TRUMP'S AID CUTS – IMPACTS AND LESSONS FOR TANZANIA'S CIVIL SOCIETY SECTOR- A QUICK ANALYSIS

Early this year, shortly after being sworn into office, U.S. President Donald Trump issued an Executive Order effectively halting all aid funding provided by the U.S. government through its agencies, including the United States Agency for International Development (USAID). The United States has been the world's largest aid donor, supporting over 100 countries using taxpayer funds. In Tanzania, this aid has been channeled through four main avenues. First, it is provided directly to the government under bilateral agreements. Second, it is distributed through American and international organizations operating in the country. Third, it supports Tanzanian civil society organizations (CSOs) working on various initiatives and lastly through various business companies.

Following this announcement, the Tanzania Human Rights Defenders Coalition (THRDC), which has over 300 member organizations across mainland Tanzania and Zanzibar, conducted a preliminary study to assess the impact of Trump's decision on local non-governmental organizations (NGOs). THRDC has long been a key stakeholder in supporting Tanzania's CSO sector when facing several challenges. Some of the major issues the Coalition and its partners have been working on is the financial sustainability, civic space, finance space, aid localization ,legal/ tax compliance challenges and capacity of the civil society sector in the country.

In recent years, Tanzania's civil society sector, particularly domestic organizations, has faced a severe financial crisis due to various factors. These include shifts in donor priorities, with more funding now channeled to private businesses from donor countries, the presence of foreign NGOs operating in Tanzania that receive a large share of incoming aid, conflicts affecting global funding, the dominance of UN agencies absorbing available funds, political changes in donor countries, and the lack of a strong domestic fundraising strategy involving local wealthy individuals, corporations, businesses and local philanthropies.

USAID has historically allocated only 25% of its funding to local organizations, including Tanzanian-registered foreign NGOs, while 75% goes to international and American organizations registered in Tanzania. For example, in 2023, only 17 Tanzanian organizations received direct funding from USAID, a number that increased to 20 in 2024. Some of the direct recipient of USDAID funds in Tanzania include Ifakara Health Institute, Benjamin William Mkapa Foundation, National Council of People Living with HIV-NACOPHA, Evangelical Lutheran Church in Tanzania, Women in Law and Development in Africa (WILDAF) Tanzania Health Promotion Support-THPS, Lawyers Environment Action Team-LEAT, Tanzania Bora Initiative, Tanzania Natwork of Legal Aid Providers -TANLAP, Christian Council of Tanzania. However, this computation includes local commercial enterprises like the Vodafone Foundation and internationally affiliated NGOs registered as local entities, such as the Kijana Kwanza project (International Rescue Committee), Brave Generation (Deloitte Consulting Company), Tanzania Kilimo Tija (ACDI/VOCA), and Afya Yangu Project (Johns Hopkins University). This concludes that only at least 12 domestic NGOs receive funds

directly from USAID, the largest contributor of NGOs funds recorded at the Office of registrar of NGOs, the rest are sub-granted by INGOs and companies receiving funds directly from USAD.

In 2024 alone, USAID allocated $500 million to various projects, primarily benefiting large international firms such as Tetra-Tech ARD , RTI International, etc. For nearly 60 years, the United States has been a key financial partner in Tanzania, funding numerous projects. Various reports including 2024 USAID Projects Brief indicate that over the past two decades, the U.S. government has provided more than $7.5 billion to support Tanzania's economic growth, environmental conservation, water and agriculture development, youth empowerment, democracy, human rights, security, and social services such as health, education, and food security. For instance, a report by REPOA and AidData of 2024, provides that between 2012-2022 Tanzania and USA relationship has been benefiting for about $3 billion US dolor annually from USA funds. According to AidData and REPOA some of the major US funded projects include the following;

a) **$3.8 billion for HIV/AIDS programs**, saving an estimated **750,000 lives** through **PEPFAR (President's Emergency Plan for AIDS Relief)**.
b) **$533 million for malaria prevention and control**, reducing mortality rates in high-risk regions.
c) **$546 million for agriculture and food security**, improving farming techniques and market access.
d) **$579 million for infrastructure development**, including water supply systems and road construction.

Trump's aid cuts are expected to have far-reaching consequences, particularly for civil society organizations engaged in health, education, peace, security, elections, agriculture, environmental protection, economic empowerment, democracy, gender issues, and women's rights. Civil society organizations (CSOs) have the right to seek and receive financial resources from any source to fulfill their mandates, such as improving social services, including healthcare, education, legal aid, advocacy, and human rights protection. This sector employs hundreds of thousands of Tanzanians, generates foreign exchange, and contributes to tax revenue. CSOs have played a significant role in national development, particularly in healthcare and education. According to data from the Ministry of Planning's Five-Year Development Plan, CSOs, including faith-based organizations, contribute more than 40% to these sectors.

The preliminary findings of this quick survey on the impact of Trump's funding restrictions on Tanzanian CSOs reveal that the ban on project funding has severe consequences for both CSOs and their beneficiaries. However, the study focused solely on CSOs and did not examine the impact on government institutions that previously received U.S. funding. This survey indicates that only a few local organizations received direct financial support from the U.S. government through USAID. Tanzania has approximately 30,000 registered CSOs under four regulatory frameworks: the NGOs Act, the Trustees Act, the Societies Act, and the Civil Society Act for Zanzibar.

However, not all these organizations receive donor funding. For instance, data by the office of registrar of NGOs indicates that in 2023, only 1,368 out of 8,000 registered organizations on NGOs registered under the NGOs Act reported receiving donor funding to the registrar of

NGOs. The total funds received by these 1,368 organizations amounted to TSh 2.6 trillion (approximately $1 billion), representing 6% of Tanzania's GDP for the 2023/2024 fiscal year. These funds were allocated to projects in healthcare, environmental conservation, economic empowerment, community protection, education, agriculture, good governance, water, gender equality, human rights, energy, infrastructure, and job creation—especially for youth, women, and people with disabilities. These investments also contributed to individual and national economic growth.

Among the 70 organizations that completed the survey by 9th/2/2025, only 7% reported receiving direct funding from the U.S. government through USAID. Most organizations rely on small grants from intermediaries that receive direct U.S. funding, implementing projects in collaboration with USAID-backed organizations. According to preliminary findings of the ongoing survey, this abrupt suspension of U.S. funding has already led to several major consequences for organizations that received official notices to stop all projects under American funds:

a) Mass layoffs – Many organizations, particularly those that relied 100% on U.S. government funding, have been forced to lay off employees.
b) Project suspension – Ongoing projects have been abruptly halted.
c) Disruptions to beneficiaries – Vulnerable groups who depended on these projects have been severely affected, including children receiving education support, safe shelters for children, women, the elderly, people with disabilities, individuals living with HIV/AIDS, and students relying on scholarships.
d) Job losses for thousands of Tanzanians – Employees of affected organizations face the risk of unemployment.
e) Contractual disputes – Organizations may face conflicts with contracted consultants and suppliers due to the sudden halt of project implementation.
f) Loss of government tax revenue – The government will miss out on tax revenues previously generated from employment and the circulation of these funds within the economy.
g) Economic instability for laid-off workers – Employees who have lost their jobs or face job insecurity are experiencing financial instability due to the sudden and unexpected funding cut, which did not follow standard labor contract termination procedures.
h) Decline in CSO contributions to GDP – The withdrawal of U.S. funding will significantly reduce the contribution of civil society organizations to the national economy, employment and foreign currency.
i) Loss of approximately $3 billion benefit Tanzania receives annually from U.S. Government funding – This includes funds allocated for CSOs, government departments, and private companies operating in Tanzania.
j) Reduction of U.S. dollar inflows into the country – The funding halt will negatively impact the availabilitw of foreign exchange.
k) Frozen 2024 project funds – Approximately $500 million that was allocated for CSO projects, companies and other development initiatives in 2024 will remain unused until further directives from the Trump administration. Among the ongoing major local USAID-funded projects before Trump executive orders include;

a) The **Feed the Future Tanzania Kilimo Tija** project, implemented by ACDI/VOCA, was allocated **$38 million** for agricultural productivity enhancement between **2022 and 2027**.
b) The **USAID Tuhifadhi Chakula** project, led by TAHA, received **$24 million** to support post-harvest food loss prevention from **2023 to 2028**.

c) The **USAID Kijana Kwanza** project, run by IRC, was funded with **$1.2 million** for youth empowerment programs between **2022 and 2024**.
d) The **USAID Afya Shirikishi** project, managed by Amref Health Africa, received **$15.3 million** to improve community health services from **2020 to 2025**.
e) The **USAID Afya Yangu** project, administered by the Elizabeth Glaser Pediatric AIDS Foundation, was allocated **$265.4 million** from **2021 to 2026** to provide HIV/AIDS treatment and maternal health support.
f) The **USAID Breakthrough Action** project, implemented by Johns Hopkins University, received **$9.3 million** for health communication and behavior change 2w22wprograms between **2022-2025.**

This survey reveals that the most affected organizations are U.S.-registered entities operating in Tanzania that relied 100% on U.S. government funding, particularly from USAID. These organizations employed thousands of Tanzanians and ran development projects across various sectors, including health, education, democracy, environment, agriculture, water, youth, women, and peace initiatives.

The funding suspension has also impacted local organizations that collaborated with or received grants from these U.S.-backed institutions. Ultimately, the greatest impact is felt by the beneficiaries, as these projects directly supported the livelihoods of many Tanzanians.
The health sector is the most affected, as a significant portion of its funding and projects were supported by the U.S. government through its various agencies, including PEPFAR. These funds covered infrastructure, personnel, medical supplies, diagnostics, drugs, treatment, prevention, and health insurance. Key health initiatives affected include:

a) Drug rehabilitation programs
b) HIV/AIDS prevention
c) Community health and nutrition services
d) Eye care, cancer treatment, tuberculosis, and fistula surgeries
e) Male circumcision and prosthetics services
f) Maternal and child health programs
g) Reproductive health education for adolescents
h) Medical equipment and vaccine distribution

These initiatives were largely implemented by civil society organizations (CSOs) with American funding and mostly INGOs. The suspension of U.S. funding, especially projects under USAID, is a significant setback for Tanzania's CSO sector and the broader population. USAID was the leading donor, contributing a substantial portion of the TSh 2.6 trillion ($1 billion) that CSOs secured in the fiscal year 2023/ 2024 as per the office of registrar of NGOs. Other key donors included: PEPFAR (U.S. President's Emergency Plan for AIDS Relief), CDC-Tanzania (Centers for Disease Control and Prevention Tanzania), Global Fund, UK Foreign, Commonwealth & Development Office (FCDO), Bill & Melinda Gates Foundation, European Union (EU), Finnish Embassy, Norwegian Embassy, Embassy of Denmark, Swedish Embassy (SIDA), CDC-Africa, Mastercard Foundation.

The absence of USAID funding will severely weaken CSOs engaged in health, environment, agriculture, and education. However, human rights organizations will be less affected, as many don't receive funds from USADI as they rely on European donors such as Sweden, Norway, the EU, Denmark, and Ireland. Additionally, U.S.-based philanthropic organizations like the Ford Foundation, Wellspring Foundation, and Open Society Foundation remain as reliable

supporter of human rights work in Tanzania. The desire for aid localization should now be taken as best way forward to get out of this crisis as part of ensuring projects sustainability.

Governance Concerns Over Trump's Decision. President Donald Trump's abrupt decision to freeze funds already allocated for ongoing projects violates principles of good governance and financial agreements between CSOs and U.S. aid agencies. The sudden halt has jeopardized thousands of Tanzanian jobs, leaving employees in financial distress. Many stakeholders urge the U.S. government to reconsider this decision and allow the release of funds already designated for office operations, salaries, and essential services for beneficiaries.

A Wake-Up Call for Tanzanian NGOs. This crisis highlights a critical lesson for Tanzania's civil society sector—the urgent need for financial sustainability and direct support for local NGOs **(Aid localization).** The current heavy reliance on international funding makes Tanzanian organizations vulnerable to external political decisions. Moving forward**,** local NGOs must be assured of financial independence through:

a) **Direct funding from international donors**, reducing reliance on intermediaries like foreign NGOs.
b) **Stronger domestic resource mobilization**, ensuring that Tanzanian businesses and philanthropists support national development and human rights protection efforts.
c) **Investment-driven sustainability models**, where NGOs generate income to sustain their initiatives. Current donor community should be part of this initiative as part of ensuring sustainability of projects funded by their funds. Investment ventures generate sustainable income for NGO projects

It serves as a lesson for Tanzania's CSO sector, prompting a shift toward alternative funding sources. Last year, the Tanzania Human Rights Defenders Coalition (THRDC) launched a domestic resource mobilization strategy for human rights organizations to reduce reliance on foreign aid. The CSOs sector must always through reliable networks like THRDC make regular meetings with government , development partners and private sector community for discussion and deliberation on the status of CSOs funding trends within and outside the country to ensure resilience against future funding shocks.

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