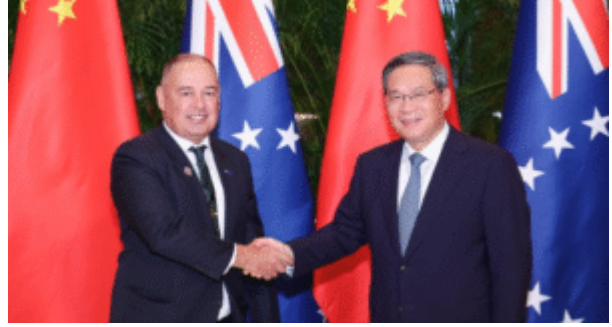


# June 2025 aid news

by Development Policy Centre

30 June 2025



Chinese Prime Minister Li Qiang meeting with Cook Islands Prime Minister Mark Brown in Harbin, China, February 2025

*Photo Credit: State Council Information Office*

## Australian aid

To support its 2026-30 replenishment, Australia has **committed \$300 million** over five years in new funding for Gavi, the Vaccine Alliance, and reannounced \$86 million in funding that was originally pledged for the purchase of COVID-19 vaccines through the International Financing Facility for Immunisation mechanism to 2037.

When adjusted for inflation the \$300 million funding commitment represents a 20% decrease compared to Australia's 2020 pledge to the previous Gavi replenishment (2021-2025) — though the new pledge is the same in nominal terms as the previous one. The US announced that **the Trump administration would withdraw** funding support to Gavi, with Health Secretary Robert F. Kennedy Jr making the unsubstantiated accusation that the organisation had “ignored the science” on vaccine safety.

Australia will provide support to Solomon Islands, **reportedly worth \$20 million**, to host the Pacific Island Forum Leaders Meeting in September, **including funding** for security vehicles, cyber-security measures, logistics and road improvements in Honiara. China **has pledged \$1.5 million** for delegation vehicles.

In conjunction with the UK, Canada, Norway and New Zealand, Australia **has applied** targeted financial sanctions and travel bans to two senior Israeli ministers – Itamar Ben-Gvir and Bezalel Smotrich – “for their role in serious human rights violations and abuses relating to Israeli settler violence in the West Bank”. On Gaza, **the joint statement** repeats calls for “an immediate ceasefire, the release now of the remaining hostages and for the unhindered flow of humanitarian aid, including food”. The UN estimates that over 400 Palestinians **were killed** near US-backed and Israeli-controlled food distribution sites in the first half of June, describing these sites as “death traps”. Australia **has allocated \$110 million** in humanitarian assistance to Gaza since October 2023.

The Lowy Institute's **latest poll** finds that two-thirds of Australians (66%) think the

country's current aid spending is "about right" (49%) or "too low" (17%). One third of Australians think that it is "too high" (33%), roughly the same proportion that thought this was the case in 2017 (35%).

A **recently published survey** by the Australian Council for International Development (ACFID) estimates that, to date, over 120 of its NGO members' and their partners' projects have been affected financially by cuts to US foreign aid. The total value of projects affected, directly and indirectly, is around \$400 million. ACFID says less than half of its members responded to the survey, suggesting that these are low estimates of impact. More cuts to aid from the US and other donors aid are expected over the coming year (see below).

### Regional/global aid

At the first in-person China-Pacific foreign ministers meeting, held in Fujian, **Beijing promised** 100 "small and beautiful" climate projects in the region but only US\$2 million in actual finance, confirming that Beijing's role as a financier of large-scale infrastructure projects in the Pacific has well and truly passed its peak.

New Zealand has suspended **its financial assistance** to the Cook Islands in response to the latter's alleged failure to consult with Wellington on a Comprehensive Strategic Partnership (CSP) agreement signed with China earlier this year. New Zealand provides grant finance to the Cook Islands as part of the two countries' free association arrangement. This assistance is no longer eligible to be counted as Official Development Assistance (ODA) by the OECD as the Cook Islands attained high-income status in 2020. New Zealand signed its own **CSP agreement with China** in 2014 and China is New Zealand's **largest trading partner**.

Another Pacific country now classified as high-income, Palau, has disputed its recent graduation from ODA eligibility. President Samuel Whippis Jr has said that ODA eligibility **should be determined** not just by GDP per capita but via measures such as the UN's Multi-Dimensional Vulnerability Index to "ensure a more just and accurate measure of our economic reality". Nauru, which is expected to graduate from ODA eligibility in 2026, **has made** similar calls.

India has failed in **its bid to block** an Asian Development Bank loan worth US\$800 million to Pakistan as longstanding tensions between the two countries have again flared. New Delhi officials reportedly objected to the loan on the grounds of Pakistan's high levels of defence expenditure, weak governance and the outsized role of the military in its economy.

The Asian Infrastructure Investment Bank will **open a new office** in London later this year as the Bank enters its second decade and as debate continues over the extent

to which it acts as a vehicle for China to advance its strategic interests.

At the urging of its largest shareholder, the US, the World Bank board **has agreed** to end a ban on funding for nuclear energy projects enacted in 2013. The board has yet to agree on a US-backed proposal to resume World Bank support for natural gas production.

The US House of Representatives has approved a budget bill **which would rescind** US\$8.3 billion in previously approved foreign aid funding, most of which was earmarked to be spent in FY2025. The bill **has yet to be passed** by the Senate.

A **more detailed version** of President Donald Trump's FY2026 proposed budget published by the State Department confirms that the worst of the US aid cuts may be yet to come. In the case of humanitarian aid, several existing budget lines, worth a combined US\$9 billion in FY2024, would be replaced by a single account worth US\$2.5 billion. In the case of bilateral programs, almost US\$8 billion in combined annual funding would be replaced by the President's proposed US\$2.9 billion "America First Opportunity Fund". Global health programs would be reduced to US\$4 billion, a cut of more than 60% from 2024 levels.

After months of pursuing sweeping amendments to **the draft outcome text**, the US has **formally withdrawn** from participation in the Fourth Financing for Development Summit, to be held in Seville, Spain, from 30 June to 3 July. Ahead of the Summit, the World Bank's chief economist **has warned** that too many developing countries are now caught in a debt "doom loop".

Five Sudanese aid workers **were killed** in an attack on a humanitarian convoy in North Darfur. The two-year conflict in Sudan has displaced over nine million people and famine has been declared in multiple regions.

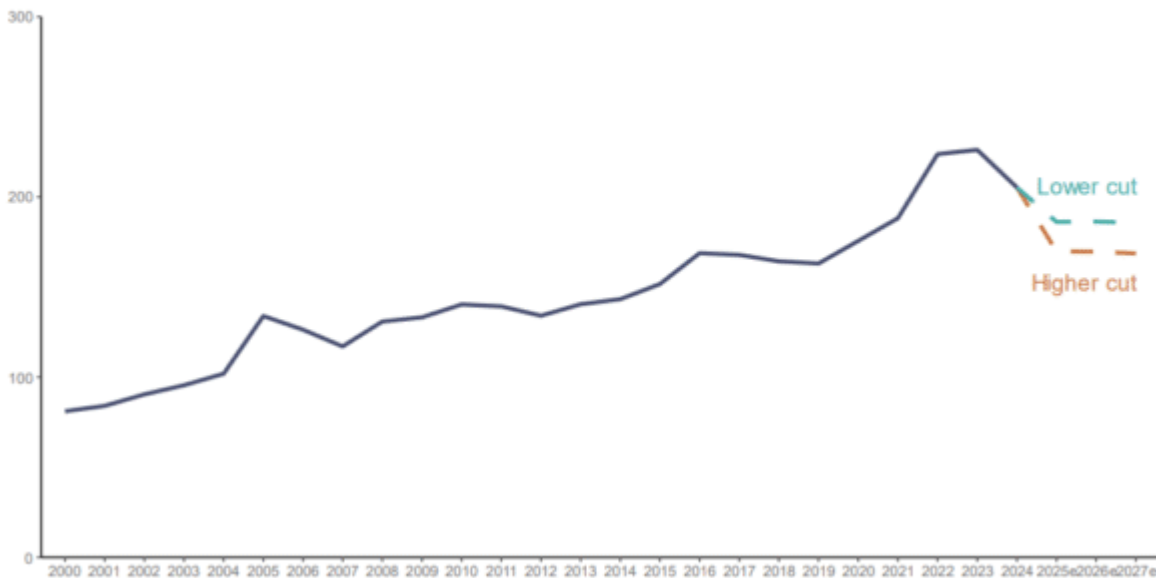
Four aid workers with the Iranian Red Crescent Society **were killed** in Israel's air strikes on Iran and the World Health Organization **has condemned** an Iranian attack on an Israeli hospital. The UN **has warned** of the potentially catastrophic human consequences of a widened conflict as the humanitarian system faces the **worst funding crisis** in its history.

### **Books, reports, articles and podcasts**

In its **latest projections**, the OECD projects a drop of between 9% and 17% in ODA in 2025. This comes on top of a 9% drop in 2024 and is driven mainly by announced cuts by four major providers of ODA: France, Germany, the UK and the US. Looking out to 2027, the OECD projects a similar decline (see Figure 1).

## Figure 1: projected declines in ODA from OECD Development Assistance Committee members, 2025-2027

Trends in total ODA from DAC countries, 2000-24 (official data) and 2025-27 (projections), USD billion, constant (2023) prices



Source: OECD, *Policy brief: Cuts in official development assistance: OECD projections for 2025 and the near term*, 26 June 2025.

The latest report from Convergence [on the state of blended finance](#) shows that, in 2024, both the volume of private development capital raised and the number of deals finalised through these mechanisms fell year-on-year, although the five-year trend remains positive for both indicators. Climate change mitigation remains the largest sector in the blended finance market — accounting for 62% of total financing flows in 2024 — and the East Asia and Pacific region saw the largest growth in flows, increasing from US\$1.1 billion in 2023 to US\$4 billion in 2024.

Tim Hirschel-Burns [explores the relevance](#), or lack of, of Ezra Klein and Derek Thompson’s book *Abundance* to global development.

And Yuen Yuen Ang writes on how the “polycrisis” [might be reframed](#) as a “polytunity” for global development.

### 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.*

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## **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.

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