

Points of view  
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# FILL THE USAID VOID IN SOUTHEAST ASIA



*This briefing raises awareness of the consequences for development and humanitarian sectors in Southeast Asia resulting from the Trump administration's decision to freeze aid programmes. It will outline how the EU could urgently expand its involvement to mitigate this withdrawal by leveraging existing frameworks and fast-tracking new initiatives to strengthen regional stability, uphold democracy and multilateralism, and counterbalance China's growing influence.*

## BACKGROUND :

The withdrawal of American development and humanitarian aid, notably with the closure of the USAID agency on 7 February 2024,[1] has created a significant shortfall in funding across several sectors including health, education and disaster response. This dramatic situation for the populations of Southeast Asia nevertheless presents a window of opportunity for the European Union, which is well positioned to intervene as a reliable partner by capitalising on existing aid frameworks and strategic partnerships already in place with ASEAN. This could lead to a mutually beneficial development for the EU – it is ASEAN’s fourth largest foreign investor[2] and third-largest trading partner.[3]

EU aid to address these shortfalls must be accompanied by strengthened collaboration with ASEAN through increased financing and the expansion of its programmes, thereby countering Chinese influence while ensuring sustainable development and regional stability.

## CURRENT EU AID TO SOUTHEAST ASIA

The EU is a major development and humanitarian partner in Southeast Asia:

■ Humanitarian Aid: in 2025, the EU allocated EUR 61 million for crises in Southeast Asia, prioritising Myanmar and Bangladesh. This includes EUR 10.3 million for disaster preparedness and EUR 50.8 million for direct humanitarian needs [4]. As part of its bilateral partnership with ASEAN, the European Union has also implemented the “EU Support to the ASEAN Humanitarian Assistance (AHA) Centre & ASEAN Emergency Response (EU SAHA)” humanitarian programme, which involves a funding envelope of EUR 7.2 million for the period 2020–2025. [5]

■ Development Aid: the “ASEAN Regional Integration Support by the EU” (ARISE) programme allocated approximately EUR 40 million for the period 2017–2023. In parallel, the Enhanced Regional EU ASEAN Dialogue Instrument (E READI) commits EUR 20 million over the period 2017–2025 to support thematic dialogues covering around forty priority areas. Bilateral partnerships exist with Thailand, Cambodia, Vietnam, the Philippines, Malaysia, Indonesia and Brunei. Finally, within the broader Global Gateway strategy, during the commemorative summit in December 2022, the EU committed to mobilising EUR 10 billion to finance connectivity projects with ASEAN by 2027. The ASEAN Catalytic Green Finance Facility, supported by EUR 50 million from the EU, funds climate-resilient infrastructure such as renewable energy and sustainable transport [6]. All these actions contribute towards achieving the Sustainable Development Goals and support flagship initiatives such as SWITCH-Asia, SMART Green ASEAN Cities and Horizon Europe, thereby promoting inclusive, sustainable and innovative growth in the ASEAN region. [7] Initiatives like CRIMARIO II (with EUR 7.5 million allocated from 2020–2024) further strengthen maritime security and regional stability.

- EU Member States have significantly contributed to ASEAN's development through bilateral aid, focusing on key areas such as sustainable infrastructure and climate resilience. France has committed over €4 billion via the AFD,[4] supporting connectivity projects in Indonesia and Vietnam, health initiatives, and maritime security. Germany has allocated €184 million for biodiversity, vocational training, and gender equality programmes.[9].

## IMPACT OF U.S. AID WITHDRAWAL

- The closure of USAID has removed a crucial financial lifeline for these countries: In 2024, Myanmar received USD 239 million in humanitarian and development aid; Thailand received USD 20 million; Laos USD 50 million; Vietnam USD 135 million; Indonesia USD 151 million; Cambodia USD 98 million; and the Philippines USD 144 million. In total, nearly USD 1 billion – a vital envelope not only to avert humanitarian disasters but also to help the economic stability of ASEAN countries.
- Furthermore, 22% of USAID's budget was allocated to government initiatives (engaging civil society organization, building capacity to resolve regional challenge, supporting human rights awareness, etc...), leaving a threat of democratic decline in the recipient countries. This democratic backsliding could be exploited by China, which may step in to fill the void left by the United States and further serve its interests in the region. This situation deepens ASEAN's dependency on Beijing while limiting multilateral engagement[10][11].



## RECOMMENDATIONS FOR ENHANCED EU ENGAGEMENT

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To address these challenges effectively, the EU should adopt a proactive approach:

1- **Humanitarian Aid:** To respond to ecological disasters and political upheaval, particularly in Myanmar, the EU should:

- Establish an EU-ASEAN Disaster Response Fund to strengthen regional capacity through the AHA Centre.
- Expand humanitarian aid to replicate the suspended U.S. programmes in health and education by allocating an additional EUR 50 million annually.<sup>[12]</sup>

2- **Development:** To step up as a reliable partner and build a sustainable relationship with ASEAN, the EU should:

- Boost funding under the Global Gateway Initiative to accelerate green infrastructure projects.
- Co-fund infrastructure with Japan and Australia under Global Gateway, prioritising climate-resilient projects.
- Accelerate the adoption of the SCOPE Connectivity programme and increase its overall financing from the current EUR 9.5 million to EUR 20 million by 2028, with the help of the NDICI - Global Europe instrument.

3- **Security Cooperation:** To help securing any democratic decline and security threats in the region, the EU should :

- Establish an EU-ASEAN Governance Fund to support democratic institutions;
- Extend CRIMARIO II to include cybersecurity training and counter-terrorism initiatives
- Increase naval patrols under the Coordinated Maritime Presence framework in the South China Sea.

The withdrawal of U.S. aid presents both a challenge and an opportunity for the EU in Southeast Asia. By scaling up its engagement through targeted funding increases, expanded programmes and strategic partnerships, the EU can effectively fill this vacuum while promoting sustainable development and regional stability. In this way, the EU will position itself as a partner that is not only normative in promoting the values it holds dear, but also economic in a developing region that is rich in resources (gas, oil, rare earths, mineral deposits, etc.). **This positioning as a reliable partner could only benefit European companies and open up a new avenue for development outside the more traditional China-EU and US-EU relations.** Immediate action is essential to prevent further setbacks in governance, health, education and disaster resilience across Southeast Asia.

## SOURCES

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