Financial Times Editorial - Aid Cuts Offer Opportunity for Poorer Nations. *Financial Times*, 7 Aug 2025

The shifting future of foreign aid Trump's brutal cuts are an opening for poorer nations to build legitimacy

The world of aid has been shaken to its core. The US Agency for International Development and much of its $43bn budget has been vaporised. Former stalwarts of overseas development such as Britain have decided that aid at previous levels is no longer politically or economically tenable. Britain has abandoned a previous commitment to keeping aid at 0.7 per cent of gross national income, slashing it to 0.3 per cent. Other European countries are sheepishly following suit. It will be a generation, if ever, before aid on its former scale returns.

There should be no doubting the human cost. Donald Trump has tapped into a nagging opposition to aid among western voters. But the manner in which programmes have been halted overnight was callous. It will cause great harm. A paper in the Lancet finds that USAID funding alone saved more than 91mn lives in the first 21 years of this century. If cuts remain they will cause 14mn additional deaths from diseases such as HIV, malaria and diarrheal infections by 2030. A third of them will be children.

Given the enormity of the impact, there has been remarkably little outrage from recipient countries. In many cases that reveals insouciance more than a determination to step in. Still, the cuts present governments with an opening, albeit one delivered at gunpoint. The prize is legitimacy earned through provision of decent services. That social contract has, in some cases, been short-circuited as governments outsource healthcare and other public goods to foreign donors. Even the poorest governments can do more. During the most destructive years of Mao Zedong, China built up basic healthcare and literacy, laying the ground for future economic take-off.

In Africa, countries such as Ethiopia and Rwanda have shown the benefit of targeted spending. One programme in Mali shows that low-cost interventions — including training community health workers — can produce remarkable results even in conditions of civil war. Recipient countries have long complained that too much aid is spent on high-cost foreign consultants. Now is their chance to do similar work at a fraction of the cost. There will always be room for teaching hospitals and scientific research. But the most cost-effective interventions in public health tend to be those that tackle the basics: stopping maternal and childhood

deaths, providing clean drinking water and rolling out immunisation programmes. In education, technology, including low-cost tablets, is beginning to show dividends. Governments have the tools. Technology can also be employed to squeeze corruption out of the system — assuming leaders have the will to do so. There is still a big role for aid. Gavi, the Vaccine Alliance, has been among the most-cost effective public health interventions ever undertaken. It must continue to be funded. Humanitarian catastrophes in places like Gaza or Sudan demand global intervention. When possible, aid agencies should think harder about how to stimulate local food production rather than distorting the market through dumping foreign surpluses. In straitened times, longer-term development should skew towards the poorest and most difficult countries even if that means dealing with insalubrious regimes. There should also be a greater emphasis on providing risk capital to businesses that create jobs. Aid often helps donor countries too. Take pandemic prevention. Helping poorer countries build laboratory networks provides the world with an early-warning system. To dismantle those would be shortsighted, even fatal. Donors and recipients alike should prioritise knowledge transfer. The goal of every expat overseeing aid from a developing world capital should be to do themselves out of a job. The goal of every government should be to make their assistance unnecessary.