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Africa: U.S. Foreign Assistance Issues

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Africa: U.S. Foreign Assistance Issues

SUMMARY

U.S. assistance to sub-Saharan Africa in FY2005 through most programs will likely closely parallel amounts allocated in FY2004. However, 12 “focus countries” will benefit from a substantial increase under the Global AIDS Initiative, funded by the FY2005 Consolidated Appropriations (H.R. 4818). Assistance to Africa would total about \$3.4 billion under the Administration’s FY2005 request, but will likely rise due to emergency food aid. Aid totaled an estimated \$3.3 billion in FY2004.

U.S. aid to 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, but began a gradual recovery in FY1997. Assistance through the Child Survival and Development Assistance (DA) accounts has now leveled off, but aid to Africa could reach new highs in FY2004 and FY2005 due to aid through the Global AIDS Initiative.

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 has about 2,500 volunteers in Africa. 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 more than \$3.2 billion in FY2004.

USAID Administrator Andrew Natsios has testified that in FY2005, the aid program will be emphasizing peace in Sudan, ending famine in Ethiopia, and combating HIV/AIDS. He has also stressed the importance of agricultural development. In a June 26, 2003 speech, President Bush described a “partnership” with Africa including support for security and development. In August 2002, the Administration announced initiatives on access to potable water, clean energy, reducing hunger, and development and conservation in the Congo River basin. The initiatives are to make extensive use of public-private partnerships. As part of its counterterrorism efforts, the Administration has also launched initiatives to strengthen security forces in the Sahel region and in East Africa.

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 (NEPAD), an African initiative linking increased aid with policy reform.

MOST RECENT DEVELOPMENTS

The *New York Times* reported on December 22, 2004, that due to budgetary constraints, the Administration was reducing food aid for development purposes and focusing on emergency food assistance. A Catholic Relief Services spokesperson said the move was forcing cutbacks in food for development programs in Malawi and Madagascar, among other countries. That same day, State Department Spokesman Richard Boucher denied that the Administration had any plans to reduce food aid. As in previous years, the Consolidated Appropriations for FY2005 (H.R. 4818), signed into law on December 8 (P.L. 108-447), does not specify Africa's portion of aid through several major programs, but report language (H.Rept. 108-792) affirms that African country allocations for Child Survival and Health programs and for Development Assistance should be at least at their FY2004 levels, "consistent with proper programmatic considerations." Overall assistance to Africa will likely grow in FY2005 due to spending through the State Department's Global AIDS Initiative. For further information, see below, *FY2005 Request and Congressional Action*.

Related CRS products include CRS Report RL32489, *Africa: Development Issues and Policy Options*; CRS Issue Brief IB10050, *AIDS in Africa*; CRS Report RS21181, *HIV/AIDS International Programs: Appropriations, FY2003-FY2005*; CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs*; CRS Report RL32427, *Millennium Challenge Account: Implementation of a New U.S. Foreign Aid Initiative*; and CRS Report RS21722, *AGOA III: Amendment to the African Growth and Opportunity Act*.

BACKGROUND AND ANALYSIS

U.S. Aid to Africa: An Overview

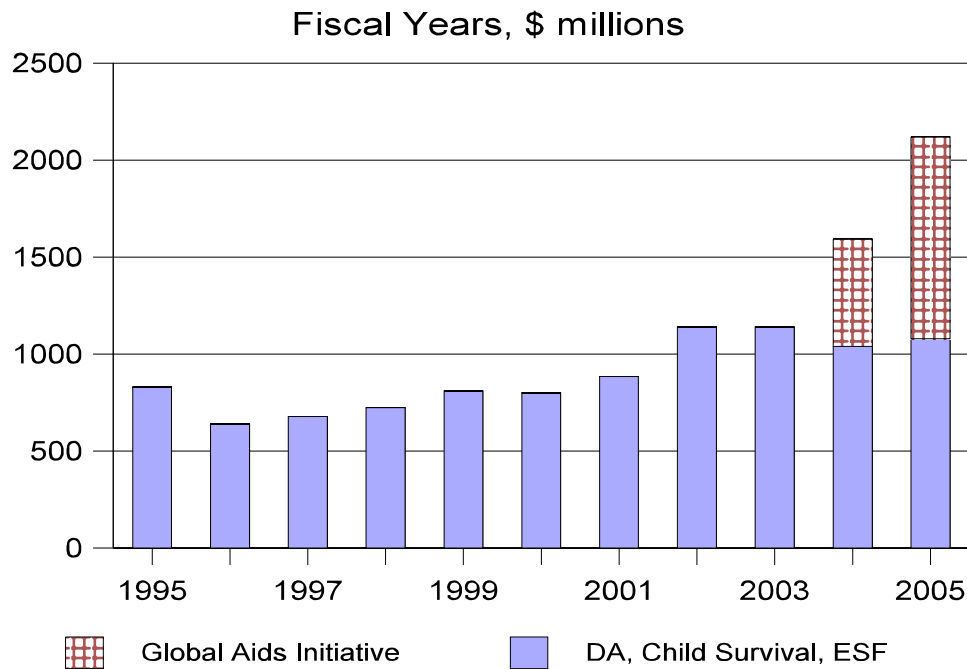
Bilateral Aid

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.

Figure 1. U.S. Non-Food Economic Aid to Africa



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 the U.S. Agency for International Development (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, but a slow recovery began in FY1997.

The accompanying chart (**Figure 1**) shows economic assistance to Africa through the major bilateral U.S. aid programs: Child Survival and Health, Development Assistance (DA), and the Economic Support Fund (ESF) — all administered by the U.S. Agency for International Development (USAID) — as well as aid through the State Department’s Global AIDS Initiative (GAI). GAI is the principal component of the President’s Emergency Plan for AIDS Relief (PEPFAR) and began operations in FY2004. According to current estimates, bilateral GAI assistance to the 12 focus countries in Africa will total \$553.4 million in FY2004.¹ These include antiretroviral therapy, safe injections, safe blood supply, and abstinence/faithfulness education. According to “notional” allocations published by the Administration, GAI assistance to African countries would total just over \$1 billion under the FY2005 request. Overall, Figure 1 indicates a gradual increase in assistance through USAID bilateral programs from FY1997 through FY2002, with a slight falling off thereafter. However, the advent of the GAI in FY2004 will significantly increase total non-food economic aid — indeed, such aid would roughly double under the FY2005 request, as compared with FY2003. (**Table 3**, below, provides data on other programs that channel aid to Africa.)

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. 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.

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. 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 out CSD assistance and DA separately. 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” is heard less frequently, it is not used further here.

Economic and Security Assistance

Table 1 ranks recipients according to the total of four assistance programs: ESF, DA, CSH, and the GAI, which as noted above began to provide funds to Africa in FY2004. Aid to the top-ranking countries reflects major increases resulting from the GAI. Eight African countries have been designated as eligible for assistance through the Millennium Challenge Account (MCA, see below), but this aid has not yet been allocated and is not included in the table.

¹ Office of the U.S. Global AIDS Coordinator, *Bringing Hope and Saving Lives: Building Sustainable HIV/AIDS Treatment* (August 2004), Appendix.

Table 1. Leading U.S. Assistance Recipients in Africa
(\$ millions)

Country	FY2005 Request	FY2004 Estimate	FY2003 Actual
Uganda*	215.8	109.8	69.9
Kenya*	206.6	97.5	59.2
South Africa*	186.2	92.1	73.0
Nigeria*	177.4	90.0	73.3
Zambia*	169.5	80.1	57.4
Ethiopia*	141.0	76.1	56.0
Tanzania*	120.4	56.4	40.8
Sudan	102.8	92.7	26.8
Mozambique*	91.9	58.6	55.0
Rwanda*	82.8	35.0	23.3
Namibia*	53.8	24.7	15.7
Mali	\$38.6	42.6	44.4
Botswana*	37.7	12.0	2.4
Ghana	34.1	37.0	43.6
Dem. Rep. of Congo	32.5	35.1	30.1
Liberia	32.5	202.5	11.0
Malawi	32.1	33.6	29.9
Senegal	31.6	32.1	35.3
Cote d'Ivoire*	25.6	7.5	0.9
Madagascar	24.3	21.9	22.2
Angola	20.3	20.2	20.3
Guinea	20.1	21.3	26.3
Benin	18.2	18.1	19.2
Zimbabwe	14.6	14.8	18.9
Sierra Leone	8.6	9.3	16.0
Eritrea	7.3	8.5	12.7
Burundi	6.6	6.2	6.3
Djibouti	6.3	6.3	40.6

Source: USAID. Amounts exclude food aid.

Note: All amounts include economic and security assistance, as well as assistance under the Global AIDS Initiative.

* Global AIDS Initiative "focus" country. Estimated allocations included.

The high aid level for Uganda reflects not only U.S. backing for its struggle against AIDS, but also a view among policymakers that Uganda's "Prosperity and stability are essential to growth and stability in the east and central African region" generally (USAID Congressional Presentation, FY2004). Kenya is going through a democratic transition following multi-party elections in December 2002; and with Ethiopia, Nigeria, South Africa, and Djibouti, it is regarded as a strategic partner in the war on terrorism. Sudan's relatively high rank reflects U.S. assistance directed to areas of Sudan outside government control and focused on conflict prevention, food security, and primary health care. (USAID, *Budget*

Justification to the Congress, Annex I, Africa, FY2004. For further information, see CRS Issue Brief IB98043, *Sudan: Humanitarian Crisis, Peace Talks, Terrorism, and U.S. Policy.*) The Sudan request for FY2005 also includes \$20 million in ESF aid to support implementation of an anticipated final peace agreement affecting southern Sudan.

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. In September 2004, the World Food Program issued an emergency appeal for \$78 million in additional food aid for three countries in southern Africa, suggesting that the need for U.S. food assistance in 2005 will again be high. 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. For information on other food assistance programs, see CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs.*)

Peace Corps. In 2004, the Peace Corps is reporting that it has approximately 2,500 Peace Corps Volunteers (PCVs) serving in sub-Saharan Africa, up from an estimated 1,900 in 2002, because of the Administration's Peace Corps expansion program. (For further information, see CRS Report RS21168, *The Peace Corps: Expansion Initiative.*) 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. 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. The Foreign Operations portion of the FY2004 Omnibus Consolidated Appropriations (P.L. 108-199) states that the Peace Corps may use \$15 million for its HIV/AIDS prevention work.

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. As noted above, ESF aid is also helping strategic partners in the war on terrorism through cooperation on border control, freezing terrorist assets, and other activities; and \$20 million is being requested for FY2005 to support implementation of a Sudan peace agreement expected by

the Administration. In addition, the Defense Department conducts AIDS prevention education programs, primarily with African militaries.

Table 2. Contributions for International Peacekeeping Activities
(\$ millions)

Operation	FY2005 (Request)	FY2004 (Projected)	FY2003 (Actual)
War Crimes Tribunal - Rwanda	16.7	17.4	14.1
Sierra Leone (UNAMSIL)	33.0	68.8	144.9
Democratic Republic of the Congo (MONUC)	187.1	213.0	158.8
U.N. Operations in Ethiopia/Eritrea (UNMEE)	44.3	53.5	48.9
U.N. Mission in Liberia (UNMIL)	215.1	208.5	-
Total	496.2	561.2	366.7

Through the Peacekeeping Operations (PKO) program, the United States supported 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. In FY2004, ACRI is being succeeded by the Africa Contingency Operations Training Assistance (ACOTA), which focuses on training trainers and on programs tailored to individual country needs. Foreign Military Financing (FMF) resumed in FY1999 and under the FY2005 request under the FY2005 request would be used to strengthen counter-terrorism capabilities in Africa, bolster border security, and help Kenya protect itself against terrorist infiltration from Somalia. 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 typically run well under \$1 million per country.

The United States contributes to United Nations peacekeeping operations in Africa and elsewhere through a program entitled Contributions to International Peacekeeping Activities (CIPA, **Table 2**). 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.

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. For FY2005, the Administration is seeking \$4 million in FMF for an African Coastal and Border Security program.

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.

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. “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 “Our Work” and “Humanitarian 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 \$3.7 billion in 2003, or about 51% of the total. Since the United States provided \$850 million to IDA in FY2003, it could be calculated that about 51% this amount, or \$433.5 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 evidently been resolved. Consequently, the United States is participating in the replenishment programs of both the Bank and the Fund.

Total U.S. Assistance

Table 3 lists most components of U.S. assistance to sub-Saharan Africa and indicates that in FY2004, nearly \$3 billion will go to the region, while nearly \$3.4 billion is being requested for FY2005.

FY2005 Request and Congressional Action. The Administration's FY2005 budget request, released on February 2, 2004, would have funded most Africa assistance programs at levels closely reflecting those seen in FY2004. However, the budget proposed just over \$1 billion in additional spending in 12 African countries under the President's Emergency Plan for AIDS Relief (PEPFAR). This spending, nearly one-third of the Africa assistance budget, would bring total Africa aid to an unprecedented level of approximately \$3.4 billion, but aid to the region will likely exceed this amount due to emergency food and humanitarian assistance in Sudan and elsewhere. Despite the large proposed increases for 12 countries due to the GAI, some observers were concerned that aid under the Child Survival and Development Assistance programs, administered by USAID, was slated to decline for several countries. These included the Democratic Republic of the Congo, Ghana, and Uganda, among others. Peace Corps spending in Africa would rise by 22% under the request, reflecting the Administration's Peace Corps expansion effort. Economic Support Fund aid would have increased by 27%, largely due to proposed new funding to support the implementation of a Sudan peace agreement.

The FY2005 Consolidated Appropriations (H.R. 4818/P.L. 108-447), as in previous years, does not specify Africa's portion of appropriations for major programs, notably Child Survival aid, Development Assistance, and the Global AIDS Initiative. However, appropriations for other programs have been specified either in the bill itself or in the accompanying report (H.Rept. 108-792) and are included in **Table 3** below. The legislation earmarks \$311 million in bilateral economic assistance for Sudan and provides \$93 million in other aid as well. The Department of Defense Appropriations (P.L. 108-287) had earlier provided \$95 million for Sudan, for an FY2005 total of \$499 million.

The conference report notes that funds for CSH and DA programs worldwide significantly exceed the Administration's request. It adds that "managers therefore expect USAID to restore cuts in African country allocations in those accounts to their FY2004

levels, consistent with proper programmatic considerations.” This language, taken together with the new GAI funds for Africa, would suggest that Africa will fare rather well in terms of U.S. foreign aid compared with recent years. However, the Consolidated Appropriations will provide \$1.5 billion for the Millennium Challenge Corporation (MCC) worldwide, as compared to the Administration’s request of \$2.5 billion. As noted below, 8 African countries have been declared eligible for this program, and there will be less available for making MCC grants to them than under the request.

Table 3. Assistance Designated for Africa

(\$ millions)

Program	FY2005 Request	FY2005 Approp.	FY2004 Estimate	FY2003 Actual	FY2002 Actual
Child Survival & Health Fund	478.2		472.5	541.1	424.4
Development Assistance	499.4		493.8	490.7	454.0
ESF	101.2	105.0	74.1	109.4	120.0
Food Aid	196.7		404.7	1,165.9	462.9
Peace Corps	75.7		62.2	63.3	53.7
African Dev. Foundation	17.0	19.0	18.7	18.7	16.5
Migration and Refugee Assistance	208.5		201.3	228.5	187.5
African Development Bank	5.1	4.1	5.1	5.1	5.1
African Development Fund	118.0	106.0	112.1	107.4	100.0
Liberia in the Emergency Supplemental			200.0		
Sudan in the Emergency Supplemental			20.0		
Sudan in DOD Appropriation		95.0			
Global AIDS Initiative	1,041.4		553.4		
Millennium Challenge Account	NA		NA		
Subtotal, Economic & Humanitarian	2741.2		2,617.9	2,730.1	1,824.1
International Narcotics & Crime	10.5		6.8	6.7	7.5
Peacekeeping Operations	60.0		23.9	78.1	54.9
IMET	10.8		12.6	9.9	10.3
Foreign Military Financing	22.0	26.5	21.0	28.0	33.5
Contributions to Int’l Peacekeeping	496.2		561.2	366.7	513.0
Nonprolif., Anti-terrorism, Demining	30.2		23.6	19.7	12.1
DOD AIDS Education, Af. militaries	0	7.5	4.2	7.0	14.0
Subtotal, Military and Other	629.7		653.3	516.1	645.3
AFRICA TOTAL	3,370.9		3,271.2	3,246.2	2,469.4
<i>Non-Food Aid Total</i>	<i>3,174.2</i>		<i>2,866.5</i>	<i>2,080.3</i>	<i>2006.5</i>

FY2004 Allocations. The FY2004 Consolidated Appropriations Act (H.R. 2673), signed into law (P.L. 108-199) on January 23, 2004, again did not earmark amounts for Africa through most U.S. assistance programs, including the Child Survival and Health Programs Fund and the Development Assistance program. It had appeared that the worldwide amounts appropriated for these two programs, and for the Economic Support Fund, were sufficient to allow the Administration’s Africa requests to be met, but FY2004 allocation projections released with the FY2005 budget request indicate that Africa will

receive somewhat less than requested (**Table 4**). However, as noted above, 12 focus countries will receive additional assistance through the Global AIDS Initiative.

Table 4. Bilateral Economic Assistance to Africa: Requests and Allocations

(\$ millions)

	FY2004	FY2003
Child Survival and Health		
— Request	542.1	458.5
— Allocation	472.5	541.1
Development Assistance		
— Request	498.9	541.6
— Allocation	493.8	490.7
Economic Support Fund		
— Request	77.2	77.0
— Allocation	74.1	109.4
Total		
— Request	1118.2	1077.1
— Allocation	1040.4	1141.2

Comparison with Other Donors

According to figures compiled by the Organization for Economic Cooperation and Development (OECD), the United States was the largest bilateral donor of net bilateral Official Development Assistance (ODA) to sub-Saharan Africa, in 2002, the most recent year for which data are available, followed by France, the United Kingdom, and Germany. However, the European countries and the European Communities together provided considerably more to Africa than the United States. ODA includes a wide-range of non-military aid disbursements. Many countries continued to give a larger proportion of their assistance to sub-Saharan Africa than the United States. The region received about 22% of U.S. ODA in 2002, according to the OECD, in contrast to 58% of French aid, 27% of British aid, and 27% of German aid. The Netherlands, the fifth leading donor, gave 37% of its aid to Africa in 2001. Japan was the seventh ranking donor to Africa in 2002, according to the OECD, providing about 9% of its aid to the region. On September 29, 2003, following a conference on African development in Tokyo, Japan pledged \$1 billion in additional aid for education and health care in Africa.

Recent Trends in U.S. Aid

U.S. officials continue to stress a strong commitment to assisting Africa. In a June 26, 2003, speech to a meeting of the Corporate Council on Africa, President Bush spoke of a “partnership” with Africa, including U.S. help in establishing peace and security, making advances in health and literacy, and developing free economies through aid and trade. During the speech, part of the run-up to his July 7-12, 2003, trip to Africa, the President

announced \$100 million in anti-terrorism assistance over 15 months to countries in East Africa and \$200 million over five years both to train teachers in Africa and to provide textbooks through Historically Black Colleges and Universities. Secretary of State Powell, addressing the Corporate Council on June 27, 2003, said that Africa's "boundless potential" could not be realized unless the continent moved against corruption.

In April 2003, Andrew Natsios, the Bush Administration's Administrator for USAID, told the House Committee on International Relations that during the next five years, his agency would be "renewing its leadership in agricultural development assistance." 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. In House testimony on April 1, 2004, Natsios said that in accordance with Administration priorities, his agency would be emphasizing peace in Sudan, ending famine in Ethiopia, and fighting HIV/AIDS.

Democracy promotion has been a feature of the Africa assistance program for many years. USAID began to develop programs for democracy support and introduce democratic criteria for sub-Saharan recipients in 1990, 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) reflects 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 three 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 five 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).

Counter-terrorism is the focus of other recent assistance initiatives. The Pan-Sahel Initiative (PSI) is a joint Defense and State Department program that provides training and equipment to the armed forces of Mauritania, Chad, Niger, and Mali. According to

Administration officials, the initiative has helped these countries respond to the threat posed by Algeria-based Islamist guerrillas. The East African Counter-Terrorism Initiative (EACTI) is training law-enforcement officers in Kenya and other countries.

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, five-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 three 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 won praise from many observers, some worry that most countries 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. On May 6, 2004, the Millennium Challenge Corporation announced that 8 African countries had been determined to be eligible to receive grants: Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique, and Senegal. For further information, see CRS Report RL31687, *The Millennium Challenge Account: Congressional Consideration of a New Foreign Aid Initiative*.

AIDS. The level of funding for HIV/AIDS programs in Africa remains a major focus of interest in 2004, 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: Appropriations, FY2002-FY2005*.

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, Senegal, and others. The plan was 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. In July 2002, 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, in view of the myriad challenges the region faces. Some observers 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 also 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.

Meanwhile, a debate continues among scholars, analysts, and policymakers about whether foreign aid is an effective means of spurring growth and poverty reduction in Africa; what types of aid are most effective; and what role other measures, such as debt reduction and the removal of trade barriers, might play. For a discussion of these issues, see CRS Report RL32489, *Africa: Development Issues and Policy Options*.

LEGISLATION

H.R. 4754/P.L. 108-447. Commerce, Justice, State appropriations FY2005. Report language (H.Rept. 108-576) states that the appropriation for the National Endowment for Democracy includes \$1 million for a grant to support a Fern L. Holland Democracy Institute in Africa. Report filed, July 1, 2004. Passed the House, July 8. Received in the Senate and referred to the Committee on Appropriations, July 9, 2004. Conference report on H.R. 4818 (H.Rept. 108-792, see below) included provision for the Institute under Division B, Departments of Commerce, Justice, and State Appropriations.

H.R. 4818/P.L. 108-447. Consolidated Appropriations Act, 2005, Division D, Foreign Operations Appropriations. Permits non-lethal ESF assistance to the National Democratic Alliance of Sudan for the protection of civilians; appropriates \$19 million for the African Development Foundation; states that IMET can only be provided to the Democratic Republic of the Congo and Nigeria through regular notification procedures of the Committees on Appropriations; provides not more than \$2 million in FMF be provided to Uganda, to be used only for non-lethal equipment and only if the Secretary of State reports that the government of Uganda has made significant progress in the protection of human rights and civilians; prohibits FMF for Sudan; provides \$4.1 million for the African Development Bank and \$106 million for the African Development Fund; specifies that not less than \$4.5 million in ESF funds shall be made available for National Endowment for Democracy programs in sub-Saharan Africa; earmarks \$311 million in bilateral economic assistance for Sudan, as well as \$75 million in PKO aid and \$18 million in disaster/famine aid for a total of \$404 million (the FY2005 Department of Defense Appropriations, P.L. 108-287, provides an additional \$95 million for Sudan, for a grand total of \$499 million); prohibits assistance to the Government of Sudan unless the Secretary of State certifies that it has taken significant steps to disband militias and meets other conditions; limits disaster assistance and transition assistance outside the Darfur region to \$45 million, unless written notification is given the Committees on Appropriations; requires U.S. opposition to loans by international financial institutions to Zimbabwe unless the Secretary of State determines that the rule of law has been restored; requires the President to report on whether the Nigerian army was involved in a violent incident in Benue state; recognizes Nigeria's contribution to fostering peace in West Africa; allows assistance to the governments of countries where individuals indicted by the war crimes courts in Rwanda and Sierra Leone may be hiding if the Secretary of State reports these governments are cooperating with the courts (this limitation being subject to a presidential waiver). Conference report states that managers expect USAID to restore African country allocations to their FY2004 levels; directs USAID to design and fund a \$15 million pilot program to eliminate school fees in Africa; states expectation that USAID will provide \$6 million in Development Assistance for Liberia; earmarks \$105 million in ESF for Africa; recommends funding to mitigate conflict between refugees from Sudan and the citizens of Chad; earmarks \$26.5 million in FMF for Africa. H.R. 4818 was initially the Foreign Operations Appropriations bill. Conference report (H.Rept. 108-792) on the bill as the Consolidated Appropriations measure filed November 20, 2004; House and Senate agreed to conference report November 20; signed into law December 8.

Appendix: Selected Africa Assistance Acronyms

ACOTA	Africa Contingency Operations Training Assistance, successor to ACRI.
ACRI	Africa Crisis Response Initiative, which trained military units for peacekeeping.
ADF	African Development Foundation, U.S.-funded public corporation.
AfDB	African Development Bank, an Africa-based IFI.
AfDF	African Development Fund, affiliate of the African Development Bank.
ATRIP	Africa Trade and Investment Program, a USAID initiative.
CIPA	Contributions to International Peacekeeping Activities
CSH	Child Survival and Health Programs Fund.
DA	Development Assistance.
DFA	Development Fund for Africa, part of DA, not earmarked in recent years.
ERMA	Emergency Refugee and Migration Assistance, administered by State Department.
ESF	Economic Support Fund, a State Department program for promoting U.S. interests.
FMF	Foreign Military Financing, funds equipment purchases.
GAI	Global AIDS Initiative, part of PEPFAR, headquartered at the State Department.
IBRD	International Bank for Reconstruction and Development, The World Bank.
IDA	International Development Association, concessional loan affiliate of IBRD.
IFIs	International financial institutions.
IGAD	Inter-governmental Authority on Development, a Djibouti-based organization of Horn of Africa states.
IMET	International Military Education and Training, a form of military assistance.
MRA	Migration and Refugee Assistance, a State Department program.
NEPAD	New Partnership for Africa's Development, an African initiative.
NGOs	Non-governmental organizations.
OECD	Organization for Economic Cooperation and Development, an organization of developed countries.
ODA	Official Development Assistance, the OECD's concept of DA.
OFDA	Office of Foreign Disaster Assistance, a part of USAID.
PCVs	Peace Corps Volunteers
PEPFAR	President's Emergency Plan for AIDS Relief, a Bush Administration initiative.
PKO	Peacekeeping Operations account authorized by Part II, Chapter 6 of the Foreign Assistance Act.
PVOs	Private and voluntary organizations
SAEDF	Southern Africa Enterprise Development Fund, a USAID program.
SMMEs	Small, medium, and micro-enterprises.
UNECA	United Nations Economic Commission for Africa, headquartered in Addis Ababa, Ethiopia.
UNDP	United Nations Development Program
USAID	U.S. Agency for International Development