



Impact of U.S. Aid Cuts on Nonprofits Around the World

IN LATE JANUARY 2025 President Trump announced an immediate 90-day freeze on all foreign aid from the United States; the major provider of such aid, the United States Agency for International Development (USAID), was largely dismantled.

In the wake of that sweeping decree, the American Friends Service Committee (AFSC) invited partner organizations from across the globe to a meeting in Cape Town, South Africa, in July 2025 to interpret, discuss, and plan a path forward. The secondary aim was to learn about the realities flowing from the same government's recent shift in immigration policy. International representatives of development, humanitarian, and migration organizations; human rights lawyers; economists; politicians; and professors joined AFSC representatives for the three-day convening. The conversation invited those from the nations and regions most vulnerable to the USAID freeze to seek solutions.

In light of U.S. policy, 2025 has been a year in which the AFSC has doubled down on its responsibilities to act practically on the ground and has leaned into its role as a facilitator of global conversations. In Cape Town there was a sense of shock and anger at the dangerous speed at which the cuts to USAID were implemented. This was soon replaced, however, by attendees' desire to find common ground, learn from experience, and get a sense of the practical realities in their respective regions. They knew all too clearly the effects of the cuts on the people they serve.

Participants in the three-day convening sought strategic answers to life-or-death questions. Yet the overall outlook, from a meeting room with a striking view of Table Mountain, leaned toward the positive. When questions really are existential, what choice is there?



“We are at the mercy of power and geopolitics—and this is the exercise of that power.”

Jacob Matakanye
Messina Legal Advice Office
(MLAO), South Africa



“Let’s be clear: organizations doing vital work, all across the world, are now facing an existential threat.”

Kennedy Akolo
AFSC Regional Director
for Africa



“What can be the way forward after this devastation—and what can we imagine together?”

Kerri Kennedy
AFSC Associate General
Secretary for International
Programs

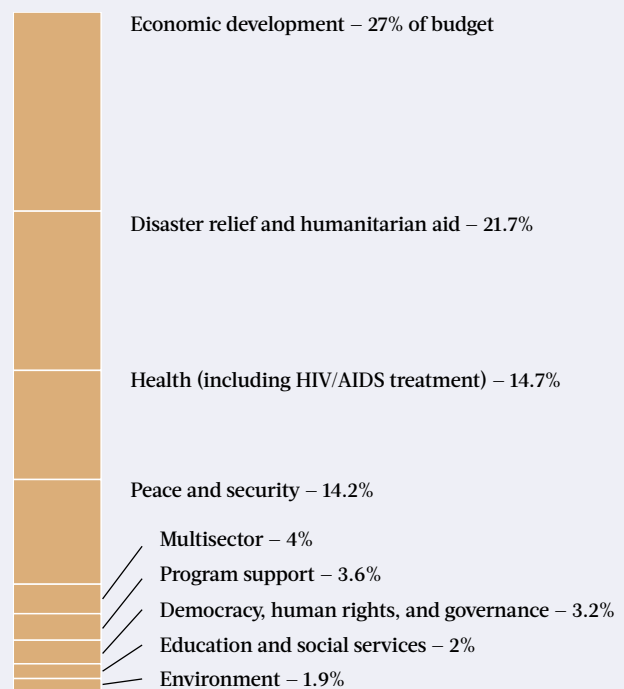
The Legacy of USAID

Having grown out of what U.S. leaders recognized as the post-World War II necessity for international rebuilding and a political desire to broadcast a “soft power” to nations that may otherwise have been swayed by communism, President Kennedy launched USAID in 1961 in order to better distribute the aid—and its attendant influence—that the U.S. had been offering the world since the Marshall Plan. In its more than 60 years of existence, USAID has saved many millions of lives across the world.

Although the United States has indeed been the largest international donor to overseas projects, providing more than US\$55 billion in official development assistance in the year 2023, it actually ranked 25th out of 30 countries in terms of assistance relative to national income, allocating only 0.24% of its gross national income. In contrast, nations such as Norway (1.09%) and Luxembourg (1.00%) exceeded the UN’s 0.7% target, reflecting a substantially higher proportional commitment to international development. The top aid recipients in 2023 were Ukraine, Ethiopia, Jordan, Democratic Republic of Congo, Somalia, Yemen, Afghanistan, Nigeria, South Sudan, and Syria.

What USAID Has Funded

For 2023, to the tune of \$71.9 billion, U.S. foreign assistance funded diverse humanitarian, pro-democracy, and economic development efforts, broken down roughly as:



Source: Pew Research Center.

Mapping the Consequences of USAID Cuts

Personal and Individual

Discussions were structured around pain points, with attendees invited to map the consequences of the USAID cuts as well as to discuss opportunities that might also flow from such disruption. They spoke of their initial shock and sadness at the announcement and in many cases immediately thought of their own dependents. “Will I be able to put food on the table?” is a question and reality shared by caregiver and care receiver.

Organizational and Institutional

Civil Society Organizations (CSOs) have had to adapt to the uncertainties while trying to administer their programs and people with patience, fortitude, and creativity in the face of reduced or frozen funding. Aid programs have a supply chain like any other complex enterprise, and when links in the chain are broken, the machine grinds to a halt. Brainstorming new approaches based on community skills and more local involvement was an aspect of many discussions.

Community and Society Impacts

Apart from the concrete impact of more health crises, less food, and more onward movement of people is the ongoing uncertainty. Many of the communities that have benefited from USAID’s programs already live in unsettled circumstances, but the added pressure of the cuts becomes existential and changes entire ways of life. Attendees mentioned the impossibility of planning for tomorrow with such an uncertain daily reality. For instance, Boston University mathematician Brooke Nichols estimated that because of the PEPFAR funding freeze an adult life will be lost every three minutes and a child will die every 31 minutes.

Relationship Between Global, Regional, and Local

The interconnectedness of globalized economies is often mirrored in the relationship between aid and CSOs. Many of the panels

discussed the vagaries of an entirely internationalized process affected by so many competing factors. Nimble “local and sustainable” funding initiatives were mentioned as alternatives to a reliance on international aid organizations.

Migration and Displacement Flowing into Democracy and Human Rights

Many attendees agreed that there’s a “blame the migrants” narrative that can work as a vote winner in Africa as much as it has in the U.S. and European nations. There was broad agreement that “increased xenophobia” was both a local and a global trend. Marcela Martino Aguilar, a human rights lawyer from Costa Rica, said that she was often working to have people “avoid the pinball machine” of being reprocessed across borders or tossed from one temporary accommodation to another or even to detention.

Crisis or Opportunity?

Attendees generally agreed that a crisis can also be an opportunity. While cuts to famine relief and vaccines can lead only to immediately bad outcomes, a halt to other elements of the structuring and delivery of aid can reveal poorly designed systems in areas such as agriculture, industry, and education. Ottilia Anna Maunganidze of the Institute for Security Studies in Johannesburg said, “This is surely a moment of disruption, but if we steward ourselves well, it could be positively transformational.”

Funding from Other Places

Attending from India, Global Call to Action Against Poverty’s Pradeep Kumar noted, “We always look to the Global North, but many countries in the Global South have increased GDP.” He sees this as a potential untapped resource for alternative funding from sources whose outlook may be more culturally aligned.

Thoughts from Leaders in the Cape Town Meetings

“You can’t talk about freedom when more than 60% of your citizens live below the poverty line. You can’t talk about freedom where there are communities that are going for weeks on end without water because infrastructure has decayed, largely due to corruption, where close to 70% of young people are unemployed and over 40% of your broad population is unemployed, by the expanded definition. And so you can’t speak about freedom when, as a woman, I can’t walk the streets freely without being scared that I will either be raped or be mugged, where children can’t run around freely in the streets because we’re scared for their safety. You can’t talk about freedom when you have immigrants who don’t feel safe or free in your own communities, and so that is the context in which we now have to not only fight for freedom but also build for freedom.”

Nobuntu Hlazo-Webster

South African MP, Deputy Leader of the Build One South Africa Party



“I’ve never in my 30 years of work seen a scenario where a donor government cuts aid off within a two-week period without bridging funds, without some notice, without sustainability plans. That really will set us back decades in terms of trust with other governments and partners. **The United States has lost our trusted position of leadership on rights and democracy in the globe and it’s going to take us a long time to get it back.**”

Kerri Kennedy

Associate General Secretary for International Programs, AFSC



“My first thought [about the dismantling of USAID] was, ‘this must be a bad joke’—you can’t just get rid of an institution that was providing support to our continent. We benefited a lot in the population and health sectors from funding from USAID.”

Mary Muyonga

Demographer and specialist in migration studies, affiliated with the Population Studies & Research Institute at the University of Nairobi, Kenya



“There was a lot of confusion, and it has created a lot of anxiety. The USAID funding was big, so it’s a big gap. When you withdraw that kind of funding—just like that—it has major implications. We are starting to see other countries following suit, although they’re doing it in a much more structured way. But we are seeing cuts coming into effect: from the UK, from the German government, from the Dutch government and the French—all of them are cutting aid. One of my biggest worries and concerns right now is also that we need to start rethinking the whole structure and the way that we generate grants to support these programs. **If we do not change, then NGOs and civil society organizations face an existential threat.** The USAID cut is going to have far-reaching implications—more than anybody would have imagined.”

Kennedy Akolo

AFSC Regional Director for Africa, based in Nairobi, Kenya



“We’ve also seen groupings within Africa start to come together and coalesce in ways that they hadn’t done before. For example, the BRICS countries, previously five countries, is now a group of 15 with more African and Asian states joining. We’re also seeing a greater engagement even at the G20 level, with the US not attending all meetings and threatening not to attend the summit. For example, we’re seeing partnerships begin to form with African countries, and the likes of Norway and Ireland have begun to find more common ground with their African partners than perhaps they might have if it wasn’t for this shock that they’ve received from the US.”

Ottilia Anna Maunganidze

Head of Special Projects for the Institute for Security Studies



Conclusion

It's not just a USAID freeze. As the Global North cuts back on aid—Britain's Labour government has reduced aid by 40% to boost defense spending; France is cutting aid by a third, and Germany appears to be on track to do the same—opportunities may seem rare, but the work of the attendees at the convening made it clear that they do exist.

For civil society organizations, a silver lining may be that the current reality forces a reevaluation of best practices: the necessity for fresh thinking fostering more secure initiatives for the future. These may include a recentering to include a broad coalition, as opposed to a Western-centric response.

As 2025 and the foreseeable future have shown us, we are living in a world that has continued to unleash fresh cruelty on the most marginalized people. Yet during the convening and in the days and months afterward, a sense of stewardship and commitment has emerged that we hope will lead to alternative solutions in a particularly turbulent time.



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