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When one door closes, another opens

By freezing the funding of USAID, the country is abdicating its responsibility — creating opportunities for others

The freeze in funding for USAID from the new Donald Trump administration has sent a shockwave through international development.

USAID was established by John F Kennedy, with programmes focused on improving global health, alleviating poverty and providing emergency relief — as well as enhancing education and strengthening democratic institutions abroad. Before this decision, the US was the world's largest aid donor. It funded 47 per cent of global humanitarian assistance in 2024.

The enormous hole left by the 90-day freeze of USAID funding has already had devastating consequences. The biggest impact is on the countries that were receiving the most USAID assistance: Ukraine, Ethiopia, Jordan, Afghanistan and Somalia. But USAID's global footprint means the effects are being felt throughout the world, from Myanmar to Sudan.

There are verified cases where people have died, for example because oxygen deliveries to hospitals have stopped.

And there is no guarantee that these programmes will be restored after 90 days. All programmes are being reviewed to ensure they are 'fully aligned with the foreign policy of the President of the United States.'

If the Heritage Foundation's Project 2025 can be seen as a blueprint for the Trump Administration – in advocating reassessing and realigning foreign aid – then the targets identified as 'antithetical to American values' will be climate, gender equality, reproductive health and equity inclusion programmes. Based on the first Trump Administration, there seems no chance that these will be refunded after the 90-day assessment period.

The consequences of a withdrawal

So, looking specifically at one region – the Pacific Islands – the most dependent on aid in the world. They face geographic constraints that are unique, including reliance on maritime transport, constraints on trade and, increasingly, the impact of climate change.

It is also an area of geopolitical contestation, which is being felt from the highest level of Pacific regionalism through to grassroots information campaigns. China, for instance, has had great success in recent years is encouraging several Pacific Island countries to switch diplomatic recognition away from Taiwan which has given Beijing greater ability to influence developments in the region — as shown during last year's Pacific Islands Forum where some believe that it was able to pressure a change in language in the official communiqué.

Under the Biden Administration, Washington was increasing its development assistance under the US-Pacific Partnership Strategy. This also involved the opening of new US embassies in the Solomon Islands, Tonga, Vanuatu and Kiribati — giving America a much broader footprint in the region in line with its perceived importance as a geopolitical theatre. Clearly, the reputational costs that come from freezing aid will stymie this strategic intent.

So what impact will the changes at USAID have in the Pacific? For the last year of data in the Lowy Institute's Pacific Aid Map, the US spent $249 million which is now at risk.

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Within the Pacific, over 80 per cent of US development assistance goes to its freely associated states of Marshall Islands, Micronesia and Palau. Technically, this funding should be protected under the new Compact of Free Association agreements signed last year by President Biden. However, there remains some confusion over whether this will be honoured, with ambassadors from these three island states meeting with US officials in early February and securing no firm commitments.

Outside of these three countries, the impact of the USAID freeze will be felt in the health sector, particularly in Papua New Guinea (PNG), where the US has been providing funding for HIV/AIDS programmes and other basic health services. Other programmes in PNG include an electrification partnership, announced with much fanfare, and

programmes on biodiversity, epidemic control, anti-corruption and disaster readiness.

USAID has also been working on the removal of unexploded World War II ordnance in the Solomon Islands, which remains a vital program for basic public safety in the country, and on agricultural livelihoods, forest management and strengthening democratic governance.

Health infrastructure in the region will also be affected by the US withdrawing from the World Health Organization and the Paris Agreement — as highlighted by Samoa's prime minister, Fiamē Naomi Mata□afa.

And if the US withdraws from the World Bank and the Asian Development Bank as feared, this will have a further impact given that they are the second and third largest partners in funding Pacific development.

A gap ready to be filled

The good news is that the impact in the Pacific Islands can realistically be covered by other donors. Looking at the most recent Lowy figures, the largest bilateral donor to the region was Australia, followed by China, the US, Japan and New Zealand. Next come EU institutions, with France, Germany and Sweden making the top 20.

There are already calls for Australia to step up to make up the shortfall and reap the strategic dividends from doing so. European partners should join in this initiative.

As well as fulfilling developed states' responsibilities as good international citizens, it will be an investment in relationship building. In blunt terms, there are a lot of Pacific Island states, and they are very effective at working as a bloc in multilateral institutions on issues of collective importance. This means good relationships in the region can be a vital strategic asset, including for European countries.

The US abdicating its responsibility creates an opportunity for European countries and their likeminded friends in the Indo-Pacific to demonstrate a commitment to the ideals of international development as they come under grave threat from Washington.

The Trump Administration is wrong to see development through a prism of domestic politics rather than as an element of national power.

Along with defence and diplomacy, development is one of the key tools of statecraft with which countries shape the world in their interests. International development assistance is an investment in global security.



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