



U.S. Suspension of Development Aid Has Serious Global Consequences

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Donald Trump's decision to freeze development aid has caused chaos within the United States and produced difficulties for recipient countries and international organisations. The loss of aid will affect millions of people around the world, lead to a deterioration in the image and credibility of the U.S., and possibly raise the influence of its main rivals China and Russia. Stabilising the international development cooperation system after the loss of U.S. aid may require increased funding from other donors, including the EU, Poland, and emerging economies.

The United States has been the largest bilateral donor of Official Development Assistance (ODA). According to OECD data, in 2023 it provided \$66 billion, which is 30% of the \$224 billion total ODA provided by developed countries and members of the OECD Development Assistance Committee. The U.S. has had an even larger role in providing humanitarian aid (a part of ODA), spending \$14 billion, or 42% of global humanitarian assistance, in 2024. However, U.S. aid represented only 1.17% of the federal budget and 0.24% of U.S. GDP, which is one of the lowest rates of states in the OECD. Replacing the U.S. with other donors seems impossible in the short term, so the Trump administration's decision has global implications.

Chaos in the U.S. Among Trump's first executive orders adopted in the first day after he took office was to order an immediate freeze of all U.S. development assistance for 90 days and review spending to ensure it was "effective" and in line with U.S. interests. Twenty-one institutions are involved in the delivery of U.S. foreign aid, including the State Department. The most important of these has been the USAID agency, established in 1961, which in 2023 distributed \$44 billion worth of aid and employed nearly 14,000 staff. On 24 January, USAID employees were given a "stop work" order and nearly 10,000 people working in developing countries were directed to return home to the United States within 30 days. While the government has granted several "exemptions" (e.g., for the provision of life-

saving assistance), the staff layoffs and suspension of payments have caused significant impediments to support programmes. The Trump administration has also taken steps to have the State Department take over USAID. However, USAID is recognised as an independent agency under a 1998 law, so its dissolution requires Congressional approval. For this reason, the government's actions are being challenged in courts, adding to the institutional chaos and legal dispute.

Aid Recipients Hit. U.S. bilateral aid is in turn distributed to hundreds of millions of people in 177 countries, mainly in Europe and Eurasia (\$19.5 billion in 2023) and Sub-Saharan Africa (\$16.2 billion). The largest aid recipient since 2022 has been Ukraine, which received as much as 16.6 billion in 2023, followed by Ethiopia and Jordan (\$1.7 billion), Afghanistan (\$1.3 billion), and Somalia (\$1.2 billion). The main sectors supported by the U.S. were economic development (27% in 2023), healthcare (22.3%), humanitarian aid (21.7%), peace and security (14.2%), and democracy and human rights (3.2%). The U.S. funded, among other programmes, initiatives to combat AIDS, malaria, infectious diseases, the supply of food and medicine to victims of conflict, training for administrations, and the activities of civil society organisations and independent media. The U.S. decision has also affected some developed countries, including Poland, which received \$61 million in 2023 for programmes mainly aimed at civil society and media.

The suspension of aid has deprived thousands of organisations around the world of operational funds and millions of needy people in developing countries important resources. The poorest countries, where aid accounts for a large proportion of GDP and U.S. support has played a key role (e.g., 26% of all ODA to Liberia, 40% in Somalia and South Sudan), are the most affected. According to estimates by the Centre for Global Development, if U.S. aid were stopped for a year, the GDP of these countries would fall by between 3% (Micronesia) and 9% (Somalia). Unless this gap is filled by other donors, the U.S. decision will severely exacerbate humanitarian crises and destabilise the economic and political situations in many countries around the world.

Challenges for International Organisations. The U.S. is also the largest donor to international organisations and financial institutions supporting development worldwide. In 2023, it provided 44.2% of its total ODA through multilateral channels, with as much as 81% through the World Bank and UN agencies. Stopping this support will most affect organisations heavily dependent on U.S. aid, including the International Organisation for Migration (45% of its budget is from the U.S.), the World Food Programme (44%), and the Office of the United Nations High Commissioner for Refugees (40%). The drop in revenues will force these institutions to ration spending and try to improve efficiency, but it could also mean the abandonment of some programmes and a reduction in activities in many countries.

The U.S. decision may also encourage other donors to cut further aid programmes and contributions to international organisations. Such austerity measures have been introduced in recent years by France, the UK, and Sweden, among others. Given the discrediting of aid by the U.S. and the rise of nationalist and populist sentiment in many countries, there is a risk of a significant reduction in global ODA, which may lead even to the collapse of the system of international development cooperation. A growing financing gap will make it impossible to achieve the Sustainable Development Goals and fight inequality globally.

Weaker U.S. Soft Power. President Trump's decision is further evidence, in addition to [reducing involvement in the UN](#), that the U.S. is giving up its role as a "benign hegemon" in the international system that provides global public goods. In doing so, it is weakening its own soft power tools in many countries. The vacuum left by the U.S. may be quickly filled by other powers, such as China, which, with even less money, can increase its influence in international organisations and developing countries.

Significant damage has been done to U.S. standing not only by the decision to withhold ODA but also by how it has been implemented. Critics of USAID in the administration, including Elon Musk as part of the so-called Department of Government Efficiency (DOGE), have described it as a "criminal organisation" run by "radical lunatics". They have publicised examples of what they see as ineffective projects and wasted funds, often spreading disinformation in the

course of it. Not only have they undermined trust in aid itself but also disavowed U.S. policy in recent decades, coincidentally confirming allegations made against the United States by Russia, China, and states in the Global South.

Conclusions and Outlook. A full assessment of the impact of the Trump administration's aid decision will be possible once the internal review has been completed and the new shape of the U.S. aid system is known. It is possible that some spending will resume but the nature of the aid change. Some programmes, such as those supporting reproductive health, gender issues, or inclusiveness, certainly will not return under this administration. The future of aid for healthcare, climate, pro-democracy movements, and free media is uncertain. The cuts may affect countries with which the U.S. has strained relations, such as the Taliban-ruled Afghanistan. Alongside tariffs, aid will become another tool for exerting economic coercion on other countries in exchange for concessions on issues important to the Trump administration. However, if used as blackmail, it will cease to be a soft power instrument that draws support for the U.S.

The Trump administration's decision has drawn the world's attention to the major role of the U.S. as an aid donor. Yet, it has mostly roiled the system of international cooperation, raising the urgent need to discuss the effectiveness of aid and enact necessary reforms. The way the U.S. has implemented the decision has already created great uncertainty about the delivery of aid to millions of recipients around the world. In return for relatively small financial savings in the future, it has already wreaked havoc on the image of the U.S., undermining its claim to be the leader of the "free world". The main beneficiaries of this move may instead be authoritarian governments, including U.S. rivals, mainly China, which may strengthen their influence in an increasingly multipolar world.

If U.S. ODA is significantly reduced for the long term, humanitarian crises will worsen and the economies of many developing countries will deteriorate. This could further reduce trust in the West, including potentially destabilising Europe's neighbourhood through increasing migration. It is in the EU's interest to work to close the funding gap created by the U.S. decision, especially on key issues, such as support for Ukraine.

In order to build public support for increased spending on development aid, the EU should present it as part of a comprehensive security strategy (alongside, for example, defence spending) as it serves to stabilise the EU neighbourhood and the international system. In addition to increasing funds from the EU and Member States, including Poland, it is important to encourage other donors (e.g., Japan, the UK) and emerging economies (e.g., China, India) to take more responsibility for helping the poorest countries. The EU can also persuade the U.S. to resume as many aid programmes as possible after the review and to maintain its contribution to development financing ahead of the upcoming donor conference in Seville this July.