

*Nima*One of the  
RSM team

## THE RECALIBRATION OF EASTERN AFRICA'S ECONOMIC HORIZON IN THE WAKE OF TRUMP'S RETURN

The return of Donald J. Trump to the White House in 2024 has disrupted economic alliances. For Eastern Africa, with all its rich untapped valuable resources, this is the time to reinvent itself rather than retreat. As the world grapples with the implications of America's inward turn, Eastern Africa must make sense of this uncertainty. It's make or break for the region. For businesses and investors, the path forward demands a proactive and informed approach of the region's shifting dynamics.

### Climate Initiatives and Green Transition

The withdrawal of the U.S. from the Paris Agreement threatens to starve critical climate projects of funding. For instance, Kenya's Olkaria V geothermal initiative, a USD 300 million endeavour that was previously supported by the Green Climate Fund. Yet this vacuum has also sparked innovation. Rwanda's Green Investment Facility is using a model of blended finance to attract private capital for climate-resilient infrastructure. Kenya's Lake Turkana Wind Power project is the best example of what alternative alliances can achieve as it's backed by European partners. These shifts point to a broader truth: Eastern Africa's green transition does not need the United States' participation. By leveraging multilateral financing and ESG-focused investors, the region can create a new model of sustainable development built on agency rather than dependency.

### Trade Dynamics and Economic Revolution

Trade dynamics are quietly undergoing a revolution. The African Growth and Opportunity Act (AGOA) propelled Kenya's apparel exports from USD 55 million to USD 603 million in two decades, but now faces an uncertain future with Trump's protectionist policies. However, under AfCFTA pilot programs, the untapped value chains are being discovered like Tanzania's USD 1.9 billion cross-border trade with Uganda and the DRC, particularly in agro-processing and textiles.

Meanwhile in shifting to local value addition, we observe Uganda's EU-backed lithium processing plant and Kenya's titanium refinery. This shift insulates economies from external shocks and positions them as hubs for tech-driven industries. To survive and remain competitive, businesses must diversify.

### Natural Resources and Energy Markets: A Strategic Pivot

Eastern Africa's mineral wealth and energy markets are emerging as powerful tools for geopolitical leverage. The U.S.-China rivalry for cobalt, lithium, and rare earths has thrust Tanzania—home to the world's third-largest graphite reserves—and Uganda, with its newly discovered lithium deposits, into the spotlight. While the U.S.-funded Lobito Corridor highlights Western ambitions to secure mineral supply chains, regional governments are rewriting the rules. Tanzania's mandate for onshore graphite refining and Kenya's plans for a rare earths hub in Mombasa reflect a growing insistence on capturing value within borders.

This strategic repositioning extends to the energy sector, where Trump's fossil fuel push presents both challenges and opportunities. While depressed global oil prices offer short-term relief to importers like Kenya, they complicate Uganda's ambitions as an emerging oil exporter. Yet the region's renewables sector continues to thrive, demonstrating remarkable resilience. Ethiopia's Grand Renaissance Dam and Kenya's wind farms in Ngong Hills have attracted substantial European and Gulf investment. Meanwhile, Rwanda's USD 1.5 billion methane gas deal with a U.S.-German consortium and Djibouti's USD 1 billion Emirati-funded solar project showcase the region's ability to balance resource sovereignty with strategic international partnerships. Kenya's geothermal expansion, supported by German technology, further underscores Eastern Africa's successful diversification beyond traditional allies.

## Health Security and Economic Resilience

Health security, often overlooked in economic calculus, carries significant implications for regional stability. Trump's proposed WHO exit puts USD 450 million in annual U.S. health aid at risk, including HIV programs supporting 1.4 million Kenyans. However, this challenge has catalyzed innovation across the region. Rwanda's collaboration with BioNTech to produce mRNA vaccines and Kenya's EU-backed health tech hubs demonstrate the region's pivot toward self-reliance. Tanzania's overhaul of its medical supply chains, which attracted USD 200 million from Indian pharmaceutical giants, signals a strategic diversification of partnerships. For businesses, health resilience has emerged as a critical factor in ensuring workforce stability and long-term growth.

## Conclusion: Navigating the Future

Eastern Africa's post-Trump trajectory is not predetermined. Success will belong to those who recognize that volatility, when met with foresight, can forge resilience. The region's future prosperity depends on several key factors:

- Continued investment in renewable energy and climate-resilient infrastructure
- Strengthening intra-regional trade under the AfCFTA framework
- Strategic management of mineral resources with focus on local value addition
- Diversification of international partnerships beyond traditional allies
- Development of robust healthcare infrastructure and local manufacturing capabilities



Should you need any assistance/clarifications in respect of the above, please reach out to the below or your usual RSM contact.

### Ashif Kassam

*Executive Chairman*

RSM (Eastern Africa) Consulting Ltd

[akassam@ke.rsm-ea.com](mailto:akassam@ke.rsm-ea.com)

### Titus Marago

*Consulting Senior Manager*

RSM (Eastern Africa) Consulting Ltd

[tmarago@ke.rsm-ea.com](mailto:tmarago@ke.rsm-ea.com)

### Samuel Mbogo

*Consulting Semi Senior*

RSM (Eastern Africa) Consulting Ltd

[smbogo@ke.rsm-ea.com](mailto:smbogo@ke.rsm-ea.com)

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