

US-led seismic shift in development aid

Uganda, like the rest of the developing world, is on the edge as traditional donors led by the United States (US), its European allies, and elsewhere, like Japan, reevaluate or scale down Official Development Assistance (ODA), owing to several factors such as post-Covid-19 economic shifts, teething domestic priorities and the surge in right-wing politics. Multilateral bodies like the United Nations (UN) have not been spared either. The seismic shift is both yawning and painful, triggering a scramble for solutions while millions of people around the world have been affected.

BY MONITOR REPORTERS

Bukanga County in Isingiro District, in the southwest of the country, is a vast expanse of verdant rolling hills that seem to stretch to the horizon. To the south, the hills rise and fall into Tanzania, and to the far west, into Rwanda.

The Nakivale Refugee Settlement is nestled somewhere in between. Opened in 1958 to offer sanctuary to Tutsi refugees fleeing from the Hutu revolution, the settlement was officially established in 1960, eventually becoming the largest refugee camp in Africa, hosting mainly refugees from Rwanda, Burundi and Zaire (Democratic Republic of Congo).

Today Nakivale is not just a refugee camp spanning 72 square kilometres; it is a melting pot, with the addition of refugee arrivals from Ethiopia, Eritrea and Somalia. It is the oldest and still one of the largest camps in Africa.

The residents enjoy relative freedom to roam around, in addition to being allotted plots of land to grow food to sustain their livelihoods. These supplement the rations provided by aid agencies like the World Food Programme (WFP).

As of 2024, at least 68 percent of refugee households across the 13 refugee settlements in the country were engaged in agricultural production, according to a multi-sectoral Food Security and Nutrition Assessment (FSNA) report published last July.

In fact, Uganda's benevolent refugee policy is one of the things that has endeared President Museveni's government to the Western donor community, despite its worsening repressive behaviour and desecration of the 1995 constitutional order.

According to the UN refugee agency United Nations High Commissioner for Refugees (UNHCR), Nakivale camp hosts some 282,781 refugees out of the roughly 2,011,000 refugees hosted in the country as of April this year.

Ms Anike Iradukunda fled the low-intensity political violence in Burundi in 2012 and settled in Nakivale. Life was hard as she adjusted until she found her footing. Today, life has gone back to default settings.

"The little livelihood activities we were engaged in stopped. Getting healthcare, food and other necessities is hard. We are told that there is no money," Ms Iradukunda, whom this newspaper found at Nakivale Health Centre III, where she had brought her



South Sudanese refugees at a camp in Uganda. PHOTO/FILE



Patients at Mbale Regional Referral Hospital. The health sector has been negatively affected by the aid cuts. PHOTO/FILE

daughter for treatment, said.

Her story mirrors that of many refugees.

Dr Collins Mugisa, the officer-in-charge of the health centre, described a surge in patients outstripping available resources, both financial and human resources. By the Ministry of Health standards, a Health Centre III is supposed to serve a catchment area of 25,000 people and 74,000 for a Health Centre IV, meaning the facility is overstretched.

"We cater to about 400 patients per week, and the patient-medical personnel ratio averages 1:72," Dr Mugisa said.

Malaria remains the leading cause of death among children below the age of five, while pneumonia and cholera, ostensibly due to sanitation issues, are the leading causes of adult in-patient admissions.

Painful shift

Education, too, in the camp, according to the Nakivale Refugee Settlement Commandant, Ms Monica Mugisha, is experiencing severe structural hurdles, worsened recently by the steep aid cuts.

As for food, the WFP, as early as last May, started rationing food distributions, with emphasis put on new arrivals, while supplies were dropped for many refugee households that have been around longer than 10 years.

The FSNA in refugee settlements, host districts and Kampala released last July, detailed that a relatively high proportion of refugee households (72.3 percent) reported that they cannot meet their food needs, education (48.9 percent), hygiene (39.2 percent) and health (30.8 percent) needs. This, according to the report, has given rise to high malnutrition levels, crime,

suicide and a surge in petty crime like theft, particularly in settlements in Southwestern Uganda.

According to the 2025 Uganda Refugee Response Plan, at least \$980m (about Shs3.7 trillion) is required to take care of the two million refugee population spread across the 13 designated rural refugee settlements, along with an urban refugee population in Kampala.

Of the \$980m, only \$300m (Shs1.1 trillion) has been realised, leaving a gap of \$664m (Shs2.4 trillion). However, this is not entirely surprising. In June 2017, the government convened a high-level refugee summit to raise \$2b (Shs7.3 trillion) for refugee response, but brought in pledges of a paltry \$358.6m (Shs1.3 trillion). Over the years, the institutionalised corruption in the government and the non-governmental organisations (NGO)

hurts Uganda's refugees, health sectors



Alternative. In Uganda, we are encouraging our partners to integrate refugees into national systems, making support more effective and sustainable. This assistance is reaching more people in need and achieving better results than ever before - US Ambassador to Uganda, William Popp.

Then came Russia's invasion of Ukraine in February 2022 that saw massive aid flows toward eastern Europe.

Tightening the belt

US President Donald Trump's return to the White House in January 2025 was the icing on the cake of the painful and seismic shift. During his first week in office, he signed a raft of Executive orders, including one pausing and later dismantling the US agency for overseas development, USAID, in the spirit of keeping with his campaign promise of "America First."

The US Secretary of State, Marco Rubio, later justified the move as intended to gut the "NGO industrial complex".

USAID's budget varied from financial year to year, from \$40b (Shs150 trillion) in 2023, of which \$16.3b (Shs61 trillion) was funnelled in direct grants and co-operative agreements, \$10b (Shs38 trillion) to humanitarian aid and \$10.5b (Shs39.4 trillion) pumped into health and medical programmes in Ukraine, Ethiopia, DR Congo, Somalia, Yemen, Afghanistan, Nigeria, South Sudan and Syria as the top 10 recipient countries, to \$35.4b (Shs133 trillion) in 2024 disbursed as; \$9.9b (Shs37.2 trillion) in humanitarian programmes, \$9.5b (Shs35.7 trillion) on health programmes, and \$6.9b (Shs25 trillion) allocated to governance.

At least \$12.3b (Shs45.4 trillion), according to a report by the US Congress, was spent in Sub-Saharan Africa in 2024, of which \$653m (Shs2.4 trillion) was spent in Uganda.

South Sudan, Somalia, DR Congo, Liberia, Afghanistan, Sudan, Uganda and Ethiopia have been ranked by the Paris-based Organisation for Economic Co-operation and Development (OECD), a global policy forum, among the top 10 vulnerable countries. According to the think tank, population policy programmes and reproductive health programmes and a lot of USAID money in Uganda.

Funding for Uganda's multi-sectoral refugee response, led by the Office of the Prime Minister (OPM) and UN agencies, including UNHCR, WFP, Unicef, Food and Agriculture Organisation (FAO), among others, has been dwindling since 2021 as the key traditional donor countries recovered from the members of the Covid-19 pandemic that sent the global economy into a tailspin.

Critics believe and say there was a lot of misuse and misalignment of

priorities.

In February 2025, the Elon Musk-led Department of Government Efficiency (DOGE) flagged a \$42m (Shs157 billion) USAID allocation for "social and behavioural change" in Uganda, which left jaws dropped at Capitol Hill and in Kampala, where the regime is increasingly wary of external financing to Opposition political party mobilisation and civil society organisations.

It was not long before the Trump administration took the austerity gospel to the UN system: first, by withdrawing from 88 UN bodies and treaties, citing duplicate missions, need for cost-cutting and mismanagement; and secondly, calling the UN secretariat bloated, and continues to demand a raft of institutional and operational reforms, including cutting 25 percent of peacekeepers globally, slashing 2,600 staff at the headquarters and reducing budget by 15 percent.

Despite this seismic shift that continues to rattle both the multilateral system and international development aid finance, the outgoing US Ambassador to Uganda, William Popp, told the *Daily Monitor* that Washington is merely "transforming how we deliver humanitarian assistance, prioritising funding for the most immediate, critical lifesaving needs, while moving countries towards resilient and durable local health systems" and working closely with partners "to reduce inefficiency and overheads, ensuring that every dollar is spent where it matters most."

"In Uganda, we are encouraging our partners to integrate refugees into national systems, making support more effective and sustainable. This approach means our assistance is reaching more people in need and achieving better results than ever before," he noted.

He said: "The US remains Uganda's largest humanitarian assistance donor, and in 2025, under President Trump, we provided over \$105m (Shs394b) in humanitarian assistance — about three times more than the next largest donor."

"We are the largest funder of UNHCR and WFP, and our support has been essential in ensuring that Uganda's nearly 2,000,000 refugees received lifesaving aid this year," he added.

The ground has shifted

Seventeen months since the shattering of USAID, a historic symbol of Washington's soft power, which, since its establishment in 1961, played a key role in humanitarian and development assistance in some of the worst crises globally, international development aid finance is in a state of flux.

Nearly every other traditional donor country is scaling back or reevaluating Official Development Assistance (ODA). The OECD reported in March that bilateral ODA fell by 26.4 percent, to \$126.4b (Shs475 trillion), while multilateral ODA declined by 12.7 percent to \$47.9b (Shs180 trillion).

"Within bilateral ODA, grants recorded a much sharper decrease (-29.1 percent) than loans (-10.3 percent). For multilateral ODA, which fell for the second year in a row, declines were concentrated in core contributions to the UN system at -27 percent, the largest annual drop on record. In contrast, contributions to the World Bank and regional development banks increased," OECD reported.

DONOR CUTS

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Tough times ahead

As the UN commemorated its 80th anniversary in October last year, discussions oscillated between managing crises as its key mandate and resource mobilisation in the era of strained multipolarity.

Early this year, the UN Secretary-General, António Guterres, lamented that the body is at risk of "imminent financial collapse", citing constrained resource mobilisation, including dwindling ODA on which UN agencies draw a lifeline, and member states' 2025 arrears amounting to \$1.57b (Shs6 trillion). This year, the UN has a budget of \$3.45b (Shs13 trillion).

The UN Resident Coordinator in Uganda, Mr Leonard Zulu, admitted as much, saying the ground is shifting, and currently, UN aid agencies in the country are trying to do more with less, amid strategies such as joint-programming and carpooling to share administrative costs.

"We do not have as much funding as we used to for the refugee response. Health and education, and water, sanitation, and hygiene have been particularly affected. Unfortunately, the situation is not improving. However, there are many behind-the-scenes discussions on new financing models like public-private partnerships (PPPs) and private sector capital mobilisation to see how that can be used in an impactful way," Mr Zulu said.

He added, "There is a lot of blended finance, where you get a grant from a partner, and that then leverage access to private capital markets. The grants are still there, but they are being used in a smarter way. You also have dedicated finance, such as climate finance, that is supposed to help us with the transition to renewable energy. We are also thinking of doing innovative things like debt for development swaps and are also exploring things like concessional loans, etc."

Amid the funding squeeze and dwindling ODA, some actors, including the US, have been urging the UN to start exploring durable solutions to problems. For instance, a section of the two million refugees hosted by Uganda has been in the country for three decades or more, yet their countries of origin are stable. Likewise, the country still hosts "Kenyan refugees" who fled the 2007 post-election violence.

This is, in fact, a longstanding concern among some senior government officials, although the official government policy is to allow the refugees to remain. This is interpreted by some as akin to exploiting Uganda's open-door refugee policy for political expediency.

A State Department official told the *Daily Monitor* that the US embassy has variously facilitated repatriating refugees to Burundi, and they think a lot more needs to be done along those lines, especially if the countries of origin are peaceful.

The official voiced another concern by Washington that other countries with means are not correspondingly pulling their weight in development finance and assistance.

For the 2027 budget, it was reported early this month that President Trump was pushing for a 30 percent cut of the foreign affairs budget to increase defense spending unusually, which signals tough times ahead.

By Frederic Musisi, Elizabeth Kamurungi & Coslin Nakayiira.

STRATEGY

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