



The U.S. Aid Freeze: How Severe Is Its Impact on Cambodia?

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In Donald Trump's second term as the U.S. president, he signed a series of executive orders to reshape U.S. foreign policy and prioritize domestic interests. Among these executive actions is the freeze on foreign aid, a decision that has sparked significant debate and raised questions about its implications for recipient countries, including Cambodia. This policy reflects Trump's longstanding skepticism toward foreign assistance and his belief that U.S. resources should be directed inward rather than abroad. The freeze on foreign aid is part of a broader strategy to reassess and potentially reduce U.S. involvement in global development initiatives, aligning with the "America First" agenda that has defined Trump's presidency.

The suspension of U.S. aid to Cambodia under Trump's "America First" policy threatens key social programs, exacerbates governance challenges, and strengthens China's geopolitical influence, leading Cambodia to rely more on external actors for development. However, this shift may also push Cambodia toward greater self-sufficiency and reform, depending on its ability to diversify partnerships and address social and governance issues independently.

The U.S. has long been a key donor to Cambodia. USAID alone is reported to have contributed approximately \$2 billion in aid since 1992, with an additional \$50 million allocated to further the initiatives in October 2024.¹ This aid has supported critical sectors such as education, economic

¹ Him, Raksmei, "Can U.S. Soft Power Survive in Cambodia Without USAID?" March 12, 2025. <https://camcrs.org/oped-can-u-s-soft-power-survive-in-cambodia-without-usaid-by-him-raksmei/>.

growth, governance, human rights, demining, and environmental sustainability, with substantial allocations directed toward health initiatives, including HIV/AIDS vaccine and treatment, maternal healthcare, gender-based violence programs, energy security, anti-corruption, and clean water initiatives, etc. Therefore, the abrupt suspension of U.S. aid poses significant risks to ongoing programs aimed at improving livelihoods and promoting democratic governance in Cambodia, particularly affecting vulnerable populations that benefit greatly from those programs.

Furthermore, the suspension has impacted demining efforts, with the Cambodian Mine Action Centre (CMAC) announcing the temporary halting of clearance activities in several provinces. This move has affected over 1,000 employees and increased the risk of unexploded ordnance in local communities. However, the freeze on U.S. funds was partially addressed on February 21, 2025, when the U.S. resumed demining funding, citing ongoing contractual obligations.²

While the Cambodian government, represented by spokesperson Mr. Pen Bona, claims that state-led development projects funded through bilateral agreements with countries like China, Japan, and South Korea remain unaffected, the freeze of U.S. aid has significantly disrupted the role played by NGOs and civil society, where these organizations have traditionally stepped in to fill governance gaps, providing essential services and advocacy in areas where the state has been unable or unwilling to act. With the aid freeze, many NGOs face financial strain, forcing them to scale back or shut down programs in key sectors such as healthcare, education, and social welfare, which directly harms Cambodia's most vulnerable populations such as rural communities, ethnic minorities, and urban migrants, who rely on these NGO-driven programs for access to basic services. As NGO programs or organizations collapse, marginalized groups face heightened risks, including lack of education, protection from gender-based violence, and healthcare, especially putting at risk the fragile progress made in reducing maternal deaths, as warned by UN agencies.³

² "CMAC Director: US Resumes Funding Cambodian Demining," n.d.
<https://www.phnompenhpost.com/national/cmac-director-us-resumes-funding-cambodian-deminig>.

³ UNICEF. (2025, April 6). *Aid cuts threaten fragile progress in ending maternal deaths, UN agencies warn*. UNICEF. <https://www.unicef.org/press-releases/aid-cuts-threaten-fragile-progress-ending-maternal-deaths-un-agencies-warn>

Moreover, the freeze weakens civil society's capacity to hold the government accountable, eroding public trust and exacerbating governance challenges. In the sudden absence of external support, the government will struggle to maintain its ability to deliver essential services, risking further deterioration of governance and social cohesion. While the Cambodian government has expressed a commitment to mitigate these issues, the reality is that state-driven solutions alone may not be enough to fill the void left by NGOs. Hence, civil society organizations and NGOs are encouraged to explore other funding options, with the government working to address the issue through state funding or collaboration with other partners, and working together to address the issue.⁴

Geopolitically, the suspension of U.S. aid signals a broader shift in the U.S.'s engagement in Southeast Asia, particularly in Cambodia, which has increasingly strengthened its ties with China. In response to the U.S. aid freeze, China has seized the opportunity to fill the void left by the U.S., pledging an additional \$4.4 million to support the CMAC.⁵ This move positions China as a more prominent player in the region, potentially enhancing its soft power in Cambodia. While this shift could benefit China by further solidifying its influence through increased aid and infrastructure investments, it also means China will have to shoulder more responsibility in areas previously supported by the U.S., such as humanitarian assistance, social welfare programs, and governance reforms. For China, this increased involvement is a double-edged sword. At the same time, it strengthens its position in Cambodia and exposes China to greater scrutiny and potential backlash over the quality and intentions of its investments. As China expands its role, the challenge will be balancing economic influence with addressing Cambodia's broader developmental needs. On the other hand, the U.S.'s retreat could diminish its soft power, potentially shifting public sentiment in Cambodia toward China. However, the U.S. may seek alternative strategies to maintain its influence, such as focusing on economic cooperation and regional security and offering new forms of support that do not rely on aid, aiming to counterbalance China's growing footprint.⁶

⁴ Nimol, Seoung. "Thirty USAID Contracts Cease in Cambodia; Civil Society Find Ways to Survive, Gov't Unfazed." *CamboJA News*, March 13, 2025. <https://cambojanews.com/thirty-usaid-contracts-cease-in-cambodia-civil-society-find-ways-to-survive-govt-unfazed/>.

⁵ Kuch, Sikol. "China Steps in With \$4.4M Grant for Cambodia's Demining After US Aid Freeze," *Kiripost*, February 7, 2025. <https://kiripost.com/stories/china-steps-in-with-44m-grant-for-cambodias-demining-after-us-aid-freeze>.

⁶ Him, "Can U.S. Soft Power Survive in Cambodia Without USAID?"

The long-term impact of the aid freeze on Cambodia's development trajectory will depend largely on the government's ability to adapt to this reduction in Western assistance. While Cambodia has emphasized its aspirations for self-reliance and diversification of funding sources, replacing U.S. aid will not be as easy as one might think, considering that U.S. assistance has historically focused on grassroots development, governance reforms, and human rights, where Cambodia remains vulnerable. Chinese aid, by contrast, is largely concentrated in infrastructure and economic investments, which, while valuable, do not address Cambodia's broader developmental needs. Moreover, as the U.S. retreats from its aid commitments in Cambodia, China is likely to fill the gap. However, it may not fully address the "soft" aspects of development that the U.S. has historically prioritized, such as healthcare, education, and human rights, as China's aid strategy has traditionally focused on infrastructure and economic investments, which align with its broader geopolitical goals, particularly through the BRI.⁷ While these investments can indirectly support economic growth, they don't directly tackle Cambodia's governance or social issues.

However, suppose Cambodia's needs in these areas become more pressing. In that case, China may adapt and contribute more to the country's social development through direct funding or by collaborating with other international partners. China may do so, given that its growing influence in Southeast Asia depends on maintaining strong, stable relationships with countries like Cambodia, and addressing social development would also enhance China's image and increase its soft power in the region, as evidenced by China's substantial investments, especially in education and its efforts to expand educational partnerships, which have been key tools in fostering goodwill and long-term diplomatic ties across the region over the year.⁸

To mitigate the loss of U.S. assistance, Cambodia may aim to diversify its donor base, strengthening ties with countries such as Japan, South Korea, and EU members, who have maintained a consistent presence in Cambodia's development sector. For instance, on March 20, 2025, Japan pledged approximately \$10.4 million in grants to support Cambodia's demining efforts, which includes \$8.3 million for demining equipment and \$2.1 million for a training

⁷ Ye, M. (2022). The Dragon's gift: an empirical analysis of China's foreign aid in the new century. *International Trade Politics and Development*, 6(2), 73–86.

⁸ Zhu, K., & Yang, R. (2022). Emerging resources of China's soft power: A case study of Cambodian participants from Chinese higher education programs. *Higher Education Policy*, 36(1), 1-23.

complex and outreach facility for the CMAC. This initiative, part of the "Japan-Cambodia Landmine Initiative," aligns with Cambodia's goal of becoming mine-free by 2030, where Japan has been a longstanding supporter, contributing over \$200 million since 1994, reinforcing its role as a key development partner to Cambodia.⁹ Another potential strategy could involve deeper regional cooperation through ASEAN to secure education, healthcare, and environmental sustainability investments. Cambodia may also seek to engage in targeted negotiations with the U.S. to restore critical funding for specific programs.

Reducing Cambodia's dependency on foreign aid may enhance sovereignty in the long run; however, the loss of crucial support for social infrastructure cannot be underestimated. A shift away from Western aid, particularly from the U.S., does not necessarily lead to self-sufficiency, especially if deeper governance and economic diversification issues remain unaddressed. Cambodia's reliance on garment manufacturing and tourism sectors makes it highly vulnerable to global economic shifts. Without the stabilizing influence of foreign aid, the country risks facing serious socio-economic challenges, including rising unemployment, inequality, limited access to essential services, and declining public health and education outcomes. Ultimately, Cambodia's ability to navigate this transition will depend on the government's commitment to implementing economically robust, socially inclusive, and politically responsible policies.

However, on the positive side, the absence of heavy reliance on external aid could serve as a wake-up call for Cambodia to take fuller ownership of its national development. Without the safety net of foreign assistance, particularly from traditional Western donors, Cambodia may be compelled to strengthen domestic institutions, invest in homegrown innovation, and cultivate a more resilient economic base, where this shift could also drive greater accountability and transparency in governance, as the pressure to deliver results with limited resources intensifies. In this sense, necessity might become the driving force of reform, propelling the country toward sustainable, long-term solutions tailored to its unique context rather than being shaped by donor priorities or preferences.

⁹ Niem, Chheng. "Japan Approve \$10 Million in Demining Grants," *The Phnom Penh Post*, March 20, 2025. <https://www.phnompenhpost.com/national/japan-approve-10-million-in-demining-grants>.

To sum up, suspending U.S. aid represents a significant turning point in Cambodia's development landscape, with far-reaching consequences for its civil society, vulnerable populations, and regional geopolitics. While the Cambodian government has sought to downplay the impact of state-led development projects, the reality is that critical programs managed by NGOs, particularly those focused on social welfare, public health, education, and human rights, are now under threat. Moreover, the freeze has accelerated Cambodia's geopolitical shift towards China, further diminishing the soft power of the U.S. and its role in Southeast Asia. Looking ahead, this moment may redefine Cambodia's foreign alignments and test the government's capacity to deliver inclusive development without external support. It could foster a renewed focus on national resilience, institutional reform, and economic diversification if managed wisely. Yet without strategic planning and political will, the loss of aid could deepen existing inequalities and hinder long-term growth. In this context, the path forward will depend on new alliances and Cambodia's readiness to build sustainable systems from within.

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