

The United States of America's Retreating Foreign Aid and the Widening Gap in Global SDG Financing



I. Introduction

1. The US was the largest provider of global development assistance for sixty years. In its retreat, the US was operating within the framework of Target 17 of the SDGs, a revitalized global partnership and effective means of implementation for sustainable development, and of point 4 of the Pact for the Future, which stated, 'in 2024, that Member States committed themselves to close financing gaps and reform the architecture of the international financial institutions.' The USA failed to deliver on any aspect of this, and within eighteen months its policy collapsed.
2. On 20 January 2025, following taking office, President Trump signed an Executive Order 14169 which froze all but very narrow portions of the US's foreign aid and initiated a 90-day review. By the end of March, 83% of USAID programmes were terminated.
3. On June 17, 2025, a few months later, in a room within the UN Headquarters in New York City, the United States announced that it was departing from the negotiations, during the build-up to the Fourth UN Conference on Financing for Development (FfD4) to be held in Sevilla, Spain; specifically, to the negotiations of the outcome document. It decided that the document could no longer hold a path to convergence – and also objected to elements of the language relating to loans from multilateral development banks; proposed creation of a UN convention on international tax cooperation; and any quantifiable target for climate finance.
4. In less than a few days, however, some 190 Member States were able to move the document, called the Sevilla Commitment, by consensus; and in the absence of America's largest financial donor. The questions therefore arise: How is America's withdrawal of its foreign aid increasing the global financing gap of the SDGs?

II. What was withdrawn

5. All the other countries that are members of the DAC (Development Assistance Committee) of the OECD also reduced their aid after the US did so. Latest estimates from the OECD published in April 2026 showed that total aid from DAC members fell in 2025 by 23.1% to 174.3 billion USD, bringing world aid to its 2015 levels. Aid disbursed by DAC members amounts to 0.26% of the donor countries' respective aggregate Gross National Income and falls way short of Sustainable Development Goal 17.2, where member countries pledged to disburse 0.7% of Gross National Income toward aid.
6. Three-fourths of the decline resulted from the United States, which reduced its own aid by 56.9%: this brings the current amount of US ODA to approximately 0.09% of Gross National Income- well below the 0.7% marker but falling even below the DAC average, as well as 75% below what Luxembourg, this metric's top donor, with 1.0% of Gross National Income, offered. The decrease for Germany, the UK, France and Japan, each for their own various reasons, and which make up over 95.7% of the decrease alone together, accounted for the remaining shrinkage.

7. Not only was there a contraction; the distribution between recipient channels also changed. United Nations system's funding fell by circa 27%, mainly following the large cuts in US funding of 87.2%. This is not to say aid solely reduced, for over the same period core support to the World Bank rose 6.4%, whilst funding for regional development banks increased by almost 12%. What then are the effects of shrinking aid, and especially in conjunction with the redirection of such funds away from Sustainable Development Goals?

III. What it costs

8. According to a published study in early 2026 in *The Lancet*, in the scenario of sustained underfunding, at least 9.4m additional deaths could result by 2030, with around 2.5m of these children under 5. Another similar study in *The Lancet* gives the figure of over 14m. Clearly, these are not facts, but estimates of future occurrences, and the range is quite wide. The point where they agree, however, is not on the number of additional deaths predicted, but on the sheer magnitude of lives saved: three million preventable deaths averted per year was an often-used number.

9. There are other, quantifiable, cost implications. Suspension of seasonal malaria chemoprevention campaigns in Africa, for example, means a potential malaria resurgence that could cost Africa \$402 billion by 2040.

IV. Positive developments

10. However, there have been positive developments toward financing of the Sustainable Development Goals. For example, of the 130 initiatives launched alongside the Sevilla Commitment, 92 reported concrete progress within nine months

11. The more durable change is harder to price. Nigeria replaced half of the foreign aid funding it lost to the US cuts within a month. Twelve African Union member States now convene health financing dialogues led jointly by their finance and health ministries, a structure that ends a long separation between the people who set priorities and the people who pay for them

12. The empty chair at Sevilla looked at the time like a loss of American influence. It is beginning to look like an opening, and what gets built in it will outlast whoever sits down next.

References

- 1 United States of America, Executive Order 14169, "Reevaluating and realigning United States foreign aid," 20 January 2025.
- 2 Devex, "FfD4 special edition: the key takeaways from four days in Sevilla," 8 July 2025.
- 3 Organisation for Economic Co-operation and Development, "A historic decline in foreign aid: preliminary 2025 ODA data," 9 April 2026.
- 4 General Assembly resolution 70/1, "Transforming our world: the 2030 Agenda for Sustainable Development," 25 September 2015, target 17.2.
- 5 CNN, "One year on from dismantling of USAID, study projects that global aid cuts could lead to 9.4 million deaths by 2030," 4 February 2026.
- 6 "African leaders and regional institutions need to take the bull by the horns: a perspective on the impact of the 2025 funding cuts to malaria programmes," *Malaria Journal* (2025).
- 7 "Africa after aid," *Foreign Affairs*, May 2026; International Monetary Fund, *Regional Economic Outlook: Sub-Saharan Africa* (Washington, D.C., April 2026), chap. 2.
- 8 Health Policy Watch, "As the aid model collapses, Africa is rewriting its health future through the African Leadership Meeting," 11 February 2026.

Contributor: Matias Levani, US Representative