# Global aid cuts threaten health security amid rising debt and tax injustices



Countries around the world are significantly cutting their aid budgets, leading to the erosion of a long-standing global consensus that supporting health and development is both a moral responsibility and a strategic necessity. This shift signals a pivotal change in international relations, where the withdrawal of aid risks undermining the stability and health security of low- and middle-income countries, which remain deeply disadvantaged within the global economic system.

Developing nations are facing an escalating debt crisis that severely limits their capacity to respond to global challenges independently. Their interest rates can be up to 12 times higher than those of wealthier countries, and the situation worsened after the increase in global interest rates following Russia's invasion of Ukraine. Currently, these countries pay $4 (£3) in debt servicing to the wealthier global north for every dollar they receive in aid. In Africa, for example, 34 out of 54 countries allocate more public funds to paying down debt than to healthcare.

The financial strain is compounded by significant losses in government revenue due to illicit financial flows, particularly aggressive tax strategies employed by corporations. African countries lose an estimated $88.6 billion annually to such practices, which represents nearly two-thirds of these flows. Most of this lost revenue eventually winds up in wealthy countries and their dependencies, with 69% of global tax losses channelled through these nations.

Winnie Byanyima, executive director of the Joint United Nations Programme on HIV/AIDS (UNAids), highlights the challenges faced by countries like Zambia and Uganda, where US aid has been critical in sustaining HIV responses. "According to UNAids, the US government paid for 82% of the HIV response in Zambia and 70% in my home country, Uganda," she told The Guardian. This aid has saved many lives but leaves these countries vulnerable to shifts in external political decisions. Earlier this year, key components of the US President’s Emergency Plan for AIDS Relief (Pepfar) were paused for review, raising concerns about the future of these programmes. UNAids projects that without full reinstatement of Pepfar, there could be an additional 4 million AIDS-related deaths and 6 million new adult infections by 2029, jeopardising decades of progress in the global fight against HIV.

Byanyima emphasises that while global issues require collective responses, solidarity does not have to take the form of aid alone. Instead, systemic changes are needed to rebalance global economic inequalities, empowering lower-income countries to support their own populations. She points to three critical areas for reform:

**Debt Relief:** The G20’s common framework for debt relief, created in response to the Covid-19 pandemic, has been slow and limited in scope, benefiting only three countries to date—Chad, Zambia, and Ghana. Many more nations remain in or at risk of debt distress, requiring more forceful international mechanisms to engage both public and private creditors in equitable negotiations.

**Fair Taxation:** Despite a surge in wealth among billionaires—by $2 trillion in 2024 alone—they face an effective tax rate of just 0.3%. While the G20 has begun discussing global minimum wealth taxes and some countries support international tax cooperation frameworks, resistance remains from some of the wealthiest countries, impeding broader progress.

**Access to Medicines:** Drawing on the successes of the global HIV response, Byanyima underscores the importance of treating lifesaving medicines as global public goods rather than commercial commodities. The drastic reduction in the cost of HIV drugs—from $10,000 to as low as $50 per patient annually—resulted from activism, cooperation among lower-income countries, and the production of generics. However, patent protections continue to limit access to innovative treatments such as Lenacapavir, a long-acting HIV prevention drug developed by Gilead Sciences. While priced at $40,000 per patient yearly in the US, estimates show its generic equivalent could be produced for around $40 if scaled appropriately. Broad deployment of such treatments could significantly reduce new HIV infections worldwide.

Byanyima also supports economic proposals from figures like economist Joseph Stiglitz, who advocates replacing traditional patent monopolies with prize systems. This model would reward innovation while ensuring that new scientific advances are openly shared globally, reinforcing equitable access.

The current retreat from established aid frameworks contrasts sharply with their original intent. As Byanyima recalls, when President John F. Kennedy launched the United States Agency for International Development (USAID) in 1961, it was viewed as a strategic investment to promote peace and prosperity. Preventing conflict through aid and development was, and remains, economically prudent—up to 100 times less costly than conflict response.

Still, despite these benefits, aid budgets are retracting amid broader geopolitical and economic shifts. Millions globally remain dependent on aid for survival and essential public services. The Guardian reports that developing countries are unable to absorb the full impact of the reduced aid flows overnight.

The article underlines that addressing the intertwined challenges of global health, poverty, and security demands both international cooperation and structural economic reforms—particularly regarding debt, taxation, and intellectual property. Only through such multidimensional efforts can global solidarity be sustained in an equitable manner, ensuring that all countries have the capacity to meet crises and protect their citizens.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://time.com/7281364/foreign-aid-100-days-msf-interview/> - This article discusses the significant impact of U.S. foreign aid cuts on global health programs, including the termination of 80% of U.S. global health programs and the devastating effects on services combating diseases, malnutrition, and maternal mortality.
* <https://www.ft.com/content/98bfb674-03d9-4b1f-9e02-024aedd2b208> - The piece addresses the growing call for reforming sovereign debt relief to address both fiscal and environmental challenges in low-income countries, highlighting how rising global interest rates are constraining their ability to invest in essential services or green development.
* <https://www.reuters.com/business/healthcare-pharmaceuticals/aid-funding-disrupts-child-vaccinations-almost-much-pandemic-says-un-2025-04-24/> - This report details how global aid funding cuts, particularly by the United States, are severely impacting childhood vaccination efforts, nearing the disruption levels seen during the COVID-19 pandemic, and leading to reduced vaccine supplies and impaired disease surveillance systems.
* <https://apnews.com/article/9e95dc6eca5b65a82d70ab718f32a56f> - The article highlights how several U.N. agencies, including the World Food Program (WFP), UNHCR, UNICEF, and OCHA, are implementing significant job cuts and cost reductions due to sharp declines in U.S. funding, affecting essential services for millions of displaced persons.
* <https://www.reuters.com/markets/world-bank-chief-economist-sounds-alarm-emerging-market-debt-issues-urges-2025-04-25/> - This piece reports on the World Bank Chief Economist's concerns over emerging market debt as global trade uncertainty intensifies, warning that over half of 150 developing countries are at risk of or are already unable to meet debt service obligations, largely due to high interest rates and shrinking foreign investment.
* <https://www.cgdev.org/blog/26-countries-are-most-vulnerable-us-global-health-aid-cuts-can-other-funders-bridge-gap> - The blog discusses how 26 low- and middle-income countries are highly exposed to U.S. global health aid cuts and are least able to adequately respond, emphasizing the critical need for other funders to bridge the gap left by the U.S.
* <https://www.theguardian.com/global-development/2025/apr/30/developing-world-aid-response-hiv-aids-winnie-byanyima> - Please view link - unable to able to access data