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Trump's USAID cuts to Ukraine

Should the EU step in to fill the gap?

By Daniel Sinani

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Executive Summary

In March 2025, the US government under Trump decided to terminate around 83% of programmes run by USAID, a cornerstone of US foreign aid for over six decades. The agency was formally dissolved in July 2025, with remaining projects transferred to the State Department. This hit Ukraine particularly hard, as it had been the largest recipient of USAID funds since 2022. The cuts have left a significant funding gap at a time when the world is facing major crises. While the EU is providing comprehensive support to Ukraine, particularly through the Ukraine Facility, it must ensure the new measures are feasible, impactful and aligned with its values. Three options are under discussion: maintaining the status quo; fully replacing the funds; or providing targeted, prioritised assistance with international partners. The policy brief comes to the conclusion that the latter offers the best compromise between providing rapid assistance, political feasibility and ensuring value coherence.

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FROM LEADERSHIP TO WITHDRAWAL: THE END OF USAID

In March 2025, US Secretary of State Marco Rubio announced that 83% of programmes run by the United States Agency for International Development (USAID) would be terminated.[1] By July, the agency, which had administered a major share of US foreign assistance for more than sixty years, was dissolved, with its remaining projects transferred to the State Department.[2] Meanwhile, the US Supreme Court ruled in September that the Trump administration may temporarily withhold around $4 billion in foreign aid that had been approved by Congress.[3]

The closure comes at a critical time of multiple crises, including Russia's ongoing war of aggression in Ukraine, the tense humanitarian situation in Gaza and the many other trouble hotspots around the world, all of which make effective international cooperation indispensable.

The consequences are particularly severe for Ukraine. Since 2022, the country has been the largest recipient of USAID assistance.[4] In the US government's Fiscal Year 2023 (October 2022-September 2023), US aid to Ukraine amounted to about $49 billion, of which around $16 billion came via USAID.[5] In preliminary data for Fiscal Year 2025, the USAID share drops by over 70% to about $4.6 billion, with total US aid at about $4.8 billion.[6] These figures are preliminary, but the overall direction is clear.

The US's withdrawal from the global development aid stage leaves behind a massive financial gap, a strategic vacuum, and moral responsibility. This leads to the question of how the EU can best respond to the gap left behind. Three options are therefore under discussion: maintaining the status quo; fully replacing the funds; or providing targeted, prioritised assistance with international partners. To understand the different effects, the background behind the withdrawal of USAID and the interests of the EU are outlined. Furthermore, criteria are set out to assess the different policy options, ultimately leading to the final policy recommendation.

USAID IN GLOBAL DEVELOPMENT: ACHIEVEMENTS AND CONTROVERSIES

The US was one of the most important players in international development aid. In the health sector alone, the US funded roughly 72% of all HIV/AIDS programmes supported by donor-governments, thereby saving approximately 25 million lives to date.[7] Most of these US funds were implemented by USAID and are now most likely missing.

Given the huge success of the fight against HIV/AIDS alone, it is surprising that the current US administration has such a negative attitude towards its own agency. President Trump claimed that USAID was being run by 'radical left lunatics' and accused the agency of 'tremendous fraud'.[8] Representatives of the Trump administration claimed that the agency's activities were contrary to US national interests.[9] This attitude is even more surprising given that USAID has always been regarded as a tool of US geopolitical soft power. One of the main reasons for creating USAID in 1961 was to counter Soviet

[1] Joseph Gedeon, "Rubio Says 83% of USAID Programs Terminated After Six-Week Purge", The Guardian, March 10, 2025, https://www.theguardian.com/us-news/2025/mar/10/marco-rubio-usaid-funding.

[2] Sean Lyngaas and Jennifer Hansler, "State Department Formally Notifies Congress It Is Effectively Dissolving USAID", CNN, March 28, 2025, https://edition.cnn.com/2025/03/28/politics/state-department-formally-notifies-congress-effectively-dissolving-usaid.

[3] John Kruzel, "US Supreme Court Pauses Judge's Order That Trump Spend Foreign Aid", Reuters, September 9, 2025, https://www.reuters.com/legal/government/us-supreme-court-pauses-judges-order-that-trump-spend-foreign-aid-2025-09-09/.

[4] USAFacts, "How Much Foreign Aid Does the US Provide to Ukraine?", 2025, https://usafacts.org/answers/how-much-foreign-aid-does-the-us-provide/countries/ukraine/.

[5] ForeignAssistance.gov, "Ukraine - Obligations (FY 2023), Country Dashboard", n.d., https://foreignassistance.gov/cd/ukraine/2023/obligations/0.

[6] ForeignAssistance.gov, n.d.

[7] UNAIDS, "The Urgency: Global AIDS Update 2024", 2024, https://www.unaids.org/sites/default/files/media_asset/2024-unaids-global-aids-update_en.pdf.

[8] Kayla Epstein, "USAID in Turmoil as Trump and Musk Aim to Shut Down Aid Agency", BBC News, February 3, 2025, https://www.bbc.co.uk/news/articles/cdjdmx12j9no.

[9] Ulyana Krychkovska, "US Secretary of State: USAID Should Be in Line with US National Interests, Not Charity Cases", European Pravda/Eurointegration, February 5, 2025, https://www.eurointegration.com.ua/eng/news/2025/02/5/7204226/.

influence in the world.[10] After 9/11, global development was seen as a third pillar of US national security besides defence and diplomacy by decisionmakers.[11]

A more recent concrete example shows that USAID has used shadow companies to develop a short messaging service like X (formerly Twitter) for Cuba, deliberately aiming to destabilise the country's political system, critics argue.[12]

To sum up, a few of USAID's operations are subject to criticism. Nevertheless, as outlined above, the agency has made a significant contribution to international development aid.

FROM ANTI-CORRUPTION TO INDEPENDENT MEDIA: WHAT USAID BACKED IN UKRAINE

In Ukraine, USAID has supported key elements of a democratic state. Beyond assistance in health, infrastructure, and agriculture, US support has focused primarily on governance.[13] In its development strategy for Ukraine, designed to run until at least 2026 before the recent cuts, the agency emphasised strengthening resilience against corruption and Russian aggression while promoting self-reliance through sectoral reforms.[14]

One specific example of this is USAID's funding of free and independent journalism in Ukraine. Several independent outlets, also operating in frontline and border regions, have already been forced to lay off staff or close entirely after losing recent USAID grants.[15] Journalists argue that this may weaken democratic resilience by reducing the ability of independent media to counter Russian disinformation campaigns before they take hold.[16]

WHY THIS GAP SHOULD MATTER TO THE EU

Ukraine is not only a European neighbour. Many of its political and most of its civil society are fighting for the values that the EU stands for: democracy, the rule of law, and an independent media that can inform citizens and counter disinformation. Many USAID programmes in Ukraine were anchored in exactly these values – governance, anti-corruption, civil society, and support for free and independent journalism. The EU's own standards protect the freedom to receive and impart information, as well as respecting media freedom and pluralism (Article 11 of the EU Charter).

This makes the potential replacement of USAID more than just a budgetary matter. As Commission President von der Leyen said in Kyiv on 9 May 2023 (Europe Day), "Ukraine is on the front line of the defence of everything we Europeans cherish: our liberty, our democracy, our freedom of thought and of speech. Courageously, Ukraine is fighting for the ideals of Europe that we celebrate today."[17]

CURRENT EU SUPPORT TO UKRAINE

Even before the Ukraine Facility came into effect, the EU had already provided substantial assistance to Ukraine. In 2023, the Union implemented the €18 billion Macro-Financial Assistance+ programme, disbursed in monthly instalments, to

[10] Office of the Historian, US Department of State, "Alliance for Progress and Peace Corps, 1961–1969", n.d., https://history.state.gov/milestones/1961-1968/alliance-for-progress.

[11] Richard Lugar, "Foreign Assistance: Strengthen the 'Third Pillar' of National Security", Human Rights, vol. 35, no. 1, pp. 3–8, JSTOR, 2008, http://www.jstor.org/stable/41223324.

[12] Desmond Butler, Jack Gillum and Alberto Arce, "US Secretly Created 'Cuban Twitter' to Stir Unrest", AP News, April 3, 2014, https://apnews.com/united-states-government-5661cee3232a4fd09c930e1548861be3.

[13] US Agency for International Development, "Governance and Decentralization Fact Sheet (Ukraine)", 2021, https://www.usaid.gov/ukraine/news-information/fact-sheets/governance-and-decentralization-fact-sheet (Archive).

[14] US Agency for International Development, "Ukraine Country Development Cooperation Strategy 2019–2024", 2019, https://www.usaid.gov/documents/1863/ukraine-country-development-cooperation-strategy-2019-2024 (Archive).

[15] Estelle Nilsson-Julien, "Ukrainian journalists fear USAID cuts opened up space for Russian disinformation campaigns", Euronews, June 19, 2025, https://www.euronews.com/my-europe/2025/06/19/ukrainian-journalists-fear-usaid-cuts-opened-up-space-for-russian-disinformation-campaigns.

[16] Estelle Nilsson-Julien, 2025

[17] European Commission, "Press statement by President von der Leyen with Ukrainian President Zelenskyy", May 9, 2023, https://enlargement.ec.europa.eu/news/press-statement-president-von-der-leyen-ukrainian-president-zelenskyy-2023-05-09_en.

stabilise the budget.[18] In parallel, humanitarian aid totalled around €485 million in 2022 and €300 million in 2023, with further allocations provided as needs continued to be met.[19] In terms of security, the European Peace Facility financed equipment and ammunition totalling around €6.1 billion between 2022 and 2024.[20]

Since 2024, the Ukraine Facility (2024-2027) has provided a multi-year framework totalling up to €50 billion – €17 billion in grants and €33 billion in highly concessional loans – organised into three pillars budget support linked to the Ukraine Plan, the Ukraine Investment Framework and government assistance programmes.[21] According to a recent Council factsheet, approximately €31.3 billion have been mobilised under the Facility to date, in addition to substantial bilateral contributions from Member States.[22]

EU support sits alongside programmes by the International Monetary Fund and the World Bank that keep Ukraine's budget running. These programmes tie funding to reform milestones, and aligning with this baseline helps money to move faster while avoiding duplication.

CRITERIA: FEASIBILITY, IMPACT, AND EU VALUES

As previously stated, the termination of USAID programmes while a brutal war continues to rage in Ukraine presents the EU with severe challenges. In order to provide an adequate response, criteria are needed that (i) reflect the institutional and budgetary realities of EU action, (ii) the actual impact on the target side – in this case Ukraine – and (iii) normative consistency with the fundamental values of the EU. Therefore, the three guiding criteria of feasibility, impact, and EU values were selected: they reflect proven evaluation dimensions (e.g., OECD Evaluation Criteria for Impact),[23] common policy analysis approaches regarding feasibility[24] and documented demands for value-based action in the EU's external action.[25]

The feasibility on the EU side refers to whether the measures can be financed and implemented using existing instruments, particularly with regard to the Ukraine Facility. Creating new programmes or increasing the multiannual budget could lead to lengthy procedures within the institutions. Given the current recession in some Member States and the resulting tight national budgets, this could be a challenge. Therefore, preference is given to measures that can be launched with reallocations or rather small increases and take effect within months rather than years.

Second, the foreseeable potential impact on the Ukrainian people and state must be considered. This can, for example, be assessed by the following questions: Are repairs and spare parts for electricity and heating systems arriving on time? Are hospitals and social services remaining functional despite peak loads? Will basic municipal services continue to function in heavily burdened regions? Will procurement, simple controls and tracking of audit reports continue so that external support remains credible? Will small businesses and agriculture receive sufficient support to prevent job losses and disruption to supply chains? If these systems remain stable, it will be noticeable in everyday life; if they break down, small disruptions will quickly add up.

Third, the option must be consistent with the values of the European Union. At its core, this concerns human dignity and equality (access to heating, medical care and income support, even outside the capital), the rule of law (audit reports are

[18] European Commission, "Macro-Financial Assistance+ for Ukraine", 2023, https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/macro-financial-assistance-ukraine_en.

[19] European Commission, 2023

[20] European Commission, Service for Foreign Policy Instruments (FPI), "Three Years of Advancing Global Peace and Security: Celebrating the European Peace Facility's Milestones", March 22, 2024, https://fpi.ec.europa.eu/news/three-years-advancing-global-peace-and-security-celebrating-european-peace-facilitys-milestones-2024-03-22-0_en.

[21] Council of the European Union, "The Ukraine Facility", 2025, https://www.consilium.europa.eu/en/policies/ukraine-facility/.

[22] Council of the EU, "The Ukraine Facility", 2025

[23] Organisation for Economic Co-operation and Development, "Evaluation Criteria", n.d., https://www.oecd.org/en/topics/sub-issues/development-co-operation-evaluation-and-effectiveness/evaluation-criteria.html.

[24] European External Action Service, European Commission, "The Evaluation Policy for European Union Development Co-Operation", n.d., https://international-partnerships.ec.europa.eu/document/download/329b62e5-70e2-4e72-a873-7baaa408bac5_en?filename=evaluation-matters_en.pdf.

[25] European External Action Service, European Commission, n.d.

published and processed, contracts are transparent and procedures in economic and corruption cases are progressing) and freedom of expression and information, including media pluralism (reliable reporting, especially in areas under the most pressure). Measures that visibly support this are essential.

Taking these criteria into account, the next section applies them to specific policy options addressing the issue.

OPTION A: MAINTAIN CURRENT COMMITMENTS

In this option, the EU keeps its current commitments and does not try to fill the hole left by USAID. That has clear benefits: there would be no new budget dispute, no need for reopened negotiations in the institutions, and hardly any extra bureaucracy.

However, the effects in Ukraine would be significant. USAID funds didn't only focus on one certain area. It helped to repair power and heating systems following strikes, kept hospitals and social support services operational during the harsh winter months, provided small firms and farmers with the means to remain solvent, and funded basic checks on how public money is spent. The loss of this kind of funding will have a number of severe consequences. For example, the purchase of necessary equipment could be delayed, checks on how money was spent might not be carried out, local councils could postpone repairs, and basic services will not be able to function properly anymore. While not stepping in might keep things quiet in Brussels for a while, it makes daily life in Kyiv and the hardest-hit regions more fragile.

The outcome would be more than questionable with regard to the EU's values. The treaties (Article 2 TEU and Article 21 TEU for external action) commit the EU to upholding human dignity, freedom, democracy, equality, the rule of law, and human rights. Doing nothing is not neutral. It means accepting a higher risk of households and hospitals losing reliable heating and care, oversight weakening when it should be strongest, and public spaces shrinking just when disinformation is at its worst. This option can be defended on narrow fiscal grounds, but it is difficult to align with the Union's own values.

OPTION B: FULL FUNDING COMPENSATION

At first glance, the idea that the EU could fully compensate for the shortfalls in funding for civilians caused by USAID cuts seems appealing. The EU could provide more money for energy, local authorities, health, social services, and important economic sectors. This would send a clear message to Ukraine that support remains in place.

However, the problem lies in implementation. The EU would either have to make significant reallocations or raise additional funds. While the Ukraine Facility provides a framework, financing on this scale would be politically challenging. It would take time and require a broad consensus, neither of which is guaranteed at present, given that even individual Member States could delay decisions.

Even with sufficient funding, the operational risk would be high. USAID has built up a strong network that cannot be replaced immediately. Simultaneous expansion in many sectors could lead to coordination issues and delays while urgent repairs and payments are pending.

The effectiveness of the aid depends above all on whether it arrives in time. If this is achieved, supplies will be secured during the critical months, ensuring that heating plants run, clinics remain open, and businesses receive support. However, delays would quickly render this ambitious project ineffective. While compliance with EU values would be ensured, practical implementation is crucial.

In short, full compensation would send a strong political signal, but it carries high risks and requires considerable coordination and administration. Those who advocate it are banking on continuity and symbolic power. From a critical perspective, however, what really matters is what works on the ground in the coming months.

OPTION C: TARGETED SUPPORT WITH INTERNATIONAL PARTNERS

This option focuses specifically on areas where short-term failure would cause the most damage. Therefore, a narrowly defined aid package with the focus on urgent sectors such as energy supply, health and social services, municipal services, independent media and support for businesses and agriculture should be created to allow for rapid assistance, ideally making use of existing EU structures. Although the Ukraine Facility primarily provides structured, medium-term financial support contingent on reforms and assistance in the above-mentioned areas, this targeted package should be rapidly integrated within this framework. Using proven financing and administrative channels means the funds can be made

available quickly, bypassing lengthy political debates and extensive reallocations. The manageable scale of this approach also facilitates approval within EU institutions, which is particularly important during periods of tight budgets and complex political circumstances.

This option focuses on the direct and practical implementation of the EU's core values: ensuring humane care and social justice beyond the capital cities, transparent management of public funds, and safeguarding a diverse and independent media landscape.

A new and central feature is the involvement of international partners, including Canada, Japan, and the United Kingdom. These countries will contribute not only additional financial resources but also extensive experience and implementation capacities. Their participation spreads the financial and logistical burden, making aid more politically resilient and improving operational success. These international partners could step in because they share a common interest in supporting Ukraine's stability, democratic development, and the broader security and humanitarian goals that affect the entire international community. Aid management is closely coordinated: the EU and its partners jointly define the purpose, scope, and milestones, and ensure clear responsibilities.

The result is stable, efficient and value-oriented assistance that is supported internationally and led by Europe. This approach is designed to have a rapid impact without overburdening political and administrative capacities.

POLICY RECOMMENDATION

Option A avoids new political debates and more bureaucracy, as it simply continues current commitments. However, essential needs of Ukraine are ignored. This clearly contradicts the values of the EU.

Option B focuses on replacing the funds in full, thereby sending a strong political signal. However, implementation is difficult, as major budget reallocations or additional funds are difficult to push through in times of tight budgets and differing interests among member states. In addition, simultaneous expansion in several areas can lead to coordination problems. These can cause fatal delays.

One could argue that these challenges could be overcome with international partners such as Canada, Japan, or the United Kingdom, as the financial and administrative burden would then be spread across more shoulders. This is true, provided that these partners contribute expertise and resources. However, more participants also mean more coordination effort and more complex coordination processes. This can lead to higher administrative costs and delays. Broad involvement of partners does not automatically reduce the burden; clear structures and leadership are required to avoid creating new obstacles.

Option C focuses on clearly prioritised areas with rapid potential for impact: energy, health and social services, municipal infrastructure, independent media, and economic support. This allows the money to reach people more quickly, in a more targeted and effective manner. In addition, option C could make use of already established EU structures like the Ukraine Facility, thereby avoiding long institutional delays and ensuring financial viability.

The international partnership is firmly integrated into option C and contributes not only financial resources but also experience and implementation capacity – albeit within a well-coordinated, transparent, and clearly structured framework. This means that resources are shared, but also directed, which greatly increases efficiency and transparency.

Importantly, option C shows how EU values can be put into practice. It guarantees humane care even outside large cities, ensures transparency and the rule of law in the use of funds, and protects media diversity and freedom of expression. All of this is indispensable in the fight against disinformation and for democratic stability in Ukraine.

In short, option C best meets the three criteria: feasibility, impact, and consistency with EU values. It combines swift and targeted assistance with political and budgetary reality. It is therefore the most responsible and effective way to support Ukraine in its reconstruction and in the long term.

The Author(s)

DANIEL SINANI

Daniel Sinani is an MA student in European Studies at the European University Viadrina, specialising in politics with a focus on EU foreign policy and Eastern Europe. He completed his undergraduate degree at the German Federal University of Applied Administrative Sciences and has gained practical experience through his professional work within Germany's federal public administration.

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Email: contact@valeus.eu

Website: https://valeus.eu/