



DevelopmentAid Dialogues



Season 2. Episode 5: International Development Exodus: Who Pays the Price When the U.S. Pulls Out? | A dialogue with Felix Gnehm

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Hisham Allam

Hello, everyone. Welcome to DevelopmentAid Dialogues, where we bring bold, unfiltered conversations about the realities of global development. I'm your host, Hisham Allam.

Today we are tackling a seismic shift in international aid, the USAID funding cuts, and their far-reaching consequences on democracy, development, and global solidarity.

Imagine this, critical projects grinding to a halt, partnerships built over decades suddenly unraveling, and communities left vulnerable in the wake of political maneuvering. But here is the bigger question. Fulfill the gap when the U. S. pulls back.

Joining us, Felix Gnehm, a visionary leader in humanitarian action and international cooperation currently, president of Allianz Sud, Switzerland's powerhouse for development policy and director of Solidar Suisse. Felix's sprint headed the organization's growth from 18 million Swiss francs to over 30 million Swiss francs. All while navigating complex crises. His career spans decades, from post-earthquake reconstruction in Pakistan to advocating for sustainable water policies at the UN and steering Swiss NGOs through unstable funding landscapes.

Felix is not just a strategist; he is a vocal critic of authoritarian institutions in global aid. When the future of USAID remained uncertain, he sounded the alarm on how it is dismantling risks weakening democracy and empowering autocratic regimes. With his dual expertise in grassroots programs management and high-level policy advocacy, Felix is uniquely positioned to examine today's urgent questions.

How can NGOs survive sudden funding shocks? What replaces you as leadership in development and how stands to gain a democracy driven aid struggle.

Felix, welcome to the show.

Felix Gnehm

Thank you, Hisham. Thank you for having me. It's a pleasure.



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Hisham Allam

Felix at your LinkedIn account, I've seen a post where you have called Trump's policies a reckoning pole for development. Beyond the funding, how do political shifts and donor nations erode trust in multilateral systems?

Felix Gnehm

Well, Hisham, I think this is really, as you rightly pose, a massive shift in the relationships between the so-called global north and the global south, insofar as these aspects of mistrust have already been there.

It's not a new thing, but we haven't seen a disruption in such a massive and kind of honest way, to put it this way. And this is going to impact certainly the relations we have, for example, with actors and stakeholders in very poor countries with high inequality. So, I fear this is not just going to be a short-term thing, but it will really impact the work all of us are engaging in.

Hisham Allam

You have stressed that Europe must step up to counter autocratic influence. What concrete steps should EU donors take to fill the void left by the U. S. aid retreats and where current efforts falling short?

Felix Gnehm

Well, that's a difficult question because I think you cannot just fill this void because it's a huge number of billions of US dollars that the United States have invested. And I think in the short term it cannot be expected that European or other countries for that matter, just step in funding wise. So, I think the response must be a different one and maybe this is also again a bit paradoxical, but an opportunity because first of all, lots of things will break away and will be stalled.

Things come to a halt, which should not come to a halt. So, we will speak about that. Let's talk about the real impact of this disruption. And that's from a perspective of, for example, people that fled a country to a neighboring country like the Rohingya in Bangladesh, or people that fled a village in Burkina Faso and went to another village, and there they depend on humanitarian assistance.

Really a drastic impact that cannot be underestimated. But on the other hand, maybe you can rebuild the architecture of the corporation in the way it should be and not in the way it was because it was already dysfunctional, and we'll speak about both matters. So, I think we should rebuild a more functional system of global cooperation, and we should closely assist people in countries that have a right to shelter, right to water, right to education, et cetera. And this right is being, you know, kicked with feet, let's put it mildly.



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Hisham Allam

Felix, how do you think the future of the international development sector will be affected if the United States administration didn't change its mind and continued to freeze the US aid to the international community?

Felix Gnehm

So, I think one of the problems is the U. S. will not discontinue, but the U. S., this, I'm not, I'm not an expert, I'm not a prophet, but I believe they will continue, but they will continue if this regime stays in place with their agenda. They will rebuild their own funding, and they will not support the type of cooperation we would like to see, but rather they will build a type of cooperation, which we're already seeing emerging, which is in their interest of course. And that's not a good thing because we depend on global cooperation and on global solidarity in a way that I may unpack, later also what this means. So, I think, the future must be there is no other way. You know, we're in the same boat. So, we cannot just ignore the climate crisis. We cannot ignore it. Social and economic inequalities. There will be a response in itself by the people. There will be a continuation of the global cooperation system, but someone definitely needs to fund, let's say, the more, the more, the lifesaving aspects of work. Otherwise, what will they do with the millions of people that cannot hardly survive, they'll find a way somehow and many will not survive, I believe.

In the short term, I don't have an answer what the kind of rebuilding of the system can be. We need massive funding, of course, and this funding is not to be seen anywhere. But in the long run, again, I think people will take matters into their own hands and people are resilient. Communities are resilient, but I fear this will take a while. In the meantime, we might see reactions in countries, which are not at all positive, meaning crisis will exacerbate, wars and conflicts, armed conflicts might increase, migration patterns, negative migration patterns will increase.

People will flee their homes. In the short term, I don't see a positive scenario, but in the long term I believe I remain optimistic, and I think countries will find ways to cooperate and even in the U. S. there will be many people that realize the harmful effect this has. So I think the U. S. will continue, but not in short or midterm, except we see a response of civil society in not just in the U. S., but also in Europe, in order to tackle some of the drastic issues that affect not just communities in the global South, but they will affect people here in Switzerland, people in the US, et cetera, et cetera.

Hisham Allam

I like this optimistic tone in your words but speaking about the system. Direction in the U.S. aid also raises questions about geopolitical shifts, international development with these gaps in funding. Are we seeing an increasing influence of other major players such as China, Russia or regional coalitions?

Felix Gnehm

Absolutely, and you know, times have changed. I believe if you asked me or other people 20, 25 years ago, at the turn of the century, we would have said, this is not just all bad, right? Because the dependency on OECD donor countries is a bad thing in itself. So why should, you know, the so-called wealthier, richer countries just fund continuously the global South.



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So, I believe this would have been positive for the last 20 years, this tendency to increase autocratic regimes in the way that, let me name China or Russia have developed. It's definitely not positive anymore. So, we cannot argue at the moment, at least that this will be a positive aspect that other countries are stepping in.

For example, in the side of the region, you can clearly see that some Gulf states are stepping in. Why would that be bad? You know, from a global perspective, it would be a good thing, but I believe, from a democratic perspective, from a social movement, like Solidar Suisse or my organization or other European organizations are supporting that would put people first, people's voice.

They should be actors of their own development. They should have a say. This is not happening this way. So, these countries that are stepping in with funding will build infrastructure. They will give these countries access to global trade, which these countries, and again, who are these countries, the regimes of these countries would say, this is positive for my country to build a port or to build a railroad system, et cetera. But have they asked the people, had the people a say in this at the moment? The answer is no, they do not. And the stepping in of other, donor countries have negative aspects on people's rights, on people's, you know, space people's democratic spaces. So, this, there's really a big closing of civil society space. And that worries me a lot.

Hisham Allam

But also, the U. S. aid has played a critical role in fostering long term partnerships with global South nations. We discussed many of those trust-based relationships that are now at risk. How is Solidar Suisse and organizations like it adjusting operationally to the sudden shifts in funding?

Felix Gnehm

Yes, good question. Maybe you have seen already that people are not starting to create an overview of how many contracts are affected, how many millions of US dollars are disrupted, how many partners organizations in the global South are affected, etc. So, in the case, an exemplary case of Solidar Swiss that became an implementing partner of USAID. A few years ago, we didn't have funding from the US previously, but in the last 10 years, you mentioned the growth of my organization. We invested in a diversification of funding sources, and we looked for other governments other than the Swiss, because in Switzerland already, there's a decrease of public funds in the last 6 years.

So, we had successfully gained these contracts and we're happy to be partnering with the United States paradoxically again, because we might see some of the U. S. policies as critical, but we believe that to put this U. S. tax money into good use and USAID had some great policies and very bold approaches actually to global development that we felt are great if we can partner with USAID in a global labor program, which many European countries are lacking. Here's a positive example of an engagement. And this global labor program mainly focuses on aspects of exploitation of the global labor force of laborers, women lacking rights at workplace, women being unprotected at workplace, et cetera, et cetera.



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These are great programs and, we knew it was not a surprise that with the coming in of the Trump administration, there might be, you know trouble coming ahead, but we didn't know exactly how, we didn't know how fast. And when it came, it came so fast. And so, in such a shockingly brutal manner that none of us, no NGO, was prepared.

So, what we tried to do, and this is hard because we cannot, we don't have the reserves or the funding, the alternative sources to just replace, funding stream. We had to really unpack our contingency planning and start working on scenarios. So, the current scenario is negative.

So, we believe the programs might not continue, and this means, standing closely with our staff to see. Okay. If we need to let staff go, we will certainly respect the contracts and not just in the U. S. way higher and fire, let them go from today to tomorrow. But rather, we will, of course, respect all the contractual rights they have, but, we still work according to, let's say, the, the playbook that we are advised to play by, which is to document all the expenses for example, write to USAID, even if maybe that's a ghost. We don't know who's there are, our friends and partners. We worked with them, they cannot communicate anymore, but we still document to them and say, we assume that currently the expense we have will be reimbursed.

Knowing that maybe they'll not be reimbursed. So that's the current way to deal with this disruption. We have to plan to dismantle these projects and programs in Asia as well. But at the same time, of course, we keep up hope because it's not finalized yet.

It's not yet sure what will continue and what will not. But the outlook is dire and skeptical.

Hisham Allam

Do you have a plan B if these expenses were not reimbursed?

Felix Gnehm

Yes and no, uh, no, in the sense we cannot replace this funding because, the amount of funding we get from governments is usually in millions of U. S. dollars per year. So, the Swiss landscape of funding, which is smallholders, public households give us money, people, small, poor people pay 10 francs, 20 francs, I don't know how much, you know, that's great, but we cannot collect, we cannot fundraise in the amount that governments are funding us and all the other governments at the moment are also reducing their funding that has started long time ago. Holland, for example, is also one of our estimated donor partners.

They are basically copying the U. S. ways of dealing with current global development. So, we cannot expect the Dutch, for example, step in if the Dutch do the same thing that Mr. Musk and Mr. Trump have just showed how to do. We don't have a plan B in terms of funding because we don't expect anyone to step in.

But yes, we have a plan, of course, to rebuild our programs, which are more grassroots oriented. We are a social movement. We want to stand by our local partners. We want to build partnerships with them. This will continue and we will try to find ways. We are a very resilient organization. And I think all the partners, all the organizations we work with in countries



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like Cambodia, Bangladesh, Pakistan, you name them, they're very resilient. They'll continue their struggle. They continue their work because that's in their DNA. It's not just about funding, but without funding. It's just so hard to do because, of course, in the end, people need the salary to also sustain their families and that's hard to think of in terms of having a plan B, because all the organizations are now running around for funding for alternative sources of funding. So, we're all basically trapped in the same boat. That's difficult.

Hisham Allam

Yeah, that sounds progressive. A former USAID worker has compiled a list of terminated agreements due to the US aid cuts, painting a picture of the widespread financial impact, and there were more than \$4 billion and contracts have been canceled, including a 40 million projects for early years education in the Philippines, 64 election related projects across nations like Senegal and a 130 million healthcare initiatives in Madagascar. What does this mean for future stability and affected regions and how should development actors respond?

Felix Gnehm

I believe this is not even the full picture yet. I believe the media and journalists, for example, have also a task to do at the moment. They need to look at what's happening, not just because USAID will not provide it because obviously, they hardly exist anymore. And that's exactly what the government basically planned.

It's as shocking as it sounds. They don't care about stability in these countries. They basically they played out this way that I think the examples you mentioned in countries like Madagascar or Myanmar, it's hard to imagine. I'm not there at the moment. I'm speaking in my cozy Swiss house about this.

But of course, I'm in touch with many people and organizations in the global South hearing what this means to them. And they're basically left alone. And this has a really drastic negative impact on the humanitarian situation of all these people. I believe in terms of stability; you can probably count 1 and 1 equals 2.

It's quite simple that I believe this will create instable regions. It will create instability and it'll it will put people in the arms of groups that we have seen this in for example, in the Middle East that what the young people or in Burkina Faso, what does a 15 year old boy that lacks education that is basically might be part of some development program might get some education, which is funded by international assistance. And from one day to the next, this is disrupted. What do we think this boy will do? What would I do if I were a 15-year-old boy? If a group comes that gives him a sense of pride, a sense of, you know, identity, and something to do, and even financial resources, it's quite simple. He will basically take the gun that is offered to him and start some, some idiotic fight where he doesn't even know who he's fighting.

I believe in many countries, this is the scenario that we're looking at an increase of armed conflict, instability. People don't know what to do. Their governments are not in a position to step up because they have been weak and dysfunctional for many years and exactly realize the problem. We might have sustained such relationships in the long run.



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Which weren't on a healthy track, so we're probably seeing pockets of and this, I know this sounds very, negative, very skeptic, but this is more likely than an optimistic, scenario where people, you know, take things into their own hands and rebuild their communities because there's no, there's no money to do that basically at the moment.

In the midterm, the next few weeks and months, I think many examples will emerge that we haven't seen in the last almost, let's say, 50 years, because we haven't, except in zones of war, of course, but otherwise, the international system would have worked. There was always assistance, because people, for example, the people that donate to Solidar Swiss, when they hear about this situation, they will step up.

They will donate. They will, they want to do something. People don't want to see misery in the world. And if we make this misery visible and show how it's happening, I think people will. This is my optimistic kind of view. People will respond. They don't want this situation to continue like that, but we must make it visible. We must give voice to the people that are left on their own in situations that are not acceptable at the moment.

Hisham Allam

Totally agree. And this is what we are trying to do in DevelopmentAid Dialogues, we are trying to give voice to the voiceless. Following to the USAID cuts all hospitals in minimized refugee camps along the Thailand border run by the International Rescue Committee have reportedly closed. What are the humanitarian implications of such shutdowns? And how can NGOs maintain essential health care services in crisis zones?

Felix Gnehm

I believe, in the short and midterm, many of these, let me call them front line workers that are there on the ground. These are to me, everyday heroes, women and men that do the work in very difficult areas across the world with, not such high salaries. They will just try to continue even if the salary is not coming, but how long can they do that?

Because obviously they also need food on their table. They need to pay social insurance. They need to pay their rent, et cetera, et cetera. I think it will really come to an end. At the example you mentioned, hard for me to judge that, but, if such hospitals close, if the health situation, becomes so much worse in these regions, and it will, well, then I believe people will die, people will suffer from illnesses and disease, they will flee, so I believe, again, we will pay the price, so in Europe, in the United States, in more wealthy countries of Asia as well, there's no other way, I think, these people will end up at the doorstep of the richer people, which brings us back to we must cooperate globally.

We have some global common goods, like the atmosphere, like the water, the soil, et cetera, that we must take care of jointly. We cannot just let people suffer, and I don't know in what situation we want to leave them. They will look for their rights. They will try to have access to resources. And how will they do that?

Other than, you know, migrating, et cetera. I am here. I'm very skeptical about what's going to happen. We're seeing a negative impact in a way that we were always underestimating the positive impact that our work has. We haven't convinced parliaments in Europe. We haven't convinced my Swiss parliament.



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They are not happy to cut this money, but they didn't hurt them. They say we will cut global development funding from today to tomorrow and we will, you know, increase military spending in our countries, but that's very short sighted. So, I believe the money will in the end land up again in these regions, but how long it takes to rebuild this funding stream and these partnerships. I don't know.

I fear all the disruption of these partnerships. It's not easy to rebuild because as you mentioned in your first question, trust is eroded, so this must be rebuilt. I hope enough actors are still there to keep trust and build trust, but at the moment it's really heartbreaking to see what happens in these communities.

Hisham Allam

As you have just said, one of the biggest concerns is how organizations that are dependent on USAID funding are adapting. But can we name some alternative funding mechanisms or partnerships that are emerging to fill the void left by these cuts?

Felix Gnehm

Theoretically, yes, absolutely. So, I think, how long have we talked about this impact investment through the banks, all the very wealthy individuals, who think more in terms of charity, but, you know, the private sector funding, be it from these sources, the potential is huge.

So I think the wealth that is right here on our doorstep in Zurich, where I live, is tremendous. So yes, of course, so these funders could step in and invest in these regions, but why have they not done so in the last 20 years? And why is it so slow and so long and forthcoming, this funding stream and for example, private sector, all the big companies, the corporate world, obviously they could step in and, fill in the gap, but I'm skeptical because they haven't done it in the last 20 years.

There's a lot of talk, in the agenda 2030, the UN's global agenda to the year 2030 that there's a huge funding gap already before this crisis here. And one of the mechanisms to fund the agenda was that private sector funding would increase and we're not seeing it. We're not seeing it.

Certainly, in the, in the least developed in the poorest, most unequal countries, their investment is lacking. But theoretically, yes, there's so many wealthy foundations that could step in, but I don't think private funding per se can replace public funding. I always believe the mixture of public and private funding must go hand in hand.

So, I mean, look at the amount that the U. S. has funded. So, I believe, no, this will not be replaced by other sources of funding. But yes, it should be. So, yes, I think this is the moment where private funders and companies must step in with other governments. I trust my Swiss government will step up and be bold, the courageous, and, you know, our parliament will, rethink their, funding cuts of last year, which they have decided that this was the wrong thing to do.

But it'll not be fast because similar forces are sitting in European parliaments that are now taking over the U. S. government.



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Hisham Allam

Felix, we agree that there is a risk that many critical projects will be discontinued or severely reduced. What policy measures should be prioritized at the international level to ensure sustainable support for development programs?

Felix Gnehm

One thing, there are some critical areas like humanitarian life assistance, of course, people in refugee camps that don't have clean water, they should be getting clean water, they should be getting, medical assistance, et cetera. So, this is of course priority number one, to keep the lifesaving aspects going.

And, dramatically, the U. S. and other governments have just, cut funding to UN agencies and NGOs and other organizations in this matter. This, of course, must be prioritized, and at the moment it's not. Secondly, of course, there are other critical things which the governments themselves should provide in these countries, like education to children, early education, health vaccination programs, et cetera.

If we abandon these programs again in our own self-interest, even in the richest country, these, would you say, like a value chain of development should not be disrupted and they should be kept going otherwise, we've seen it in Covid. If you have a global pandemic due to negligence of global healthcare, yeah who will pay the price? All of us will pay the price. I think this, the priorities have been clear in all the last big conferences that we've seen, mainly, if you look at the agenda 2030. The 17 sustainable development goals, they're a great set of goals. We should, of course, focus on many of them in order to resolve the global challenges we have.

Such as the climate crisis, because even there the funding is decreasing in a dramatic way. So, who's going to, you know, to cooperate in these matters. And we must so the priorities are rather clear in terms of, how are we going to set the funding streams? I don't know now, because, even the UN agencies need funding, of course, and I fear a weakening of the UN system is again to the disadvantage of all of us, be it in countries of Europe, be it in African countries, in Asian countries.

So, that's definitely not a good thing at the moment. So, here I'm a bit desperate because I would say the funding streams must be kept up, must be kept going. And at the moment they're disrupted. That's a big concern.

Hisham Allam

You have a very optimistic experience where you have succeeded to spread heads your organization so there's West growth from 18 million Swiss franc to over 30 million building on your personal expertise and the end. Practical terms how organizations can work in development and humanitarian aid restructure their strategies to build resilience against political funding for locations.

Felix Gnehm

It's a very difficult question because, it's exactly, um, the kind of like sponges, you know, if we have more funding, we are as NGOs here in the global north, I'm speaking. We are able to recruit staff to build our expertise to invest in certain areas, like, quality programming.



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And of course, there's a basic, minimal level of quality assurance that you need, like an IT security, for example, you can't just not invest or financial controlling. You must be professional, et cetera. So, to keep a Swiss organization going, you need a certain level of funding. And if, uh, the current cuts of funding, which are seen, um across many of our partner organizations, and we must just decrease, we will have to cut down a size, which is already a hard thing to do. Because in the end, it's about staff. It's about people that work for us. And that's not an easy thing. And of course, the focus is how to build strong partnerships with organizations in the countries where we engage, for example, in Latin America as well, where all the funding is also decreasing.

I think the focus must be on standing with communities that we work with, maybe with less financial resources, with creative project designs, which don't require massive funds, for example, infrastructure funding must probably not be prioritized by many angels, but rather community building, democratic programming, giving people voice.

That's not always very costly. So, I think a low-cost project can also be an excellent way of cooperating so probably we need to rebuild our programming, which we are already trying to do at Solidar Swiss, but also other organizations. But it's hard because of course, all the global priorities are huge, and I think the need for funding is rather big.

So, the gap in funding of humanitarian crisis is so big that here I don't see how we can all downscale, downsize and think we have the same impact. So, I believe it's about the society is here that must learn that we cannot do without global cooperation and so that basically through democracy through influencing our parliaments will come back to a strong global cooperation system. And as an organization, we need to raise our voice also to highlight that not just focus on read, kind of keeping our organization going, which I mentioned in the first part of my answer here, but rather build up global advocacy, build national advocacy, raise your voice and, you know, tell your parliament or just your public, people in your country that this is not acceptable, that we need to cooperate and we need funding for that.

Hisham Allam

That sounds great. Felix, before we wrap up, what would be your key message to policymakers, NGOs, and the global citizens who are concerned about the impact of these cuts?

Felix Gnehm

Yeah, well, ask the people in these refugee camps, try to get in touch with people in the Sahel that had to flee from their homes, try to talk to people, try to identify youth, young people in countries where unemployment is up to 50, 60%.

Listen to them and find out what their priorities are and try to build programs and projects that are in line with their needs and priorities. This is probably the advice number one, and at the moment, we're seeing decisions taking in Washington, D. C. or other capitals with the marker, we cut budgets, we reduce funding, and we think, oh, okay, we have our own national self-interest, and this is so short sighted that I believe there must be a certain, revival of global solidarity in a way that, if we talked to the people in certain countries, the way they're affected at the moment, there's no way we just continue these policies that at the moment we have.



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So, the short-sighted policy agendas, which are in the so-called self-interest of our countries, will not take us far. It will have a strong, let's say boomerang effect on our society. So, rethink policies. Uh, don't think that the international security, for example, is resolved by just increasing military spending because obviously it's not so international security global security has many dimensions, which are also in the human dimensions and how people can lead decent lives.

So, I believe focusing on people having rights, people being able to lead decent lives. Very simple ideas we'll have a comeback, and all the policy makers should reconsider how we can put people off the global South, first in line in what they need and what they. We can assist them.

Hisham Allam

That's a strong call to action. Felix, thank you for your time and for sharing these invaluable insights. And that is a wrap up for the episode of DevelopmentAid Dialogues. If you find this conversation insightful, don't keep it to yourself, share it, discuss it, and be part of the solution. We are in an era where development aid is no longer guaranteed, but action is.

Follow us for more critical discussions and until next time, remember, in a world of shifting priorities, resilience and strategy make all the difference. I'm Hisham Allam signing off, stay informed, stay engaged, and as always, keep driving impact.