

USAID FUNDING SUSPENSION AND ITS IMPLICATIONS FOR UKRAINE

Introduction

On January 20, 2025, U.S. President Donald Trump signed an executive order that froze most foreign aid programs for 90 days. Within days, the U.S. Department of State directed the United States Agency for International Development (USAID) to suspend all of its projects and grants in Ukraine. Although Ukrainian officials emphasize that military assistance remains unaffected, the funding halt has disrupted critical activities ranging from school rehabilitation and medical services to energy infrastructure repair. This newsletter explores the suspension's far-reaching implications for Ukraine's development, governance, and humanitarian sectors.

Additional Context:

- The freeze is part of a broader review of U.S. foreign aid programs, with the new administration assessing alignment with its current policy priorities.
- USAID has been a key supporter of Ukraine's social, economic, and democratic reforms for decades.

USAID Funding Suspension: Key Facts

- **Effective Date:** January 27, 2025, when USAID officially notified Ukrainian partners of the suspension.
- **Duration:** 90-day freeze on most U.S. foreign aid, subject to review by the White House and State Department.
- **Coverage:** All non-military USAID activities, including school repairs, healthcare initiatives, and energy system maintenance.
- **Exceptions:** Military aid packages remain in place, as confirmed by both U.S. and Ukrainian officials.

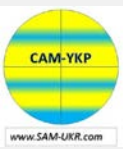
Additional Context:

- **USAID in Ukraine**
 - Historically funded projects in education, healthcare, independent media, infrastructure, and democratic governance.
 - Saw a dramatic surge in funding from \$0.2 billion (2021) to \$16 billion (2023) due to the ongoing conflict.

Scope and Immediate Effects on Ukraine

Rapid Growth and Subsequent Decline in USAID Support

- 2021: \$0.2 billion
- 2022: \$9 billion
- 2023: \$16 billion (making Ukraine the largest recipient of USAID assistance worldwide)
- 2024 (planned): \$5.4 billion—a 67% drop from 2023, but still substantial.
- **Where the Funds Were Allocated**
- **Economic Development:**
 - \$14.6B in 2023 → \$4.3B in 2024
- **Humanitarian Aid:**
 - \$1.1B in 2023 → \$637M in 2024
- **Democracy & Governance:**
 - \$196.8M in 2023 → \$286.1M in 2024 (a planned increase)
- **Healthcare:**
 - \$43.4M in 2023 → \$57.2M in 2024 (a planned increase)
- **Peace & Security:**
 - \$66.8M in 2023 → \$22M in 2024
- **Education & Social Services:**
 - Newly allocated \$20M for 2024 (no separate allocation in 2023)



IMMEDIATE EFFECTS OF THE FREEZE

- 1. Project Suspension:** Organizations working on school reconstruction, medical outreach, and energy grid repairs have paused activities.
- 2. Workforce Uncertainty:** Local NGOs and contractors reliant on U.S. funds face layoffs and budget shortfalls.
- 3. Potential Humanitarian Impact:** Reduced or delayed services in healthcare, social programs, and emergency relief operations.

U.S. Foreign Aid Freeze and Military Assistance

The broader freeze on U.S. foreign aid includes suspensions not only in Ukraine but also in other regions, except for specific allies like Israel and Egypt. Nevertheless:

- Military Aid Remains Intact:** President Volodymyr Zelenskyy and Pentagon officials confirm that U.S. security assistance to Ukraine is continuing uninterrupted.
- Diplomatic Concerns:** Allies such as Ukraine, Jordan, and Taiwan face disrupted humanitarian and development programs, but the U.S. has emphasized that the 90-day review does not affect

Public Perception in Ukraine

KIIS “Omnibus” Survey (February 4–9, 2025)

Conducted by: Kyiv International Institute of Sociology (KIIS)
Method: Computer-assisted telephone interviews (CATI) with 1,000 respondents across government-controlled areas.

Key Findings on the Funding Freeze:

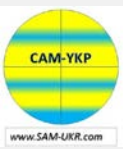
- 22% believe the suspension will have a strongly negative impact, citing crucial USAID support for Ukraine’s development.
- 12% see no major consequences, arguing some projects were not cost-effective.
- 47% anticipate some negative outcomes but view the freeze as a fair punishment for project mismanagement.
- 19% remain undecided.
- Overall, 69% see negative effects in some form, yet 59% consider the suspension a justified measure to address inefficiency.

Rating Group Survey (February 20–21, 2025)

Sample: 1,200 respondents via CATI

Key Highlights:

- Most Favorably Viewed Foreign Leaders:
 - Emmanuel Macron (77%), Andrzej Duda (72%), Ursula von der Leyen (67%)
- Least Popular Foreign Leaders:
 - Viktor Orbán (11%), Alexander Lukashenko (8%), Vladimir Putin (1%)
- Trust in Domestic Leaders:
 - Volodymyr Zelenskyy: 65% trust (up from 57% in January)
 - Valerii Zaluzhnyi: 76% trust rating (highest among domestic figures)
- Views on Negotiations:
 - 91% oppose U.S.-Russia talks without Ukraine’s involvement.
 - 64% favor direct Ukraine-Russia talks to end the war.
 - 81% support broader negotiations involving other countries.
 - 83% approve of a ceasefire, provided Ukraine receives **security guarantees.**



GOVERNMENT RESPONSES AND INITIATIVES

Deputy Prime Minister and Justice Minister Olha Stefanishyna

- Proactive Engagement with EU and G7:
- Working to secure alternative funding for key programs previously financed by USAID, especially in energy resilience, cybersecurity, and judicial reforms.
- Confirms that some initial funding decisions have already been made.

Ministry of Social Policy

Minister Oksana Zholnovych reassures that social sector financing remains largely unaffected because:

- Core social assistance programs rely on European partners, the UK, and the World Bank.

The ministry is mapping NGO projects impacted by the freeze to determine how best to reallocate resources.

Public Perception in Ukraine

Official Statements

Iryna Vereshchuk (Deputy Head of Presidential Office):

The suspension is a serious challenge, but talks with U.S. counterparts are ongoing to restore funding post-review.

Mykhailo Podoliak (Presidential Adviser):

Humanitarian aid will likely resume once the audit is complete; in the interim, Ukraine must seek **alternative funding**.

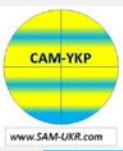
International Perspectives and Alternative Funding

Global Aid Implications

A survey by the International Council of Voluntary Agencies (ICVA) of 246 humanitarian organizations worldwide shows that two-thirds have had to downsize or terminate projects due to the U.S. aid freeze. This underscores global reliance on American foreign aid.

Potential Alternative Funding Sources

1. Multilateral Organizations & UN Agencies
 - World Food Programme (WFP), UNICEF, and the World Bank often provide emergency relief and development grants.
2. European and Other Government Donors
 - Canada, the UK, Germany, and Scandinavian countries have sizable aid budgets and may fill funding gaps.
3. Private Sector Partnerships
 - Large corporations often have Corporate Social Responsibility (CSR) programs.
4. Crowdfunding and Small Donors
 - Online platforms enable the public to directly support specific humanitarian or development projects.
5. Regional Cooperation
 - Neighboring countries or alliances (e.g., the G7) can offer specialized loans or technical assistance.



PUBLIC OPINION ON LIFE CONDITIONS AND GOVERNMENT

Ilko Kucheriv Democratic Initiatives Foundation & Razumkov Center Survey (December 8–15, 2023)

Sample: 2,019 respondents through face-to-face interviews in various Ukrainian regions (excluding active combat zones).

Key Findings:

- Hope vs. Anxiety
 - 55% feel hopeful about their personal future; 61% about Ukraine's future.
 - 40% report anxiety about personal prospects; 34% about the country's trajectory.
- Impact of War
 - 95% say the war affects their daily life; 61% describe it as a decisive factor.
 - 35% feel their situation has worsened slightly, 40% significantly.
- Confidence in Victory
 - 88% remain confident of ultimate success; 63% express absolute certainty (down from 78% one year ago).
 - Regional differences: The East is slightly more cautious than the West or South.

Recent Public Opinion about the War

A recent Opinia24 survey, referenced by Radio ZET and European Pravda, revealed public opinion in Poland regarding Ukraine's approach to the ongoing war with Russia.

57% of respondents believe Ukraine should "seek peace as soon as possible." 30% support Ukraine continuing to fight. 13% were undecided.

35% of men support continuing the fight, compared to 26% of women.

55% of men and 59% of women favor a quick peace agreement.

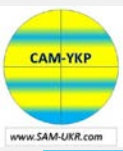
10% of men and 15% of women remain undecided.

Among Confederation voters, 74% support an immediate peace deal.

Among Civic Coalition supporters, opinions are divided:

44% support a quick peace agreement.

47% believe Ukraine should keep fighting—the highest percentage of any party's supporters.



COMMUNITY SPOTLIGHT

Funding Challenges: Ukrainian non-governmental organizations that depended on U.S. grants are now exploring partnerships with European donors, corporations, and crowdfunding.

Creativity and Adaptation: Some NGOs have introduced subscription models, exclusive content, and community-driven fundraising.

Cultural Sector

Coalition of Culture Actors: Estimates losses of \$2–3 million in the cultural sphere alone due to suspended grants.

Media Outlets Affected:

Bihus.Info, Nashi Groshi, hromadske, Ukraïner, Cukr, Kavun.City, Slidstvo.Info, Rubryka, and others report revenue shortfalls.

Fundraising Innovations

Corporate Partnerships: Businesses sponsor events, paid content, or marketing tie-ins as part of Corporate Social Responsibility.

Crowdfunding Platforms: Used for one-time donation drives or ongoing membership programs.

SolutionsHub: Fundraising Without American Donors: An initiative by Rubryka to help NGOs develop sustainable financing strategies beyond U.S. grants.

Conclusion

The suspension of USAID funding has immediate, disruptive consequences for Ukraine, cutting off critical resources for education, healthcare, and infrastructure. While military assistance remains steady, the broader freeze underscores the vulnerability of humanitarian and development programs to abrupt policy changes.

Yet, optimism remains:

- Ukrainian governmental bodies are actively engaging with European and G7 partners.
- Local NGOs are finding alternative pathways to sustain their work.
- Public support for reforms and faith in an eventual Ukrainian victory remain high, even amid rising anxiety about the future.

Over the coming weeks, the U.S. State Department’s 90-day review will determine whether these programs can resume or require an overhaul. In the meantime, Ukraine’s resilience and adaptability—both at the governmental and grassroots levels—are proving crucial in navigating this funding crisis.

For further inquiries, insights, or collaboration opportunities, please visit our website or reach out directly:

 www.sam-ukr.com