

# Issue Brief for Congress

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## **Africa: U.S. Foreign Assistance Issues**

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### SUMMARY

The Bush Administration is requesting just over \$1 billion in Development Assistance (DA) for sub-Saharan Africa in FY2003, as compared with an estimated \$887 million going to the region in FY2002. The request for aid through the Economic Support Fund (ESF), however, has dropped to \$77 million from estimated ESF assistance of \$100 million in FY2002. For a comparison of requested aid amounts with prior years for these and other programs, see **Table 4**.

U.S. assistance finds its way to Africa through a variety of channels, including the USAID-administered DA program, food aid programs, and indirect aid provided through international financial institutions and the United Nations. U.S. assistance through all such channels, though problematic to calculate, will probably total well above \$2 billion in FY2002.

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. This position seemed to moderate as the debate went forward, and 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.

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 constant dollar terms, bilateral economic assistance for Africa today remains just above the FY1990 low. The Organization for Economic Cooperation and Development reports that in 1999,

the United States ranked third as a bilateral African development aid donor, behind France and Germany. In some recent years, the United States has ranked fourth, behind Japan.

Bilateral channels for aid to Africa, in addition to DA, include food assistance, refugee assistance, and the Peace Corps, which has over 2,200 volunteers in the sub-Saharan region. 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 channel for multilateral U.S. aid.

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 level of funding and other aspects of these initiatives have become subjects of debate. Other issues in 2002 may include the eligibility of African countries to participate in the Administration's proposed 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

*In a September 20, 2002 report on the food security crisis in southern Africa, the U.S. Agency for International Development (USAID) reported that the United States has responded to date by providing \$276.9 million in emergency humanitarian assistance, primarily food aid. (For further information on the crisis, see CRS Report RS20131, *The Food Crisis in Southern Africa: Background and Issues*.) The Foreign Operations Appropriations bill, a major vehicle for assistance to Africa, was reported to the House as H.R. 5410 on September 19.*

*On August 29, the U.S. Under Secretary of State for Global Affairs, Paula Dobriansky, announced new aid initiatives, or “signature partnerships,” intended to expand access to clean water and sanitation, promote clean energy use, cut hunger in Africa, and promote development and conservation in the Congo River basin. Dobriansky was speaking at the World Summit on Sustainable Development in Johannesburg, South Africa. (For discussion, see *Issues in 2002*.) On August 28, USAID Administrator Andrew Natsios announced that the United States would release an additional 300,000 metric tons of wheat from the Bill Emerson Humanitarian Trust, an emergency food reserve, to counter the effects of drought in southern Africa. (The release of 275,000 tons had been announced in June.) For information on the U.S. response to the African HIV/AIDS pandemic, see CRS Issue Brief IB10050, *AIDS in Africa*.*

## 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.

**Past Decline.** Bilateral aid obligations to sub-Saharan Africa, including Development Assistance, aid through the Economic Support Fund, food aid, the Peace Corps, and military assistance, reached a peak of \$1.8 billion in FY1985, but fell to \$1.2 billion in FY1990. (Both figures in constant 2002 dollars. Assistance programs are defined below.) The aid peak in the mid-1980s reflected the high levels of foreign affairs spending characteristic of the period, which in turn grew out of the global competition with the Soviet Union. Efforts to combat famines afflicting several African countries at the time also boosted aid. Bilateral aid rose slightly after FY1990, but then dropped off again. During the rest of the 1990s, despite increases in FY1998 and FY1999, bilateral assistance remained at or below the FY1990 level.

The decline in aid to Africa in the later 1980s was part of a worldwide pattern, in part reflecting concerns over the size of the U.S. budget deficit and measures to bring the deficit under control. Toward the end of the decade, moreover, competition with the Soviet Union in the Third World began to fade as a U.S. priority. Thus, the United States cut aid to some countries that had been major Cold War aid recipients, including African recipients such as Zaire and Liberia, because of human rights violations and political instability, or because they refused to carry through with economic liberalization programs.

The reduction in Africa aid during the 1980s 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. This concern, combined with declining anxiety over the Soviet threat, brought a sharp reduction in ESF Africa funding. 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 programs to accomplish other objectives. 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. Appropriations for Development Assistance in Africa did drop significantly in FY1996 and remained at the same level in FY1997.

**Table 1. Development Assistance for Sub-Saharan Africa: Request and Actual Appropriation**

(Including Child Survival aid, \$millions)

	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003
Request	700.0	730.0	790.0 <sup>a</sup>	837.0	789.4	1,000.1
Actual	700.0	711.3	738.5	768.2	887.2	

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

**Recent Recovery.** Table 1 indicates that Development Assistance, the major component of bilateral economic aid, began to increase steadily in FY1998. Total bilateral assistance, including all the programs noted above, reached \$1.3 billion in FY2000, exceeding the 1990 constant dollar aid level. For FY2002, the Bush Administration had 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 is seeking an even higher amount: more than \$1 billion.

**Development Fund for Africa, 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 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).

Under this legislation, DFA remained part of the broader DA program (Chapter 1 of the Foreign Assistance Act), but 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 DA: the Child Survival and Disease Programs Fund (CSD), renamed the Child Survival and Health Programs Fund in FY2002, which has channeled substantial amounts of aid to Africa. In its FY2000 and FY2001 budget presentations, USAID listed both DFA and CSD amounts for African countries and added the two together to present a DA total for each African recipient. This

left the terminology of Africa aid confused, since some of those using the term DFA may still be referring to the DA total, rather than the smaller, separate DFA amounts requested by USAID. In its FY2002 congressional presentation, USAID listed “DA,” referring to the smaller DFA amount, and “CSD,” then adding the two together for a total called “CSD/DA.”

**Table 2. DA/Child Survival Recipients in Africa**  
(Includes DFA and Child Survival aid ranked according to FY2003 Request. \$ millions)

	<b>FY2003 Request</b>	<b>FY2002 Estimate</b>	<b>FY2001</b>	<b>FY2000</b>
Nigeria	66.2	55.6	54.3	27.5
Uganda	62.9	56.9	49.9	47.1
South Africa	62.4	54.5	50.0	46.7
Zambia	50.3	42.6	37.1	27.8
Ethiopia	50.0	45.9	40.6	37.7
Kenya	46.7	40.1	33.2	28.3
Mozambique	45.5	41.0	44.4	45.1
Ghana	39.7	34.5	35.3	35.7
Mali	33.0	32.8	34.5	34.7
Tanzania	32.9	24.8	21.1	23.8
Malawi	30.9	28.6	28.0	29.7
Senegal	28.4	27.7	23.7	22.5
Sudan*	22.3	11.4	4.5	0
Congo (DRC)	21.5	21.3	20.1	9.8
Guinea	20.7	18.6	18.5	18.6
Rwanda	18.2	15.6	14.2	14.1
Zimbabwe	18.1	11.2	12.8	12.1
Madagascar	17.5	18.2	19.4	16.0
Benin	12.3	14.6	13.9	13.9
Eritrea	8.5	10.3	10.1	8.8
Angola	7.4	10.7	10.0	9.0
Namibia	5.5	6.8	9.9	9.2
Liberia	5.2	5.2	7.6	6.7
Burundi	4.0	3.5	0	0
Sierra Leone	3.9	3.7	5.0	1.0
Somalia	2.9	3.0	3.0	0

\* Development assistance in Sudan has focused on capacity building in southern and eastern Sudan. For details on the humanitarian relief program, visit [<http://www.usaid.gov>] and click on “Disaster Assistance” and “Reports”; see also CRS Issue Brief IB98043, *Sudan: Humanitarian Crisis, Terrorism, Peace Talks, and U.S. Policy*.

For FY2003, however, the Administration is requesting Development Assistance only, but including programs previously funded under Child Survival.

**Table 2** lists DA/Child Survival totals for each African recipient. Nigeria, which experienced a democratic transition in 1999, has been the leading sub-Saharan DA recipient since FY2001. The aid level for Uganda primarily reflects approval of its free market economic reforms and its role as “an increasingly stable regional ally” (USAID Congressional Presentation, FY1999). 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.

**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. This may occur in 2002, in view of the deepening food shortages in southern Africa. (See **Most Recent Developments.**) 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 FY2003, the Administration is requesting only Title II Food Aid for 17 sub-Saharan countries and the West Africa Regional Program. For Food Aid funding totals, see **Table 4**.

**Peace Corps.** Approximately 2,100 Peace Corps Volunteers (PCVs) are currently 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. However, for



FY2003, the Bush Administration is seeking \$77 million in ESF aid for Africa, as compared to an estimated \$100 million being provided in FY2002.

The Administration is seeking \$40 million in FY2003 under the Peacekeeping Operations (PKO) for Africa programs, compared with an estimated \$56 million provided in FY2002. 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. (ACRI is expected to be succeeded by 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 \$15 million to \$18.5 million under the FY2003 request, reflecting in part a new Military Health Affairs program intended to complement the Defense Department's HIV/AIDS prevention training with African armed forces. 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 run well under \$1 million per country, except in South Africa, where \$1.45 million has been allocated for FY2002 and the same amount requested for FY2003. Overall, IMET would rise from \$10.2 million to \$11.1 million under the FY2003 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. For FY2003, a substantial increase has been requested for peacekeeping in the Democratic Republic of the Congo in anticipation of a possible expansion of the U.N. Congo peacekeeping force known as MONUC.

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

Operation	FY2003 (Request)	FY2002 (Est.)	FY2001 (Actual)
War Crimes Tribunal - Rwanda	12.1	16.2	10.8
Sierra Leone (UNAMSIL)	145.8	318.0	96.6
Democratic Republic of the Congo (MONUC)	273.2	83.5	74.1
U.N. Operations in Ethiopia/Eritrea (UNMEE)	55.6	57.3	71.3
<b>Total</b>	<b>486.7</b>	<b>475.0</b>	<b>252.8</b>

**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 the Education for Development and Democracy program and the Governments in Transition program, as well as the Africa Trade and Investment Policy (ATRIP) program, which provides technical assistance, training, and other aid to

African countries implementing free-market economic reforms. ATRIP also “catalyzes business linkages” between U.S. and African firms, according to USAID’s FY2000 Congressional Presentation. Details on the FY2003 request for regional programs are expected to be available by late February 2002.

## **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. In late 2000, \$15 million was committed for assistance to refugees from the conflicts in Guinea and the Democratic Republic of the Congo. See CRS Issue Brief IB89150, *Refugee Assistance in the Foreign Aid Bill: Problems and Prospects*.

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 Africa lending in 2000 was about \$2.1 billion but reached \$3.4 billion, or 50% of all IDA lending, in 2001. Since the United States provided \$773.3 million to IDA in FY2001, it could be calculated that about half this amount, or approximately \$386.6 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**.

## Debt Reduction

In 1996, the World Bank and the International Monetary Fund (IMF), with the support of the United States and other donors, launched the Heavily Indebted Poor Countries Initiative (HIPC). Thirty-four of the 41 HIPC beneficiary countries are African. The United States pledged \$600 million to the HIPC Trust Fund, and this pledge has been fulfilled. Consequently, the Administration is not seeking additional funding for debt relief in its FY2003 aid request. However, President Bush, speaking to a forum of African trade officials and ambassadors on October 29, 2001, said that the United States continued to support “responsible debt relief” and would press international financial institutions to provide more aid in the form of grants rather than loans. For more information, see CRS Report RL30214, *Debt Reduction: Initiatives for the Most Heavily Indebted Poor Countries*. The HIPC process is described at the World Bank’s Web site [<http://www.worldbank.org/hipc/>].

## Total U.S. Assistance

**Table 4** lists most components of U.S. assistance to sub-Saharan Africa, and indicates that in FY2002, over \$2 billion will go to the region. However, the full total of assistance to the region is higher than this, though problematic to calculate. Additional amounts of aid reach Africa through a variety of indirect channels, including U.S. contributions to the regular budgets of U.N. agencies active in Africa, such as the Food and Agriculture Organization (FAO) and the World Health Organization (WHO). (For further information, see CRS Issue Brief IB86116, *U.N. System Funding: Congressional Issues*.)

The principal channel of indirect aid is through the World Bank's IDA, and as noted above, this aid could be calculated at \$386.6 million in FY2001. Meanwhile, the Centers for Disease Control and Prevention of the Department of Health and Human Services is supporting HIV/AIDS programs in Africa. FY2002 spending will also be boosted by OFDA response to the volcanic eruption affecting Goma in the Democratic Republic of the Congo. These additions would yield an FY2002 total for aid to Africa of well above \$2 billion.

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

Program	FY2003 Request	FY2002 Estimate	FY2001	FY2000
Development Assistance	1000.1	887.2	768.2	738.5
<i>(Of which, Child Survival)</i>		<i>(421.2)</i>	<i>(344.1)</i>	<i>(284.0)</i>
ESF	77.0	100.0	85.8	62.3
African Dev. Foundation	16.7	16.7	16.1	14.4
Peace Corps	56.2	53.6	54.5	52.3
International Narcotics Control	0	0	10.0	0
Peacekeeping Operations	40.0	56.0	46.5	36.6
Migration and Refugee Assistance	195.6	195.6	190.9	154.8
IMET	11.1	10.2	8.5	7.5
Foreign Military Financing	18.5	15.0	18.2	10.0
Contributions to Int'l Peacekeeping	486.7	475.0	252.8	170.7
African Development Bank	5.1	5.1	6.1	4.1
African Development Fund	118.1	100.0	99.8	127.0
Food Aid	160.7	131.6	466.9	472.6
<b>Total</b>	<b>2185.8</b>	<b>2046.0</b>	<b>2024.3</b>	<b>1850.8</b>

## Comparison with Other Donors

According to data compiled by the Organization for Economic Cooperation and Development (OECD), the United States consistently ranks behind France as a donor of bilateral Official Development Assistance (ODA) to sub-Saharan Africa. This type of assistance corresponds to Development Assistance listed in Table 4. In some years, the United States ranks behind Japan, Germany, and the United Kingdom as well. In 2000, according to the OECD, the United States was the third leading donor to the region, behind France and the United Kingdom but ahead of Japan and Germany. Sub-Saharan Africa received about 15.4% of U.S. ODA in 2000, according to the OECD, while many other donors gave a considerably larger portion of their aid to the region. About 43% of French aid and 28% of German aid went to Africa, for example, while Italy gave 69% of its aid to Africa and the United Kingdom 35%. Japan, by contrast, sent 10% of its aid to Africa in 1999.

## 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. He indicated that USAID would meet Secretary of State Powell's pledge to increase HIV/AIDS funding by 10% in FY2002.

In the FY2000 Foreign Operations congressional presentation, the Clinton Administration's Assistant Secretary of State for African Affairs, Susan Rice, listed two broad objectives in summarizing that Administration's Africa aid policy: "integrating Africa into the global economy by promoting economic development, democracy, and respect for human rights, and conflict resolution," and "defending the United States against transnational security threats emanating from Africa," including disease and environmental degradation. The presentation attempted to relate the U.S. assistance program to these overall objectives, claiming gains in economic growth and agricultural development, democracy and governance, human capacity through education, population and health, the environment, and humanitarian assistance.

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 Rep. 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.

## Issues in 2002

**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 Cut 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.)

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.)

**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 2002, as it was in 2001. 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 implementation. For more information, visit [<http://www.nepad.org>].

**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 other Africa topics that may arise during the FY2003 foreign aid debate.

CRS Issue Brief IB10050, *AIDS in Africa*

CRS Report RL31011, *Appropriations for FY2002: Foreign Operations, Export Financing, and Related Programs*

CRS Report RL30214, *Debt Reduction: Initiatives for the Most Heavily Indebted Poor Countries*

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

CRS Issue Brief IB98046, *Nigeria in Political Transition*

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

## Legislative Action in 2002

FY2003 Foreign Operations Appropriations bills have been reported in both the House (H.R. 5410) and the Senate (S. 2779). As noted above, the Administration requested just over \$1 billion in DA for Africa in FY2003. The House and Senate bills do not earmark a specific amount for Africa, and both break the Administration's Development Assistance request into Child Survival and DA components. In both bills, the amounts provided worldwide for Child Survival and Development Assistance combined exceed the Administration's Development Assistance request, suggesting that the Administration's spending target for Africa can be met. However, the Administration may have to devote more resources to projects of the type appropriate under the Child Survival program than initially planned.

Both bills provide somewhat less than requested worldwide for Economic Support Fund assistance, so that ESF activities in Africa could be constrained in FY2003. The same could be true of Foreign Military Financing assistance, which is funded at less than the Administration requested in both bills, although both would fully fund the worldwide International Military Education and Training request. Both bills would fund the global Peacekeeping Operations account at higher levels than requested in recognition of peacekeeping needs in Africa. The Senate bill specifies that not less than \$50 million in PKO assistance should be available for Africa Regional Peacekeeping Operations and the Africa Crisis Response Initiative. Worldwide funding for the Peace Corps is less than requested in the Senate bill, but at the requested level in the House version.

Funding levels for three Africa programs are specified in the Foreign Operations Appropriations bills, as indicated in **Table 5**.

**Table 5: Africa-Specific Funding in the Foreign Operations Appropriations**  
(\$ millions)

	<b>FY2003 Request</b>	<b>H.R. 5410</b>	<b>S. 2779</b>
African Dev. Foundation	16.7	19.7	17.7
African Development Bank	5.1	5.1	5.1
African Development Fund	118.1	113.1	108.1

## LEGISLATION

### **H.R. 5410 (Kolbe)**

Foreign Operations Appropriations for FY2003. For funding amounts, see *Legislative Action in 2002*. States that ESF assistance can be provided to the National Democratic Alliance of Sudan for certain purposes; prohibits FMF for Sudan and Liberia; prohibits any direct assistance to Sudan; prohibits aid to Liberia, Sudan, Zimbabwe, and the Democratic Republic of the Congo except through regular notification procedures; prohibits assistance to any country for which the Secretary of State determines there is credible evidence of involvement in the illicit diamond trade in Sierra Leone. Reported to the House (H.Rept. 106-663) September 19, 2002.

### **S. 2779 (Leahy)**

Foreign Operations Appropriations for FY2003. For funding amounts, see *Legislative Action in 2002*. States that ESF assistance can be provided to the National Democratic Alliance of Sudan for certain purposes; prohibits FMF for Sudan and Liberia; prohibits any direct assistance to Sudan; specifies that not less than \$9 million in DA shall be made available for the Central African Regional Program for the Environment; prohibits assistance under the act to Liberia, Sudan, Zimbabwe, Nigeria, or the Democratic Republic of the Congo except through regular notification procedures; requires the U.S. representatives to international financial institutions to oppose loans to Zimbabwe, except to promote basic human needs or democracy, unless the Secretary of State determines that the rule of law has been restored; limits IMET and FMF for Nigeria to expanded international military education and non-lethal items unless the President certifies that certain human rights measures have been taken in the Nigerian armed forces; prohibits assistance under the act to countries found by the Secretary of State to be destabilizing Sierra Leone. Reported to the Senate (S.Rept. 107-219) July 14, 2002.

### Appendix: Africa Assistance Acronyms

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>
CSD	<i>Child Survival and Disease Programs Fund</i> , a form of DA.
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 the 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>