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From Reliance to Resilience: Navigating Nigeria's Development Future Beyond USAID

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Background

Foreign aid[1] has long served as a vital mechanism for providing financial and technical assistance to developing countries, aimed at enhancing economic stability, healthcare systems, infrastructure, and governance. Historically, donor countries have employed foreign aid both as a humanitarian tool and as a diplomatic strategy to strengthen bilateral relationships and promote global stability. The idea of structured foreign aid dates back to the 1940s, in the aftermath of the Second World War. The war had devastated economies around the world, leaving many countries with broken infrastructure and severe shortages of capital[3]. In response, world leaders convened at the Bretton Woods Conference in 1944, where they negotiated the institutional framework for the post-war global economic order. The resulting Bretton Woods system became the first fully negotiated monetary arrangement designed to govern monetary relations among sovereign states.

Over the last four decades, foreign aid to developing and underdeveloped countries has grown significantly. While it has supported a range of development initiatives, it has also sparked ongoing debate about its long-term impact, particularly whether, in some cases, it may be deepening dependency or contributing to underdevelopment[4]. Countries like South Korea, Taiwan, and Singapore stand out as examples of how foreign aid can be effectively used. In their early development stages, they strategically invested external funds into strengthening their economies, expanding access to quality education and healthcare, and enacting policy reforms that laid the groundwork for sustainable growth[5]. Notably, both South Korea and China, once among the largest recipients of aid, have since emerged as donor nations, providing support to countries across Africa, Asia, and the Middle East.

However, sub-Saharan Africa still struggles to break free from reliance on donor funds. Sub-Saharan Africa's reliance on donor funds is partly tied to the conditionalities attached to foreign aid, which often hinder long-term development[6]. Many aid packages come with economic and political conditions, such as structural adjustment programs imposed by the IMF and World Bank, which forced countries to cut public spending, privatize essential services, and open markets in ways that often deepened poverty rather than fostering growth. Drawing from his extensive research in international development, Dichter[7] (2003) argues that foreign aid programs often overlook local realities, are driven by donor interests rather than actual needs, and suffer from bureaucratic inefficiencies.

With respect to Nigeria, foreign aid has played a significant role in its development journey, even as the country continues to strive for self-sufficiency across key sectors. Much of this support has come from countries like the United States and the United Kingdom, as well as international institutions such as the World Bank. In 2022, Nigeria received approximately $4.4 billion in official development assistance and aid, according to the World Bank[8]. Data from the US Foreign Assistance[9], also shows that Nigeria received around $7.8 billion in aid from the United States alone over the past decade. Although its annual disbursements fluctuated over the years, reaching a peak of $1 billion in 2023 before dropping to $783 million in 2024, the funding supported critical sectors such as healthcare, security, education, and economic development. In 2018, Development Assistance for Health (DAH) was estimated at $38.9 billion, with the majority of funds directed through direct bilateral assistance. Of this amount, the United States contributed 34% of the total DAH, followed by the UK at 8.4%[10]. However, Nigeria's continued dependence on external aid highlights its fiscal vulnerabilities and underscores the growing need to develop sustainable, homegrown financing mechanisms for long-term development[11].

Contending Perspectives on Foreign Aid

Foreign aid remains one of the most complex and contentious elements of international development. While it has been heralded as a tool for poverty alleviation, institutional strengthening, and economic growth, it has also been criticized for fostering dependency, enabling corruption, and serving donor interests more than recipient needs[12]. Scholars, policymakers, and international organizations have long debated its effectiveness, with compelling arguments on both sides. This discussion also considers recent geopolitical developments, particularly the U.S. decision to suspend USAID programs and the broader implications for development assistance.

Proponents of foreign aid argue that when properly managed, it has the potential to drive economic transformation, strengthen governance, and improve human welfare. Bermeo[13] for instance argues that targeted aid, especially when aligned with recipient country priorities has historically facilitated economic recovery and long-term development. South Korea is often cited as a model of aid-driven success[14]. Following the devastation of the Korean War, the country relied heavily on U.S. aid to rebuild its economy. However, rather than becoming permanently dependent, South Korea strategically used aid to foster industrialization, build infrastructure, and develop human capital. Today, it is not only a high-income nation but also a donor in its own right, showing how well-aligned aid can help catalyze sustainable growth. This view corroborates Brioch[15] analysis emphasizing that aid is most effective when it complements national development strategies rather than imposing externally designed models that may not reflect local realities.

Another significant success story is Rwanda. Following the 1994 genocide, Rwanda received extensive foreign aid, which the government effectively channeled into rebuilding institutions, expanding healthcare and education, and promoting economic reforms. The Rwandan model, often characterised by a high degree of state control over aid flows, has led to remarkable improvements in poverty reduction and governance. Reports from the World Bank and UNDP underscore Rwanda's effective use of aid in achieving strong economic growth, with GDP increasing at an average of 7–8% annually in recent years.

Despite these notable success stories, critics argue that foreign aid can have unintended negative consequences, particularly in countries with weak institutions. Dichter[16], in 'Despite Good Intentions', asserts that aid often fuels bureaucracy, creates inefficiencies, and undermines local ownership of development efforts. One of the most common criticisms is that aid makes recipient governments more accountable to external donors than to their own citizens, thereby entrenching cycles of dependency rather than promoting long-term self-reliance.

Maren[17] offers a sobering example from Somalia, where aid programs intended to address famine were manipulated by warlords, inadvertently prolonging conflict and instability. Similarly, Easterly[18], further argues that large-scale aid interventions often fail due to their top-down, bureaucratic inefficiencies and a lack of responsiveness to local needs. This criticism is supported by findings from the Centre for Global Development[19], which reveal that a substantial portion of aid is often lost to administrative costs, corruption, or poorly designed projects that fail to deliver lasting impact. Adding nuance to this debate, Pritchett[20], in Deals and Development, argues that the effectiveness of aid is heavily shaped by the governance structures within recipient countries. In well-governed states, aid can bolster development efforts; however, in fragile contexts, it often exacerbates existing problems by encouraging rent-seeking behavior and weakening institutional capacity.

Nigeria exemplifies how foreign aid, while potentially transformative, can become counterproductive when mismanaged. Over the years, the country has received billions of dollars in aid, particularly in health, infrastructure, and governance. However, the effectiveness of this support has been significantly undermined by weak institutions, pervasive corruption, and poor implementation mechanisms. In the health sector, for example, large sums have been channeled into malaria, tuberculosis, and HIV/AIDS programs. Yet, Nigeria continues to grapple with a high disease burden, largely due to misallocation of resources and inefficiencies within the healthcare system[21]. Similarly, despite considerable aid to the education sector, literacy rates remain low, and millions of children are still out of school[22].

This pattern reflects a deeper issue: Nigeria's dependence on foreign aid has often displaced domestic accountability. Rather than investing in sustainable local solutions, successive governments have prioritized external funding and donor-driven programs. As a result, key sectors have stagnated, and the country remains overly reliant on foreign intervention, undermining long-term self-sufficiency and development[23].

The evidence presented above suggests that foreign aid is not inherently good or bad; its impact depends largely on how it is structured, implemented, and aligned with national priorities. Countries like South Korea and Rwanda show that when aid is strategically managed and integrated into national development plans, it can serve as a powerful catalyst for progress. On the other hand, the experiences of Somalia and Nigeria highlight how aid can become counterproductive when it is misused, poorly coordinated, or driven more by donor interests than local needs.

Ultimately, the effectiveness of aid hinges on its alignment with a country's long-term development goals rather than external agendas. For foreign aid to truly drive sustainable growth, it must be reimagined to empower recipient countries, support economic self-reliance, and reduce dependency on external influence.

Foreign Aid in Nigeria-US Relations

Nigeria's relationship with the United States dates back to its independence in 1960. In the immediate post-independence period, Nigeria remained closely aligned with Britain, its former colonial ruler, while its engagement with the United States was relatively limited. Although the U.S. acknowledged Nigeria's strategic importance in Africa, its role during this early period was largely reserved, emphasizing trade and diplomatic ties rather than deep political involvement. This measured approach was shaped by Nigeria's membership in the Commonwealth and its foreign policy strategy, which aimed to maintain a careful balance between Western and Eastern blocs during the Cold War era.

The Nigerian Civil War (1967–1970) marked a significant shift in Nigeria's foreign relations. During the conflict, Britain provided military support to the federal government, while France, though also a Western power, showed more sympathy toward the Biafran cause. Despite this support, many Nigerians, particularly within intellectual and nationalist circles, felt a sense of betrayal by Britain. This feeling arose not from Britain's military backing of the federal government but from the broader post-colonial dynamics that seemed to reinforce ongoing British influence in Nigeria's internal affairs. Additionally, the humanitarian aspects of the war, particularly the Biafran narrative of genocide, led to criticisms of Britain's limited diplomatic efforts to address the war's devastating impact. As a result, Nigeria sought to diversify its international relationships, turning to the Soviet Union for military assistance. At the same time, the United States chose a neutral stance, providing only humanitarian aid, a position that was met with skepticism by the Nigerian government. This period marked a significant pivot in Nigeria's foreign policy, as the country moved toward non-alignment and sought to reduce its dependence on traditional Western allies.

In the 1970s, Nigeria's oil boom brought increased US interest, particularly in the energy sector. As a member of the Organization of Petroleum Exporting Countries (OPEC), Nigeria became a major oil supplier to the

United States, strengthening trade and economic ties. However, political differences remained. Nigeria's vocal opposition to apartheid in South Africa and its support for liberation movements in Southern Africa sometimes clashed with US policies. Still, economic relations flourished, with American oil companies deepening their presence in Nigeria.

The 1980s and 1990s were characterized by prolonged periods of military rule in Nigeria, accompanied by widespread human rights abuses, political repression, and systemic corruption. The regimes of Generals Muhammadu Buhari, Ibrahim Babangida, and Sani Abacha particularly strained diplomatic relations with the United States. The 1995 execution of environmental activist Ken Saro-Wiwa and his colleagues elicited global condemnation, prompting the imposition of U.S. sanctions. While economic ties (particularly in oil) remained intact, broader development assistance was curtailed due to governance concerns. Nevertheless, targeted U.S. support persisted in critical areas such as health and education, primarily through USAID.

The restoration of democratic governance in 1999 under President Olusegun Obasanjo marked a new chapter in Nigeria–U.S. relations. The US actively supported Nigeria's democratic transition, lifting sanctions and scaling up development aid. USAID expanded its portfolio to include programs in governance, economic reform, health, and education. Notably, the launch of the President's Emergency Plan for AIDS Relief (PEPFAR) significantly advanced Nigeria's fight against HIV/AIDS, while other initiatives focused on malaria, maternal health, and food security. Democracy and governance programs helped strengthen electoral processes and civil society organizations, reinforcing Nigeria's democratic institutions.

Over the subsequent decades, Nigeria's emergence as a leading continent in Africa solidified its strategic importance to U.S. foreign policy. The evolution of Nigeria–U.S. relations, from colonial legacy and cold war diplomacy to democratization and development cooperation, underscores the country's position as one of the largest recipients of American foreign assistance in sub-Saharan Africa. This long-standing partnership has played a pivotal role in shaping Nigeria's development landscape, while also reflecting the shifting contours of international aid and diplomacy.

Analysis of USAID Suspension: Sectoral Implications for Nigeria

a) **USAID Interventions in the Health Sector**

Before its suspension, USAID played a pivotal role in Nigeria's health sector, providing substantial technical and financial support across several priority areas including HIV/AIDS, tuberculosis, malaria, maternal and child health, vaccination, and health system strengthening. Through strategic collaborations with national institutions such as the National Primary Health Care Development Agency (NPHCDA) and the Nigeria Centre for Disease Control (NCDC), USAID contributed significantly to disease prevention, service delivery, capacity building, and overall health systems improvement. The suspension of the USAID funding thus threatens to disrupt decades of progress in combating infectious diseases, improving maternal and child health, and strengthening Nigeria's response to public health emergencies[24].

HIV/AIDS Control

Under the President's Emergency Plan for AIDS Relief (PEPFAR), USAID spearheaded efforts to combat HIV/AIDS in Nigeria. Since 2010, over 200 metric tons of antiretroviral (ARV) drugs were distributed with USAID's facilitation, ensuring treatment continuity for over one million people living with HIV/AIDS[25]. USAID-funded ARVs is important in achieving the United Nations global strategy to end the AIDS epidemic as a public health threat for all by 2030[26]. These efforts were complemented by extensive HIV Testing Services (HTS), including community-based and self-testing initiatives, which were particularly vital in high-burden regions. The agency also supported the integration of Prevention of Mother-to-Child Transmission (PMTCT) services into antenatal clinics, increasing access for expectant mothers. Additionally, support for Orphans and Vulnerable Children (OVC) reached over 600,000 beneficiaries, providing psycho-social, nutritional, and educational assistance[27]. However, the suspension of these funds would reverse the gains in preventing the spread of HIV and other infectious diseases, leading to a resurgence of the diseases and preventable deaths, especially in the most vulnerable members of society, including women and children in remote areas[28].

Tuberculosis Control

USAID was instrumental in the fight against tuberculosis through diagnostic enhancements and treatment support. The provision of GeneXpert machines, reagents, and consumables significantly improved early TB detection and drug-resistance testing[29]. Moreover, USAID's integration of TB screening with HIV programs enhanced dual case detection, while Directly Observed Therapy Short-course (DOTS) centers received support to ensure treatment adherence. The agency also bolstered community-level surveillance and treatment programs through partnerships with local NGOs[30]. The withdrawal of USAID threatens to reverse critical gains in tuberculosis control, potentially undermining early detection efforts, disrupting treatment adherence mechanisms, and weakening community-based surveillance systems that have been pivotal in curbing the spread of TB in Nigeria.

Malaria Programs

USAID’s support to Nigeria’s malaria response was channeled through the National Malaria Elimination Program (NMEP)[31]. Millions of long-lasting insecticidal nets (LLINs) were distributed in endemic areas, and seasonal malaria chemoprevention (SMC) was implemented during peak transmission seasons, especially targeting children under five. The agency also piloted Indoor Residual Spraying (IRS) and supplied rapid diagnostic tests (RDTs) and artemisinin-based combination therapies (ACTs). In remote communities, community health workers and Community Health Extension Workers (CHEWs) were trained to manage malaria diagnosis and treatment[32]. The withdrawal of USAID risks disrupting Nigeria’s malaria elimination trajectory by weakening essential supply chains, scaling back proven interventions like LLIN distribution and SMC, and creating service delivery gaps in hard-to-reach areas, underscoring the urgent need for strategic policy responses and sustainable domestic financing to safeguard progress.

Maternal Health Initiatives

Maternal health was another key area of USAID’s intervention. The agency supported Emergency Obstetric and Newborn Care (EmONC) by providing essential drugs and equipment, along with training for midwives and health workers. USAID also worked to expand access to antenatal care (ANC) in primary healthcare centers, distributed safe delivery kits, and supported traditional birth attendants with training on modern delivery practices. Furthermore, family planning services, including the distribution of contraceptives and counseling, were a major focus in reducing maternal mortality. With USAID’s exit, there is a real risk of increased maternal deaths due to reduced access to skilled care, essential medicines, and family planning services that have been vital in improving maternal health across Nigeria.

Child Health Programs

To improve child survival, USAID supported the Integrated Management of Childhood Illnesses (IMCI) strategy, enabling health workers to treat diseases such as diarrhea, pneumonia, and malaria. Nutrition programs were also implemented, including community-based management of acute malnutrition (CMAM) and micronutrient supplementation like vitamin A and iron. Interventions to manage common childhood diseases included the distribution of oral rehydration salts (ORS), zinc, and Amoxicillin DT for pneumonia.

USAID also supported Nigeria’s immunization infrastructure by strengthening the cold chain through the provision of solar refrigerators and cold boxes. It partnered with the National Primary Health Care Development Agency (NPHCDA) to boost routine immunization coverage for key vaccines including DPT3, Pentavalent, and Measles. In addition, USAID played a pivotal role in the global polio eradication effort and contributed to the COVID-19 vaccine deployment by assisting in logistics, training, and advocacy. The withdrawal of USAID could significantly undermine child survival gains, leading to reduced access to essential treatments, nutrition support, and immunization services, putting millions of children at greater risk of preventable illness and death.

Support for National Health Institutions

USAID worked closely with national institutions to enhance Nigeria's health security and service delivery. At the Nigeria Centre for Disease Control (NCDC), USAID bolstered disease surveillance systems, upgraded laboratories, and provided support to Emergency Operations Centers (EOCs). This proved critical during outbreak responses for diseases such as Lassa fever and COVID-19. Similarly, through its work with the NPHCDA, USAID supported primary healthcare revitalization efforts, contributed to the implementation of the Basic Health Care Provision Fund (BHCPF), and improved PHC quality standards. The USAID's exit may weaken Nigeria's health security architecture, reducing the country's capacity to detect and respond to disease outbreaks, while also slowing progress in primary healthcare revitalization and the effective implementation of foundational health reforms like the BHCPF.

Health Workforce Capacity Strengthening

USAID invested in the capacity development of Nigeria's health workforce by training thousands of Community Health Extension Workers (CHEWs), nurses, and midwives[33]. It also facilitated the rollout of the national task-shifting and task-sharing policy to optimize service delivery in rural areas. Additionally, digital learning platforms and tools were introduced to support ongoing professional development. Regular supportive supervision and mentorship were also integral components of USAID's approach to sustaining quality service delivery. Without USAID's continued support, the momentum in building a skilled and resilient health workforce may decline, leading to workforce gaps, reduced service quality especially in rural areas, and diminished capacity for ongoing training and mentorship crucial to sustaining effective healthcare delivery.

b**) USAID's Contributions in Governance Strengthening in Nigeria**

USAID's interventions in governance strengthening in Nigeria have played a pivotal role in enhancing democratic principles, institutional transparency, and citizen participation. These interventions have contributed significantly to building stronger institutions, promoting rule of law, and reducing corruption across multiple tiers of government. This document provides a comprehensive analysis of USAID's efforts in strengthening governance systems in Nigeria prior to the suspension of its funding.

Among the flagship governance programs spearheaded by USAID was the Nigeria Governance Initiative (NGI), which sought to strengthen the capacity of state and local governments to deliver public services more effectively. This initiative was instrumental in fostering greater administrative efficiency and promoting openness in budgetary processes. It focused on deepening fiscal transparency and supporting the implementation of public financial management reforms. Through NGI, subnational entities improved their procurement practices, budget preparation, and expenditure tracking, which enhanced citizens' confidence in government institutions.

Complementing this was the Civic Engagement and Governance Initiative (CEGI), a program launched with a $32.9 million investment in 2021[34]. This initiative emphasized community involvement and citizen-led accountability. It supported grassroots organizations and civil society platforms to monitor public sector performance, report corruption, and advocate for responsive governance. According to the African Trade Report[35], accountability metrics improved up to 20 percent in several focus states as a result of USAID's targeted interventions.

USAID also provided technical assistance and policy advice to democratic institutions, including legislative bodies, anti-corruption agencies, and electoral commissions. This support aimed to build institutional integrity, ensure credible elections, and promote adherence to constitutional norms. Training programs for government officials, legislators, and judicial personnel enhanced their ability to carry out duties transparently and equitably.

In addition to institutional support, USAID played a vital role in empowering youth and women in governance processes. Through leadership training, civic education, and engagement forums, marginalized groups were equipped to demand accountability and participate meaningfully in political processes. This inclusive approach fostered social cohesion and equitable representation.

The withdrawal of USAID funding presents serious implications for Nigeria's governance landscape. Gains made in transparency, accountability, and citizen engagement now face the risk of erosion. In the absence of sustained external support, civil society organizations may lack the resources necessary to carry out monitoring functions. Moreover, the rollback of technical and institutional support could compromise policy coherence, public service delivery, and anti-corruption enforcement.

c) USAID Support for Media and Civil Society Organizations

The media and civil society sectors in Nigeria have historically benefitted from significant investments by USAID, reflecting the agency's recognition of their indispensable roles in promoting democratic governance, public accountability, and civic engagement. One of the cornerstone efforts was the Media Empowerment for a Democratic Nigeria (MEND) initiative, under which USAID partnered with media organizations such as *Premium Times*, *Channels Television*, and various community-based radio platforms to strengthen investigative journalism and professional reporting standards. These initiatives provided critical support for capacity building, newsroom training, and fact-checking mechanisms, empowering journalists to conduct in-depth investigations into issues such as electoral malpractice, corruption, human rights abuses, and mismanagement of public funds[36]. By elevating the quality and credibility of media reporting, these programs contributed to a more transparent public discourse and more effective scrutiny of government actions, particularly in the context of elections and public sector accountability[37].

Through targeted training and institutional support, over 15,000 journalists and media professionals were trained on topics ranging from fact-checking and electoral reporting to conflict-sensitive journalism and human rights coverage[38]. These efforts were instrumental in building resilience within the media sector, particularly in underserved regions vulnerable to misinformation, state censorship, and political intimidation.

Moreover, USAID support extended to enabling community radio stations and independent media outlets with equipment, production training, and business model development, which helped amplify marginalized voices and fostered public participation in national conversations. The MEND and SCALE project[39], in particular, served as key vehicles for promoting media pluralism and enhancing civic literacy.

In tandem, USAID channeled substantial resources to Civil Society Organizations (CSOs), especially those working at the intersection of governance, human rights, and security. Over the past decade, more than 200 civil society organizations received grants, technical assistance, and strategic planning support to enhance their advocacy capabilities, engage with policymakers, and implement community development projects[40].

These interventions significantly improved civil society's role in legislative advocacy, anti-corruption campaigns, electoral observation, and social accountability mechanisms.

Civil society's involvement in the security sector was also notably supported. USAID facilitated the work of organizations monitoring human rights abuses by security forces, advocating for reforms in the policing and justice systems, and fostering dialogue between communities and state actors in conflict-prone regions. This included backing initiatives that enabled early warning systems, trauma counseling for victims of violence, and civic education for displaced populations, especially in the Northeast.

However, the suspension of USAID funding has had dire consequences. According to sector estimates, nearly 15,000 media professionals have been laid off due to downsizing, while approximately 200 NGOs and CSOs have either folded or significantly scaled back operations[41]. This contraction threatens to roll back hard-earned gains in freedom of expression, participatory governance, and civic oversight. The reduction in investigative journalism and reporting, especially at the subnational level, has created accountability vacuums and weakened the media's watchdog role.

Furthermore, civil society's ability to engage citizens, track policy implementation, and act as a counterbalance to state authority has been severely compromised. Without external support, smaller CSOs that previously operated in remote and underserved communities lack the resources to continue critical grassroots advocacy and service delivery.

The combined effects of these setbacks are far-reaching. They undermine the democratic ecosystem, weaken public trust in institutions, and limit the ability of both media and civil society actors to influence national development trajectories. In an already shrinking civic space, the absence of USAID's stabilizing presence amplifies the risk of increased authoritarianism, reduced transparency, and civic disengagement.

d**) USAID's Imprints in the Education Sector**

USAID's contributions to Nigeria's education sector have been both expansive and transformative, particularly in addressing systemic inequities and enhancing foundational learning outcomes. Over the past two decades, USAID has emerged as one of the most significant bilateral donors supporting education in Nigeria, particularly in northern states where access to quality education is severely limited by poverty, insecurity, and cultural barriers[42].

A central pillar of USAID's education strategy has been the Strengthening Education in Northeast Nigeria (SENSE) program, which aimed to rebuild and reform education systems disrupted by conflict and displacement. Through this initiative and others such as LEARN to Read and the Northern Education Initiative Plus (NEI+), USAID facilitated the reintegration of over 1.5 million out-of-school children into formal and non-formal education settings between 2015 and 2022[43]. These programs targeted children in internally displaced persons (IDP) camps, host communities, and underserved rural areas, providing access to literacy materials, school supplies, and psychosocial support.

Beyond access, USAID placed significant emphasis on teachers' training and capacity building. The agency supported over 80,000 teachers and facilitators through training programs focused on learner-centered pedagogy, inclusive education practices, and early grade reading techniques. This investment substantially improved literacy and numeracy scores among primary school learners in focal states such as Bauchi and Sokoto, as evidenced by monitoring and evaluation reports from USAID and state Ministries of Education[44].

In addition, USAID played a pivotal role in education system strengthening, working closely with federal and state governments to enhance planning, monitoring, and school-level management. This included the development and implementation of Education Management Information Systems (EMIS) to improve data collection, policy formulation, and resource allocation. The agency also facilitated school infrastructure upgrades, especially in conflict-affected areas, including classroom rehabilitation, provision of gender-segregated sanitation facilities, and access to digital learning tools.

Particularly notable was USAID's support for early childhood education, girls' education, and inclusive learning for children with disabilities. Through partnerships with local NGOs and community-based organizations, USAID expanded school enrollment and retention for girls, tackled harmful traditional norms that hinder girls' education, and provided learning aids and teacher support for children with special needs.

However, the abrupt suspension of USAID funding threatens to reverse these hard-won gains. The loss of nearly $400 million in annual commitments, a figure which includes multi-sectoral programming, translates into fewer resources for schools, teachers, and vulnerable learners. In many of the regions previously supported by USAID, teachers' salaries are irregular, learning materials are scarce, and dropout rates are rising due to insecurity and economic hardship.

From an economic standpoint, the consequences of funding withdrawal extend beyond the education sector. Reduced investment in human capital development compromises Nigeria's long-term socio-economic prospects, deepens youth unemployment, and weakens institutional capacity to deliver equitable and quality education. Given that education is a critical driver of inclusive growth and a key enabler of social mobility, USAID's absence is likely to widen existing inequalities and stifle progress toward Sustainable Development Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

In the absence of renewed external support or increased domestic financing, the education sector may struggle to sustain momentum toward universal basic education. There is an urgent need for adaptive policies and collaborative financing mechanisms to fill the gap and safeguard educational outcomes for Nigeria's most vulnerable populations.

e) USAID Interventions in the Security Sector

Over the past two decades, USAID has played a pivotal role in strengthening Nigeria's security architecture through a multifaceted approach that integrates conflict prevention, peacebuilding, community resilience, and institutional capacity building. These interventions have been particularly critical in the context of northern Nigeria, where insurgent groups such as Boko Haram and the Islamic State West Africa Province (ISWAP) have destabilized communities, displaced millions, and undermined development gains[45].

USAID's security assistance focused extensively on capacity building for security personnel and civilian security actors. Through programs like the Office of Transition Initiatives (OTI) and the Peace and Security Working Group, USAID supported training on rule of law, civil-military relations, human rights monitoring, and strategic communication for personnel in the Nigerian Armed Forces and the Nigeria Police Force. These programs were aimed at enhancing professional conduct and improving collaboration between security institutions and the communities they serve[46].

Additionally, USAID invested in community-based security initiatives, recognizing that effective security outcomes are often driven by trust and collaboration between local populations and state institutions. Through its Community Initiatives to Promote Peace (CIPP) program and Reacting to Early Warning and Response Data (REWARD) project, USAID established community peace committees, strengthened local conflict resolution mechanisms, and developed early warning systems to de-escalate tensions before they turned violent. These initiatives were particularly effective in states like Kaduna, Plateau, and Benue, where ethnic and religious tensions frequently led to outbreaks of violence[47].

A major pillar of USAID's approach to peacebuilding was addressing the root causes of insecurity, including youth unemployment, political marginalization, and weak governance. Programs aimed at youth engagement and livelihoods support helped mitigate the recruitment potential of violent extremist groups by offering alternative pathways to social and economic inclusion. This holistic approach reflected the understanding that insecurity in Nigeria is not only a function of insurgency, but also of deep structural grievances.

In addition to its domestic focus, USAID's support to Nigeria also contributed to regional security coordination within the Economic Community of West African States (ECOWAS) and the Multinational Joint Task Force (MNJTF)[48]. Nigeria's leadership in these frameworks has been instrumental in managing cross-border threats and promoting regional peace and stability. USAID's withdrawal thus poses a significant risk to the sustainability of these efforts, potentially undermining regional counterterrorism coordination and emboldening violent non-state actors operating across borders[49].

The implications of the funding withdrawal are grave. Community resilience in conflict-prone areas is becoming weak, early warning systems have become less responsive, peace committees are disbanding due to lack of financial support, and opportunities for constructive youth engagement are rapidly diminishing. These gaps increase the likelihood of armed group recruitment, community distrust in security agencies, and violent conflict escalation. Moreover, the vacuum created by USAID's withdrawal from the security space may hinder Nigeria's ability to fulfill its national and regional security responsibilities. As the largest country in West Africa by population and economy, Nigeria's security trajectory significantly shapes that of its neighbors. Any deterioration in Nigeria's internal security could therefore have ripple effects across the Sahel and Gulf of Guinea regions, exacerbating the already fragile security environment in West Africa.

Suspension of USAID Funding: Policy Options for Nigeria

The suspension of USAID funding presents a critical gap for Nigeria. While the immediate impacts are significant especially in health, education, governance and civil society, it also opens the door to important conversations about sustainable financing and national resilience. Some key funding alternatives available to Nigeria are analyzed below as well as the practicality of each option, and considerations for implementation.

Option 1: Strengthen Partnerships with Other Donors

Nigeria can broaden its engagement with other bilateral and multilateral development partners to fill critical gaps in health, education, and governance left by USAID termination. Key Bilateral actors such as the UK's Foreign, Commonwealth & Development Office (FCDO), Germany's GIZ, Canada's Global Affairs of Canada (GAC) and Japan's International Cooperation Agency (JICA) continue to maintain active portfolios in Nigeria. For instance, GIZ leads efforts in vocational education, governance reform, renewable energy and peacebuilding, while GAC, through its Feminist International Assistance Policy, funds women-led and community-based organizations advancing girls' education, sexual and reproductive health rights (SRHR), gender equality and humanitarian response in conflict-affected areas.

Similarly, multilateral actors such as the World Bank, African Development Bank (AfDB), the Global Fund and Gavi offer sector-focused support that aligns well with many of Nigeria's national development goals. Additionally, there are few key development Foundations conscious of the need to increase their budgets and portfolio due to the exit of USAID, in particular MacArthur and Ford. To advance this approach, the National Planning Commission could convene a high-level donor roundtable to coordinate efforts, align sectoral priorities and identify opportunities for filling critical gaps left by USAID's exit.

Strengths: These partners are already operational in Nigeria with active frameworks that can fill some of the gaps left by USAID. They are less politically volatile and offer financial support along with technical expertise.

Weaknesses: Many of these partners operate within narrow sectoral mandates, with funding windows and disbursement criteria that may not match urgent needs of Nigeria. Policy conditions may also limit flexibility.

Feasibility Assessment: In view of the above, this option appears less feasible in the short term.
While bilateral and multilateral partners can help plug certain gaps, their mandates, funding cycles and sectoral priorities make it unlikely they can fully replace USAID quickly.

Option 2: Accelerate Reforms in Domestic Resource Mobilization (DRM)
Mobilizing internal revenue remains the most sustainable path forward. Nigeria's tax-to-GDP ratio stood at just 7.2% in 2022[50], one of the lowest in Africa. Increasing tax compliance, expanding the tax base (especially in the informal sector), and reducing financial leakages are critical. Additionally, Nigeria can tap into national philanthropic foundations such as the Aliko Dangote Foundation, MTN Foundation, and TY Danjuma Foundation to finance targeted development initiatives. In addition, recovered assets can be channeled into closing funding gaps, especially in social sectors such as health, education and emergency response. This aligns with Nigeria's existing policy of using recovered assets to finance the economy, as seen in the deployment of the Abacha loot.

To operationalize this approach, the Federal Ministry of Finance, Budget and National Planning could initiate a coordinated DRM reform plan, pairing tax system modernization with structured engagement of philanthropic actors and a transparent framework for deploying recovered assets towards priority sectors.

Strengths: This is the most sustainable option as it increases government control over resources and reduces reliance on foreign aid. It fosters long-term fiscal independence and policy ownership, while allowing funds to be directed to areas of national priority.

Weaknesses: DRM reforms take time and poor public trust in institutions may affect tax compliance. While national philanthropy is growing, it remains fragmented and often project-specific. Management of recovered assets also requires high transparency to maintain credibility.

Feasibility Assessment: In view of the above, this option is highly desirable but moderately feasible in the short term. Although, it offers long-term sustainability and ownership but requires a strong enabling environment, sustained political commitment, and gradual trust-building with citizens and stakeholders.

Option 3: Broaden Diaspora Financing
According to the World bank[51], diaspora remittance into Sub-Saharan Africa is estimated to grow by 1.9 per cent from $53bn in 2022 to $54bn in 2023 with projections reaching $55bn by 2024[52]. With over $20 billion in annual remittances, Nigeria's diaspora is a powerful but underutilized source of financing. In 2017 alone, Nigeria Diaspora Bond raised $300 million, demonstrating the potential of structured instruments.

In recent years, the Nigerians in Diaspora Commission (NiDCOM) has hosted investment summits and launched initiatives to connect diaspora investors with opportunities back home. The Debt Management Office (DMO) continues to maintain the legal and technical framework for issuing diaspora bonds. However, uptake remains limited due to gaps in trust, inconsistent reporting on impact and the absence of a permanent, transparent platform for pooled diaspora investments.

Well-designed diaspora bonds, pooled giving platforms, and crowd-financed development initiatives could channel diaspora resources into targeted programs in health, education, and livelihoods. To advance this option, the DMO, in collaboration with NiDCOM, could develop a transparent, incentive-based framework for diaspora investments, combining competitive returns, clear governance, and consistent public reporting on the development impact of funded projects.

Strengths: This funding encourages patriotic investment and offers a stable and relatively untapped resource.

Weaknesses: Previous attempts have faced low uptake due to trust deficits, concerns over transparency and limited investor incentives. Success depends on robust governance, clear returns on investment, and credible use of funds.

Feasibility Assessment: In view of the above, diaspora financing appears highly feasible for Nigeria in the medium term. However, with proper structuring and management, this option could provide a stable and sustainable source of funding over a long term.

Option 4: Deepen Regional Cooperation

Nigeria can strengthen partnerships with emerging economies such as China, India, Brazil, and Turkey, as well as regional institutions like the African Union and ECOWAS Bank for Investment and Development (EBID). These actors often provide support through trade, concessional loans, technical assistance and infrastructure projects. Leveraging such relationships could also open opportunities for collaboration in renewable energy, agricultural value chains, digital innovation and vocational skills development, sectors that indirectly support health, education and livelihoods affected by USAID's withdrawal.

However, these partnerships often prioritize infrastructure over social sectors like health, education and governance reform. In some cases, the absence of standardized safeguards on transparency and accountability has raised concerns. Nigeria also lacks a single, consolidated national framework mapping sector priorities against available South–South financing and technical cooperation opportunities, which makes alignment with national development goals more difficult.

Building on existing bilateral and regional arrangements, Nigeria could formalize a South–South Development Partnership Framework, anchored in the Ministry of Foreign Affairs that consolidates existing agreements, outlines priority sectors, specifies financing modalities, and embeds safeguards for transparency.

Strengths: Often more flexible and less conditional. Emphasizes mutual development and technical assistance.

Weaknesses: They may prioritize infrastructure over social development and some of their agreements may lack transparency.

Feasibility Assessment: This option is moderately feasible in the short to medium term. It offers flexible support but requires strong negotiation and oversight to align with Nigeria's development priorities and ensure transparency.

Policy Options	Strengths	Weaknesses	Feasibility Assessment
Strengthen Partnerships with Other Donors	Existing relationships, access to funding and expertise	May not fully cover USAID gaps, different priorities	less feasible in a short term
Accelerate Reforms in Domestic Resource Mobilization	Most sustainable, supports national ownership	Political resistance, weak collection systems	Highly feasible on a long term
Broaden Diaspora financing	Large, stable funding pool from Nigerians abroad	Low trust, past underperformance	Moderately feasible in a medium term
Deepen Regional Cooperation	Flexible, builds peer partnerships	Focus may be on infrastructure more than services	Moderately feasible in a short term

figure 2: Feasibility Options Chart

While no single option can completely replace the scale and scope of USAID's contributions to Nigeria's development, a carefully curated mix of funding strategies can help the country transition from donor dependence to long-term sustainability. Strengthening domestic revenue systems, tapping into both diaspora and philanthropic capital should form the backbone of this new approach.

At the same time, Nigeria must be strategic in its re-engagement with the global donor community. Future partnerships should prioritize institutional strengthening, align closely with national priorities, and emphasize mutual accountability. Building trust, whether with private investors, the diaspora, or other development partners, will require a renewed commitment to transparency, policy coherence, and results-driven implementation.

Conclusion

Achieving sustainability in the post-USAID era will require bold action, not just from government but from every sector of society. This is an opportunity to chart a new course, one that strengthens national systems, empowers local actors, and builds a future where external aid becomes a supplement, not a lifeline. The transition may be tough, but it also holds the promise of resilience, innovation and truly Nigerian-led development.

In response to the funding suspension, the Nigerian government has taken commendable steps including approving emergency financial interventions to cushion immediate shocks[53]. However, such measures remain insufficient to fully offset the comprehensive support previously provided by USAID, particularly in areas such as specialized security programs and institutional capacity building.

A sustainable response requires a multidimensional strategy, one that strengthens domestic financing mechanisms, forges strategic international and regional partnerships, and deepens community-based engagement. Central to this will be prioritizing domestic resource mobilization, improving governance efficiency and expanding alternative financing pathways. With deliberate action and sustained commitment, Nigeria can emerge from this transition more self-reliant, resilient, and firmly in control of its development agenda.

Endnote

1. Foreign aid and development assistance although do not mean the same, but for the purpose of this paper, we use them interchangeably.

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