

The GLOCEPS

Special Focus

Research Focus: Development and Innovation Pillar

Positioning Eastern Africa in the Post-USAID Era

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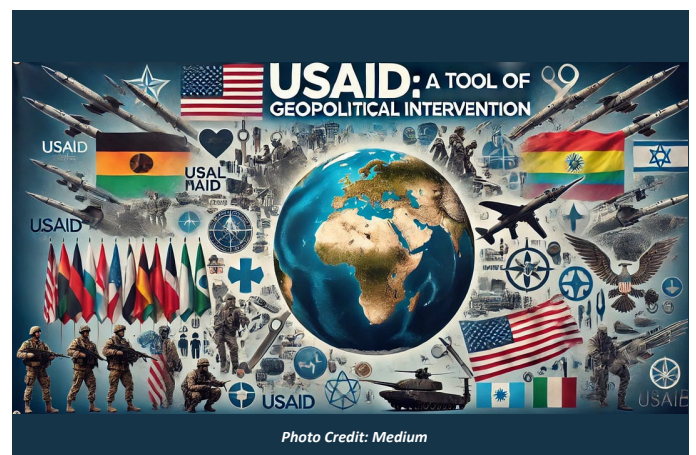


Official Development Assistance (ODA) has long been an important pillar of Eastern Africa's development. This financing strategy has supported critical sectors like healthcare, infrastructure development, climate mitigation, and resilience. Concurrently, agencies such as the United States Agency for International Development (USAID), United Kingdom Aid Direct, the European Union (EU) Aid Program, and others, have continued to be a favored soft power instrument in influencing policy orientation and action in development economies while advancing the Global North's national and regional interests. However, the growing politicization and weaponization of ODA as exemplified by the West's threats of funding freeze for social programs and budgetary support cuts to South Africa, Uganda, and Ghana over legislation that prioritizes their local concerns, demands that developing economies pivot towards self-reliance. Likewise, the growing global volatility in the ODA ecosystem, as witnessed by the Trump-era freeze and proposed budgetary cuts on USAID and the EU's shift to economic foreign policy in the face of

geopolitical competition and trade wars, necessitate a strategic shift for the region. Reorientation from ODA dependence is imperative, especially concerning the predominance of the agricultural sector in national and regional economic productivity. On average, 60% of the livelihoods are dependent on climate-sensitive sectors. Thus, abrupt aid withdrawals only exacerbate vulnerabilities and threaten food security and pandemic preparedness status. Eastern Africa must curb its inherent overreliance on aid through local-led solutions like regional cooperation, shift to local financing options, and leveraging private sector innovations and partnerships.

ODA as a Geopolitical Tool

The escalation of geopolitical tensions between the Global North, China and Russia has resulted in increasing realignment of ODA's with donor agendas. However, these agendas frequently undermine local priorities and destabilize long-term development aspirations. For instance, aid reduction necessitated by domestic fiscal pressures in the



Netherlands will jeopardize climate adaptation projects in Somalia and Ethiopia. The United States aid freeze to South Africa over its land expropriation law will affect HIV prevention and treatment undertakings. Likewise, Sweden announced plans to reduce its foreign aid budget and focus more on managing migration within its borders. Without the prioritization of local solutions, the aid freeze or withdrawal by the US and its Global North allies will cripple social, security, and governance projects that serve millions of people in the region.



The realities mentioned above reveal how the ODA landscape is increasingly fluid. It illustrates that development assistance is increasingly becoming a preferred foreign policy tool to enforce compliance with donor norms, even at the expense of vulnerable populations. Going forward, it is anticipated that ODAs will continue to be weaponized especially with the West lamenting the growing ineffectiveness of traditional sanctions due to the rise of BRICS and alternative non-dollar trading platforms. As a result, developing countries need to prioritize diversification of their development funding that will cushion them when they adopt policies and legislation that will inevitably result in aid retaliations.

Evaluating the Changing ODA Landscape

In the post-COVID era, the rise of right-wing governments in the Global North has been signaled as the driving force in the ODA landscape. This viewpoint is however parochial. While President Trump in his first term fronted the idea of "America First", much to the opposition of the Democratic

Party, his policies around trade wars and tariffs became the mainstay of the Democrats Administration under President Joe Biden. A similar pattern can be expected to continue regarding development aid, even after the exit of the Trump Administration, more so in the pursuit of US foreign policy interests.

Developed countries continue to concentrate on their social service, national interests, and infrastructural needs. Development aid is increasingly being provided to those countries that are either their direct neighbors or are closely aligned to their strategic interests. This reorientation poses significant challenges for Eastern African countries which have historically relied on external assistance for development. As ODA becomes more conditional and geopolitically motivated, recipient countries in the region must reassess their dependency on foreign aid and explore alternative financing mechanisms.



Moreover, there is a rising trend in the developed economies of spending ODA domestically. For instance, the United Kingdom and Nordic countries are making significant investments in hosting refugees in their own countries. It is estimated that 28% of UK aid is spent on hosting refugees, making the United Kingdom the largest recipient of its aid. Consistently, this reduces the resources available for international development. Similarly, the frequency of geopolitical stressors portends the redirection of conventional grant aids toward transactional diplomatic purposes, thus undermining the strategy of reliance on



development aid as a tool for sustainable development.

Prioritizing Self-Reliance

The nexus of regional development and ODA dynamics illustrates the vulnerabilities of increased reliance on the goodwill of development partners. Importantly, happenings at USAID following the inauguration of President Trump bring to the fore the pitfalls of ODA overreliance from only one or a few countries, no matter how benevolent their support is. Thus, the Eastern Africa region must develop long-term strategies and programs that safeguard local development aspirations, diversify financing options from traditional development aid partners, and uphold sovereignty and independence.



To remain resilient in the face of dwindling and weaponized ODAs, Eastern African countries should develop and pursue comprehensive strategies that emphasize internal revenue resource mobilization and increased investments in critical social programs. Strengthening domestic tax collection and expenditure systems, without harming local business ecosystems, can generate additional revenue. This can provide a stable financial base for public spending. Simultaneously, reallocating existing resources and expertise to high-impact sectors like health, education, and infrastructure will ensure continued progress and resilience despite reduced external support.

Economies in the region should encourage private sector participation and public-private partnerships (PPP) through conducive business environments. Public services that can be provided affordable,

equitably, and efficiently through the private sector actors, should be left exclusively to the private sector. This will free tax resources to public sector programs that will be catered for by governments.

Moreover, regional cooperation and integration among Eastern African nations can enhance collective bargaining power and attract alternative funding. By pooling resources and coordinating development efforts and programs, the region can present a united front when negotiating with prospective investors.

Likewise, leveraging technology and innovation can also improve service delivery and efficiency across various sectors. Initiatives like digitizing hospital management systems, promoting e-commerce platforms, and enhancing digital public infrastructure can create new opportunities for economic diversification and resilience. Partnerships with local technical firms, education, and research institutions can foster local innovation ecosystems while reducing dependence on foreign solutions.



Conclusion

The positioning of Eastern Africa in the post-USAID era necessitates a proactive approach to address the geopolitical and geo-commercial challenges posed by diminishing ODA. The goal is not to reject ODA but to redefine its role to ensure it complements, rather than dictates, Eastern Africa's pursuit of equitable and sovereign development. This ethos must guide the region's policy choices by anchoring progress in innovation, collaboration, and unwavering self-determination.

