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Africa: U.S. Foreign Assistance Issues

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SUMMARY

Amounts requested by the Bush Administration for assistance to Africa in FY2004 closely parallel amounts provided in FY2003. Child Survival and Health Assistance, combined with Development Assistance (DA), would total \$1.041 billion under the FY2004 request, as compared with a projected \$1.062 billion in FY2003. A number of African countries would receive additional assistance if the President's Global AIDS Initiative, to be administered by the Department of State, is funded by Congress. A few would also benefit if the Millennium Challenge Account proposal is approved.

U.S. assistance to sub-Saharan Africa reached a peak in 1985, when global competition with the Soviet Union was at a high point. As the Cold War eased, security assistance levels for Africa began to drop. In 1995, at the outset of the 104th Congress, substantial reductions in aid to Africa had been anticipated, as many questioned the importance of Africa to U.S. national security interests in the post-Cold War era. As the debate went forward, however, congressional reports and bills acknowledged U.S. humanitarian, economic, and other interests in Africa.

Aid levels did fall from FY1996 through FY1997, but began to increase in FY1998. The pattern of incremental annual increases since then would level off under the FY2004 request. The Organization for Economic Cooperation and Development reports that the United States became the leading donor of Official Development Assistance to Africa in 2001, the last year for which data are available.

U.S. assistance finds its way to Africa through a variety of channels, including the USAID-administered DA and Child Survival

programs, food aid programs, and refugee assistance. The Peace Corps, another channel for assistance, had about 1,900 volunteers in Africa in 2002. The U.S. African Development Foundation makes small grants to African cooperatives, youth groups, and other self-help organizations. U.S. security assistance, though still far below levels seen in the 1980s, has increased in recent years, primarily because of U.S. support for African peacekeeping initiatives. The World Bank's International Development Association (IDA) is the principal multilateral channel for U.S. aid, but the United States also contributes to the African Development Bank and Fund, and to United Nations activities in Africa. U.S. assistance through all such channels, though problematic to calculate, will probably total well above \$2 billion in FY2003.

USAID Administrator Andrew Natsios has testified that the Bush Administration is focusing on conflict prevention and resolution, working with NGOs and faith-based organizations, poverty reduction, agricultural development, and health, including HIV/AIDS. In August 2002, at the World Summit on Sustainable Development, the Administration announced new initiatives on access to potable water, clean energy, reducing hunger, and development and conservation in the Congo River basin. The initiatives would make extensive use of public-private partnerships.

The overall level of funding for aid to Africa remains a continuing subject of debate. Other issues include the eligibility of African countries for aid through the Millennium Challenge Account, and U.S. support for the New Partnership for Africa's Development, an African initiative linking increased aid with policy reform.



MOST RECENT DEVELOPMENTS

During April and May 2003, the U.S. Agency for International Development published fact sheets on the U.S. response to emergencies in the Democratic Republic of the Congo, Ethiopia, Eritrea, Sudan, and Angola. To date in FY2003, the largest emergency expenditures have been \$322 million to combat the effects of drought in Ethiopia and \$101 million to meet the complex emergency in Angola. On April 1, 2003, Andrew Natsios, Administrator of the U.S. Agency for International Development (USAID), testified that during the next five years, his agency would be “renewing its leadership in agricultural development assistance.” Related CRS products include CRS Issue Brief IB10050, *AIDS in Africa*; CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs*; and CRS Report RS21209, *The Millennium Challenge Account: Bush Administration Foreign Aid Initiative*.

BACKGROUND AND ANALYSIS

U.S. Aid to Africa: An Overview

Bilateral Aid

U.S. assistance finds its way to Africa through a variety of channels. Bilateral or country-to-country aid, also known as direct assistance, is given by the U.S. government to African countries through non-governmental organizations (NGOs), also known as private and voluntary organizations (PVOs), and contractors working within the host country; as well as through African governments, their ministries, and other agencies. Multilateral aid, or indirect assistance, is given first to international financial institutions (IFIs) and U.N. agencies, which in turn channel it to Africa through their own programs.

Background. Bilateral aid obligations to sub-Saharan Africa were at high levels in the mid-1980s due to the global competition with the Soviet Union and efforts to combat famines afflicting several African countries at the time. Toward the end of the decade, competition with the Soviet Union began to fade as a U.S. priority, and efforts to reduce the U.S. budget deficit began to intensify, contributing to an overall reduction in assistance to the sub-Saharan region. Moreover, policymakers were placing increased emphasis on human rights and commitment to economic reform programs in making their decisions on aid allocations. Consequently, aid to some African countries that had been major Cold War aid recipients, such as Zaire (now the Democratic Republic of the Congo) and Liberia, was sharply reduced.

The reduction in Africa aid took place almost entirely within the security-oriented programs: military assistance and especially the Economic Support Fund (ESF). ESF aid is a type of economic assistance allocated by the State Department, in consultation with USAID, with the objective of promoting U.S. security interests. By the mid-1980s, many in Congress and in the wider aid-oriented community had come to believe that security assistance programs in Africa had grown too large and that more U.S. aid should be used to

promote long-term development. During the Cold War, a few African countries regarded as strategically important, such as Sudan, Kenya, and Somalia, had received substantial grants for the purchase of military equipment, but this sort of aid was also dropping as the 1980s ended. By FY1994, military grants or financing to purchase equipment had been phased out, and military aid was largely confined to small training grants, typically ranging between \$100,000 and \$200,000, funded under the International Military Education and Training (IMET) program.

In 1995, at the beginning of the 104th Congress, proposals to restructure and reduce the U.S. foreign assistance program raised questions about the future of U.S. aid to sub-Saharan Africa. Many questioned the strategic rationale for assisting Africa in the post-Cold War era, and asserted that 30 years of U.S. assistance had accomplished little — whether in terms of promoting economic growth and democratization, or achieving other objectives. The critics generally favored humanitarian assistance, but sought sharp cuts in other programs. As the aid debate proceeded, however, it became apparent that cuts for Africa would be less than initially anticipated. The view that the United States has important humanitarian, economic, and other objectives in Africa was vigorously asserted by supporters of the Africa aid program, and came to be reflected in report language on the major foreign assistance bills, and in the bills themselves. Aid did decline in FY1996 and FY1997, but a recovery began in FY1998.

Table 1. Development Assistance and Child Survival Aid, for Sub-Saharan Africa: Request and Actual Appropriation
(\$millions)

| | FY1998 | FY1999 | FY2000 | FY2001 | FY2002 | FY2003 | FY2004 |
|---------|--------|--------|--------------------|--------|--------|---------|---------|
| Request | 700.0 | 730.0 | 790.0 ^a | 837.0 | 789.4 | 1,000.1 | 1,041.0 |
| Actual | 700.0 | 711.3 | 738.5 | 768.2 | 878.4 | 1,062.1 | |

^a Includes \$45 million in additional Child Survival aid requested as part of a July 1999 AIDS initiative.

Table 1 highlights the recovery by totaling requests and appropriations for two key components of the Africa assistance program: Development Assistance and assistance through the Child Survival and Health Programs Fund (see below). For FY2002, the Bush Administration requested somewhat less than the Clinton Administration had sought for FY2001, although the request was still for more than had actually been spent in FY2001. Congress provided more than had been requested, and for FY2003 the Bush Administration sought more than \$1 billion in aid through the two programs. Although aid for Africa is not earmarked in the FY2003 Omnibus Appropriations measure (H.J.Res. 2/P.L. 108-7), the amounts provided for worldwide assistance were more than sufficient to meet the Administration's Africa request. USAID currently projects that spending will indeed exceed the requested amount. With concerns over the budget deficit again a factor, the FY2004 request, if approved, would represent a more modest increase over the previous request than in recent years. **Table 4**, below, indicates that when overall assistance to Africa is considered, the pattern of steady increase in aid to Africa continued through FY2002, with a projected leveling off occurring in FY2003. However, the FY2003 total could yet exceed the FY2002 amount if, as seems possible, food aid requirements exceed expectations.

Aid Terminology: DFA, DA, and Child Survival Aid. Falling ESF levels threatened the overall scale of the sub-Saharan aid program after 1985, and this threat led to the creation of the Development Fund for Africa (DFA), which specifically earmarked a minimum level of the worldwide Development Assistance (DA) program for the region. The DFA guidelines first appeared in the conference report (H.Rept. 100-498) accompanying the FY1988 appropriations legislation and were enacted into law in 1990 (P.L. 101-513, Section 562), becoming Chapter 10 of Part I of the Foreign Assistance Act of 1961 (P.L. 87-195).

While the DFA remained part of the broader DA program (Chapter 1 of the Foreign Assistance Act), aid was authorized for a range of specifically Africa-related objectives. These reflect various development theories and strategies that had emerged in the development debate among policy-makers, academics, NGOs, the IFIs, and others over many years. According to Chapter 10, the purpose of the program “is to help the poor majority of men and women ... to participate in a process of long-term development through economic growth that is equitable, participatory, environmentally sustainable, and self-reliant.” Chapter 10 stresses local involvement and “grassroots” development and states that aid is to be used to “promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector.”

The DFA, with its broad phrasing and support for long-term funding, gave USAID planners new flexibility in designing the Africa-assistance program. However, Congress did include guidelines stating that a minimum of 10% of DFA funds should be devoted to each of three broad purposes: agricultural production, health, and voluntary family planning services. Obligations for sub-Saharan Africa projects under the DFA reached \$846 million in FY1992, but dropped well below \$800 million in subsequent years despite efforts by some Members to increase the DFA appropriation to \$1 billion or more.

The DFA was last earmarked by Congress in the FY1995 appropriations, when \$802 million was appropriated, and DA for Africa has since been provided out of the worldwide Development Assistance appropriation. Despite the absence of an earmark, DA going to sub-Saharan Africa continued to be referred to as DFA, and USAID noted that such aid was still governed by the provisions of the DFA legislation.

For FY1996, Congress began to appropriate another type of assistance: the Child Survival and Disease Programs Fund, renamed the Child Survival and Health Programs Fund (CSH) in FY2002, which has channeled substantial amounts of aid to Africa. Appropriations language has stated that CSH assistance is to carry out the provisions of Chapter 1 of the Foreign Assistance Act, which governs Development Assistance, and Chapter 10, which as noted, governs the DFA. In recent years, annual USAID presentations to Congress on the budget request for aid to Africa have varied both with respect to using the term DFA and with respect to including CSD aid in an overall DA amount or in breaking CSD assistance and DA out separately. All of this has left the terminology governing aid to Africa somewhat confused. However, appropriations bills now treat CSD and DA as separate programs, and that practice is followed in this issue brief. Meanwhile, since the term “DFA” seems to be heard less frequently, it is not used further here.

Table 2. Economic Assistance Recipients in Africa

(Child Survival, Development Assistance, and Economic Support Fund totals ranked according to FY2004 Request. \$ millions)

| | FY2004 Request | FY2003 Estimate | FY2002 Actual |
|--------------------|-----------------------|------------------------|----------------------|
| Sudan | 81.0 | 22.3 | 11.1 |
| Nigeria | 64.0 | 65.2 | 58.0 |
| Uganda | 62.1 | 62.9 | 58.4 |
| South Africa | 61.1 | 61.4 | 57.7 |
| Ethiopia | 57.6 | 50.0 | 43.3 |
| Kenya | 50.3 | 46.7 | 41.1 |
| Zambia | 49.7 | 50.3 | 45.5 |
| Mozambique | 40.3 | 45.5 | 40.1 |
| Ghana | 36.8 | 38.7 | 34.6 |
| Malawi | 32.5 | 30.9 | 29.4 |
| Mali | 29.7 | 34.6 | 36.2 |
| Dem. Rep. of Congo | 28.4 | 23.5 | 25.9 |
| Tanzania | 28.4 | 32.9 | 24.8 |
| Senegal | 28.0 | 28.4 | 28.9 |
| Zimbabwe | 20.6 | 16.1 | 9.0 |
| Madagascar | 19.9 | 18.3 | 19.3 |
| Rwanda | 19.3 | 18.2 | 18.5 |
| Guinea | 17.7 | 22.9 | 22.1 |
| Angola | 17.2 | 8.1 | 11.2 |
| Benin | 14.4 | 14.3 | 16.7 |
| Sierra Leone | 9.2 | 3.9 | 7.2 |
| Burundi | 7.8 | 4.0 | 4.6 |
| Namibia | 7.4 | 7.0 | 10.0 |
| Eritrea | 6.2 | 10.0 | 10.9 |
| Liberia | 3.1 | 5.2 | 5.3 |
| Somalia | 1.4 | 2.9 | 2.8 |

Economic Assistance. Table 2 ranks recipients according to the total of three types of U.S. assistance: ESF, DA, and CSH, a combination referred to as “economic assistance.” Under the FY2004 budget, Sudan would become the leading recipient of economic assistance in the sub-Saharan Africa. This aid is directed to areas of Sudan outside government control and focuses on conflict prevention, food security, and primary health care. (USAID, *Budget Justification to the Congress, Annex I, Africa, FY2003*. For further information, see CRS Issue Brief IB98043, *Sudan: Humanitarian Crisis, Peace Talks, Terrorism, and U.S. Policy*.) Nigeria, which experienced a democratic transition in 1999 and is an important oil supplier, had been the leading sub-Saharan recipient of economic assistance, but would rank in second

place under the FY2004 request. The aid level for Uganda reflects the view that its “Prosperity and stability are essential to growth and stability in the east and central African region.” (USAID Congressional Presentation, FY2004.) Moreover, Uganda has cooperated in the war on terrorism, and its campaign to curb the AIDS epidemic has won wide approval. Plans to phase out the South Africa program were shelved by the Clinton Administration because of that country’s slow rate of economic growth and the difficulties it has experienced in creating new jobs. Moreover, policymakers have wanted to show continuing support for South Africa’s post-apartheid transition, which began in 1994 with the country’s first universal suffrage elections. Thus, South Africa remains a leading aid recipient in sub-Saharan Africa. Aid for Zimbabwe focuses on the struggle against HIV/AIDS, expanding opportunities for participation in political decision making, and expanding economic opportunities for the disadvantaged. No assistance is channeled through the Zimbabwe government.

Food Aid. Food aid to Africa fluctuates in response to the continent’s needs, and the amount provided by the end of a fiscal year often exceeds the initial request. Most of Africa’s food aid is in the form of emergency grants given under Title II of the P.L. 480 program (named for P.L. 83-480, enacted in 1954), which is implemented by USAID in cooperation with the Department of Agriculture. On rare occasions, countries in a position to repay are given long-term, low-interest loans to purchase food under Title I of P.L. 480. Some of Africa’s poorest countries have received U.S. food donations under Title III, entitled “Food for Development,” which can be used in feeding programs or sold on the open market, with proceeds to be used for development purposes. A few countries have benefitted under Sec.416(b) of the Agricultural Act of 1949, which permits donations of surplus food. (For further information, see CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs*.) For Food Aid funding totals, see **Table 4**.

Peace Corps. In 2002, approximately 1,900 Peace Corps Volunteers (PCVs) were serving in 24 sub-Saharan countries. Under the Peace Corps Act (P.L. 87-293), volunteers are to help the poorest people meet their basic needs, to promote a better understanding of the American people, and to promote a better understanding of other peoples on the part of Americans. In Africa, the Peace Corps attempts to accomplish these objectives through small-scale projects in agriculture, education, health, the environment, small business development, and urban development. Political instability and war have hampered Peace Corps efforts in recent years, forcing withdrawals from Ethiopia, Eritrea, Chad, the DRC, and other countries. The largest programs today are in Senegal, Cote d’Ivoire, Mali, and Cameroon. In June 2000, the Peace Corps launched an initiative to combat the HIV/AIDS epidemic in Africa by providing educational materials and training, and by promoting community outreach efforts. The HIV/AIDS initiative was partly supported by a grant from the Bill and Melinda Gates Foundation.

Security Assistance. The security assistance program in Africa, which had declined with the end of the Cold War, has expanded in recent years, primarily in response to widening conflict and political instability in Africa. Economic Support Fund aid has been used to support economic reform in Nigeria, a “safe skies” program to improve African air traffic safety, human rights and democracy education, and other objectives.

The Administration is seeking \$24 million in FY2004 under the Peacekeeping Operations (PKO) for Africa programs, compared with an \$40 million requested in FY2003.

Support for the Africa Crisis Response Initiative (ACRI), which trained small units of African armies for possible peacekeeping duties, as well as for other regional peacekeeping initiatives, came from the PKO program. In FY2004, ACRI is to be succeeded by the Africa Contingency Operations Training Assistance (ACOTA), which will focus on training trainers and on programs tailored to individual country needs. Foreign Military Financing resumed in FY1999 and would rise from \$18.5 million to \$23 million under the FY2004 request. International Military Education and Training (IMET) programs in Africa are aimed at promoting professionalism and respect for democracy and human rights, while enhancing capabilities for participation in peacekeeping operations. These programs usually run well under \$1 million per country, although Senegal is slated for \$1 million in under the FY2004 request and South Africa, would receive \$1.6 million. Overall, IMET would rise from \$11.1 million to \$12.5 million under the FY2004 request.

The United States contributes to United Nations peacekeeping operations in Africa and elsewhere through a program entitled Contributions to International Peacekeeping Activities (CIPA). Funds for CIPA are appropriated in the legislation that funds the Departments of Commerce, Justice, and State, rather than in the Foreign Operations appropriation, which governs foreign assistance. CIPA for Africa increased significantly in FY2002 due to U.S. support for U.N. peacekeeping in Sierra Leone and the Democratic Republic of the Congo. Stabilization in Sierra Leone has brought a subsequent reduction in this program.

Table 3. Contributions for International Peacekeeping Activities
(\$ millions)

| Operation | FY2004 (Request) | FY2003 (Projected) | FY2002 (Actual) |
|---|-----------------------------|-------------------------------|----------------------------|
| War Crimes Tribunal - Rwanda | 19.5 | 9.6 | 13.0 |
| Sierra Leone (UNAMSIL) | 84.0 | 144.8 | 205.9 |
| Democratic Republic of the Congo (MONUC) | 210.0 | 271.4 | 226.4 |
| U.N. Operations in Ethiopia/Eritrea (UNMEE) | 53.5 | 43.6 | 67.6 |
| Total | 367.0 | 469.4 | 512.9 |

Regional Programs. Both DA and ESF funds are used to support USAID's Africa Regional Programs, which are designed to confront challenges that span the borders of African countries. These include regional programs in health, conflict prevention, democracy, education, and agriculture. The Initiative for Southern Africa supports efforts to promote trade and investment through the Southern Africa Enterprise Development Fund and other programs. The Trade for African Development and Enterprise (TRADE) initiative aims at strengthening business and promoting policy and regulatory reform throughout the sub-Saharan region. The Africa Trade and Investment Policy (ATRIP) program, which provides technical assistance, training, and other aid to African countries implementing free-market economic reforms, is part of this initiative.

African Development Foundation

The African Development Foundation (ADF) has a unique mandate to make small grants directly to African cooperatives, youth groups, and other self-help organizations.

These grants usually range from less than \$20,000 to a maximum of \$250,000, although appropriations language permits a waiver of the \$250,000 ceiling. In addition, the ADF supports grassroots development research by African scholars and promotes the dissemination of development information at the community level. By law, the ADF is limited to 75 employees. Its seven-member Board of Directors must include five private-sector representatives. ADF does not station U.S. employees in overseas posts, but instead works through local-hires and periodic field visits.

The creation of the ADF in 1980 reflected a widespread view among many development experts — and in Congress — that foreign policy considerations were playing too large a role in the U.S. development aid program for Africa; that the USAID bureaucracy tended to delay the delivery of needed assistance; and that existing aid was governed by a “trickle down” philosophy that could be combated by delivering some aid directly to poor Africans and their community organizations. Legislation establishing the ADF (P.L. 96-533, Title V) stated that its purposes were to strengthen the bonds of friendship between the people of Africa and the United States; support local self-help activities in Africa; stimulate participatory development; and promote the growth of indigenous development institutions (P.L. 96-533, Title V). The organization began operations in 1984. For ADF funding, see **Table 4**.

Refugee and Disaster Assistance

The United States responds to African humanitarian crises in part with Title II food aid, discussed above, and in part through its refugee and disaster assistance programs. Most refugee assistance comes from the Migration and Refugee Assistance (MRA) account and goes to the United Nations High Commissioner for Refugees and international organizations, as well as private and voluntary organizations assisting African refugees. In addition, the Emergency Refugee and Migration Assistance (ERMA) account, created in 1962 to deal with unexpected refugee situations, has been drawn upon for African emergencies several times in recent years.

USAID’s Office of Foreign Disaster Assistance (OFDA) also plays a major role in responding to African crises. In recent years, the largest amounts have been spent in response to emergencies in Sudan, Sierra Leone, and Burundi. “Situation Reports” published by USAID’s Office of Foreign Disaster Assistance monitor the U.S. response to African humanitarian crises through food aid and other emergency assistance. To find these reports, visit [<http://www.usaid.gov/>] and click on “Disaster Assistance.”

Multilateral Assistance

The United States provides aid to Africa indirectly through international financial institutions (IFIs) and United Nations agencies. World Bank lending through its “soft loan” affiliate, the International Development Association (IDA) is the largest single source of development capital in Africa. IDA loans, which are considered a form of aid since they are virtually interest-free and carry extended repayment periods, have focused on strengthening public sector management, transportation, agriculture, and various social problems. IDA has been particularly active in assisting efforts by the recipient countries to carry out free market economic reforms. IDA disbursements to Africa totaled \$2.6 billion in 2002, or about 39% of the total. Since the United States provided \$792.4 million to IDA in FY2002,

it could be calculated that about 39% this amount, or approximately \$309 million, went indirectly to Africa through IDA.

The African Development Fund (AfDF) has been another major channel for indirect U.S. aid to Africa. The Fund, an affiliate of the African Development Bank (AfDB), makes loans on highly concessional terms to the poorest African countries. The AfDB lends on roughly commercial terms to creditworthy African borrowers, but at the same time, it holds 50% of the voting power in the AfDF. In the mid-1990s, the United States and other donors became concerned over AfDB lending practices and the effectiveness of Bank management, but these concerns have been largely resolved. Consequently, the United States is participating in the replenishment programs of both the Bank and the Fund. For funding levels, see **Table 4**.

Total U.S. Assistance

Table 4: Assistance Designated for Africa
(\$ millions)

| Program | FY2004 Request | FY2003 Projected | FY2002 Actual | FY2001 Actual | FY2000 Actual |
|--|----------------|------------------|----------------|----------------|----------------|
| Child Survival & Health Fund | 542.1 | 540.5 | 424.4 | 344.1 | 284.0 |
| Development Assistance | 498.9 | 521.6 | 454.0 | 424.1 | 454.5 |
| ESF | 77.3 | 89.0 | 120.0 | 85.8 | 62.3 |
| Food Aid | 185.0 | 250.5 | 462.9 | 466.9 | 472.6 |
| Peace Corps | 80.0 | 65.0 | 53.7 | 54.5 | 52.3 |
| African Dev. Foundation | 17.7 | 18.7 | 16.5 | 16.1 | 14.4 |
| Migration and Refugee Assistance | 209.1 | 195.6 | 187.5 | 190.9 | 154.8 |
| African Development Bank | 5.1 | 5.1 | 5.1 | 6.1 | 4.1 |
| African Development Fund | 118.1 | 108.1 | 100.0 | 99.8 | 127.0 |
| Subtotal, Economic and Humanitarian | 1,733.3 | 1,794.1 | 1,824.1 | 1,688.3 | 1,626.0 |
| International Narcotics & Crime | 7.0 | 6.7 | 7.5 | 10.0 | 0 |
| Peacekeeping Operations | 24.0 | 46.0 | 54.9 | 46.5 | 36.6 |
| IMET | 12.5 | 10.9 | 10.3 | 8.5 | 7.5 |
| Foreign Military Financing | 23.0 | 18.5 | 33.5 | 18.2 | 10.0 |
| Contributions to Int'l Peacekeeping | 367.0 | 469.4 | 513.0 | 252.8 | 170.7 |
| Subtotal, Military and Other | 433.5 | 551.5 | 619.2 | 336.0 | 224.8 |
| Africa Total | 2,166.8 | 2,345.6 | 2,443.3 | 2,024.3 | 1,850.8 |

Table 4 lists most components of U.S. assistance to sub-Saharan Africa and indicates that in FY2003, over \$2 billion will go to the region. Some African countries would likely

benefit if Congress funds the President's proposed Global AIDS Initiative, to be headquartered at the Department of State, and the Millennium Challenge Account (see below). These amounts, yet to be determined, would also increase the assistance total for the region in FY2004. The FY2000 through FY2002 totals were increased by larger than expected food assistance requirements, and the FY2003 projection has already been increased once for the same reason.

Comparison with Other Donors

According to data compiled by the Organization for Economic Cooperation and Development (OECD), in 2001, the most recent year for which data are available, the United States became the leading donor of net bilateral Official Development Assistance (ODA) to sub-Saharan Africa. ODA includes a wide-range of non-military aid disbursements, and the 2001 U.S. ranking marked a change from earlier years, when the United States consistently ranked behind France, and sometimes behind Japan, Germany, and the United Kingdom as well. However, many countries continued to give a larger proportion of their assistance to sub-Saharan Africa. The region received about 16.6% of U.S. ODA in 2001, according to the OECD, in contrast to 36.4% of French aid and 22.4% of German aid. Italy gave 43.1% of its aid to Africa and the United Kingdom 43.9%. Japan, however, sent 11.4% of its aid to Africa in 2001.

Recent Trends in U.S. Aid

Andrew Natsios, confirmed by the Senate as the Bush Administration's Administrator for USAID on April 30, 2001, testified on April 25, 2001, that he would focus USAID's limited funds on conflict prevention and resolution and attempt to leverage funds and expertise through cooperation with NGOs, including religious institutions. Natsios said that he would also like to focus more of USAID's resources on economic development to reduce poverty and on agricultural development to reduce hunger and malnutrition. He added that USAID would continue to exercise international leadership in health through its programs in women's reproductive health, child survival, HIV/AIDS, infectious diseases, and nutrition. In recent statements, responding to food shortages in eastern and southern Africa, Natsios has been emphasizing the importance of assistance to strengthen agriculture in Africa. In remarks on February 13, 2003, for example, he said that USAID would be restoring its focus on agricultural development, which had been diminished due to budget reductions in the 1980s. Focusing assistance on countries whose governments govern well and follow effective economic policies has been another emphasis. In a speech at the Heritage Foundation on January 7, 2003, for example, Natsios said that apart from humanitarian assistance, U.S. aid should be directed toward "good performers" with respect to democracy and governance reforms. The speech echoed findings of a major USAID report, *Foreign Aid in the National Interest*, released the same day.

The emphasis on democracy in the aid program preceded the Clinton Administration. USAID began to develop programs for democracy support and introduce democratic criteria for sub-Saharan recipients in 1990, during the George H.W. Bush Administration (1989-1993), anticipating democracy support efforts in Eastern Europe and the former Soviet Union. The shift toward building democracy is reflected in the changing identities of the leading U.S. aid recipients. In 1985, Sudan, Somalia, Liberia, Kenya, and Zaire topped the list, and none of these had a democratic government. By 1995, South Africa, where a

democratic election took place in 1994, was the top recipient by a wide margin, while the other leading recipients were all undergoing democratic transitions.

USAID officials have testified that the United States has had a number of successes in promoting sustainable development, democracy, and conflict resolution. They point to Ghana, Uganda, Zambia, and Mali, as examples of successful political and economic transitions, while Mozambique and South Africa are cited as models of transition from conflict to peace as well. Skeptics of USAID's programs, noting, for example, widespread reports of corruption and undemocratic practices in Zambia and a slow rate of economic growth in post-apartheid South Africa, question whether economic and political gains are genuine or will endure. With respect to conflict resolution, some note that two leading recipients, Uganda and Ethiopia, have recently been involved in armed conflicts, as have some lesser recipients, including Rwanda, Zimbabwe, Eritrea, and Angola. Supporters of the program respond by acknowledging that problems inevitably arise within and among countries that face serious challenges with deep historical roots, but insist that overall trends in Africa are positive and that long-term development efforts cannot be interrupted every time difficulties occur.

USAID also maintains that the DFA and CSD assistance have helped African countries achieve increases in child immunization and the use of oral rehydration therapy, shift their health policies towards an active emphasis on AIDS prevention, increase the prevalence of contraceptive use, and boost primary school enrollments. In agriculture, USAID asserts that DA has helped liberalize agricultural markets, increase smallholder production; and facilitate the development of new seed varieties. DA has also been used to assist governments undertaking macro-economic reforms, including reductions in the size of government bureaucracies and the privatization of government enterprises.

The Clinton Administration launched several special development initiatives in Africa. The Greater Horn of Africa Initiative (GHAI), aims at easing the perennial food insecurity in a region extending from Eritrea and Ethiopia to Tanzania by promoting collaboration and consultation on food security strategies. The Initiative for Southern Africa (ISA) reflect's USAID's recognition of the region's economic potential and its desire to reinforce South Africa's democratic transition as a model for the rest of the continent. The initiative includes a Democracy Fund, to make grants in the region in support of democracy, and a Southern Africa Enterprise Development Fund (SAEDF), to promote indigenous business development and ownership.

The Leland Initiative aims at connecting 20 sub-Saharan countries to the Internet. The initiative is named for the late Representative Mickey Leland, founder of the House Select Committee on Hunger, who died in a 1989 plane crash while on his way to investigate conditions in an Ethiopian refugee camp. Technicians from several U.S. government agencies are working to implement the project, which will make Internet access available to "all sectors of the African development community," including NGOs, government agencies, "private developers," and individuals. (USAID press release, June 6, 1996.)

South Africa has been a special focus for USAID for several years. After the installation of a democratically-elected government in May 1994, President Clinton pledged the United States to \$600 million in aid to South Africa over 3 years. The United States guaranteed loans for housing, electrification, and small business development. Resources

have also been used to support the growth of small, medium, and micro-enterprises (SMMEs) in South Africa; strengthen the South African justice system; improve education; promote primary health care; and foster majority involvement in business.

The Africa: Seeds of Hope initiative grows out of congressional action in 1998, when the Africa: Seeds of Hope Act (P.L. 105-385) was passed. The Africa: Seeds of Hope bill (H.R. 4283) was introduced by Representative Doug Bereuter and strongly supported by Bread for the World, which describes itself as “a nationwide Christian citizens movement seeking justice for the world’s hungry....” The Act supports USAID’s Africa Food Security Initiative by encouraging a refocus on agriculture and rural development. A presidential report on implementation of the act argued that even more could be done in agriculture if more funds were available.

President Bush, speaking at the Leon Sullivan Summit in Washington on June 20, 2002, announced a new Africa Education Initiative. The President promised to double U.S. aid for education in the region, bringing total spending to \$200 million over the next 5 years. The President also announced that he would visit Africa in 2003. As noted above, Africa will also benefit if two other Bush initiatives win approval: the Global AIDS Initiative, announced by the President in his State of the Union Message on January 28, 2003, and the Millennium Challenge Account (see below).

Sustainable Development Initiatives. On August 23, 2002, the Department of State released information on four initiatives or “signature partnerships,” which were formally announced at the World Summit on Sustainable Development (WSSD) in Johannesburg on August 29. These initiatives were the Water for the Poor Initiative, the Initiative to End Hunger in Africa, the Congo Basin Forest Partnership, and the Clean Energy Initiative. The initiatives, which drew praise from the United Nations representative to the conference, stress “public-private partnerships,” through which U.S. assistance funds would be used to leverage investments in Africa by other governments, international organizations, NGOs, and the private sector. For example, under the West Africa Water Initiative, part of the Water for the Poor Initiative, USAID would provide \$4.4 million as a partner in a \$41 million, 5-year effort to supply potable water and sanitation to rural villages in Ghana, Mali, and Niger. Other partners would include the Conrad N. Hilton Foundation and UNICEF. Skeptics of the initiatives maintain that the amounts of U.S. assistance being offered are modest and seem to come largely from funds that have already been budgeted or promised. Some also complain that the funds might be used to promote private business interests. (*New York Times*, August 30, 2002.) The initiative to end hunger aims at harnessing science and technology to boost agricultural production and at strengthening markets to assist small farmers.

In addition to the signature partnerships, USAID released documents at WSSD reviewing U.S. actions intended to prevent famine in southern Africa and fight infectious disease. Another document reported on a \$15 million investment guarantee by the U.S. Overseas Private Investment Corporation (OPIC) to support the construction of low-income housing and associated infrastructure in South Africa. The guarantee would help a U.S. for-profit company support a bank making construction loans to private developers and contractors. (OPIC press release, August 29, 2002.)

Issues

Millennium Challenge Account. In a March 14, 2002 speech, President Bush outlined a proposed Millennium Challenge Account, which would increase foreign aid worldwide by \$5 billion over 3 years, starting in FY2004. The account would provide additional aid to countries whose governments promote good governance, invest in people through education and health care, and promote open markets. Although the promise of increased aid has won praise from many observers, some worry that a number of governments in Africa will not be able to meet the Fund's eligibility criteria. These observers urge that ways be found to use increased aid resources to help African people, even when they may be living in countries that are ill-governed. For further information, see CRS Report RS21209, *The Millennium Challenge Account: Bush Administration Foreign Aid Initiative*.

AIDS. The level of funding for HIV/AIDS programs in Africa remains a major focus of interest in 2003, as in earlier years. This issue is covered in CRS Issue Brief IB10050, *AIDS in Africa*. See also CRS Report RS21181, *HIV/AIDS International Programs: FY2002 Spending and Outlook for FY2003*.

NEPAD. African leaders meeting in Nigeria on October 23, 2001, moved forward with plans to implement the New Partnership for Africa's Development (NEPAD), championed by the presidents of South Africa, Nigeria, and Senegal, among others. The plan had been approved by the Organization of African Unity in July 2001, and endorsed by the European Union on October 10. Under the initiative, African countries would intensify efforts to eradicate poverty, strengthen democracy, deal with corruption, and resolve conflicts in exchange for debt forgiveness from the developed countries as well as increased aid, trade, and investment. On March 26, 2002, eight African presidents and officials from 11 other African countries held a meeting in Nigeria affirm their support of NEPAD. The leaders committed themselves to good governance and democracy in order to attract aid and investment.

At the June 2002 G-8 summit in Canada, donors pledged \$6 billion in aid to countries undertaking NEPAD reforms. Nigeria's President Olusegun Obasanjo, a NEPAD leader, said he was "satisfied" with the pledge, but critics maintained it included little money that had not already been promised. On July 9, African leaders founded the African Union, to replace the Organization of African Union, and took the first steps to establish a voluntary "peer group" surveillance mechanism to promote NEPAD's objectives. While these moves have won praise from many, some western observers remain skeptical that an effective peer group mechanism will soon be created. For more information, see CRS Report RS21353, *New Partnership for Africa's Development (NEPAD)*, and CRS Report RS21332, *The African Union*.

Other. The overall level of assistance to Africa could again emerge as an issue in the foreign assistance debate. Bread for the World launched a campaign in 2001 entitled "Africa: Hunger to Harvest," aimed at boosting development aid for the region by \$1 billion. Bread for the World maintained that this increase could help reduce hunger in Africa by half in 2015. A supportive resolution (H.Con.Res. 102), which passed both the House and the Senate, noted Bread for the World's assertion under "Findings" but did not specifically endorse a \$1 billion increase in its Sense of Congress statements.

USAID officials and others express a number of frustrations with aspects of the foreign assistance program, but these have had little impact on the congressional aid debate to date. Some argue, for example, that reductions in operating expenses have forced staff and mission cutbacks that complicate USAID's ability to implement the Africa DA program. Critics of this view maintain that USAID must deal with budget constraints that affect other parts of the government as well. Some in USAID and elsewhere maintain that the Child Survival earmark has absorbed funds that might otherwise have been used to promote long-term development, which in turn would promote better health among both children and adults. Others argue, however, that the Child Survival program has channeled funds to a critical, immediate humanitarian need, and that the American people strongly support assistance that benefits impoverished children, funds HIV/AIDS programs, and promotes vaccine research, among other objectives.

The effectiveness of development aid and of development assistance strategies continues to be debated by development experts. In late March 2001, the World Bank released a report entitled "Aid and Reform in Africa," based on ten case studies of assistance intended to stimulate policy reform in Africa [<http://www.worldbank.org/research/aid>]. The report found that only two countries, Ghana and Uganda, achieved sustained policy reform and good economic outcomes and suggested that underlying political and economic factors in these countries, including the democratic election of their national leaders, helped to explain their success. Conditions imposed by donors were not found to be influential. The report indicated that assistance funds could be spent most effectively in poor countries with good policy environments. In a December 17, 2001 speech in London, K.Y. Amoako, executive secretary of the United Nations Economic Commission for Africa, said that most African countries were failing to meet development targets and that life expectancy was declining due to poverty and the HIV/AIDS pandemic. Amoako called for a new paradigm for development cooperation, featuring mutual accountability and guaranteed long-term resource flows.

Additional Information. The following CRS products give background information on Africa topics that may arise in discussions over aid to Africa.

CRS Report RS21332, *The African Union*

CRS Issue Brief IB10050, *AIDS in Africa*

CRS Report RL30751, *Diamonds and Conflict: Policy Proposals and Background*

CRS Report RS21301, *The Food Crisis in Southern Africa: Background and Issues*

CRS Report RS21209, *The Millennium Challenge Account: Bush Administration Foreign Aid Initiative*

CRS Report RS21353, *New Partnership for Africa's Development (NEPAD)*

CRS Issue Brief IB98046, *Nigeria in Political Transition*

CRS Issue Brief IB98043, *Sudan: Humanitarian Crisis, Peace Talks, Terrorism, and U.S. Policy*

LEGISLATION

H.R. 390 (Waters)

Authorizes \$600 million in additional P.L. 480 Title II emergency food aid assistance to combat the growing humanitarian crisis in sub-Saharan Africa; urges the President to establish a task force for the coordination of food aid and humanitarian assistance in sub-Saharan Africa; authorizes \$200 million in foreign assistance for relief, rehabilitation, and reconstruction in Africa; authorizes \$100 million for HIV/AIDS family survival partnerships. Introduced on January 27, 2003; referred to the Committee on International Relations.

P.L. 108-11, H.R. 1559

Emergency Wartime Supplemental Appropriations Act, 2003. House-passed version adds \$250 million in P.L. 480 Title II food aid to restore amounts drawn down for programs in Africa and elsewhere. Signed into law April 16, 2003.

S. 185 (Daschle)

African Famine Relief Act of 2003. Authorizes emergency supplemental assistance to combat the growing humanitarian crisis in sub-Saharan Africa. Introduced on January 16, 2003 and referred to the Committee on Foreign Relations.

Appendix: Africa Assistance Acronyms

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| ACOTA | <i>Africa Contingency Operations Training Assistance</i> , successor to ACRI. |
| ACRF | <i>Africa Crisis Response Force</i> proposed by the Clinton Administration. |
| ACRI | <i>Africa Crisis Response Initiative</i> , which trained military units for peacekeeping. |
| ADF | <i>African Development Foundation</i> , U.S.-funded public corporation. |
| AfDB | <i>African Development Bank</i> , an Africa-based IFI. |
| AfDF | <i>African Development Fund</i> , affiliate of the African Development Bank. |
| ATRIP | <i>Africa Trade and Investment Program</i> , a USAID initiative. |
| CARPE | <i>Central African Regional Program for the Environment</i> , a USAID initiative. |
| CIPA | <i>Contributions to International Peacekeeping Activities</i> |
| CSH | <i>Child Survival and Health Programs Fund</i> . |
| DA | <i>Development Assistance</i> . |
| DFA | <i>Development Fund for Africa</i> , the principal U.S. DA program for Africa. |
| ERMA | <i>Emergency Refugee and Migration Assistance</i> , administered by State Department. |
| ESF | <i>Economic Support Fund</i> , a State Department program for promoting U.S. interests. |
| FMF | <i>Foreign Military Financing</i> , once used to fund arms and equipment purchases by African governments. |
| GHAI | <i>Greater Horn of Africa Initiative</i> , a Clinton Administration program. |
| IBRD | <i>International Bank for Reconstruction and Development</i> , The World Bank. |
| IDA | <i>International Development Association</i> , concessional loan affiliate of IBRD. |
| IFIs | <i>International financial institutions</i> . |
| IGAD | <i>Inter-governmental Authority on Development</i> , a Djibouti-based organization of Horn of Africa states. |
| IMET | <i>International Military Education and Training</i> , a form of military assistance. |
| ISA | <i>Initiative for Southern Africa</i> , sponsored by USAID. |
| MRA | <i>Migration and Refugee Assistance</i> , a State Department program. |
| NGOs | <i>Non-governmental organizations</i> . |
| OECD | <i>Organization for Economic Cooperation and Development</i> , an organization of developed countries. |
| ODA | <i>Official Development Assistance</i> , the OECD's concept of DA. |
| OFDA | <i>Office of Foreign Disaster Assistance</i> , a part of USAID. |
| PCVs | <i>Peace Corps Volunteers</i> |
| PKO | <i>Peacekeeping Operations</i> account authorized by Part II, Chapter 6 of the Foreign Assistance Act. |
| PVOs | <i>Private and voluntary organizations</i> |
| SAEDF | <i>Southern Africa Enterprise Development Fund</i> , a USAID program. |
| SMMEs | <i>Small, medium, and micro-enterprises</i> . |
| UNECA | <i>United Nations Economic Commission for Africa</i> , headquartered in Addis Ababa, Ethiopia. |
| UNDP | <i>United Nations Development Program</i> |
| USAID | <i>U.S. Agency for International Development</i> |