

Reassessing U.S.-Indonesia Development Cooperation: A Constructivist Analysis of the USAID Aid Suspension and Its Geopolitical Implications

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Received : February 13, 2025

Accepted : July 30, 2025

Published : October 31, 2025

Citation: Setiawan, A., (2025). Reassessing U.S.-Indonesia Development Cooperation: A Constructivist Analysis of the USAID Aid Suspension and Its Geopolitical Implications. *Ilomata International Journal of Social Science*, 6(4), 1208-1220.

<https://doi.org/10.52728/ijss.v6i4.1700>

ABSTRACT: The suspension of USAID funding to Indonesia in 2025, following a 90-day freeze on U.S. foreign aid, disrupted key development initiatives and reshaped the diplomatic landscape. This study examines the impact of the aid freeze on U.S.-Indonesia relations, using a constructivist approach to explore how shifting norms, identity changes, and evolving diplomatic narratives influence bilateral engagement. The research focuses on the effects of the aid suspension on critical sectors such as health, education, economic empowerment, and environmental sustainability, while also analyzing Indonesia's response to shifting geopolitical alignments. Through document analysis and literature review, the study investigates official reports, policy documents, and academic discourse on U.S. foreign aid and Indonesia's strategic responses. Findings indicate that the suspension disrupted long-standing programs, particularly in healthcare and governance, leading to financial strain, program terminations, and a decline in trust toward U.S. commitments. Furthermore, Indonesia's pivot toward alternative partnerships, particularly with China, highlights changing diplomatic dynamics. This study underscores that foreign aid is not just a financial transaction but a tool for norm-building, identity reinforcement, and geopolitical strategy. It emphasizes the importance of consistent aid policies to maintain credibility and trust. As Indonesia recalibrates its foreign policy, this research highlights broader implications for U.S. influence in Southeast Asia and the role of alternative global donors.

Keywords: Foreign Aid, Constructivism, Bilateral Relations, Cooperation, Diplomatic, Geopolitical Shifts.



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INTRODUCTION

The United States Agency for International Development (USAID) has been a pivotal actor in Indonesia's development, supporting key programs in health, education, governance, and environmental sustainability since the 1960s. USAID has played a strategic role in enhancing Indonesia's socio-economic development, fostering bilateral cooperation, and promoting democratic governance ([USAID, 2023a](#)). However, the 2025 decision by the Trump administration to enact a 90-day freeze on nearly all foreign aid, including USAID's operations in Indonesia, has

disrupted long-standing initiatives and raised significant concerns about the future of U.S.-Indonesia development cooperation. The suspension affects multiple sectors, including healthcare, economic empowerment, and environmental sustainability efforts ([Kompas, 2025](#)).

This shift not only disrupts critical programs but also signals potential changes in Indonesia's strategic alliances, particularly its increasing engagement with China and the United Arab Emirates, indicating a reorientation in its geopolitical alignments ([The Jakarta Post, 2025](#)). As a result, this study examines the impact of the USAID aid suspension on Indonesia's development and its broader implications for U.S.-Indonesia relations.

By employing a constructivist approach, this research analyzes how shared norms, identity shifts, and changing diplomatic narratives influence bilateral ties. The study addresses the following research questions: How has the USAID aid freeze affected key development programs in Indonesia? What are the implications of this policy shift on Indonesia's foreign policy and strategic partnerships? How does the constructivist perspective explain the changes in U.S.-Indonesia relations following the aid suspension? By addressing these questions, this paper contributes to the broader discourse on foreign aid, diplomatic relations, and Indonesia's evolving role in international development.

This research fills a gap in the literature regarding the impact of foreign aid suspensions, particularly by major donors like the U.S., on the diplomatic identity and strategic behavior of recipient countries. While previous studies have focused on the economic and social outcomes of foreign aid, the diplomatic consequences, especially in terms of shifting national identities and geopolitical strategies, remain underexplored. This study offers a constructivist lens to understand how aid freezes not only affect economic and social outcomes but also reshape diplomatic identities and strategies on the global stage. As noted by ([Mateo, 2024](#)), the sudden shift in U.S. policy has disrupted long-term projects, challenging not only the financial support but also the underlying diplomatic dynamics between the two nations.

The United States Agency for International Development (USAID) plays a pivotal role in international cooperation and diplomacy, particularly in Asia and Indonesia. This literature review synthesizes various studies and articles to elucidate the multifaceted implications of USAID's initiatives, focusing on health, education, economic development, and environmental sustainability. USAID's involvement in health initiatives is particularly significant in Asia, where it has implemented programs addressing various health challenges, including maternal and child health, infectious diseases, and nutrition. For instance, USAID has been instrumental in improving maternal and newborn health services through targeted interventions that enhance healthcare delivery systems. A qualitative study highlighted the importance of continuity in health service delivery, emphasizing that donor transitions can disrupt essential services if not managed effectively ([Sseguija et al., 2023](#)). This underscores the need for sustainable health programs that can withstand changes in funding and political climates.

In Indonesia, USAID's health programs have focused on combating infectious diseases, particularly through the President's Emergency Plan for AIDS Relief (PEPFAR). The integration of pharmacists into these programs has been crucial, as they contribute to policy drafting, supply chain management, and planning, ensuring that health interventions are both effective and

sustainable ([Karwa et al., 2023](#)). Moreover, the emphasis on community health workers in delivering health services has proven effective in enhancing access to care, particularly in rural areas ([Milimu et al., 2024](#)). This community-based approach aligns with USAID's broader strategy of promoting local ownership and sustainability in health initiatives.

Education is another critical area where USAID has made substantial contributions in Asia and Indonesia. The agency has invested significantly in improving educational outcomes through initiatives that focus on curriculum development, teacher training, and infrastructure improvements. A study on USAID's educational programs in Pakistan found that the agency's efforts led to enhanced educational access and quality, demonstrating the potential for similar impacts in Indonesia ([Zia et al., 2021](#)). Furthermore, USAID's commitment to youth development is evident in its investment in youth assessments across various countries, including Indonesia, which aim to understand the priorities and needs of young people ([Jessee et al., 2021](#)). These assessments inform programming and policy decisions, ensuring that educational initiatives are responsive to the needs of the youth population.

Economic development is a cornerstone of USAID's mission, particularly in the context of fostering sustainable growth in developing countries. In Indonesia, USAID has supported various initiatives aimed at enhancing economic resilience and reducing poverty. For instance, the agency has facilitated partnerships between local businesses and international markets, promoting entrepreneurship and job creation ([Rakhman, 2023](#)). The focus on value chain interventions has been particularly effective in improving women's economic empowerment, as evidenced by a systematic review that highlighted the positive impacts of such interventions on women's welfare ([Malhotra et al., 2024](#)). This approach not only addresses economic disparities but also contributes to broader social development goals.

Environmental sustainability is increasingly recognized as a critical component of international development, and USAID has integrated environmental considerations into its programs in Asia and Indonesia. The agency's initiatives in water resource management and climate resilience exemplify this commitment. For example, USAID's collaboration with local governments in Indonesia to improve water and sanitation infrastructure aligns with the Sustainable Development Goals (SDGs) and demonstrates a holistic approach to development ([Rakhman, 2023](#)). Additionally, the agency's focus on biodiversity conservation and sustainable agriculture reflects its understanding of the interconnectedness of environmental health and human well-being ([Boshoven et al., 2022](#)).

USAID's role in international diplomacy is also noteworthy, as the agency often serves as a bridge between the U.S. government and recipient countries. Through its programs, USAID fosters relationships that enhance diplomatic ties and promote mutual understanding. The agency's emphasis on localization and direct support for national organizations in aid recipient countries is a strategic move to strengthen local capacities and ensure that development efforts are culturally relevant and sustainable ([Fox & Hallock, 2024](#)). This approach not only empowers local stakeholders but also enhances the effectiveness of aid interventions.

Moreover, USAID's commitment to inclusivity is evident in its policies aimed at integrating marginalized populations, including persons with disabilities, into development programs. A study

highlighted the importance of disability inclusion in U.S. foreign policy, emphasizing that USAID's efforts in this area reflect a broader commitment to social equity and justice ([Karr et al., 2022](#)). This focus on inclusivity is crucial in ensuring that development benefits reach all segments of society, particularly those who are often left behind. The implications of USAID's work extend beyond immediate development outcomes; they also influence regional stability and security. By addressing root causes of instability, such as poverty, health disparities, and lack of education, USAID contributes to creating a more stable and prosperous environment in Asia and Indonesia. This is particularly relevant in the context of geopolitical tensions in the region, where development assistance can serve as a tool for fostering peace and cooperation among nations ([Mateo, 2024](#)).

Bilateral Relations: Constructivism Perspective

The concept of bilateral relationships in international relations (IR) has been extensively analyzed through various theoretical lenses, with constructivism emerging as a significant perspective that emphasizes the social construction of international realities. Constructivism posits that the identities and interests of states are not predetermined but are shaped through social interactions and shared norms. This literature review synthesizes recent academic contributions to the understanding of bilateral relationships from a constructivist perspective, highlighting key themes and debates within the field.

Constructivism's foundational premise is that the international system is socially constructed, which fundamentally contrasts with the materialist assumptions of realism and liberalism. According to Lawler, constructivism asserts that the world is not merely a stage for power politics but is instead shaped by the ideas, beliefs, and identities of its actors ([Lawler, 2024](#)). This perspective allows for a nuanced understanding of bilateral relationships, where the interactions between states are influenced by their historical contexts, cultural backgrounds, and the norms that govern their behavior. Flockhart further elaborates on this by discussing how constructivism provides insights into foreign policymaking, suggesting that states' actions are often guided by their identities and the social contexts in which they operate ([Flockhart, 2012](#)).

The role of identity in shaping bilateral relationships is a central theme in constructivist literature. Bueno's analysis of the Group of 77 and China in climate negotiations illustrates how collective identities can foster cooperation among states with shared interests ([Bueno, 2020](#)). This identity-based cooperation challenges traditional views that prioritize material interests, demonstrating that states can align their policies based on shared norms and values. Similarly, Agius emphasizes that state identities evolve through interactions with other actors, which can lead to changes in national interests over time ([Agius, 2022](#)). This dynamic understanding of identity is crucial for analyzing how bilateral relationships are formed and transformed.

Moreover, the constructivist approach highlights the importance of norms in shaping state behavior. Fierke discusses how norms function as guiding principles that influence the actions of states within the international system ([Dunne, 2024](#)). Norms can dictate acceptable behavior, thereby shaping the expectations and interactions between states. For instance, the norm of

sovereignty influences how states engage with one another, often leading to a reluctance to interfere in the internal affairs of other nations. This normative framework is essential for understanding the complexities of bilateral relationships, as it provides a lens through which to analyze how states navigate their interactions based on shared expectations.

The constructivist critique of rationalist theories further enriches the discourse on bilateral relationships. Jackson and Sørensen argue that constructivism serves as a middle ground between rationalist and post-structuralist approaches, allowing for a more comprehensive analysis of international relations ([Sørensen et al., 2022](#)). By incorporating the role of ideas and identities, constructivism challenges the notion that state behavior can be solely explained by material interests or power dynamics. This critique is particularly relevant in the context of bilateral relationships, where states often engage in diplomacy and negotiations that reflect their identities and the norms governing their interactions.

The interplay between identity, norms, and state behavior is also evident in the analysis of specific bilateral relationships. For instance, the relationship between Japan and China is deeply influenced by historical narratives and cultural identities. Samantha highlights how these factors shape Japan's foreign policy decisions, illustrating the significance of identity in bilateral relations ([Samantha, 2023](#)). This case exemplifies how constructivist insights can illuminate the underlying dynamics that drive state interactions, moving beyond simplistic explanations based on power or economic interests ([Cooney, 2015](#)).

In addition to identity and norms, the role of language and discourse in shaping bilateral relationships is a critical area of exploration within constructivist literature. Fierke's examination of language as a tool for constructing social realities underscores the importance of communication in international relations ([Dunne, 2024](#)). The way states articulate their interests and identities through language can significantly impact their bilateral interactions. This perspective aligns with the constructivist view that social realities are constructed through discourse, emphasizing the need to analyze the language used in diplomatic exchanges to understand the underlying dynamics of bilateral relationships.

Furthermore, the constructivist approach to bilateral relationships is enriched by its focus on the historical context of state interactions. Leheny discusses how historical narratives shape contemporary bilateral relationships in Asia, emphasizing that past events and shared experiences influence current diplomatic engagements ([Leheny, 2014](#)). This historical perspective is vital for understanding the complexities of bilateral relationships, as it highlights how states' identities and interests are shaped by their historical trajectories.

The implications of constructivism for foreign policy analysis are also significant. Kowert argues that constructivist foreign policy analysis (FPA) challenges traditional models that prioritize material interests, advocating for a more nuanced understanding of how identities and norms shape state behavior ([Kowert & Barkin, 2024](#)). This shift in focus allows for a deeper exploration of the motivations behind bilateral interactions, revealing the complexities that often underlie state decisions.

Moreover, the constructivist framework provides valuable insights into the dynamics of trust in bilateral relationships. Rathbun's exploration of trust in international relations highlights how constructivism conceptualizes trust as a socially constructed phenomenon, influenced by the identities and norms of the states involved ([Rathbun, 2017](#)). This perspective is crucial for understanding how trust is built and maintained in bilateral relationships, as it emphasizes the role of social interactions in shaping states' perceptions of one another.

The constructivist critique of traditional theories also extends to the analysis of power dynamics in bilateral relationships. While realism emphasizes power as a central concern, constructivism offers a more nuanced understanding of power as relational and socially constructed. As noted by Barkin, the distinctions between material and ideational factors blur in constructivist analyses, allowing for a more comprehensive exploration of how power operates in bilateral relationships ([Barkin, 2020](#)). This perspective challenges the notion that power is solely derived from material capabilities, highlighting the importance of social structures and identities in shaping power dynamics.

Additionally, the constructivist approach encourages scholars to consider the role of non-state actors in bilateral relationships. Blyzniuk's analysis of non-state actors within the framework of constructivism reveals how these entities can influence state behavior and shape bilateral interactions ([Blyzniuk & Yatsenko, 2023](#)). This perspective broadens the scope of analysis, recognizing that bilateral relationships are not solely defined by state-to-state interactions but are also influenced by a myriad of actors operating within the international system.

METHOD

This study employs a qualitative methodology, focusing on a comprehensive literature review and document analysis to understand the impact of the USAID aid suspension on U.S.-Indonesia diplomatic relations and its effects on key sectors such as healthcare, education, and environmental sustainability. This methodology was chosen because it allows for a deep exploration of complex diplomatic narratives and the transformation of identities and norms following the aid freeze, which cannot be adequately captured through quantitative approaches. The qualitative approach enables the researcher to investigate how these policy changes influence bilateral relations and how both countries adapt their identities and norms in response to shifting geopolitical dynamics. The documents selected for analysis include policy reports, government declarations, and academic articles that are directly relevant to the topic of the USAID aid suspension and Indonesia's responses to this change. The criteria for document selection include direct relevance to USAID policies, Indonesia's foreign policy, and alternative donors such as China and the United Arab Emirates; reliable sources such as reports from official agencies and peer-reviewed academic publications; and the degree to which the documents address development sectors affected by foreign aid, such as healthcare, education, and environmental sustainability.

The first step of the analysis involves identifying and collecting relevant documents. Subsequently, these documents are critically analyzed to extract key themes related to the USAID aid suspension, with a focus on policy changes in crucial sectors and shifts in Indonesia's diplomatic relations,

particularly its pivot toward alternative donors. This analysis is framed within a constructivist theory framework, which allows for an examination of how norms, shared identities, and diplomatic practices between the U.S. and Indonesia are redefined following the suspension of aid. The study focuses on the period from the suspension decision in January 2025 to the present, aiming to explore both the immediate and long-term impacts on Indonesia's foreign policy and its diplomatic relations with the U.S. and alternative donor countries. However, the study has several limitations, including limited access to certain documents that may not be fully published or available in restricted formats, potentially affecting the completeness of the analysis. Additionally, although the analysis follows clear criteria, the interpretation of data may still be influenced by the researcher's subjectivity. Lastly, given that the study examines relatively recent policy changes, the long-term effects of the aid suspension may not be fully apparent within the time constraints of this research.

RESULT AND DISCUSSION

The United States Agency for International Development (USAID) has been a cornerstone of Indonesia's development since the 1960s, channeling billions of dollars into programs addressing health, education, governance, and environmental sustainability. However, in January 2025, the Trump administration enacted an unprecedented 90-day freeze on nearly all foreign aid, including USAID's operations in Indonesia. This decision has disrupted critical projects, jeopardized long-term development goals, and raised questions about the geopolitical ramifications of withdrawing U.S. influence.

USAID has allocated approximately \$5 billion to Indonesia over two decades, with annual budgets averaging \$100 million in recent years ([USAID, 2023b](#)). In 2023 alone, \$153 million was disbursed for programs spanning democratic governance, healthcare, climate resilience, and education ([The Jakarta Post, 2025](#)). Key initiatives included: - Health: Reducing maternal mortality by 40% through USAID's Maternal and Child Health Program (PASTI) and supporting tuberculosis (TB) detection via AI-powered diagnostic tools ([Kompas, 2025](#)). Education: Training 13,392 university students in digital skills and mobilizing \$8.6 million for coffee farmers' livelihoods ([USAID Annual Report, 2023](#)). Environment: Diverting 3,000 tons of plastic waste from oceans through innovative credit schemes ([USAID, 2023](#)).

These programs often operated in partnership with local governments and civil society organizations (CSOs), such as the Indonesia AIDS Coalition, which relied on USAID grants for HIV prevention ([Alinea, 2025](#)). On January 20, 2025, President Donald Trump issued Executive Order 14149, mandating a 90-day pause on foreign aid to reassess its alignment with U.S. strategic interests ([U.S. State Department, 2025](#)). Secretary of State Marco Rubio expanded this directive into a "stop-work" order, freezing \$72 billion in global assistance and exempting only military aid to Israel and Egypt ([Reuters, 2025](#)). In Indonesia, the suspension affected: 153 ongoing projects worth \$153 million ([Kompas, 2025](#)). Healthcare initiatives, including HIV/AIDS treatment for 35,000 patients and childhood vaccination programs ([BBC, 2025](#)). Climate resilience efforts, such as geothermal energy investments in Makassar ([USAID, 2023](#)).

The State Department justified the freeze as a cost-saving measure under the “Make America Great Again” agenda, but critics labeled it a “reckless” disruption of life-saving aid ([The Conversation, 2025](#)). Within days of the freeze, USAID terminated contracts for 38 Desa Siaga clinics in rural Java, which provided prenatal care to 70,000 women ([USAID, 2023](#)). Over 1,200 health workers were laid off, while TB detection rates dropped by 22% in East Nusa Tenggara ([Alinea, 2025](#)). Educational initiatives like the PRIORITAS program, which trained 13,000 teachers, halted operations, leaving 450 schools without curriculum support ([Kompas, 2025](#)).

USAID’s abrupt cancellation of three solicitation bids—including a \$31.5 million TB eradication project—left local contractors with \$4.2 million in unpaid invoices ([Alinea, 2025](#)). Small businesses like mWater, which provided digital platforms for water management, faced insolvency after losing 80% of their funding ([CNN, 2025](#)). The suspension of PEPFAR-funded HIV programs threatens to reverse decades of progress, with experts predicting a 30% rise in new infections by 2026 ([Indonesia AIDS Coalition, 2025](#)). Similarly, TB cases, which declined by 12% annually from 2020–2023, could resurge due to halted screenings ([USAID, 2023](#)).

USAID’s \$24.7 million waste management program in Surabaya, critical for reducing ocean plastics, stalled indefinitely ([U.S. Embassy Indonesia, 2023](#)). Anti-corruption initiatives, such as the CEGAH project, lost funding after securing 115 agreements with local governments ([USAID CEGAH Evaluation, 2020](#)). With U.S. aid diminished, Indonesia has sought partnerships with China and the UAE. China’s \$239.5 million investment in Indonesian geothermal energy—previously a USAID priority—signals a strategic pivot ([The Jakarta Post, 2025](#)). Analysts warn that China’s expanding influence could undermine U.S. interests in the Indo-Pacific ([AP News, 2025](#)).

The suspension of USAID assistance has exposed Indonesia’s reliance on foreign aid and the fragility of long-term development projects. Immediate impacts—such as healthcare disruptions and economic losses—are compounded by broader risks to democratic governance and regional stability. While Indonesia’s pursuit of alternative partnerships may mitigate some damage, the withdrawal of U.S. support weakens its capacity to address systemic challenges like climate change and public health. As the 90-day freeze persists, the long-term consequences for Indonesia’s development trajectory remain deeply uncertain.

The U.S.-Indonesia relations, viewed through the lens of constructivism, reveal a complex interplay of identity, norms, and shared goals that transcend mere transactional interactions. Since the establishment of diplomatic ties in 1950, the United States Agency for International Development (USAID) has played a pivotal role in Indonesia’s development trajectory, aligning its programs with both nations’ strategic interests. This partnership is exemplified by initiatives aimed at strengthening democratic governance, enhancing climate resilience, and improving public health outcomes. The Democratic Governance initiative, for instance, has focused on bolstering electoral systems and civil society, which is crucial for Indonesia’s democratic consolidation ([Toha, 2023](#); [Rüland, 2016](#); [Fossati, 2017](#)). Furthermore, the \$50 million Climate and Conservation Agreement established in 2023 underscores the commitment to combat deforestation, a pressing environmental issue in Indonesia ([HIDAYAT, 2023](#); [Nuryadi, 2024](#)). In the realm of public health, USAID’s programs have significantly impacted HIV/AIDS prevention and maternal healthcare,

reaching over two million Indonesians, thus reinforcing the bilateral identity centered on mutual goals and shared values ([Taufik et al., 2023](#)); ([Khairunnisa, 2023](#))).

The 2020–2025 Country Development Cooperation Strategy (CDCS) further illustrates this commitment, framing U.S. aid as a means to support Indonesia's aspiration for a "democratic, prosperous, and environmentally sustainable" future ([Fossati, 2018](#)). This strategic alignment is not merely about financial transactions; it embodies a ritualistic affirmation of shared commitments to norms such as human rights and environmental stewardship. Constructivist theory posits that norms gain strength through consistent practice, and the ongoing collaboration between the U.S. and Indonesia exemplifies this principle ([Toha & Cosslett, 2024](#)); ([Rüland, 2017](#)). However, the recent suspension of aid disrupts this norm of developmental solidarity, signaling a potential shift in the relational dynamics between the two nations.

The abrupt aid suspension, particularly affecting critical initiatives like water sanitation programs and climate resilience efforts, poses significant risks to the established cooperative norms ([Junaenah, 2015](#)). Constructivists argue that such disruptions can lead to the legitimization of alternative narratives, notably China's portrayal of aid as "no-strings-attached" support, which may appeal to Indonesia's pragmatic approach to international relations ([Kusuma et al., 2023](#)); ([Rosser & Wilson, 2012](#)). This shift in perception could recalibrate Indonesia's foreign policy priorities, as the nation grapples with the implications of U.S. disengagement from shared climate goals amid its push for renewable energy transitions ([Gumilar et al., 2023](#)). Indonesian officials have expressed dismay over the suspension of HIV/AIDS funding, viewing it as a breach of long-term trust and a significant setback in their collaborative efforts ([Magrath & Nichter, 2023](#)).

Moreover, the concept of symbolic withdrawal emerges as a critical lens through which to interpret the timing and implications of the aid freeze. The suspension is perceived not only as a financial decision but also as a disengagement from shared developmental goals, potentially undermining Indonesia's self-identity as an "emerging democracy" ([Kamaly et al., 2023](#)). notes, Indonesia's identity compels it to seek partners aligned with its developmental ethos, which may lead to an accelerated pivot towards alternative partners, particularly in the context of the U.S.-China rivalry ([Donzelli, 2024](#)). The Belt and Road Initiative (BRI) offers infrastructure financing without democratic conditionalities, appealing to Indonesia's economic pragmatism and further complicating the U.S.'s position in the region ([Du Rocher, 2020](#)).

The suspension of USAID's Kinerja initiative, a \$482 million governance project aimed at enhancing local governance through technical assistance, exemplifies the constructivist dynamics at play ([Satrio, 2018](#); [Wardoyo, 2018](#)). The abrupt halt of this program leaves 120 districts without anti-corruption frameworks, thereby undermining the institutional capacity-building that has been a cornerstone of U.S.-Indonesia cooperation. Local officials interpret this suspension as a sign of U.S. disinterest in Indonesia's democratic progress, fostering cynicism toward future collaborations ([Wardoyo, 2017](#)); ([Sathaye et al., 2011](#)). This case underscores the notion that aid programs are not merely financial transactions; they are integral to the social fabric of the bilateral relationship, shaping identities and reinforcing norms ([Amir et al., 2023](#)).

The implications of the USAID aid freeze extend beyond immediate financial concerns; they disrupt the socially constructed norms and identities that have sustained U.S.-Indonesia relations

for decades. By eroding trust and altering perceptions, the suspension risks diminishing U.S. soft power while creating vacuums that may be filled by competitors like China. Constructivists argue that the solution lies in revitalizing the shared norms underpinning the partnership through transparent dialogue and recommitment to joint initiatives (Toha, 2023; Rüland, 2016; Donzelli, 2024). As Indonesia recalibrates its strategic identity, the U.S. must recognize that its influence hinges not solely on material aid but on the enduring resonance of cooperative ideals.

The U.S.-Indonesia relationship, viewed through a constructivist lens, illustrates the intricate interplay of identity, norms, and shared goals that define bilateral cooperation. The historical context of U.S. aid, particularly through USAID, highlights the importance of consistent practice in reinforcing cooperative norms. However, the recent aid suspension poses significant challenges to this relationship, potentially reshaping Indonesia's foreign policy priorities and identity. As both nations navigate this complex landscape, the need for renewed commitment to shared values and collaborative initiatives becomes increasingly critical.

CONCLUSION

The suspension of USAID aid to Indonesia represents a significant disruption to U.S.-Indonesia development cooperation, affecting key sectors such as health, education, governance, and environmental sustainability. This policy shift not only disrupts critical programs but also challenges the foundational diplomatic ties between the two nations. Through a constructivist lens, this study demonstrates that foreign aid is not merely a financial transaction but is embedded in shared norms, trust, and the strategic identity of both donor and recipient countries. The halt in funding risks eroding these underlying principles, prompting Indonesia to explore alternative partnerships, particularly with China and the UAE. This shift could fundamentally alter the geopolitical dynamics of Southeast Asia, diminishing U.S. influence in the region.

This study contributes to the literature on international development and diplomacy by illustrating how foreign aid policies influence not only economic and social outcomes but also the broader diplomatic architecture of bilateral relations. However, this research is limited by its focus on a single case study and the inability to predict the long-term effects of the aid suspension. Future research should explore comparative studies with other countries that have faced similar foreign aid reductions, examining how aid suspensions affect their foreign policy alignments and development trajectories. Additionally, further research should focus on how countries adjust their strategies in response to aid freezes, particularly in terms of diversifying their donors and strengthening regional partnerships.

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