

“Development cooperation after USAID: Perspectives from the Global South”

Event Takeaways

Key Insights

- USAID's withdrawal accelerates the ongoing decline in global development assistance.
- Trust between recipient countries in the Global South and traditional donor nations is at risk.
- Global South must look towards self-sufficiency for their development needs.
- Future efforts must focus on efficient resource allocation and ensuring accountability in a post-aid landscape.

Introduction: A Shifting Development Landscape

The webinar “Development Cooperation After USAID: Perspectives from the Global South” was jointly hosted by NeST and IDOS, and convened Dr. Sachin Chaturvedi from Research and Information System for Developing Countries in India, Dr. André de Mello e Souza from Instituto de Pesquisa Econômica Aplicada in Brazil, Dr. Li Xiaoyun from China Agricultural University, and Elizabeth Sidiropoulos from the South African Institute of International Affairs to examine the consequences of dwindling Official Development Assistance (ODA) in general and the diminishing of US Foreign Assistance, particularly USAID. The discussion, moderated by Dr. Stephan Klingebiel (IDOS), underscored concerns about increasing aid dependency, shifting funding priorities, and the broader implications for global development cooperation of the dismantling of USAID and possible domino effect.

The Fallout of ODA Reductions: Economic and Political Ramifications

I. Political and Strategic Impacts

The suspension of much of US Foreign Assistance and ODA cuts by other countries signals a shift in donor countries' national priorities, with increased allocations to security and defence over development aid. This shift jeopardises commitments to Sustainable Development Goals (SDGs), climate action, and other global initiatives, undermining efforts to address common global challenges and raising concerns over the long-term reliability of international agreements.

II. Economic and Social Disruptions

The immediate effects of USAID's withdrawal include disruptions in critical sectors such as health, education, and infrastructure. In the long run, recipient countries may pursue self-

sufficiency or, conversely, become increasingly dependent on alternative partners. Additionally, the erosion of democratic stability in fragile states reliant on aid poses a significant threat to governance and human rights.

Rethinking ODA: Towards Self-Sufficiency and New Alliances

I. Reducing Dependence and Strengthening Regional Cooperation

Experts emphasised the need for recipient nations to prioritise self-reliance, particularly in light of the politicisation of aid, where donor interests often supersede recipient needs. Strengthening regional cooperation and exploring alternative funding models, such as Triangular Cooperation Strategies (TrC), could help ensure development efforts are driven by Global South priorities rather than external agendas.

II. The Rise of Non-Traditional Donors

With diminishing trust in traditional donors, emerging economies, private sector actors, and multilateral institutions are poised to play a greater role in global development. This diversification of funding sources presents opportunities to reshape aid frameworks and reduce reliance on historically dominant donor countries. However, in the short term it is unlikely that the gap left by ODA reductions can be filled by Global South domestic resources since the fair taxation regime is currently being undermined.

III. South-South Cooperation: A Sustainable Alternative

As USAID withdraws support for key sectors, deeper collaboration within the Global South is crucial. Strengthening partnerships in climate resilience, healthcare, and infrastructure development can mitigate aid shortfalls and drive sustainable growth. Regional alliances will be instrumental in addressing these challenges and fostering long-term stability.

The Future of ODA: Beyond Aid Dependency

Aid effectiveness and accountability must remain at the core of the post-aid era. This requires rigorous assessment of donor transparency, quality of assistance, and adherence to international commitments in critical areas like climate action and public health.

While political shifts threaten traditional development models, they also present an opportunity to reassess the sustainability of global aid structures. Although aid reductions pose challenges for international relations and diplomacy, they also empower Global South nations to take a leading role in shaping the future of development cooperation.