

August 2025

The USAID Funding Freeze and Its Implications for Humanitarian Aid in Somalia: A Wake-Up Call for Aid Dependency

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Key Messages

- The U.S. aid suspension has created an immediate humanitarian crisis in Somalia, disrupting essential services and halting new project obligations within days of the January 2025 Executive Order.
- HIV treatment continuity is at risk, with over 2,000 people in Somaliland already without life-saving medication following the suspension of PEPFAR/USAID-supported services.
- Somalia faces a funding loss of USD 183.36 million, affecting food security, health and nutrition, education, WASH, protection, and research programs nationwide.
- Education and skills development programs have been suspended, including the USD 30 million Accelerated Education Activity targeting 67,072 learners and 1,418 teachers across Somalia.
- Food security interventions have been severely disrupted, with the termination of emergency food assistance and resilience programs, including the EMERGE project for 158,000 IDPs and host communities in Southwest State.
- The crisis exposes Somalia's aid dependency and structural vulnerabilities, highlighting the urgent need for fiscal reforms, domestic revenue mobilization, strengthened local NGO capacity, and diversified funding partnerships.
- Health service delivery has been significantly reduced, with 121 facilities closed or scaled back, cutting access for more than 817,000 people, particularly in Puntland's Karkaar and Nugaal regions.
- Somalia should improve financial governance, diversify funding, and invest in local sectors like agriculture, fisheries, and livestock, while ensuring donor partnerships focus on sustainability and local ownership.

Background

On January 20, 2025, US President Donald Trump issued an Executive Order (EO) mandating a 90-day suspension of U.S.-funded foreign aid, including humanitarian operations, with the stated aim of evaluating the alignment of US foreign development assistance with the administration's foreign policy priorities (White House, 2025). On January 24, 2025, the United States Agency for International Development (USAID), the agency responsible for distributing civilian foreign aid on behalf of the US government, announced to all its global partners a pause on all new funding obligations and sub-obligations under Development Objective Agreements (DOAGs) (USAID, 2025).

The United States is the world's largest donor of international aid. Established in 1961, USAID serves as the US government's primary agency for funding international development and humanitarian assistance and is globally recognized for its leadership in delivering growth and humanitarian aid (FY 2024 International Affairs Budget, n.d.). Several government agencies are involved in US foreign assistance, with USAID accounting for approximately 60% of the total, followed by the Department of State, which manages nearly 30% (Brookings, 2024).

In fiscal year 2024, the United States allocated \$54 billion in global assistance, supporting various international programs. Of this amount, \$13 billion was explicitly directed to Sub-Saharan Africa, addressing critical needs such as humanitarian aid, economic development, and infrastructure projects. Additionally, a significant portion of the remaining funds was invested in global programs, including health initiatives to combat diseases and improve medical access and climate-related efforts crucial for achieving environmental protection and sustainability. Africa has become a primary beneficiary of these broader programs, receiving substantial support to enhance resilience and development (Foreign Assistance, 2024).

The suspension of US government funding, particularly through USAID, caused widespread disruption in ongoing and planned humanitarian programs, such as health and nutrition programs, which are critical for the health, welfare, and livelihoods of vulnerable communities worldwide.

The disruption has affected millions of people, particularly in vulnerable and crisis-affected regions in the world, by cutting off essential services such as HIV treatment, tuberculosis care, and food aid (New York Times, 2025). Africa has been significantly impacted by the suspension of USAID funding, where many countries depend heavily on USAID for essential programs, with healthcare being the most significant component of US aid to Africa (ISSAfrica, 2025).

Somalia, a Horn of Africa nation facing challenges such as conflict, drought, and economic instability, relies heavily on aid. USAID funding has been a crucial lifeline, supporting essential areas such as food security, healthcare, education, and governance. The United States has provided nearly \$2.3 billion for humanitarian assistance in Somalia since Fiscal Year 2022, supporting programs ranging from emergency nutrition and sanitation projects to education, skills, and livelihood programs (Reliefweb, 2024). In 2025, Somalia was set to receive \$125 million in USAID funding for similar programs (AP, 2025).

A recent survey by the Somali NGO Consortium on the impact of the US aid suspension in Somalia revealed significant disruptions to humanitarian efforts. Hundreds of NGO staff have been affected, and millions have been left without essential services. According to the survey, over 60% of NGOs operating in Somalia counted on USAID as their leading donor to address humanitarian needs. Approximately 70% of national and international NGOs in Somalia receive funding from the Bureau for Humanitarian Assistance (BHA) and USAID, with more than half receiving stop-work orders, including those with indirect funding. The most affected sectors are health, nutrition, WASH, food security, education, and protection. Over 10,000 beneficiaries have been directly impacted, with one organization reporting disruptions affecting over 1.6 million people. Staff layoffs and unpaid leave have become common, leaving many NGOs in a state of uncertainty (Somali NGO Consortium, 2025).

SIDRA Institute has produced this policy brief against the backdrop of concern about the US funding freeze to highlight its effects on essential services for vulnerable communities, the impact on NGO staff and employment, disruptions to economic development, and the broader implications of the sudden withdrawal of assistance in the context of aid dependency.

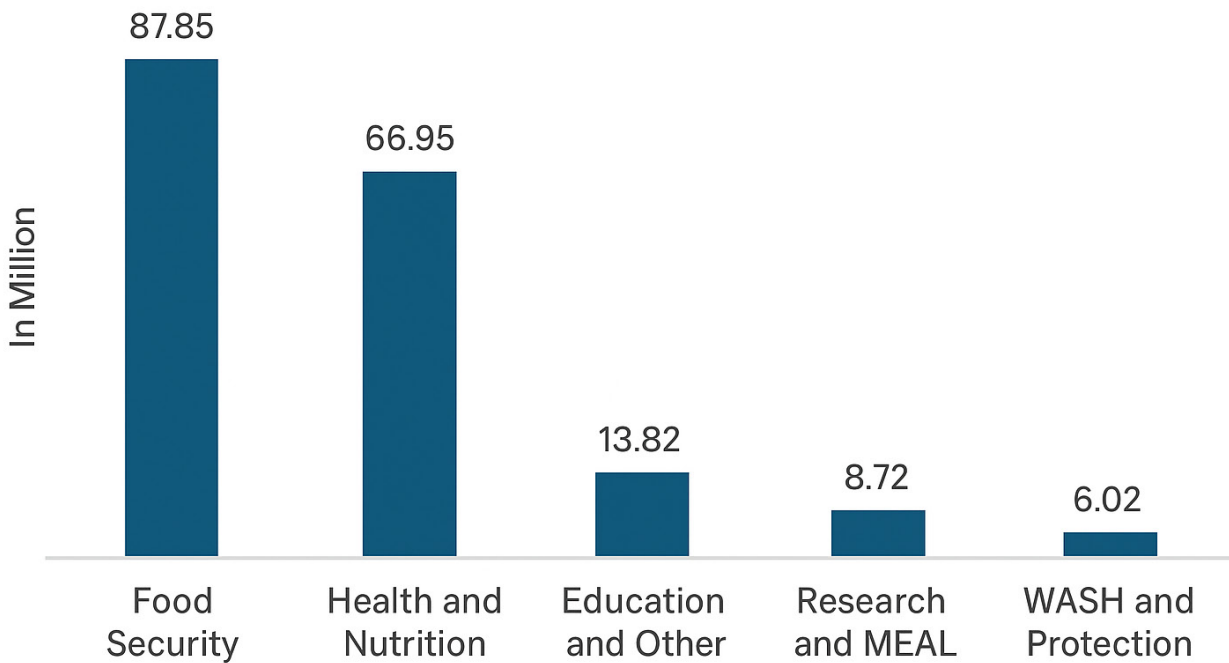
Methodology

This policy brief employed both quantitative and qualitative research method, conducting key informant interviews and a desk review of relevant literature and reports. The study examined the USAID funding suspension and its effects on global humanitarian operations, with a particular focus on Somalia. The desk review analyzed existing research, while interviews provided firsthand insights from humanitarian workers, including those from international NGOs (INGOs), local NGOs, and government officials. This study have several limitations that should be acknowledged. First, access to actual contracts terminated by the U.S. government was restricted, limiting the ability to conduct a comprehensive review of contract-specific details. Additionally, for some projects involving Somalia, it was difficult to determine the exact funding amounts allocated to the country. This is particularly true for multi-country or regional initiatives where Somalia was one of several beneficiaries, and the disaggregated financial data were not available. These constraints affected the precision of project-level analysis.

An Analysis of the Sectoral Impacts of USAID’s Funding Termination in Somalia

The analysis of documents outlining the global funding freeze by the United States Agency for International Development (USAID) reveals that Somalia was significantly affected by the funding cuts. Approximately USD 183.36 million in financial support earmarked for humanitarian and development assistance in Somalia has been terminated. The impact spans several critical sectors, which are essential for maintaining basic services and improving resilience among vulnerable populations in the country.

Figure 1: US funding freeze in Somalia



Source: Adopted from Leaked USAID Contracts Terminated

Disruptions to emergency humanitarian assistance and food security programs

The most significant portion of the terminated funding was allocated to food security, with an estimated USD 87.85 million withdrawn. This funding was previously directed towards emergency food assistance, agricultural resilience programs, and livelihood support, which are crucial in addressing chronic food insecurity and the recurrent droughts affecting various regions in Somalia.

Suspended USAID funds supported resilience programs in Somalia. One of the programs affected by the cuts is a five-year initiative, the Empowering Marginalized Groups through Economic Graduation in Somalia (EMERGE) program, which was launched in Southwest State in late 2024 (WVI, 2024). This program aimed to improve food security and build resilience for over 158,000 internally displaced persons (IDPs) and host community members in Baidoa and Hudur.

Disruption to health and nutrition programs

The second most affected area was the health and nutrition sector, which experienced a termination of approximately USD 66.95 million. This funding was intended to support maternal and child health interventions, malnutrition treatment programs, and primary healthcare service delivery, particularly in hard-to-reach and conflict-affected communities.

The reduction of USAID funding has had profound consequences. Healthcare facilities have been forced to close, leading to disruptions in nutrition programs for children, child protection services, and gender-based violence support initiatives. The BHA Integrated Response in Areas project, one of the key programs affected by the funding cuts, had been supporting 121 health and nutrition sites including 27 health centers, 57 Integrated Community Case Management (ICCM) sites, 12 mobile clinics, 1 district hospital, 4 stabilization centers, and 20 primary health units across Puntland, Southwest, Hirshabelle, and Somaliland.

These facilities served an estimated 817,321 individuals, the majority of whom were women and children who are especially vulnerable to disruptions in healthcare access.

The scale of the impact got the attention of Puntland Ministry of Health, resulting the organizing of Puntland Health Investment Conference held in Garowe in April 2025. Speaking at the conference, the Director General of the Puntland Ministry of Health described how the loss of USAID funding had seriously weakened health services across the Karkaar and parts of the Nugaal regions. He stated that “as a result, services at one district hospital, eight integrated health and nutrition centers, twelve ICCM sites, nineteen primary health units, and two stabilization centers have been either reduced or halted entirely. These facilities provided care to more than 77,000 people, largely women and children who depend on them for critical, often life-saving care”.

Before the USAID funding cuts, the affected facilities delivered a wide range of essential services such as immunizations, safe deliveries, nutritional support for breastfeeding mothers, treatment for severely malnourished children, and health education and promotion. The unexpected withdrawal of funding has jeopardized those services, putting the lives and health of vulnerable communities at risk. While the immediate consequences are alarming, the long-term risks are equally concerning. The cuts have eroded Somalia’s ability to sustain its fragile health system and weakened its capacity to respond to routine needs as well as emergencies, including disease outbreaks, maternal and newborn complications, and both chronic and acute malnutrition. The situation is especially dire in remote and conflict-affected areas where few, if any, alternative healthcare services exist. If left unaddressed, the consequences will likely include rising levels of child stunting, wasting, and preventable mortality outcomes that could undo years of progress in improving health and nutrition in Somalia.

The US funding freeze has disrupted allocations under the President’s Emergency Plan for AIDS Relief (PEPFAR), a bipartisan program providing lifesaving HIV services since 2003.

Primarily implemented by the CDC and USAID, PEPFAR operates through over 450 prime partners and 850 sub-recipients across 55 countries (Lankiewicz, Alana Sharp, Patrick Drake, & Jennifer Sherwood, Br, 2025). In Somalia, this freeze has severely impacted HIV/AIDS programs, limiting access to treatment for affected individuals. In Somaliland alone, 2,092 people reliant on health centers for direct HIV treatment have run out of medication due to USAID budget cuts (BBC Somali, 2025). WHO Director-General Tedros Adhanom Ghebreyesus has warned that these reductions have “substantially disrupted” HIV treatment supplies, potentially causing shortages in multiple affected countries (Reuters, 2025).

Disruption to water, sanitation, and hygiene programs (WASH) and protection services

Other sectors affected by the funding freeze include Water, Sanitation, and Hygiene (WASH) and protection services, which lost about USD 6.02 million. These interventions were critical for preventing disease outbreaks, ensuring access to safe drinking water, and safeguarding the rights of internally displaced persons (IDPs), women, and children.

Disruptions to education and skills programs

Similarly, education programs have been shut down, limiting access to learning opportunities for countless children. An estimated USD 13.83 million in funding for education and other cross-sectoral humanitarian assistance was terminated. This category included support for non-formal education, school feeding programs, and multi-sectoral emergency response initiatives.

The USAID funding freeze has caused severe disruptions to education programs, including the Accelerated Education Activity (AEA). This \$30 million initiative, from 2024 to 2029, was designed to provide quality, inclusive education for 67,072 students while supporting 1,418 teachers and head teachers through financial incentives (GREDO, 2024).

The suspension of AEA affects students and teachers who relied on the program’s support for professional development and financial stability. The freeze has heightened concerns about the future of education in affected regions, further exacerbating existing challenges in access to learning and teacher retention.

Disruptions to other critical programs

Around USD 8.72 million in funding for research, monitoring, and evaluation (M&E) activities was also rescinded. These funds were allocated to program effectiveness assessments, learning activities, and evidence-based programming essential for improving aid delivery and accountability.

Impact on local and international NGO organizational capacity

The suspension of USAID funding has severely impacted the operational capacity of humanitarian organizations in Somalia, forcing many local and INGOs that relied heavily on US assistance to scale back or halt their programs entirely. Previously strong organizations are now struggling to maintain staff, procure essential supplies, and deliver critical services, with some laying off employees or placing them on unpaid leave. The stop-work order affected over half of the impacted NGOs, with 65% of their staff placed on unpaid leave for three months, and between 10 and over 100 staff affected per organization (Somali NGO Consortium, 2025). In response, some organizations have implemented cost-cutting measures and sought alternative funding sources to continue life-saving operations.

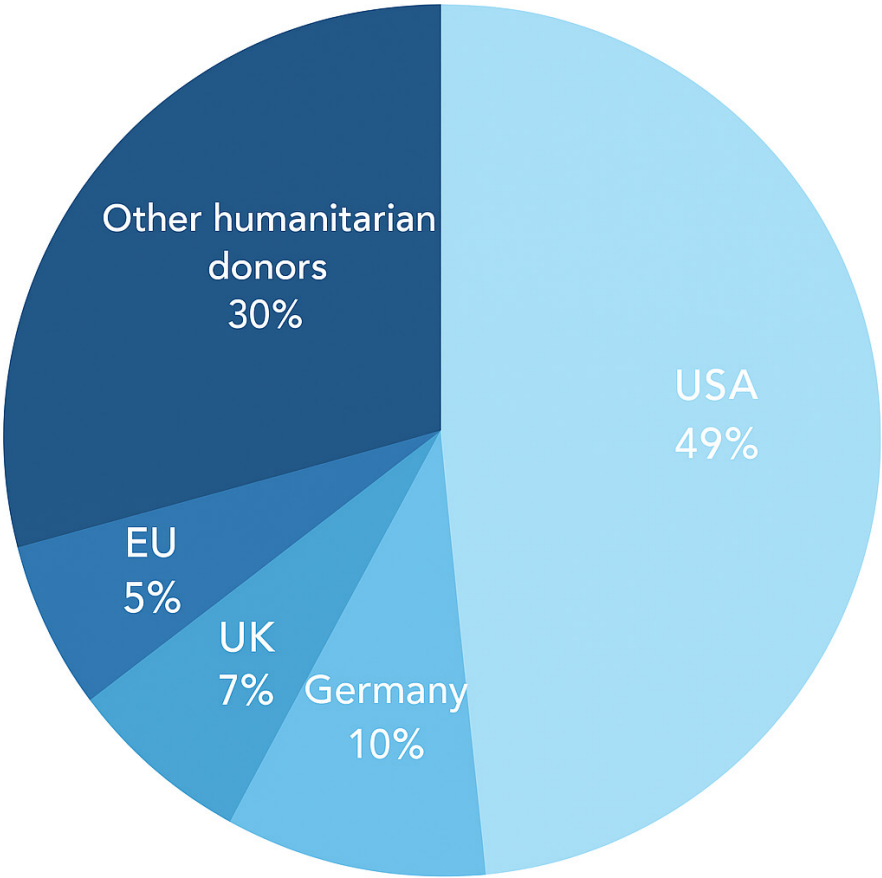
Somalia Foreign Aid Dependency

Somalia has relied on foreign aid for decades. The country’s dependence on aid did not begin with the collapse of the central government in 1991 but rather dates back to the post-independence decades (Muhumed, 2020). However, the key difference is that before 1991, Somalia received foreign assistance primarily in development and military aid from various countries at different times—mainly from the Western world, the Arab world, and the former Soviet Union (Muhumed, 2020).

The East African country has heavily relied on humanitarian aid since 1991, when it plunged into civil war. Dozens of humanitarian organizations have been operating nationwide to assist vulnerable communities. The ongoing humanitarian crisis is driven by a combination of conflict, climate shocks, and food insecurity, all of which have severely affected the country’s stability. Continued violence, including clashes between government forces and Al Shabaab militants, has forced millions to flee their homes, resulting in widespread displacement. Additionally, recurring droughts and floods have devastated agriculture and livestock, pushing millions into hunger.

As humanitarian aid to Somalia comes from various donors, the United States has been the most significant contributor. For example, in 2020, Washington provided nearly half of all humanitarian aid, amounting to US\$495.8 million, as shown in Figure 2.

Figure 2: Top providers of humanitarian aid to Somalia



Source: Aid Information Management System (AIMS)

In recent years, donor fatigue in humanitarian aid for Somalia has led to decreased funding and donor engagement. Many donors feel their contributions have not resulted in lasting improvements, especially amid ongoing conflicts, droughts, and displacement. Additionally, global crises like those in Ukraine and Syria have diverted attention and resources away from Somalia, further straining humanitarian efforts (VOA, 2023). For example, in 2024, the Somalia Humanitarian Needs and Response Plan (HNRP) required US\$1.6 billion to address the needs of 5.2 million people, but only 48% of the needed funding was received (UNOCHA, 2025).

However, Somalia's prolonged reliance on foreign aid has led to weak government revenue collection, a culture of dependency, and negative impacts on exports. While aid provides critical support during humanitarian crises, its long-term effects have hindered economic self-sufficiency and sustainable development. Reduced domestic revenue limits the government's ability to invest in infrastructure and public services, while dependency on external assistance discourages local innovation and private sector growth. Additionally, reliance on foreign aid can weaken Somalia's export potential by diverting focus from developing competitive industries. It is time to adopt a strategic shift towards economic diversification, improved revenue generation, and policies that foster self-reliance.

Conclusion

Global humanitarian aid has been declining over the past few years. Even before the Trump administration froze US funding, several donor countries, including Germany and the UK, had already begun reducing their aid budgets, shifting focus towards domestic priorities (Development Aid, 2024). Inflation and economic downturns have further compelled governments to reduce foreign aid spending (The New Humanitarian, 2025).

Humanitarian assistance has played a critical role in saving millions of lives in crisis affected countries such as Somalia, particularly among vulnerable groups by providing emergency relief including food, water, healthcare, and shelter as well as the rebuilding of government institutions and critical infrastructure.

Somalia cannot afford to remain dependent on foreign assistance, whether humanitarian or developmental. The US aid freeze should serve as a wake-up call for the Somali government and the aid sector. It is time for Somalia to reassess its long-term strategy, reduce reliance on external aid, and prioritize building sustainable, homegrown resilience.

Recommendations

- ▶ Somalia's Federal government and Federal Member States need to collaborate on reforms to improve the financial management and taxation system, strengthen domestic revenue collection, and promote public-private partnerships to invest in key sectors like agriculture, fisheries, and livestock. These sectors can boost local production, reduce reliance on food aid, create jobs, and generate revenues.
- ▶ Somalia needs to strengthen its financial accountability and transparency to combat corruption and ensure funds are used effectively
- ▶ Somalia must swiftly engage with other donor countries to fill the gap left by US funding, ensuring that essential humanitarian operations can continue and support communities without alternatives.
- ▶ Somalia's Federal government and Federal Member States need to reevaluate their budgeting priorities and allocate sufficient funds for social services, especially for the most vulnerable communities, such as displaced people.
- ▶ International donors must work closely with local stakeholders to identify community needs and develop programs reflecting local priorities and expertise. Joint funding mechanisms are recommended to ensure that aid supports sustainable initiatives and strengthens local capacity.
- ▶ Existing international donors should prioritize and increase funding for local organizations at risk of closure or unable to meet other commitments to enhance their ability to lead humanitarian responses in case international NGOs leave the country.
- ▶ Somalia's government and international NGOs should fund research programs to identify and explore strategies to reduce the country's dependency on aid, focusing on building sustainable local capacities and enhancing self-reliance.

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How to Cite This Policy Brief

Bile, A. O., & Salad, M. A. (2025). The USAID funding freeze and its implications for humanitarian aid in Somalia: A wake-up call for aid dependency. SIDRA Institute.



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