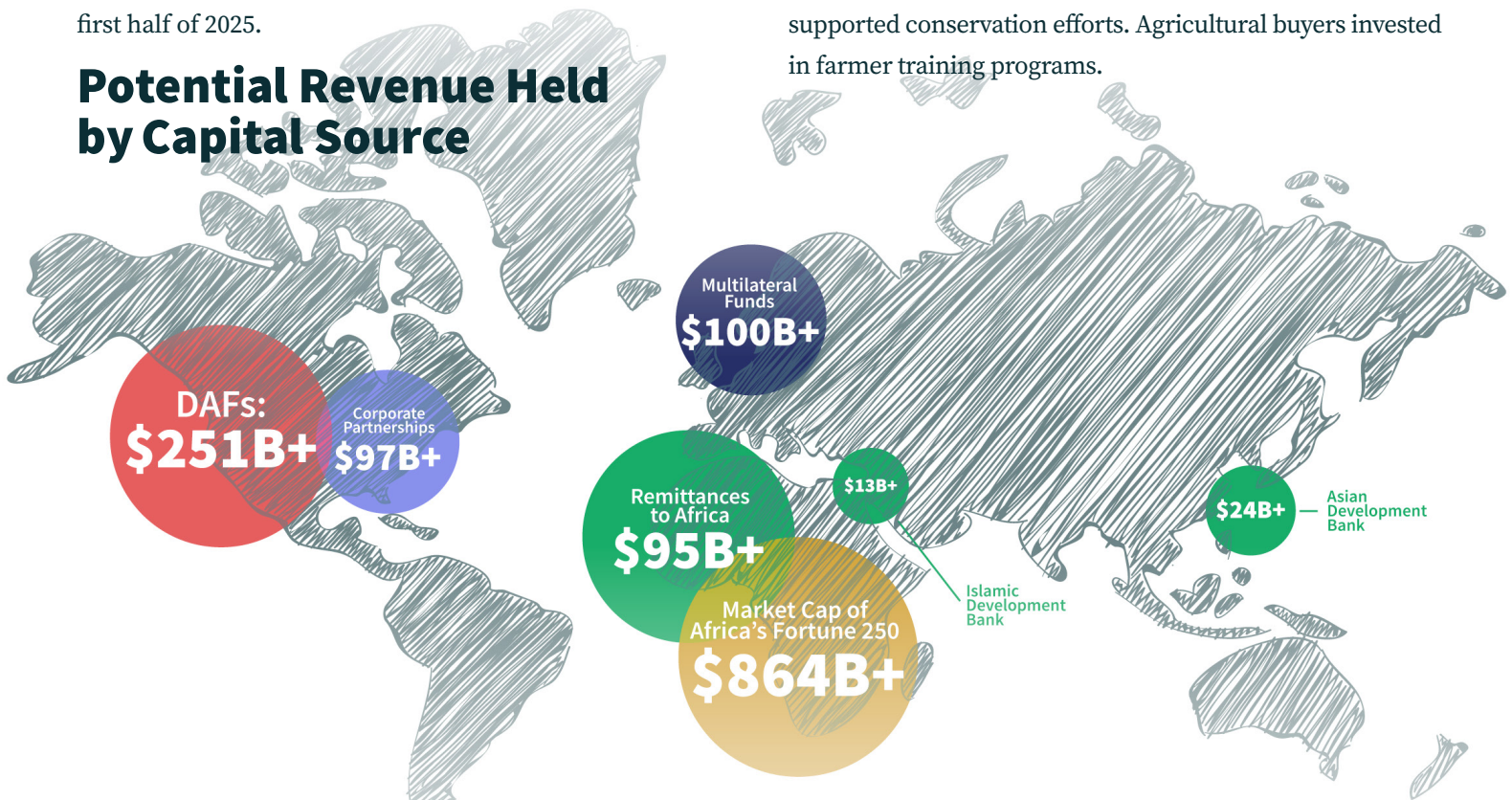


Beyond government partnerships, entrepreneurs said they would increase their focus on pursuing:

### High-Net-Worth Individuals and DAFs:

With over \$250 billion in U.S. donor-advised funds, entrepreneurs saw untapped potential. These donors could move quickly without institutional bureaucracy. Several organizations reported success with targeted DAF strategies as they tried to diversify their revenue streams during the first half of 2025.

## Potential Revenue Held by Capital Source



### Multilateral Organizations:

Entrepreneurs were particularly bullish about working with donors like the World Bank and other regional development banks, Gavi, and the Global Fund. These donors work directly via governments rather than funding parallel systems (as the U.S. government did). Many social entrepreneurs reported they already worked directly with host country governments, but when USAID funded an aid industry contractor to perform a service parallel to what the host government was funding, this weakened their work and undermined state capacity. As a result, they welcomed the approaches modeled by other funders, such as Global Fund, Gavi, and multilateral development banks. Health-focused social entrepreneurs said they were especially excited about Gavi's new Scale-Up Fund, which commits hundreds of millions of dollars to scale up the most cost-effective, innovative approaches in vaccine delivery across multiple countries.

### Corporate Partnerships:

Entrepreneurs said large multinational companies increasingly recognized the business case for supporting local private actors. Mining companies funded health programs in their operating areas to reduce incidence of tuberculosis, HIV, and malaria, for example. Safari operators supported conservation efforts. Agricultural buyers invested in farmer training programs.

### Regional and Non-Traditional Donors:

A number of social entrepreneurs reported they would start pursuing non-traditional sources of philanthropic and investment funding, including Middle East and Asia-based foundations, sovereign wealth funds, and diaspora-driven investments.

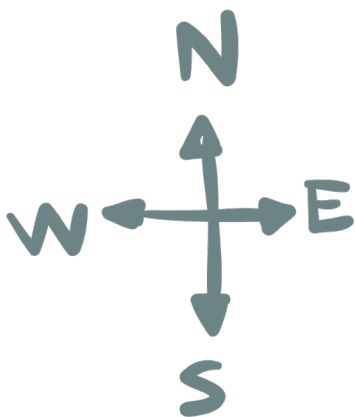
### Commercial Revenue:

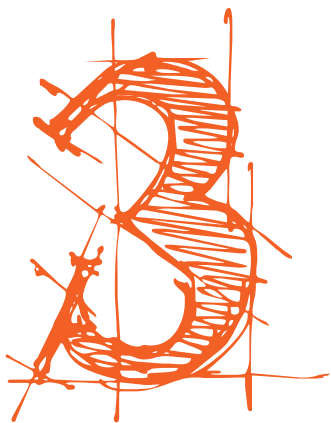
Finally, the majority of social entrepreneurs said they would accelerate commercial sources of revenue through fee-for-service models, insurance products, technology subscriptions, and direct sales.



Yet making these shifts won't be simple. Working through local government procurement can be more challenging than working with many international aid agencies, for example. Working with large corporations and multinationals had their own challenges similar to large aid agencies: they often had institutional partnerships or complex vetting processes, especially if the company was publicly held. Pursuing DAF funding is extremely challenging because DAF accounts are diffuse and typically hidden from public view.

Many of these alternative funding types have been on social entrepreneurs' radar for years, but in the wake of major funding disruptions to international assistance, many entrepreneurs told us they're revisiting many of these revenue opportunities with a renewed vigor.





## Concerns About Secondary Effects of Aid Cuts

While the vast majority of social entrepreneurs said they weren't severely impacted by the aid cuts, many expressed concerns about potential second-order effects that could impact their ability to deliver results, particularly in countries that were extremely aid dependent or debt distressed.

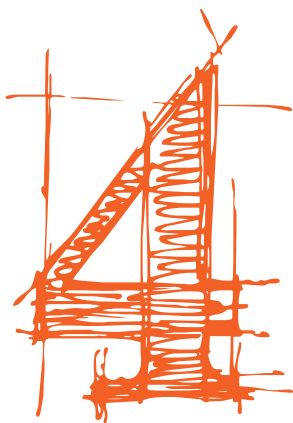
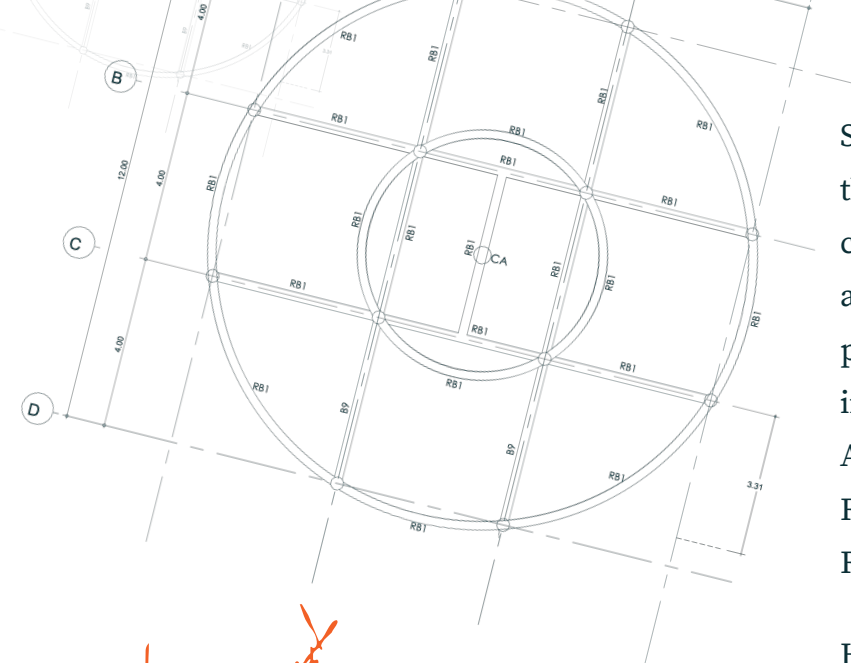
For example, one organization working on clean water issues said they never received USAID funding. Most of their funding came from direct government contracts or philanthropic support. As a result, they had been unscathed by the cuts. However, they worried that as the host country begins reallocating its own funding to pay for services like health that were previously funded by the U.S. government, this could result in reduced funding for other important areas seen by the government as less vital, such as clean water access and sanitation programs.

Another organization working in health said they were not directly affected by the aid cuts, but their main client, the ministry of health, was. They said it remains to be seen how the government will find the budget needed to pay for health services

previously funded by the U.S. government. This challenge was compounded by the country's extreme debt distress, making its ability to pay for health services even more difficult.

Given the challenges that aid-dependent and debt-distressed countries face in absorbing funding for sectors previously subsidized by the U.S. government, one philanthropic foundation staff member told us he expected more organizations in their portfolio would gravitate toward countries with better fiscal conditions, while fewer organizations would want to work in countries where the revenue pathway was less clear. This staff member also worried that as foundations seek to ensure their portfolio grantees have revenue pathways to scale without depending on philanthropic support, this could lead to philanthropy pulling back from funding in more vulnerable geographies, potentially worsening disparities between wealthier and poorer countries in low- and middle-income regions.

That said, many social entrepreneurs remained optimistic about working in these markets, despite challenges from constrained fiscal space and debt issues. This optimism stemmed from the fact that the cost for countries to absorb funding for traditional aid programs is not one-to-one. Indeed, many traditional aid contractors funded by the U.S. government were exceedingly expensive, whereas locally-embedded social entrepreneurs can often deliver superior results at a fraction of traditional costs.



## Social Entrepreneurs Report Mixed Feelings About Role of Traditional Philanthropy

Many social entrepreneurs that generated revenue from both traditional philanthropic funders and aid sources reported mixed feelings about philanthropy following the foreign aid cuts.

On one hand, nearly all social enterprises we spoke to that experienced funding gaps said their existing philanthropic partners backstopped them, helping to close gaps created by the U.S. foreign aid freeze. Smaller family foundations with annual outlays of less than \$50 million were particularly responsive, social entrepreneurs reported.

Several emergency bridge funds established after the U.S. foreign aid freeze that crowdsourced contributions from high net worth individuals and select philanthropic foundations also provided critical emergency support. These funds included the Foreign Aid Bridge Fund by Unlock Aid, the Founders Pledge/The Life You Can Save Rapid Response Fund, and later, the Project Resource Optimization initiative.

However, social entrepreneurs also reported that fundraising from traditional philanthropy for new sources of funding, or for commitments for 2026 and beyond, has been much more challenging.

This difficulty arose because traditional philanthropy seemed to close ranks around its existing grantees, with little appetite for funding new solutions, social entrepreneurs said. As one interviewee observed, “A lot of private foundations are not funding new organizations. They’ve largely been just backstopping their own grantees. They also want to wait to see where the next shoe may drop,” the interviewee said, referring to U.S. regulatory threats to potential tax status changes for foundations that do international grantmaking.

This conservatism reflected multiple anxieties: uncertainty about policy changes affecting endowments, concerns about political volatility, pressure to protect existing relationships, and general decision-making paralysis. The result was particularly frustrating for organizations with proven models ready to scale. As one entrepreneur

lamented: “There’s a bigger opportunity and responsibility for funders to step up and they’re not really doing it.”

Multiple entrepreneurs said this reticence among philanthropic funders has made it more challenging to invest in innovation, expand to new markets and geographies, or plan for 2026 and beyond.



## Optimism and Opportunity to Reset the System

Despite severe challenges, entrepreneurs expressed general optimism about the future. They see the current disruption as a long-overdue opportunity to build something better.

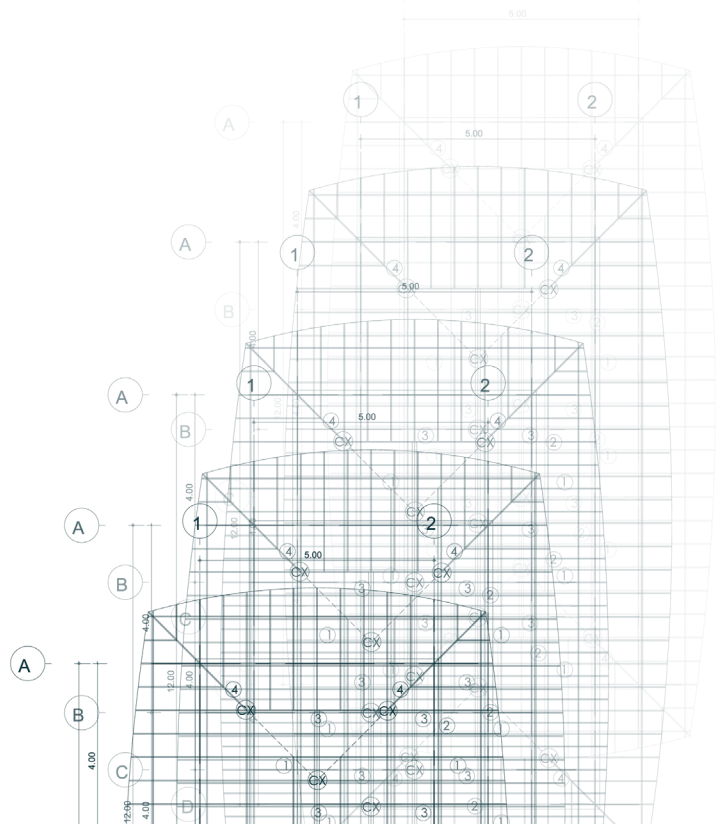
This optimism wasn’t naive. Interviewees acknowledged the challenges that funding cuts for international assistance created for communities around the world, particularly acute in humanitarian environments and countries experiencing significant debt distress.

Rather, entrepreneurs said the traditional aid system’s flaws had become undeniable, and that past leaders had failed to fully reckon with these

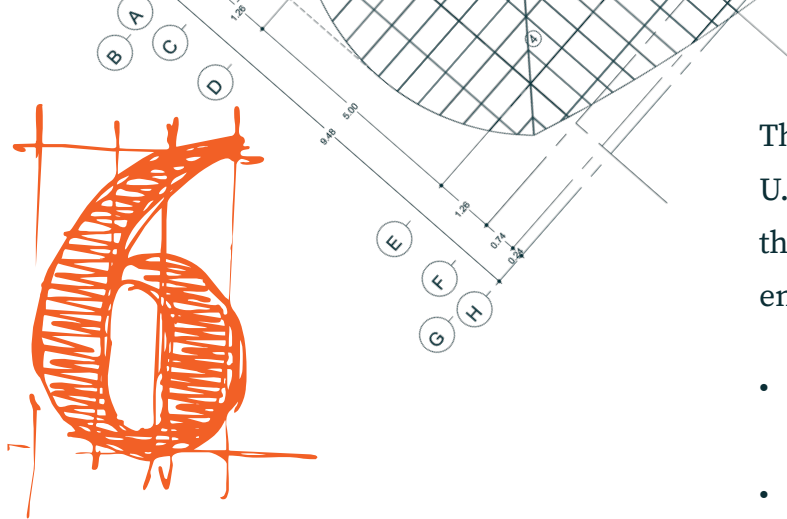
challenges. These included expensive aid industry contractors consuming significant overhead, parallel systems undermining government capacity, short-term projects with no financial sustainability model, and innovation blocked by rigid procurement with few financial pathways to scale what works.

Now, with that system disrupted, space has opened for demonstrating alternatives. Multiple entrepreneurs expressed confidence that they could deliver 60% to 70% of what legacy aid provided at 10% to 20% of the cost. As one entrepreneur said, “This crisis is proving what we’ve been saying for years. There’s a better way to do development.”

“The discourse in the Global South is really much more positive now: how do we build Africa for Africa,” one African entrepreneur noted, adding that the shift from dependence to ownership, from charity to investment, from projects to systems is what gives entrepreneurs hope. <sup>2</sup>







## Social Entrepreneurs Want to Partner with the U.S. Government — But on New Terms

Despite the disruption, social entrepreneurs remain remarkably open to partnership with the U.S. government. They recognize its continued importance as the world's largest development funder and the value of American engagement in global challenges.

But they seek fundamentally different terms of engagement. Instead of complex contracting through aid industry intermediaries, they want direct partnerships designed in collaboration with local markets or governments. Rather than prescriptive programs designed in Washington, they want responsive support for local priorities. As before, social entrepreneurs would not view the State Department as a long-term source of capital, but would value catalytic funding to scale to new geographies, take on new use cases, or foster integration with countries' budgets via government-to-government agreements while building more sustainable long-term revenue sources.

The ask among social entrepreneurs for the U.S. government is for a “build fast, try new things” approach that backs sustainable, locally-endorsed solutions. This means:

- Listening to what countries actually need rather than imposing solutions
- Supporting proven organizations already working on the ground rather than international contractors
- Measuring systemic change rather than short-term outputs
- Investing more in catalytic innovation rather than enforcing rigid compliance

Multiple entrepreneurs said there were historically a number of extremely large U.S. government-funded projects – the \$10+ billion global health supply chain project, for example – that could be more cost-effective if these projects were broken down to their parts. For example, rather than working with one large contractor to manage everything, countries could be put in the lead towards choosing who they wanted to work with to deliver vital medicines and other health products.

Social entrepreneurs also said the U.S. Government can play a critical role towards investing in innovation that no one country is likely to invest in on its own. As one entrepreneur told us: **Countries are increasingly shifting resources to pay for core, vital services, like primary health care. But that means they're investing less in innovation where breakthroughs can benefit everyone. That's the opportunity for donors like the U.S. government.**

## Examples of New Approaches Worth Funding:

Earlier this year, Unlock Aid published Aid Reimagined: The New American Foreign Partnership Standard — a blueprint for how donors should work differently. Built from a two-year global listening tour, the Standard called for a shift towards funding for cost-effectiveness, innovation, and financial sustainability, and away from outdated, legacy approaches. With this Standard in mind, the following examples highlight organizations that already embody these principles and are ready for consideration by government partners.



**Kheyti**, which provides the low-cost “Greenhouse-in-a-Box” at rates nearly 20x more affordable than traditional greenhouses, partners with government to facilitate agriculture subsidies for farmers to purchase Kheyti’s solutions, creating a financially sustainable pathway to scale from 6,000 farmers served today to 1 million farmers by 2033.

**Maisha Meds**, which builds software that powers sub-Saharan Africa’s largest digital network of 5,000 private pharmacies, drug shops, and clinics — enabling over 25 million patient visits annually — receives funding directly from a mix of governments, commercial payers, and philanthropic partners at rates approximately 80% more cost effective than traditional donor programs.



**Maisha Meds**



**Food4Education**, which provides more than 600,000 nutritious meals to Kenyan children every day, receives revenue from Kenyan county governments and parent contributions, reducing reliance on philanthropic support over time, and creating a stable business model that does not depend on donor support.

# What Social Innovators Say They Need Now

**BASED ON OUR INTERVIEWS, SOCIAL ENTREPRENEURS IDENTIFIED FOUR CRITICAL AREAS WHERE SUPPORT WOULD ACCELERATE THEIR ABILITY TO FILL GAPS LEFT BY TRADITIONAL AID:**



## **For Institutional Funders: Back the Proven Solutions**

Major funders ready to deploy \$50 million to \$100 million or more should shift from funding intermediaries to backing proven solutions directly. This means:

- Outcomes-based contracts that pay for results, not activities
- Direct partnerships with organizations demonstrating impact at scale
- Long-term commitments (5 to 10 years) that enable systems change
- Flexible funding that allows adaptation to local contexts
- Clear expectations for transitioning to long-term funding via local governments or commercial markets

The opportunity is particularly strong in stable countries like Kenya, Nigeria, and Ghana where government co-investment can ensure sustainability. Many organizations with annual revenues exceeding \$50 million have demonstrated the ability to serve millions efficiently. They need growth capital from funders, not more pilots.

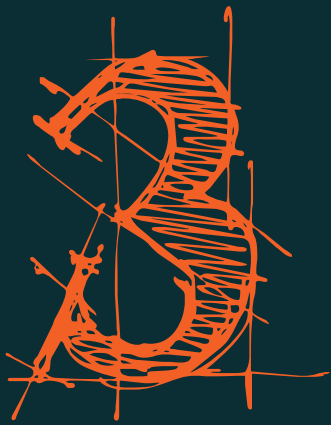


## For Smaller Philanthropic Foundations and Earlier-Stage Investors: Provide Risk-Tolerant Funds for Innovation

While scaling proven models is crucial, innovation must continue. Philanthropy and impact investors can take risks that governments historically cannot. They should provide:

- Patient capital for 2 to 3 year pilots testing new approaches
- Technical assistance funding for R&D and model refinement
- Proof-of-concept grants for expansion to new geographies
- Bridge funding for organizations transitioning between models

This early-stage support creates the pipeline of future solutions. Without it, innovation stagnates and the sector loses its dynamism.



## Philanthropy to Support the Enabling Ecosystem

Beyond direct funding, entrepreneurs need support for the ecosystem that enables success:

- **Advocacy:** Support for organizations working with major international donors and local governments to reform procurement rules, influence policy, and open markets for social entrepreneurs
- **Connections:** Support for organizations to broker relationships with governments (especially as more social entrepreneurs pivot to working with governments), investors, and corporates
- **Narrative Shift:** Support for organizations working to shift Western media narratives about Africa, Latin America, and Asia, particularly to update global perceptions about local capacity
- **Knowledge Sharing:** Support for platforms enabling peer learning and best practice dissemination
- **Talent Development:** Support for platforms building talent pipelines, especially for local expertise in key technical and management areas

These enabling functions often lack funding but determine whether innovations remain boutique or achieve systems change.



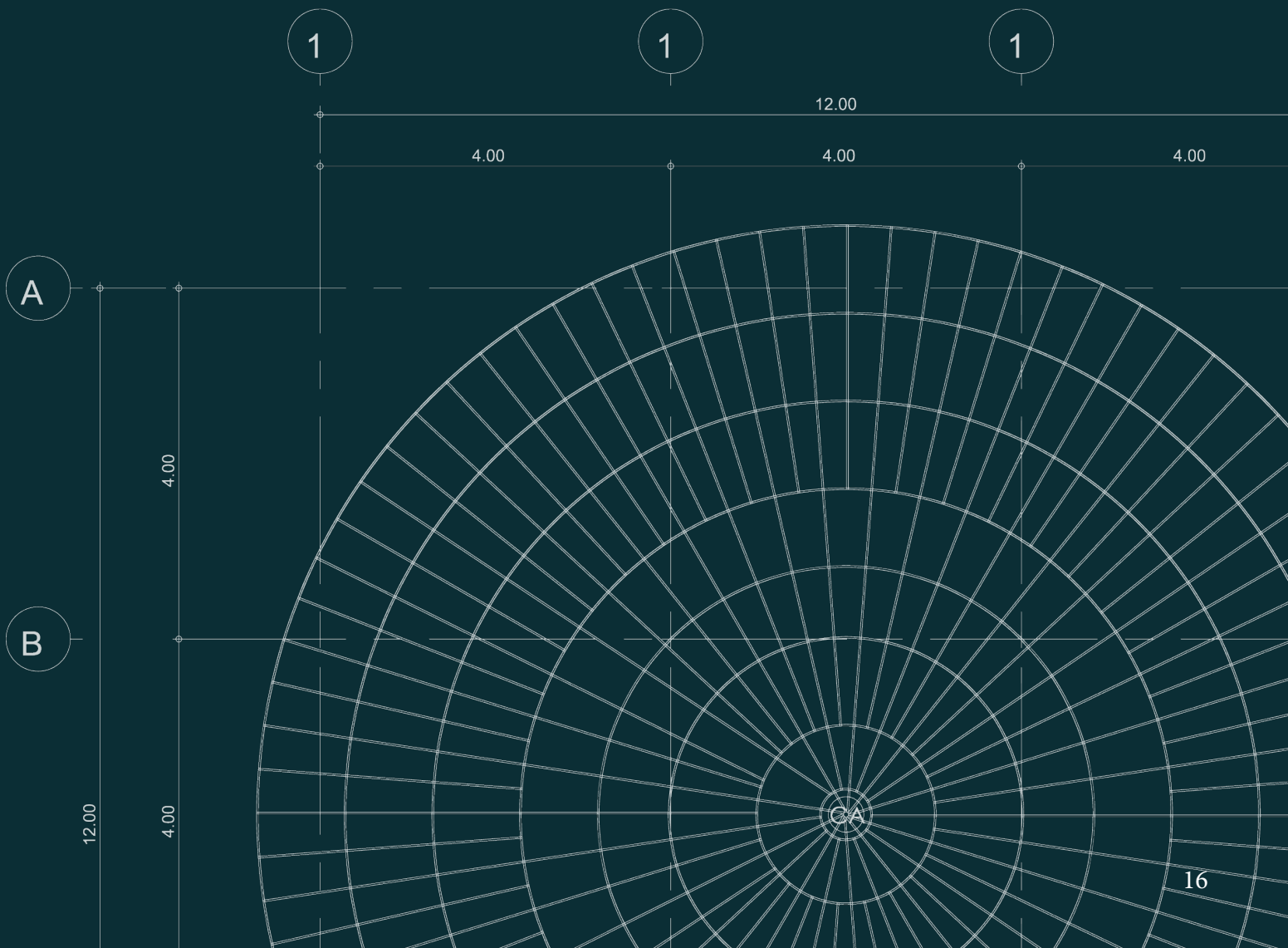


## Facilitate Blended Capital and New Partnerships

Philanthropic donors can also play crucial roles for their grantees as matchmakers and risk-mitigators:

- Facilitating connections to multilateral development banks and development finance institutions
- Providing first-loss capital to crowd in commercial investment
- Supporting blended finance vehicles that combine grants, debt, and equity
- Enabling partnerships between social enterprises and corporations
- Creating platforms for deal flow between entrepreneurs and funders

However, facilitating these kinds of changes will require a shift away from traditional grants alone in favor of new ways of investing and partnering with social enterprises.



# IMAGINE WHAT IS POSSIBLE

In the early 2000s, companies like M-PESA transformed financial inclusion across Africa, reaching millions who had never accessed banking services. During this decade, impact investors and foundations like Skoll, Mulago, Draper Richards Kaplan Foundation, and other funders such as those that are now part of the Big Bang Collective began to provide significant seed funding for thousands of social enterprises, many of which would go on to become among the highest-impact organizations in their sectors.

Amid the wake of the foreign aid freeze of 2025, the global development ecosystem looks remarkably different than it did just one year before. The sudden disruption has accelerated changes that were already underway, pushing governments, funders, and social entrepreneurs to forge new partnerships and test new models at unprecedented speed.

Yet the entrepreneurs we interviewed shared remarkably consistent visions for what's possible if the traditional aid donor, philanthropic, and investment ecosystem provides appropriate support. These organizations, seeded in the early 2000s and having weathered the funding earthquake of 2025, now see a clear pathway forward between now and 2030:



Launch of M-Pesa in Kenya, setting the foundation for 'leapfrog' innovation scenarios in East Africa and proving the power of mobile money and market-based development solutions.

The inaugural Social Capital Markets (SOCAP) conference is held in San Francisco during the early months of the Great Recession. From its inception, SOCAP focused on increasing the flow of capital toward social good by convening impact investors and social entrepreneurs.

2008

Development Innovation Ventures (DIV) at USAID launches, creating a tiered finding model to test and replicate new approaches to solving global challenges

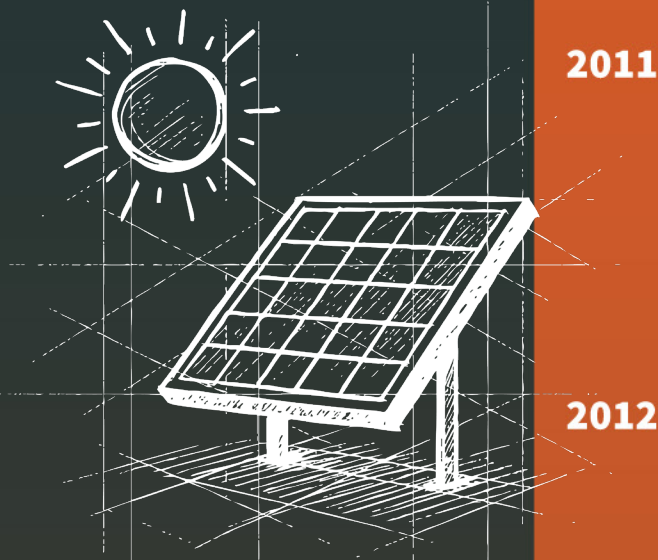
2009

Early pioneer Zola Electric (formerly Off.Grid Electric) launches in Tanzania and rapidly expands pay-as-you-go solar solutions across East Africa.

2010



Acumen CEO Jacqueline Novogratz featured on the cover of Fortune, declaring 'innovation saves the world' and spotlighting social entrepreneurs as the new leaders in global problem-solving.



2011

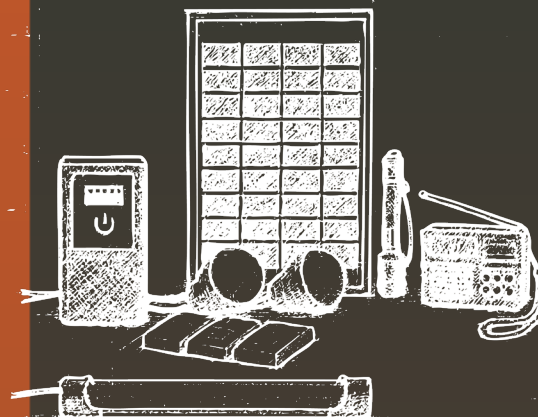


2012



**2013**

Early pioneer d.light begins reaching millions with affordable solar lanterns, setting the stage for off-grid energy markets.



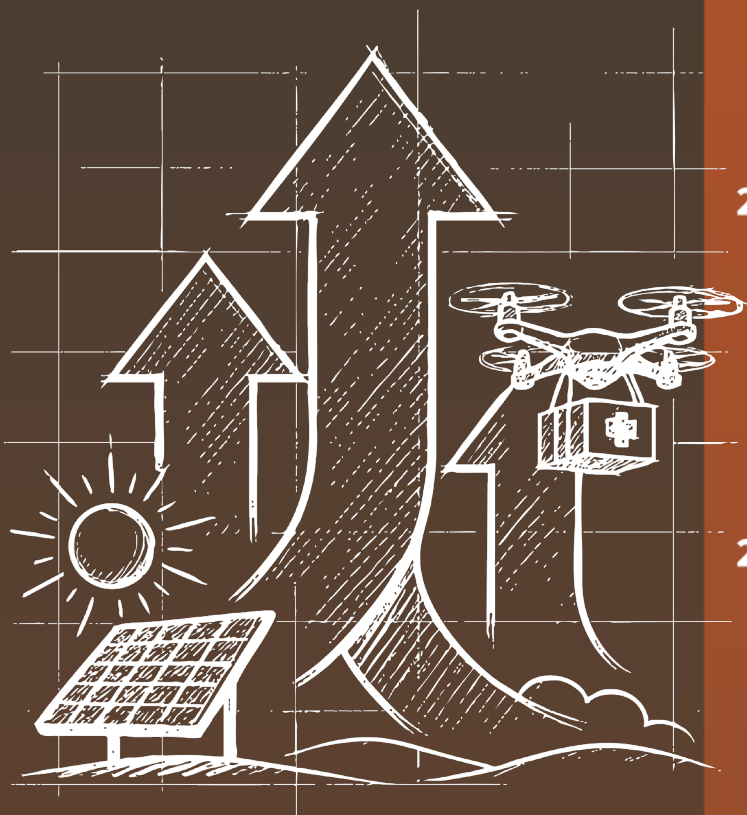
**2014**

Early pioneer Zipline founded and begins early pilots of drone delivery for medical supplies, pioneering a leapfrog model for health logistics.

**2015**

Skoll host the 10th annual Skoll World Forum, serving as a regular convener for leading social entrepreneurs, funders and ecosystem partners at Oxford University

UN adopts the Sustainable Development Goals, elevating entrepreneurship as part of the global agenda.



**2016**

Early pioneers start to scale. Zipline signs national contracts in Rwanda and Ghana, d.light surpasses 100 million people reached, Zola expands to new Africa markets, Twiga secures major new financing, Food4Education expands across Kenya, Andela raises Series C funding to fuel its global expansion, including to US markets.

**2017**

**2018**



**2019**

U.S. International Development Finance Corporation (DFC) created, signaling a shift toward blended finance and private-sector-led development. In parallel, the U.S. government launches Prosper Africa, aiming to increase two-way trade and investment between the U.S. and African nations, reinforcing the pivot toward private-sector-led growth.

**2020**

COVID-19 pandemic stresses systems; entrepreneurs fill gaps in supply chains, health delivery, and digital learning.

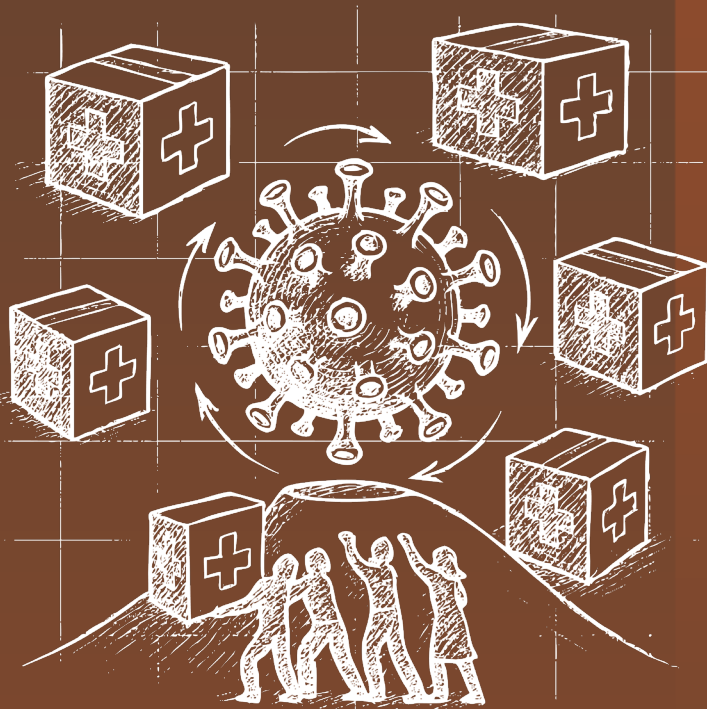
**2021**

Surge of blended finance vehicles and private capital in Africa and Asia; new philanthropic commitments to innovation in global health and climate.

**2022**

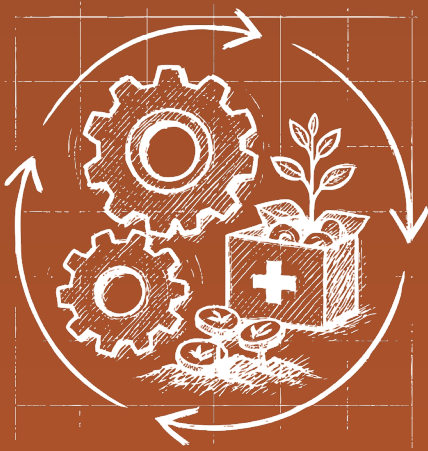
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**2024**



## Immediate Response and Inflection Point

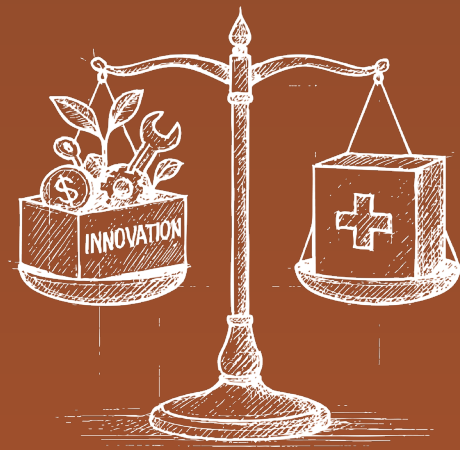
- Emergency support prevents collapse of critical services
- Governments begin direct contracting with local organizations
- Early moving funders back proven solutions
- Evidence accumulates on cost-effectiveness of new models



## Systems Change

- Governments increasingly take ownership of funding for their own health systems, working directly with social entrepreneurs that can deliver majority of results for a fraction of traditional costs
- MDBs and international organizations adopt common innovation-friendly procurement
- Cost savings enable expansion of service coverage
- Local ownership becomes norm rather than exception

2025



## Momentum Builds

- 25+ social enterprises reach national-scale contracts through arrangements with local governments and large aid donors like U.S. State Department
- Procurement reforms at major institutional funders like MDBs and State Department enable smaller organizations to compete for larger sources of institutional funding
- More blended finance vehicles at agencies like DFC and MDBs create opportunities for social impact companies to enter LMICs

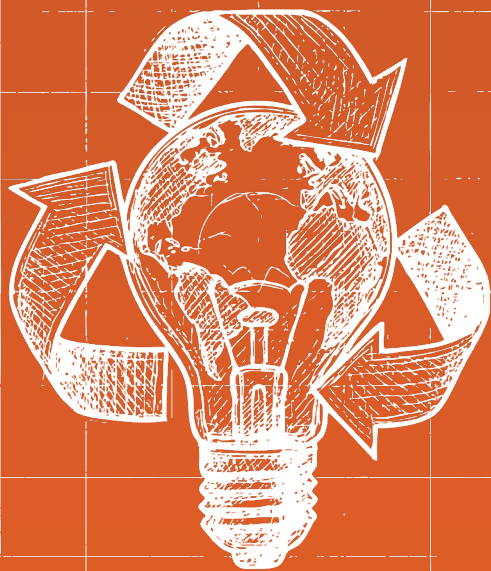
2026

2027



## Tipping Point

- Social enterprise-led solutions reach 500+ million people across dozens of countries
- Domestic resource mobilization increases as efficiency improves



## The Builder Decade

- Social entrepreneurs established as default partners for governments
- Development finance transformed from grants to blended capital
- Local ownership and sustainability standard rather than aspirational
- Next generation sees development as innovation opportunity, not charity

2028



## New Normal

- 1 billion+ people served by locally-rooted, sustainable solutions
- 3 to 5x cost-effectiveness in new models demonstrated across multiple sectors
- Aid relationships transformed from dependency to investment
- Global South-developed innovations increasingly flow to Global North

2029

2030



**This isn't utopian thinking. It's the trajectory already visible in countries like Kenya, Nigeria, and India.**

**The question is whether we accelerate this transition or allow it to proceed haltingly.**

# Conclusion

The 2025 U.S. aid freeze caused massive disruption across global development. Traditional programs collapsed. Critical services faced funding cliffs. The crisis upended established models.

Yet our interviews with social entrepreneurs reveal another story. Organizations that spent years building sustainable models are demonstrating remarkable resilience. Many are stepping forward to fill critical gaps. Governments are recognizing them as reliable partners. The inefficiencies of the traditional aid model are giving way to something better.

This is not to minimize the crisis or suggest easy solutions. The challenges, particularly in aid-dependent, debt-distressed countries, remain severe. This analysis also does not evaluate the impacts of aid disruptions in particularly fragile environments or humanitarian catastrophes.

But in this moment lies historic opportunity, particularly in more stable states. The old model of expensive intermediaries, parallel systems, and perpetual dependency was already faltering. The funding freeze has accelerated an inevitable transition. The question now is whether we navigate this transition in ways that protect the vulnerable while building more sustainable systems. The transition will be difficult and uneven. Much depends on whether funders, governments, and entrepreneurs can work together effectively.

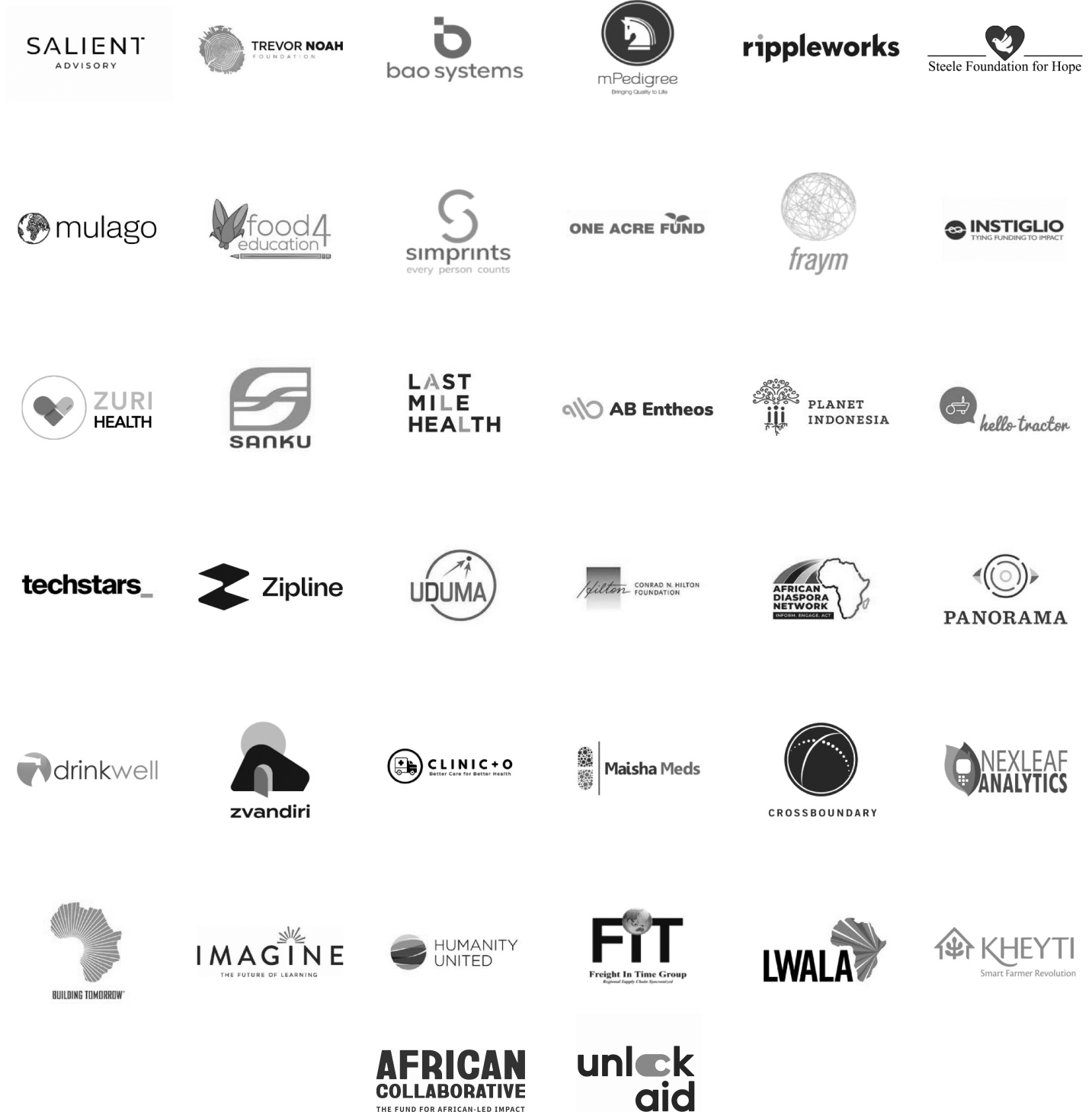
However, the social entrepreneurs we interviewed point the way forward. They've shown it's possible to deliver more for less, to strengthen rather than supplant local capacity, to build sustainability from the start. Their resilience, innovation, and commitment provide both practical solutions and reason for hope.

The builders are ready. The models are proven. The need is urgent. What happens next depends on all of us.



# Thank You

We are grateful to the more than 50 organizations that spoke to us as part of this research, including social entrepreneurs and their funding partners. Individuals who work for a subset of the below organizations and that allowed us to recognize them includes:





**At Unlock Aid, we're building the systems the future needs.**

**We believe in the power of social entrepreneurs to adapt to new challenges, deliver impact at scale, and partner directly with communities closest to the frontlines of global challenges.**

**Get in touch with us to learn more about how you can support the next generation of innovators who are addressing the world's most pressing needs.**

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