

# THE IMPACT OF PROPOSED US FOREIGN ASSISTANCE CUTS:

## Lessons Drawn from Four Country Case Studies

**PROJECT OBJECTIVE:** To assess, using existing aid information, research, and in-country interviews, the impact of the US foreign assistance cuts proposed in the FY '19 budget. We undertook case studies in four countries – Cambodia, Liberia, Nicaragua, and Senegal – focusing on an important sector in each country, which we considered central to its overall development.

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## SUMMARY FINDINGS

**Significant and sudden cuts, particularly in fragile countries, can risk instability and undermine the achievements already made as a result of US investments.** In all case studies, it was apparent that a sudden reduction of the US foreign assistance budget would undermine current programs and potentially reverse the progress made to date.

- In Liberia, considerable US investment has been made in building government capacity and stabilizing the political environment. The first peaceful transfer of power between political parties in 2017 was a promising indicator of progress. However, with a new and inexperienced government, a sudden and sharp reduction in democracy and governance support could easily reverse existing US achievements in this area.

- In Senegal, which enjoys relative peace and democracy, the US is helping to resolve a long running, low-level civil conflict in the Casamance region. A withdrawal from the agricultural sector there could not only undermine efforts to tackle food insecurity, but could also contribute to further instability in the region, as US agricultural assistance is also helping to create a favorable environment for the peace process.

**“The organizations that will suffer the most [from a cut] will be the little ones that have no-one else to turn to. Those on the front-line, struggling to keep the idea of democracy alive.”**  
– Civil society representative, Nicaragua

**Proposed cuts, even if not implemented, still have a negative impact.** The budget uncertainty has made US programs significantly more difficult to implement, with organizations reporting that funds have been cut at short-notice or put on hold. This has slowed program implementation, made forward planning significantly more difficult, and is undermining US credibility abroad. Some examples of the challenges US implementers face are:

- Being forced to slow down program implementation for six months, which results in fewer outputs at the same running costs.
- Due to uncertainty of future funds, having to lay-off their staff, only to then receive the money.

**“We had to freeze our work. For six months we had less [funding] but had the same running costs.... It has just been a big waste of money.”**

– US Implementer

**Proposed cuts can undermine the essential leadership role USAID often provides in the donor community.** The US often serves as more than just another donor, providing leadership in its development approach, its focus on the most vulnerable, and its support for democracy.

- In Cambodia, it is considered the most influential donor in ensuring that the rights of the most vulnerable are not forgotten in the Cambodian government’s pursuit for broad economic development.
- In Senegal, other donors spoke of the leadership of USAID, particularly noting its nuanced approach in agriculture, which both targets poverty nationwide and contributes to peace-building in the Casamance region.

**US assistance often fills a unique role by providing assistance that no other donor can match.**

- In Nicaragua, where democracy is on the downturn, the US is the only donor to operate completely outside of the Nicaraguan government’s influence and uses this position to fund independent civil society, which would otherwise struggle to exist. It is also building NGOs’ capacities for revenue raising.
- In Cambodia, the US is the only major donor to fund entirely through grants, which go to an otherwise largely unfunded group of NGOs. Additionally, achievements in the fights against malnutrition and poverty reduction will either slow or possibly reverse.

**Relatively small amounts of US foreign assistance can have a significant impact.**

US assistance is considered critical to the development and stability of all case study countries. The combined total aid for the four countries amounts to just 1.7% of all US foreign assistance.

- Assistance to Senegal, for example, accounts for 0.4% of all US aid. With just a quarter of this money, the US is tackling food insecurity for some of the most vulnerable people and is working to support an end to the violence in the Casamance region.
- Support for Liberia has helped to build essential governance structures, accountability mechanisms, and an independent media. The US directly supported the country’s first peaceful transition of power, but the country’s gains remain fragile.

**“The US is one of the few donors dealing with the [Casamance] conflict and its aftermath. We thought the conflict was calming down, but if donors withdraw it might re-ignite.”**

– Civil Society representative, Senegal

**About these case studies:** These countries were selected according to criteria informed by desk research, expert interviews, and analysis. In each country we focused on one sector and visited each country, conducting a number of interviews with a range of stakeholders. We utilized a common methodology for each to ensure a consistent approach with each country. For more information on our methodology visit: [www.publishwhatyoufund.org/projects/us-foreign-assistance](http://www.publishwhatyoufund.org/projects/us-foreign-assistance)