

Beyond the Freeze: Reimagining International Aid through Localization

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1.0. Executive Summary

On January 24, 2025, the U.S. government suspended nearly all foreign aid programs for a 90-day review period. This decision has not only taken the humanitarian, development, and peace sectors by surprise but also compounded the suffering of vulnerable populations. This policy brief argues that while the suspension of U.S. funding is a major setback that has exacerbated the challenges faced by under-developed communities, it is also a wake-up call for the international actors (INGOs), local organizations and entities to critically rethink of both the objectives and design of their programs. To this end, the localization agenda- which emphasizes leveraging local resources, developing local capacities, fostering local ownership, and improving cross-sector coordination and collaboration mechanisms- could serve as a referential framework to mitigate the adverse effects of such policies.

2.0. Problem Analysis

The U.S. foreign aid freeze, affecting approximately **\$68 billion in annual**

funding,¹ represents a significant shift in global foreign assistance. This comprehensive halt encompasses nearly all aid programs managed by the State Department and USAID, with the latter alone distributing between **\$35 billion to \$40 billion annually**.² The freeze magnitude is further emphasized by the fact that in 2024, the U.S. provided nearly **\$72 billion in global assistance**, accounting for approximately **42% of all such assistance recorded by the UN that year**.³

This decision should be understood against the backdrop of President Donald Trump's "*America First*" policy, prioritizing domestic interests over international commitments. The 90-day review period reflects the new administration's focus on re-evaluating foreign aid programs to ensure they primarily serve "American taxpayers." This move aligns with Trump's campaign promises to reduce overseas spending and redirect resources towards domestic issues. The suspension also reflects the *Make America Great Again* movement's nativist ideology, which views foreign aid as potentially detrimental to the prosperity of the American society. **Trump's re-election signaled a return to transactional politics and deal-making, marking a departure from traditional diplomacy and a renewed**

emphasis on quid pro quo arrangements internationally.

2.1 Emerging Questions and Potential Gaps

This decision raises critical questions about the immediate and long-term impacts on global humanitarian, development, and peacebuilding efforts. While exceptions have been made for emergency food programs, life-saving humanitarian assistance, and military aid to specific countries, the majority of U.S. foreign aid programs remain affected. This situation, if unresolved immediately, could potentially create a vacuum in global aid distribution, potentially disrupting ongoing projects and jeopardizing the lives of millions who depend on these programs. The international community now faces the challenge of having to fill this gap or witness a regression in global humanitarian, development, and peace efforts.

3.0. Assessing the Policy Decision Global and Local Impacts

3.1. A Complex Worldwide Crisis

The funding freeze has triggered a multifaceted crisis with far-reaching consequences. Global aid efforts have been significantly compromised, causing massive support networks- INGOs, CBOs, small businesses, volunteer groups, and the list goes on- to disintegrate, leaving millions of

¹ Susan Appe, 'How nonprofits abroad can fill gaps when the US government cuts off foreign aid,' *The Conversation*, January 30, 2025, <https://theconversation.com/how-nonprofits-abroad-can-fill-gaps-when-the-us-government-cuts-off-foreign-aid-248378>

² Ibid.

³ David Brunnstrom, "What is USAID and why has it become a target for Trump and Musk?" *Reuters*, February 3, 2025, <https://www.reuters.com/world/what-is-usaid-why-has-it-become-target-trump-musk-2025-02-03/>.

at-risk individuals- women, girls, persons with disabilities, refugees, and displaced populations- without access to vital assistance. Amid this global upheaval, nearly 180 countries receiving U.S. financial assistance are poised to be directly impacted:

Khartoum, Sudan: Approximately 816,000 civilians enduring conflict and starvation are no longer receiving assistance from community kitchens, which have halted operations owing to funding suspension.⁴ The aid freeze is also exposing 600,000 people in Sudan to the risk of getting affected by cholera, malaria, and measles.⁵

In **Thailand:** Hospitals have denied treatment to tens of thousands of Myanmar war refugees with life-threatening conditions, such as those with chronic diseases and pregnant women.⁶ In the absence of U.S. assistance, cross-border medical relief initiatives can no longer sustain essential pharmaceuticals or compensate medical personnel.

Latin America and the Caribbean: The freeze has affected nearly \$2 billion in foreign assistance, impacting programs addressing migration, drug trafficking,

criminal cartels, good governance, and economic development.⁷

Iraq and Syria: The U.S. commitment to fight ISIS and prevent violent extremism is also jeopardized. For instance, the financial and technical support to major detention facilities in Syria and Iraq, where thousands of ISIS fighters have been placed, now face the risk of total collapse, potentially causing another episode of deadly extremist violence similar to 2014-15.

Global Health Crisis: The 90-day review period poses a significant threat to years of progress in global health and undermines efforts to control HIV/AIDS, malaria, and other diseases in vulnerable populations, particularly in sub-Saharan Africa. The President's Emergency Plan for AIDS Relief (PEPFAR), which has provided antiretroviral treatment to over 20 million people worldwide, faces funding shortages that could prevent access to treatment for millions of HIV patient. Similarly, the U.S. President's Malaria Initiative (PMI), which has helped reduce malaria deaths by over 50% in some African countries, is now at risk, possibly leading to a resurgence of the disease.

⁴ Sui-Lee Wee, Declan Walsh, and Farnaz Fassihi, "How the World Is Reeling from Trump's Aid Freeze," *The New York Times*, January 31, 2025, <https://www.nytimes.com/2025/01/31/world/asia/trump-usaid-freeze.html>.

⁵ Gerald Imray et al., "Africa Knew Trump's 'America First' Pledge Meant It Might Be Last. Then Came the Freeze on Aid," *ABC NEWS*, February 3, 2025, <https://abcnews.go.com/Health/wireStory/africa-knew-trumps-america-pledge-meant-freeze-aid-118385963>.

⁶ Panu Wongcha-um, Shoon Naing, and Poppy Mcpherson, "Myanmar Refugees Face Sudden Discharge from Thai Hospitals Shuttered by US Aid Freeze," *Reuters*, January 29, 2025, <https://www.reuters.com/world/asia-pacific/myanmar-refugees-face-sudden-discharge-thai-hospitals-shuttered-by-us-aid-freeze-2025-01-29/>.

⁷ WOLA, *Trump's Pause of U.S. Foreign Assistance to Latin America: An "America Last" Policy* (WOLA, January 31, 2025), <http://wola.org/analysis/trumps-pause-of-u-s-foreign-assistance-to-latin-america-an-america-last-policy/>.

3.2 Implications

The abrupt decision to suspend global foreign aid for three months is detrimental to U.S. security, political, and economic interests abroad. **While the decision of channeling funding to serve domestic affairs is crucial, it also may come at the expense of the U.S. global influence, which has already been contested overseas.**

- **Security Risks:** In the absence of sustained investment in counter-terrorism efforts, radical factions may capitalize on the resulting governance and security cooperation programs vacuum, presenting renewed challenges to regional and international stability.
- **Geopolitical Shifts:** China, with its expedited and less conditional lending policies, may expand its politico-economic influence in nations that have traditionally relied on U.S. financial assistance. This potential realignment may irreversibly undermine U.S. diplomatic relations in these vital regions.
- **Health and Sanitary Crisis:** Cutting funds for humanitarian and

healthcare programs like those for Ebola, malaria, and HIV/AIDS undermines disease prevention, and raises mortality rates. This weakening of global health support systems increases the risk of infectious disease outbreaks that can rapidly spread to American shores.

3.3 Local Impact: Tunisia's Civil Society Networks & Development Programs under Threat

Since the 2011 revolution, the U.S. has committed more than \$1.4 billion to support Tunisia's democratic transition, security, and growth.⁸ In November 2024, the U.S. Department of Agriculture (USDA) announced a five-year program, allocating \$24.85 million to bolster Tunisia's date sector.⁹ This initiative aims to significantly enhance date production and strengthen traditional oasis agricultural systems. In the realm of security, the U.S. provided Tunisia with \$160 million in assistance in 2023, followed by \$110 million in 2024.¹⁰ These funds were utilized to enhance the capabilities of Tunisian security forces, including the establishment of training centers and the provision of military equipment. Thus, the U.S. has positioned itself as a key partner in Tunisia's democratic transition and growth. However, the recent funding freeze has

⁸ Oussema Othmeni, 2024. "US Foreign Policy on Transitional Justice and Democratization in Tunisia: Pacted Transition or Democracy Reduction?", *European journal of American studies*, 19-2, <http://journals.openedition.org/ejas/21883>

⁹ U.S. Embassy Tunisia. 2024. "United States Awards 76.5 Million Tunisian Dinars to Support Tunisian Date Sector." *U.S. Department of Agriculture (USDA)*.

<https://tn.usembassy.gov/united-states-awards-76-5-million-tunisian-dinars-to-support-tunisian-date-sector/>.

¹⁰ Agnes. Helou. 2024. "US Approves \$110 Million Deal for Patrol Boats for Tunisia." *Breaking Defense*. August 21. <https://breakingdefense.com/2024/08/us-approves-110-million-deal-for-patrol-boats-for-tunisia/>.

impacted Tunisia, creating ripple effects across various sectors.

- **Energy, Fiscal Reform, Tourism, Agriculture development, and Youth Empowerment** programs funded by the U.S. now face the risk of collapsing. The sudden suspension of funding threatens to undermine years of progress in democracy-building and youth engagement initiatives. Without continued support, hard-won advancements in citizen political participation, girls' education or governmental transparency may stagnate or even regress. **For instance, youth job training programs have depended on U.S. funding, which provided vocational courses, entrepreneurial training, and school-to-work transition assistance. With the implementation of the aid freeze, such initiatives face the possibility of downsizing or ceasing operations entirely, jeopardizing the livelihoods of thousands of young Tunisians.**
- **Human rights and women's political participation organizations, networks, or climate change advocacy coalitions** currently lack the requisite bridging funding to sustain staff wages and operational expenses. The impetus for reforms meticulously developed over the past decade may falter.

Should the freeze remain unresolved for an extended period, there are concerns that escalating socio-economic pressures—ranging from elevated unemployment to widening regional inequalities—may exacerbate, increasing the likelihood of political and societal upheaval.

- **Tunisia's Emerging Governance Structures**—such as municipal councils and newly instituted legislative and human rights mechanisms—have relied on the U.S. financial and technical support to enhance institutional transparency and accountability, combat corruption, and foster local responsibility. These initiatives are at-risk if donor funding remains unattainable for a longer duration.

3.4. Implications for U.S. interests in Tunisia

Tunisia occupies a strategic position at the intersection of North Africa and the Mediterranean, rendering it an essential ally in combating terrorism and preserving stability in adjacent crisis areas like Libya.

- **Security Risks:** For years, U.S.-funded security collaboration and preemptive strategies—border management and counter-terrorism training—have mitigated possible outbreaks of violence. A sustained suspension of foreign funding undermines these partnerships,

rendering Tunisia increasingly susceptible to trafficking networks, extremist infiltration, and wider regional disturbances.

- **Politico-economic Realignment:** The U.S. has utilized foreign assistance to enhance trade and investment relations, implementing specialized programs to improve Tunisia's business environment and promote local small and medium businesses (SMEs). These measures have fulfilled the dual objectives of mitigating youth unemployment and enhancing bilateral trade. **The funding freeze not only impedes current projects but may also prompt Tunisian leaders to pursue other alliances—especially with global powers such as China—thereby altering politico-economic alignments that previously supported U.S. interests.** Therefore, any perceived withdrawal from Tunisia, particularly during a critical period in its democratic transition, would diminish American influence. This is a critical moment where other nations may rapidly intervene, providing more immediate financial assistance with fewer conditions, thus acquiring political leverage and market access to the detriment of U.S. interests.

Collectively, these implications could weaken Washington's long-standing

partnership with Tunisia and diminish its presence in North Africa.

4.0. Rethinking Aid Architecture through Localization

Foreign assistance will definitely continue to play a significant role in the humanitarian, development, and peace sectors; however, how INGOs and CSOs choose to adapt their operations and policies will largely determine whether their future programs would be resilient in the face of donor countries' changing priorities. The repercussions of the 90-day review period are yet to be felt across the globe. Yet, this situation is also a wake-up call for INGOs and CSOs to critically rethink about their interventions. To this end, the localization agenda serves as a referential framework for reimagining foreign assistance. Localization could help mitigate the impact of abrupt funding freezes by diversifying funding sources and leveraging existing assets and resources and strengthening local capacities. By developing the necessary skills, networks, and resources to operate independently, local actors can respond more effectively to crises, even in the face of funding disruptions, creating a more resilient aid system better equipped to withstand political shocks or funding fluctuations.

Embedding the localization agenda within the architecture of aid programs has the potential to yield more effective outcomes,

particularly in terms of sustaining benefits beyond the initial phase of donor support.

Below are practical actions on how INGOs and local organizations could address funding disruption through embedding localization within their operations.

4.1. Short-term Recommendations:

For INGOs:

- **Develop Local Fundraising Capacity:** INGOs must prioritize the enhancement of fundraising competencies inside local organizations. This involves instructing local partners on initiating crowdfunding campaigns, pursuing corporate sponsorships, and engaging individual donations. Training workshops, webinars, or brief mentorship programs can provide these groups with the expertise to diversify their funding sources, thus fostering a more robust and sustainable local NGO ecosystem.

For Local Organizations

- **Develop a Local Resource Mobilization Strategy:** local organizations can address funding disruption by creating a comprehensive local resource mobilization strategy that leverages and transforms community connections into sustainable financial support. This approach involves systematically mapping and

engaging local economic actors, identifying potential funding sources within the immediate ecosystem, and building strategic relationships that go beyond traditional donor-recipient dynamics.

4.2. Long-term Recommendations:

For INGOs

- **Develop Robust Digital Transformation and Localization Technology Platforms:** to mitigate funding disruptions, INGOs should invest in comprehensive digital transformation strategies that enable seamless localization of knowledge, resources, and operational capacities. This involves creating integrated technological platforms that facilitate real-time knowledge transfer, capacity building, and collaborative project management across different geographical contexts. By developing digital ecosystems that support local partners with training, remote collaboration tools, impact measurement technologies, and adaptive learning mechanisms, INGOs can reduce dependency on traditional funding models and create more resilient, locally-driven development infrastructures that can quickly adapt to changing global dynamics.
- **Transition to a Fund Manager Role:** INGOs can shift their focus to acting

as fund managers with a localization agenda. In this capacity, they can issue calls for proposals, conduct organizational diagnostics, and facilitate capacity enhancement for local organizations. This approach allows INGOs to leverage their expertise and connections while gradually transferring more direct control and funding to local actors, ultimately enabling them to compete for donor funding independently.

For Local Organisations

- **Collaborative Knowledge Economy Strategy:** develop a digital and physical infrastructure that transforms local organizational knowledge into a tradable, collaborative intellectual asset. This comprehensive approach involves creating a platform where local organizations can exchange expertise, cross-train personnel, share specialized skills, create joint intellectual property, and generate alternative value streams beyond traditional funding. The unique value proposition of this strategy lies in its ability to convert organizational intellectual capital into a sustainable economic resource. By building resilient inter-organizational networks and generating new revenue potential through knowledge monetization, local organizations can create a self-

sustaining ecosystem of shared resources and expertise.

5.0. Conclusion

The abrupt suspension of around \$68 billion in U.S. foreign aid for 90 days has revealed the vulnerability of global aid system and jeopardized the livelihoods of millions reliant on such assistance. Despite the inherent risks—escalating security issues, endangering public health, and undermining civil society's essential financial support—it simultaneously offers a transformative opportunity. By embracing localization as a fundamental principle, INGOs and local organizations can strengthen their resilience against sudden changes in donor policies. This entails diversifying financing sources, augmenting local capacities, and fostering a more collaborative knowledge economy that surpasses traditional donor-recipient dynamics.

Ultimately, the freeze serves as a poignant reminder that a robust aid system must transition from centralized external finance to community-based and locally regulated alternatives. Localization can guarantee that essential programs remain adaptable, sustainable, and in accordance with local interests, whether responding to urgent crises or strategizing for the long term, despite abrupt political uncertainties and financing variations.

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