What the closure of USAID is really costing the world. By David Pilling, *Financial Times*, 4 Aug 2025

The abrupt withdrawal of American funding has stranded millions of patients and will be felt by countries for years to come.

USAID's 10,000 staff have stopped working and 80 per cent of its projects have been axed © FT montage/Getty/Reuters/AP.

We're showing you this article with reduced functionality due to intermittent issues on FT.com. This article is up-to-date as of August 4, 2025.

David Pilling in Matsapha, Eswatini

August 4, 2025, 4:00 am

Bongi Nkosi remembers the devastating impact of the Aids epidemic. "I grew up in a place where kids were raising kids," he says of a time, in the 1990s, when every other child in Eswatini seemed to have lost their parents.

As the epidemic spread in the tiny southern African nation, then known as Swaziland, life expectancy crashed. By 2005, it had fallen from 62 to just 44. Nearly 40 per cent of adults aged 15 to 49 contracted the disease, the highest incidence in the world.

Back then, HIV was a death sentence. Though the first antiretroviral drugs to suppress the virus had been rolled out in the US from the late-1980s, it was at least 15 years before they reached countries like Eswatini. For those who could not afford expensive western medicine, HIV progressed in the body unchecked, ravaging the immune system and rendering people vulnerable to opportunistic infections like tuberculosis.

"In 2004, people were dying in literally every house we came to," says Echo Nomsa VanderWal, a physician assistant from the US who came to Eswatini 20 years ago with her husband, a doctor. In a single day, they would routinely test 250 people positive for HIV. They had life-saving antiretrovirals for just five.

Around 2005, things began to change. That was when a US programme known as the President's Emergency Plan for Aids Relief (Pepfar), launched two years earlier by then US president George W Bush, came to the country of just 1.2mn

people. Suddenly, those who tested positive for HIV had hope. They became eligible for a cocktail of drugs that allowed them to live normal lives and reduced the chance of them spreading the disease to others.

New infections plummeted. Life expectancy more than recovered to 64. “HIV is well under control now,” says Nkosi.

John Nkengasong, a Cameroonian-American virologist who served as global Aids co-ordinator in charge of Pepfar during the Biden administration, says that the halt of the Aids epidemic worldwide is one of humanity’s most spectacular achievements.

“Without US leadership there is no way we would have bent the HIV curve,” Nkengasong says of the roughly $120bn marshalled by Pepfar since 2003. “Americans should be proud of that achievement in addressing one of the great health challenges the world has faced.”

That leadership and the control of the HIV epidemic are now in question. Six months ago, Elon Musk, then head of the so-called Department of Government Efficiency (Doge), dismantled the US Agency for International Development, the main conduit for US overseas assistance.

A US programme known as the President’s Emergency Plan for Aids Relief, launched by former US president George W Bush, came to the Eswatini in 2005 © Mike Hutchings/Reuters
The effects of the withdrawal of US expertise — and money — are already being felt. USAID’s 10,000 staff have stopped working and 80 per cent of its projects have been axed, with roughly 1,000 remaining programmes administered by the state department.

Members of the US Congress are trying to salvage the flagship Pepfar scheme, originally slated for deep cuts. That could keep many millions of people already on antiretrovirals safe for now. But many of the myriad services to prevent the further spread of HIV have already been eliminated, raising the prospect of a new wave of infections.

And beyond HIV, in areas from malaria, polio and childhood immunisation to emergency food rations, many public health projects in Africa, Asia and Latin America have stopped dead in their tracks. Food and medicine is stuck in

warehouses, the US is threatening to incinerate $10mn worth of unused contraceptives, and aid workers are tearfully packing their bags to return home.

Last month, The Lancet published a paper that shocked even seasoned US aid professionals used to defending themselves against accusations of wasting taxpayer money or being motivated by a liberal ideology out of sync with their fellow Americans. (Musk has called USAID a "viper's nest of radical-left Marxists who hate America".)

The Lancet paper found that spending by USAID from 2001 to 2021 had saved roughly 92mn lives, 30mn of them children. It predicted that, unless the abrupt funding cuts were reversed, roughly 14mn additional people would die in the five years to 2030. That was, it said, "a staggering number of avoidable deaths".

Aids victim Sibongile Dlamini with her six-week old baby in eastern Swaziland in 2004. Around 2005 the prognosis for patients in the country began to change when Pepfar launched © Alexander Joe/AFP/Getty Images

Of the estimated 92mn lives saved, the Lancet paper found 25.5mn would have died from Aids, 8mn from malaria, most of them children, and nearly 9mn from neglected tropical diseases. Millions of children younger than five were saved from killer diarrheal infections.

The US is not the only donor to cut aid. Others, including the UK, France and the Netherlands, have taken their cue from the Trump administration to slash their own budgets.

Last month, the UN said it was drastically scaling back its humanitarian operations following what it said were "the deepest funding cuts ever to hit the international humanitarian sector".

Mary Louise Eagleton, a Eswatini Unicef representative based in Mozambique, says the likely impact of USAID cuts were terrifying. "There'll be no commodities on shelves by November," she says, referring to medicines and therapeutic milk for malnourished children. "It does mean people will start dying."

Tiny Eswatini, Africa's only absolute monarchy, is a good place from which to examine both the potential fallout from aid cuts and the accusations that overseas assistance creates dependencies and distortions.

A lower middle-income country with a nominal GDP per capita of nearly $4,000, Eswatini is not desperately poor by African standards. And with 7 per cent of GDP devoted to health, it spends proportionately more than many others.

Still its health sector is plagued by problems, including a chronic shortage of basic medicines, that make it more dependent on foreign aid than it should be. When the FT visited the country in July, the main hospital in the capital Mbabane was closed because disillusioned staff had gone on strike. There was no point admitting patients to a facility that had run out of basic medicines, they said.

Even hospital provisions like catheters, IV tubing, bandages and surgical screws are often unavailable, forcing patients to buy from private pharmacies that mysteriously always seem to be well stocked.

A forensic report into the problems commissioned in 2023 found the procurement procedures were riddled with corruption.

Zakhele Dlamini, director of the auditing firm behind the report, says that the companies contracted to buy medicines purchased expired or short-dated drugs at knockdown prices. “Despite the fact that the government is pumping the budget into the ministry of health year in and year out, the services don’t match,” he says.

“There’s definitely something deeper,” concedes Neal Rijkenberg, Eswatini’s finance minister. “Around every hospital, there are these little pharmacies that have mushroomed up all over the place, and they’re selling the same government medicines to people that are failing to get them in the hospital.”

Rijkenberg says there is a “cold war” going on between his ministry and the ministry of health. Despite allocating some $32mn for the purchase of medicine, he says, hospitals face chronic shortages, while millions of dollars’ worth of drugs are past their sell-by date.

The health ministry did not reply to a request for comment.

One government official, who asked for anonymity, says the health budget provides easy pickings for middlemen and their political associates. “Our politicians are very much corrupt,” he says.

Though the first antiretroviral drugs to suppress HIV had been rolled out in the US from the late-1980s, it was at least 15 years before they reached patients in countries like Eswatini © Alexander Joe/AFP/Getty Images
Though open criticism of the king is rare, some people privately contrasted the lavishness of his lifestyle — he once famously acquired 11 Rolls-Royces for himself and his multiple wives — with the near-collapse of the government health system.

An outgoing US ambassador, Lisa Peterson, broke protocol in 2020 by making the same point. The US had given more than $500mn to Eswatini over the previous 15 years, she said. “It does reach a point where you ask yourself, why are we putting this money in this?”

Despite this dysfunction, with the help of Pepfar and other foreign agencies and NGOs, Eswatini has done a remarkable job at turning its HIV epidemic around.

So impressive has been the progress that by 2020 it became the first country in the world to reach a UN target known as 95-95-95. That meant 95 per cent of people knew their HIV status, 95 per cent of those received sustained antiretroviral treatment and 95 per cent of those were suppressing the virus to such an extent that it could not be transmitted.

By reaching the milestone, Eswatini even held out the hope of eradicating HIV altogether. Organisations like Médecins Sans Frontières, which has 90 staff in the country, are distributing a new class of treatment called pre-exposure prophylaxis, or PrEP, which offers virtually total protection from infection.

But medical experts fear that, far from eradicating HIV, countries like Eswatini are now likely to see an upsurge.

Children orphaned by Aids carry sacks of food near Eswatini’s capital Mbabane © Siphiwe Sibeko/Reuters
“A lot of money going into prevention will be cut and will remain cut,” says Dr Djoki Bahati, medical co-ordinator of MSF’s operations in the country. “That means the supply of PrEP, condoms, male circumcision [which helps reduce HIV transmission], community engagement and testing. All this prevention package is now at risk.”

Tengetile Hlophe, health promotion manager at an MSF sexual health clinic in the industrial town of Matsapha, worries that many efforts to halt the epidemic will

now fall by the wayside. Although MSF is not funded by USAID, many of the NGOs it works with are. They have shut down after receiving stop-work orders or have had to drastically scale back operations, she says.

Nkengasong, the former head of Pepfar, worries that even a brief interruption could be deadly. Without medication the viral load of an HIV patient quickly bounces back, often in a harder-to-treat mutated form.

And if HIV surges in one part of the world, it can spread to others, he says, citing a truism of public health. “This is investment in the common good because what threatens one threatens everyone.”

Perhaps the starkest example of the impact of cuts in Eswatini is the sprawling, ultra-modern hospital known as the “Miracle Campus”. Built in 2013 by the VanderWals, the American couple who first came to the country 20 years ago, at its peak it was providing high-quality care free of charge to 300,000 patients a year, more than a quarter of the country’s caseload.

Over the years, the Luke Commission, which runs the hospital, has received about $40mn in USAID grants, with one-third of its 2023 budget paid for by the US agency. The hospital, which has a state-of-the-art laboratory, gleaming operating theatres and even a fleet of drones to distribute medicines to hard-to-reach locations, once catered for people with a wide range of problems from cancer to hypertension and from diabetes to snake bites — deaths from which it almost single-handedly eradicated.

The ‘Miracle Campus’ — located in Sidvokodvo, Eswatini — at its peak was providing high-quality care free of charge to 300,000 patients a year, more than a quarter of the country’s caseload © The Luke Commission
Today, many of the wards stand empty and people get turned away at the gate. Most of the USAID funding ended with a curt letter received in January, though Echo VanderWal, executive director of the Luke Commission, is now fighting to get some of it back.

The hospital is a shadow of its former self. It has stopped treating most chronic diseases. The maternity ward is shut, meaning there will be less chance of testing mothers for HIV and treating them so that they don’t transmit it to their babies. Half of the hospital’s 700 staff have been laid off. It is implementing plans to charge those patients who can afford it.

VanderWal has come to believe that the Luke Commission, in playing such an outsized role, may have been as much a part of Eswatini's problem as a solution. "For 20 years, this was the place that never said no," she says. "But ultimately it was unsustainable."

Critics of aid say that foreign assistance, in effect, lets governments off the hook, relieving them of their basic duties to their citizenry and breaking the social contract through which a government earns legitimacy.

Peter Piot, who ran the Joint United Nations Programme on HIV/Aids at the height of the epidemic, says the Lancet's assumptions about deaths may be too pessimistic. "It assumes that governments are not going to do anything and that is not the right hypothesis," he says, adding that some countries are better prepared than others to step up.

Even before the US cuts, Piot had been arguing for what he calls "Global Health 2.0" in which governments take more responsibility for their own people's welfare. In Africa, countries such as Kenya and Senegal have introduced health insurance systems, he says, while Rwanda has rolled out a patient record data system that would be the envy of Europe.

Orphans and other children wait to receive rations in Bhanganoma, Eswatini © Gideon Mendel/Corbis/Getty Images

"I don't want to spin this. In HIV [US cuts are] going to have a huge impact especially on testing and prevention," Piot says. "I would plead that countries get two to five years to go through this transition," he adds, referring to rearguard actions in Congress to protect Pepfar funding.

Rijkenberg, Eswatini's finance minister, says: "We don't have a choice. We will have to fill some of these gaps." But the government would concentrate on essentials. "We will not be able to replace all of it."

Stefan Dercon, professor of economics at the Blavatnik School of Government in Oxford, is sceptical about some countries' capacity to go it alone. "All the important stuff seems to have been done by outsiders," he says. "It shows the underlying failing of a simplistic aid model. Governments have had no incentive to do these things themselves."

One senior USAID official, who when the FT calls is packing up her house to go home after 25 years in the field, rejects the idea that aid had failed.

Speaking anonymously for fear of losing her pension, she defends USAID's record both in delivering what she says was an efficient, exceptional service and in helping countries, such as Vietnam, graduate from aid dependency to standing on their own feet. "We did so much more than aid; we helped transform national health systems," she says.

"If you read the LinkedIn posts of all the USAID people who've been let go, the common theme is how much we just loved working for USAID, how proud we felt. It was our passion and our dream and our hope," she adds.

That did not mean, of course, that there were not unintended consequences or moral hazards, she says. Some governments did take advantage of foreign aid by neglecting their own responsibilities.

"The question is: would we let people die because the government is not doing what it should?" She asks. "It's a bit of a catch-22."

This article has been amended since first publication to reflect the fact that the "Miracle Campus" hospital was built in 2013, not 2021 as originally stated