

February 2025 aid news

by Development Policy Centre

28 February 2025



USAID provided aid to Myanmar in 2008 following Cyclone Nargis.

Photo Credit: USAID

Australian aid

Australian NGOs and global health advocates have warned of the negative consequences of the Trump administration's stop-work directive for aid activities on vulnerable communities and on health security, including the collection and sharing of global public health data. The directive accompanies a 90-day review of foreign aid programs ordered by President Donald Trump, as well as the dismantling of its principal aid agency, USAID. It has been challenged in the courts and by congressional Democrats (see below).

Speaking at Senate Estimates hearings, the Australian government said it has completed an "initial assessment" of the implications of the US aid freeze and will continue to review and adapt its programs in response to the unfolding changes, and that it would be "unrealistic" to expect Australia to fill global funding gaps that might emerge, given their potential scale. It is also talking to US officials about programs in the region that it is keen to see the US continue to engage on.

The newly appointed Coalition shadow minister for foreign affairs, David Coleman, has left open the possibility that the Coalition would, if elected, cut the aid budget to offset further increases in defence spending, as the UK has recently announced (see below). In 2024-25, aid is estimated to comprise 0.68% of federal expenditure while defence will comprise 7.16%, a ratio of over 10:1.

Australia has agreed to provide a new \$570 million budget support loan to PNG. This is the fifth such loan since 2020 and brings the total value of Australia's budget support lending to PNG since the COVID-19 pandemic to over \$3.1 billion. The loan is not concessional and will not count toward Official Development Assistance (ODA). According to the World Bank, in 2023 Australia was PNG's largest bilateral creditor.

The government has launched its new International Gender Equality Strategy. The strategy includes, for the first time, a goal to advance and protect women's sexual and reproductive health and rights, a bigger focus on gender and climate change,

and promises that “Gender equality will be incorporated into all aspects of Australia’s foreign, trade, security and development policy.”

The government “**noted**” **recommendations** from the Senate Foreign Affairs, Defence and Trade Committee that it make an “urgent commitment” to multi-year humanitarian assistance for Ukraine and “prioritise using Australian non-government organisations and businesses” in delivering Australian-funded aid.

As part of his effort to overhaul Indonesia’s budget, President Prabowo Subianto **has warned** his country’s officials against taking expensive study tours to Australia, saying, “[They are] wanting to learn how to eradicate poverty but they make a study visit to Australia. Australia is one of the 10 richest countries in the world, so why learn from Australia?”

Regional/global aid

According to an ongoing survey of **246 international and local humanitarian NGOs** on the impact of the US aid freeze, as of 18 February, 74% of NGOs surveyed in Asia and 63% in the Pacific had received a stop-work order. Potential impacts for recipient countries, UN agencies and the global health sector are discussed below.

PNG’s health department has said while HIV testing and treatment services have not been affected by the stop work order, some of the **staff working on HIV programs** have been affected and that the freeze could undermine outreach to vulnerable populations.

Indonesia’s health minister has said that the suspensions have affected US-funded **programs to fight HIV and tuberculosis** in his country.

Speaking at an event in Canberra, the head of the Pacific Resilience Facility (PRF), Finau Soqo, said that she had an “open mind” regarding **potential funding sources** for the facility. The Trump administration is likely to withdraw a US\$20 million capital contribution pledged by the Biden administration. Australia has committed \$100 million in capital and, according **to the PRF website**, it has also received funding pledges from Saudi Arabia and China.

China has offered to **fund demining programs** in Cambodia following the suspension of US funding.

The Trump administration **has been repeatedly ordered** by a federal court to temporarily lift its suspension of payments for existing aid contracts and grant agreements. The court also noted that waiver provisions to allow “life-saving

assistance” were not functioning because USAID’s payment systems had been shut down. Democratic lawmakers **have said** that the impounding of appropriated USAID funds and the dismantling of USAID without Congressional approval is an “illegal, unconstitutional move”. The Trump administration **has resisted** implementing the court order and the Supreme Court **has temporarily upheld** its objections in a recent appeal decision.

According to a State Department submission updating the court on the status of its 90-day review of foreign assistance, USAID has **made final decisions** “to cancel nearly 5,800 awards, while keeping more than 500, and the State Department has cancelled about 4,100 awards, while keeping about 2,700.”

In a separate federal court ruling, a judge has overturned an injunction that **would have prevented** the administration putting 1,400 USAID foreign service officers on immediate administrative leave. A further 1,600 US-based USAID personnel **have received** termination notices.

In addition to the aid freeze, President Trump has also signed executive orders stipulating **a review** of US support for all international organisations, as well as withdrawing from the UN Human Rights Council and the UN Relief and Works Agency for Palestine Refugees in the Near East. He has also **paused enforcement** of the Foreign Corrupt Practices Act, which outlaws bribery by US firms operating overseas.

A joint World Bank, UN and EU **rapid damage and needs assessment** for Gaza and the West Bank estimates total recovery and reconstruction needs arising from the Israel-Hamas war at US\$53.2 billion.

The Export and Import Bank of China and UNICEF have **signed a new MOU**, the first of its kind, to provide healthcare and water, sanitation and hygiene services for vulnerable children and communities in Nigeria.

Both **Switzerland** and **Belgium** are pursuing large reductions to their aid budgets in 2025, mirroring cuts by bigger European donors like **France, the Netherlands** and **Germany**.

The UK Labour government **has also announced** a big cut to aid, from 0.5% of gross national income to 0.3% in 2027, to pay for an increase to defence spending. The Labour chair of the UK parliament’s international development committee **has labelled** the cut a “false economy.”

The UK and South Africa have **agreed to co-host** this year’s eighth replenishment of the Global Fund to Fight HIV, Tuberculosis and Malaria. The Global Fund **is seeking**

US\$18 billion from donors for the 2027-2029 period to “prevent 400 million new infections and save 23 million lives.” In the past the US has provided around one-third of the Global Fund’s resources.

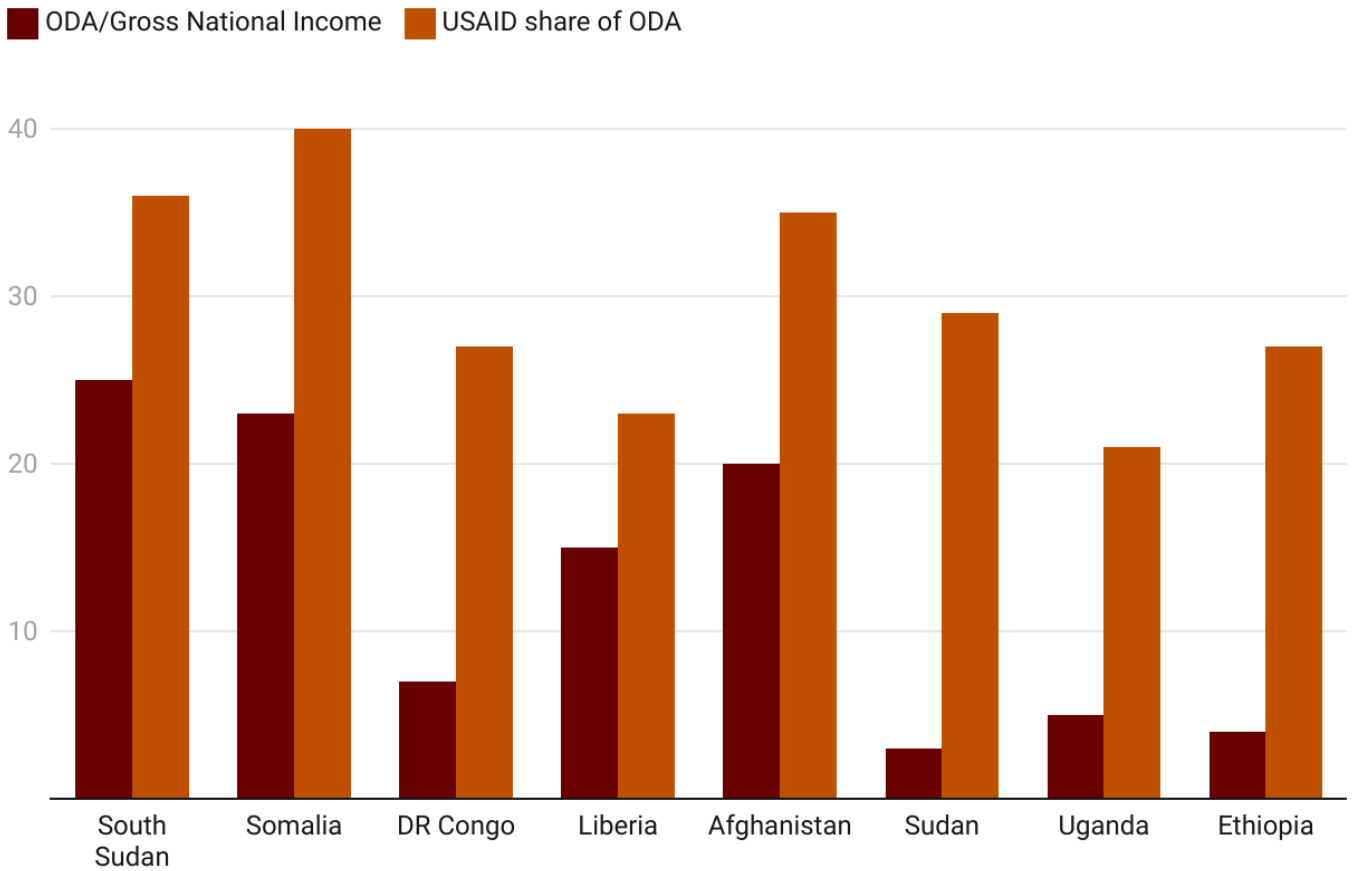
Books, articles, reports, blogs, podcasts etc.

Dean Karlan, who was up until recently the chief economist at USAID, [discusses his reasons](#) for joining the agency and why he resigned in the wake of the Trump administration’s recent actions.

As well as tracking real-time effects of the 90-day aid freeze, there has been a lot of analysis of the potential impacts of a wholesale retrenchment of US foreign aid spending.

The Center for Global Development looks at [which low-income countries](#) are most exposed and what other aid providers can do (see Figure 1).

Figure 1: Low-income countries where USAID provided over one-fifth of Official Development Assistance by percentage in 2023

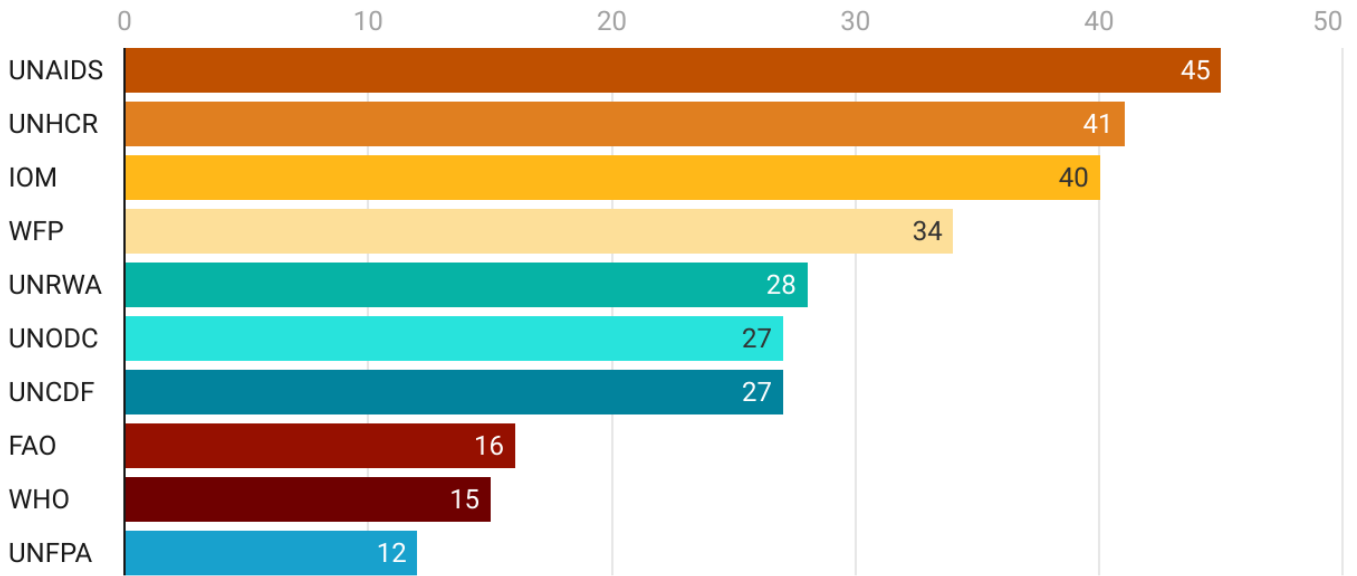


Analysis by Ian Mitchell & Sam Hughes of OECD CRS data (ODA in 2023) and World Bank WDI data. Note: South Sudan figure uses IMF 2023 GDP data.

Chart: Development Policy Centre • Source: Ian Mitchell & Sam Hughes, "Which Countries Are Most Exposed to US Aid Cuts; And What Other Providers Can Do", blog, Center for Global Development, 11 February 2025. • Created with Datawrapper

Devex looks at which [UN multilateral development agencies](#) could be most affected (see Figure 2).

Figure 2: Top ten UN system development agencies by percentage of revenue received from the United States in 2023

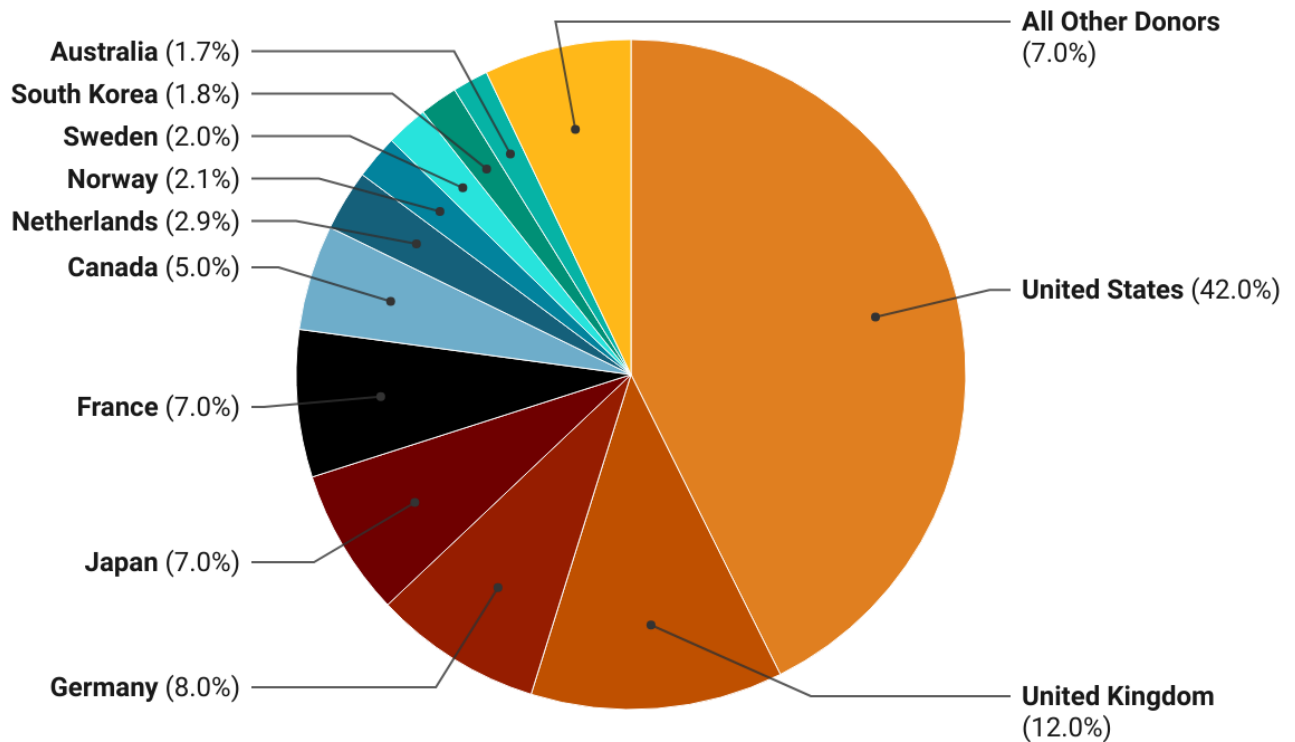


UNAIDS - Joint United Nations Programme on HIV/AIDS; UNHCR - United Nations High Commissioner for Refugees; IOM - International Organization for Migration; WFP - World Food Programme; UNRWA - United Nations Relief and Works Agency for Palestine Refugees in the Near East; UNODC - United Nations Office of Drugs and Crime; UNCDF - United Nations Capital Development Fund; FAO - Food and Agriculture Organization; WHO - World Health Organization; UNFPA - United Nations Population Fund.

Chart: Development Policy Centre • Source: Adapted from: Colum Lynch & David Ainsworth, "The US aid freeze in data: How will UN agencies be affected?", 5 February 2025. • Created with Datawrapper

According to the latest tracking compiled by the Kaiser Family Foundation, the US accounted for 42% of **international health assistance** provided by bilateral donors in 2023 (see Figure 3).

Figure 3: International health assistance from bilateral donors in 2023



Donor government health assistance totals are based on Official Development Assistance amounts as reported to the Organisation for Economic Co-operation and Development and include bilateral disbursements for health as well as the health-adjusted share of core contributions to multilateral organisations.

Chart: Development Policy Centre • Source: US Global Health Budget Figures Fact Sheet, Kaiser Family Foundation, 5 February 2025. • Created with Datawrapper

Disclosures:

Material for this update has been collected by Devpol staff; editorial responsibility lies with Cameron Hill. Devpol’s work on Australian aid is supported by the *Gates Foundation*. The views represent those of Centre staff only.

Author/s:

Development Policy Centre

The Development Policy Centre is part of the Crawford School of Public Policy under the College of Law, Governance and Policy at The Australian National University.

Link: <https://devpolicy.org/february-2025-aid-news/>