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The US suspends foreign aid: consequences for Ukraine

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On 24 January, US Secretary of State Marco Rubio suspended foreign aid – including military, humanitarian, and economic assistance – administered by the Department of State and the United States Agency for International Development (USAID). This move is intended to allow a review of aid programmes to ensure their alignment with the new administration's policies. The suspension may be lifted after 90 days, following the submission of a detailed report summarising the review process to the Secretary of State. The decision includes numerous exceptions, notably for military assistance to Israel and Egypt, as well as for essential food aid. USAID and the Department of State manage the majority of US foreign assistance, which in 2022 – the most recent year for which complete data is available – amounted to $61.7 billion out of a total of $76 billion. Rubio explained that this decision had to be made because the current administration lacks the necessary data to evaluate the effectiveness of individual programmes and their consistency with the president's policies.

US military aid to Ukraine remains unaffected. However, the freezing of USAID-administered assistance could still have particularly negative consequences for Kyiv and Chișinău. Meanwhile, the temporary suspension of military aid managed by the Department of State will affect other countries, including Poland.

Commentary

- **The Secretary of State's decision expands on the executive order issued by Donald Trump on 20 January, which mandated a review of US development aid to ensure it is in line with the country's interests and values.** The president's recent actions indicate his intent to eliminate elements of leftist ideology from US foreign policy. Rubio's decision, however, adopts a slightly different focus: it has been taken as part of efforts to align the Department of State with the America First approach. For this reason, the secretary has also emphasised the importance of evaluating existing programmes based on their effectiveness and their alignment with the political direction of the new administration. Through this move, he has not only reaffirmed his commitment to close cooperation with the president but also demonstrated his intention to play a key role alongside Trump – countering speculation about the potential marginalisation of the Department of State.
- **The Secretary of State's decision to temporarily suspend foreign aid funding will not impact US military support for Ukraine.** This assistance is sourced from the budgetary funds allocated by Congress for the president's use under the Presidential Drawdown Authority (PDA), with $2.25 billion still available (see '*US military support for Ukraine: what to expect after Biden?*'). While these funds are administered by the Department of State

on an interim basis, Rubio's decision does not apply to them. The funding freeze also does not affect the second programme through which Kyiv has received military aid – the Ukraine Security Assistance Initiative (USAI), managed by the Department of Defence. The funds from this programme were fully expended before the end of Joe Biden's term. In 2022–2023 Ukraine also received funding from the Foreign Military Financing (FMF) programme, administered by the Department of State, totalling $4.65 billion since February 2022. However, since April 2024, Ukraine has no longer been covered by this programme. The temporary suspension of FMF, will nevertheless impact other countries, including Poland – the programme's largest beneficiary in 2024. FMF funds have also been used by other NATO eastern flank states to replenish stockpiles depleted by their military support to Ukraine.

- **The freeze on US foreign aid from the Department of State and USAID programmes will adversely affect multiple aspects of the Ukrainian state's operations.** Since February 2022, USAID has provided $2.6 billion in humanitarian aid, $5 billion in development assistance, and facilitated **more than** $30 billion in direct US budgetary support for Ukraine. However, state expenditures in 2025 will not be affected, as US assistance will be delivered through the Extraordinary Revenue Acceleration Loans for Ukraine (ERA) mechanism, managed by the World Bank (see '*The G7 Summit: $50 billion has been promised to Ukraine*'). The suspension of funding from the Department of State, however, will pose challenges for numerous ongoing USAID-funded development projects, including the reconstruction of critical infrastructure, procurement of power generation equipment, construction and modernisation of railway lines (such as the Mostyska–Lviv section), road and rail border crossings with EU countries, and support for the agricultural sector. Non-governmental organisations combating Russian disinformation and monitoring the implementation of human rights and rule of law standards will also be affected. A similar situation is unfolding in Moldova, where the United States is the largest state donor of aid, particularly development assistance. The suspension of funding will slow Moldova's efforts to achieve full energy independence from Russia – such as the construction of direct high-voltage power line connections with Romania – and could negatively impact the implementation of reforms linked to the EU accession process.