

AID cuts impact on Malawi. By Helen Murphy, *Devex Newswire*, 11 Feb 2026

The donor hangover

[Malawi is getting a brutal lesson](#) in what life after U.S. aid really looks like. Programs once backed by more than \$350 million a year from [USAID](#) are frozen, the [Millennium Challenge Corporation](#) has shut down operations, and a \$350 million transport and land compact has collapsed.

The ripple effects are everywhere — from a weaker currency and rising prices to stalled schools, clinics, and infrastructure projects. Economist **Gilbert Kachamba** says **the cuts have magnified existing pressures** and argues that “the important thing is the self-sustainability of the country after aid,” not just emergency belt-tightening.

Health is where the pain is sharpest, writes Devex contributing reporter Madalitso Wills Kateta. Six projects by the U.S. global AIDS initiative [PEPFAR](#) worth \$176.5 million have been terminated, **forcing Malawi to scale back HIV prevention and treatment** and putting years of progress at risk. Clinics are scrambling to cope, and sources tell Madalitso that services are being bundled so patients can get HIV care alongside family planning and chronic disease checks.

The government has responded by **injecting more than \$13 million** into the Ministry of Health and promising to recruit some 6,000 new workers in the sector. **It’s also raising taxes** — though that alone can’t make up the monetary shortfall; **Bertha Bangara-Chikadza**, president of the Economics Association of Malawi, says taxation alone can’t fix fiscal issues, but the reforms signal renewed fiscal discipline.

Read: [Malawi struggles to fill development gaps after US aid cuts](#)