BROOKINGS GLOBAL ECONOMY AND DEVELOPMENT

Policy Brief 2008-07

GLOBAL VIEWS

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U.S. Foreign Assistance to Sub-Saharan Africa: A Snapshot of Previous U.S. Priorities and Recommendations for the Obama Administration

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NOVEMBER 2008

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Introduction

After decades of low and volatile growth, economic performance in Sub-Saharan Africa markedly improved over the last decade. Across the region, countries have been growing at average rates exceeding five percent; and as Sub-Saharan Africa sees more democratic elections and fewer conflicts, the continent could be poised for sustained long-term growth. In the near term, however, increasing stability and prosperity could be challenged by the current global financial crisis. While the region (outside of South Africa) may well be insulated from direct shocks since its financial flows are relatively less connected to global financial markets, many African economies will experience indirect impacts through changes in commodity prices and a deceleration of development investments.

Calls for increasing the effectiveness of development aid will likely become more amplified as recipients and donors alike seek to ensure that current investments yield greater impacts. Recipient countries, donor governments, and global antipoverty coalitions will be paying close attention to see whether the Obama administration will honor the United States' standing development commitments in Sub-Saharan Africa despite pressing financial constraints. To do so will not only lay down a marker on the importance of following through on international commitments and catalyze other donors to follow suit, it will also serve as a bold statement highlighting the direct connection between economic growth in Africa and U.S. values, interests, and security. The current presidential transition offers an opportune moment to reflect on U.S. foreign assistance to Sub-Saharan Africa. What were the Bush administration's priorities? How did they differ from the Clinton administration that preceded it? And ultimately, how can the Obama administration reinforce strengths and fill gaps that have emerged?

Why Sub-Saharan Africa?

Ensuring improved development outcomes is essential in the world's most impoverished region where 51 percent of the population still lives below the poverty line.[1] But it is not only a matter of morality. Sub-Saharan Africa is also growing in prominence from the standpoint of U.S. national security. Transnational threats from terrorism to infectious diseases call for careful attention to the region as the U.S. also experiences escalating competition – particularly with China – in areas of trade and energy resources. This constellation of moral, economic, and security factors are driving U.S. foreign policy to consolidate Sub-Saharan progress and help Africans continue on a pro-growth course.

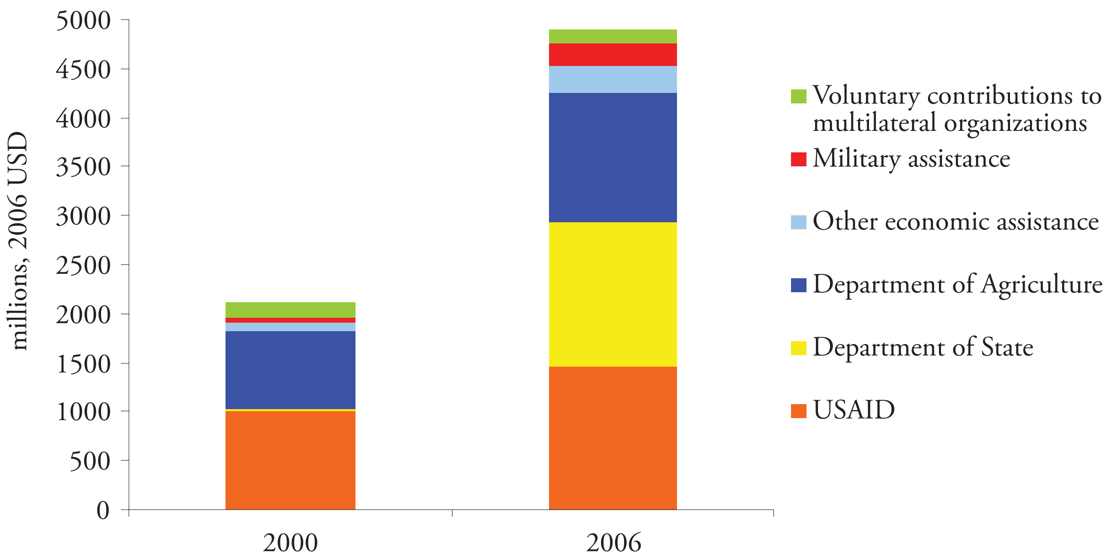
Foreign Assistance to Sub-Saharan Africa during the Bush Administration

During the Bush administration, U.S. bilateral foreign assistance has more than doubled to Sub-Saharan Africa. Within key accounts that cover economic, humanitarian, military, and law enforcement assistance, aid has increased approximately 130 percent since Fiscal Year 2000 (the last full budget year of the Clinton administration).[2] Major investments have been made in the Global HIV/AIDS Initiative (GHAI), which is the principle component of the President's Emergency Plan for AIDS Relief (PEPFAR) that targets 12 countries in Sub-Saharan Africa. Assistance to the region through GHAI totaled approximately $1.2 billion in 2006 (the most recent year for which complete data are available through USAID's Greenbook) contributing in large part to the roughly 8,000 percent increase in Department of State administered foreign assistance. Investments in International Disaster and Famine Assistance (IDFA) for the region have increased 1,600 percent since FY 2000 and have been channeled to programs that provide relief, rehabilitation, and reconstruction assistance to natural or man-made disasters, as well as famine prevention and relief activities. Funding for international peacekeeping in the region has quintupled in this time period, and contributions to the African Development Foundation (which makes small grants directly to African cooperatives, youth groups, and other self-help organizations) have more than doubled.

In addition to PEPFAR, President Bush has championed several Initiatives that feature prominently in the United States' relationship with Sub-Saharan Africa. These initiatives include the President's Malaria Initiative, the Africa Education Initiative (AEI), the Africa Global Competitiveness Initiative (AGCI), the Congo Basin Forest Partnership, the Initiative to End Hunger in Africa, and the Millennium Challenge Account (see below). Despite differing funding levels, their focus on HIV/AIDS, malaria, education, trade, conservation, agriculture, and governance clearly projects the Bush administration's values towards Sub-Saharan Africa.

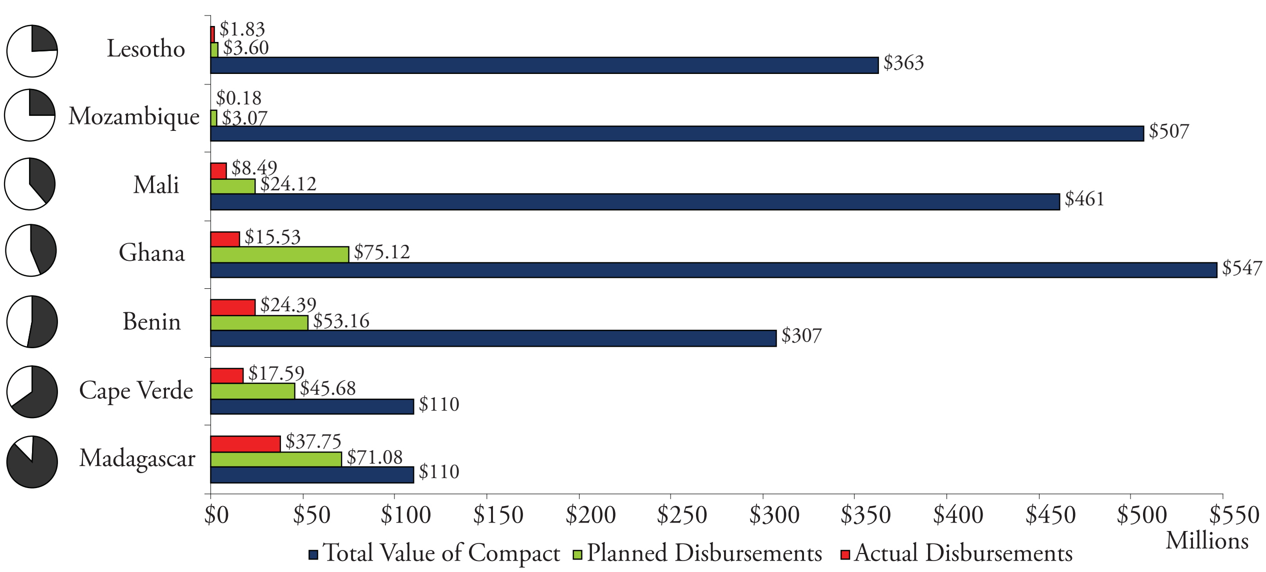
As a percentage of total aid to the region, food assistance and funding for HIV/AIDS predominated in FY 2006. Food aid has remained a fixture since the last full budget year of the Clinton administration though in declining proportion relative to key foreign assistance accounts (falling from roughly 40 percent to approximately 30 percent of total aid). Of note is the dramatic shift away from funding via the Development Assistance (DA) account, which targets good governance, institution building,

Figure 1: U.S. Foreign Assistance to Sub-Saharan Africa (Key Accounts)



Source: U.S. Overseas Loans & Grants [Greenbook], accessed 9/2008.

Figure 2: Elapsed Time, Actual and Planned Compact Disbursements, and Total Compact Size for the 7 MCC Compacts in SSA (that are currently distributing funds, as of October 8, 2008)



Source: Modified and updated "Figure 8: Elapsed Time, Actual and Planned Compact Disbursements, and Total Compact Size for the 11 MCC Compacts in Force, as of December 31, 2007," in the U.S. GAO "Millennium Challenge Corporation: Analysis of Compact Development and Future Obligations and Current Disbursements of Compact Assistance," April, 11, 2008: 14.

human rights and international financial integration. In FY 2000, assistance channeled through DA commanded roughly 30 percent of total aid to Sub-Saharan Africa, whereas in FY 2006 it accounted for a meager 12 percent. Instead, funding for the Global HIV/AIDS Initiative makes up a large portion of total U.S. aid to Sub-Saharan Africa—nearly 25 percent. For every dollar allocated to GHAI in 2006, approximately 50 cents was spent on DA, 35 cents was spent on Child Survival and Health, 29 cents was spent on IDFA, and 1 cent was spent on international narcotics control and law enforcement.

During the Bush administration, the MCA was launched as a new foreign assistance model to support poor countries whose governments demonstrate a commitment to economic growth and development. The MCA particularly emphasizes country ownership and transparency. Funded projects have tended to focus on infrastructure and increasing agricultural productivity, although less so over time as recent compacts have also included aspects directly related to health, education and land tenure. To date, 10 countries in Sub-Saharan Africa have MCA Compacts worth more than $3.9 billion. Only seven percent (roughly $275 million) has been committed via contracts. Less than three percent has actually been disbursed. Citing low rates of expenditure, few tangible results, and other more pressing global concerns, Senate appropriators slashed funding for the MCC by providing $254 million in FY 2009 (a $1.9 billion trim off the administration's request). Such funding levels effectively prevent the signing of new compacts in FY09.

Growing Role for the Department of Defense

Alongside the Bush administration's investments in PEPFAR and the MCC, the Department of Defense (DOD) has significantly scaled up its scope of involvement in foreign assistance. This too has affected Sub-Saharan Africa. DOD's share of total official development assistance (ODA) has increased from 3.5 percent in 1998 to 5.6 percent in 2002 to an apparent peak of 21.7 percent in 2005. The Pentagon argues that such an increase under post-9/11 circumstances, which required DOD "play a significant role in reconstruction and stabilization in order to counter insurgencies," particularly in Iraq and Afghanistan.[3] While the statistics on DOD's control of ODA are striking and often cited, the Department's increased role in development-related policy and assistance to Sub-Saharan Africa and other regions through its expanding work in counter-terrorism and stability operations may be far more significant.

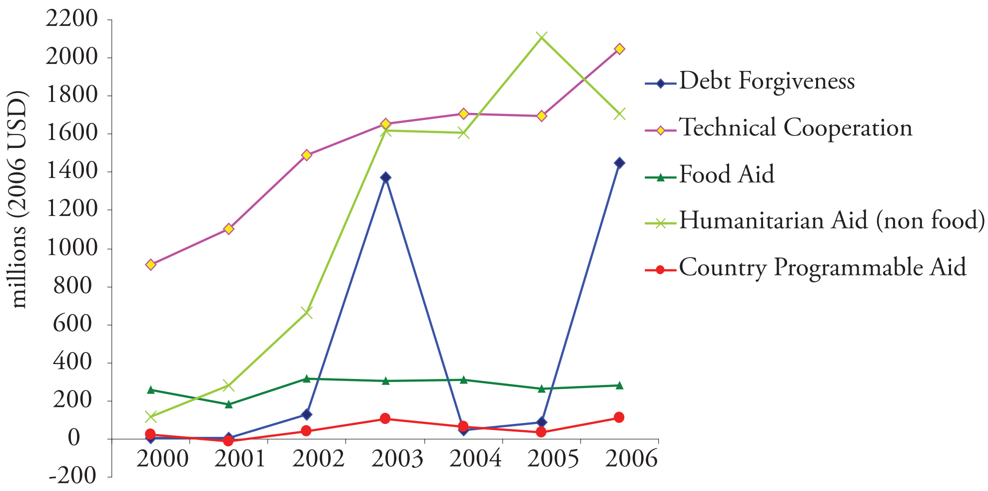
Since 2002, the administration established and bolstered regional counterterrorism programs led by DOD that draw on interagency resources from State and USAID, including non-military foreign assistance such as the Development Assistance account.[4] The Trans-Sahara Counterterrorism Partnership (TSCTP) evolved from the smaller Pan-Sahel Initiative (PSI) launched in 2002 and the 2005 Trans-Sahara Counterterrorism Initiative (TSCTI) to become a five-year program with DOD resources estimated at $100 million. TSCTP focuses its efforts in Mali, Mauritania, Chad, Niger, Senegal and Nigeria. TSCTP has a broad approach that includes combating the drivers of political grievances by promoting democratic governance, economic growth and public education. The East African Counterterrorism Initiative (EACTI) is another interagency multi-year $100 million program focused on Kenya, Uganda, Tanzania, Djibouti, Eritrea and Ethiopia. Although primarily focused on bolstering the capacity of security forces, this program has also included development assistance activities.

Through new doctrine established in 2005, DOD adopted stability operations as a core mission—including the short-term goals of providing security and humanitarian assistance while restoring essential services and the long-term goal of helping "develop indigenous capacity for securing essential services, a viable market economy, rule of law, democratic institutions, and a robust civil society."[5] This took place against a backdrop of organizational changes—some specifically oriented to Africa. The Combined Joint Task Force- Horn of Africa, launched in 2002 and established in Djibouti with nearly 2,000 troops, emphasizes that its mission is "centered on cooperative conflict prevention" and highlights on its Web site the numerous schools and health facilities it has built, humanitarian missions it has supported, and wells it has drilled.[6] More recently, the Pentagon created a new Regional Combatant Command for Africa (AFRICOM) in 2007, consolidating areas of responsibility that had previously been divided among European Command, Central Command, and Pacific Command. This shift generated controversy in part because AFRICOM was launched as a different kind of command with the presumption of serving as the platform for defense, diplomacy and development efforts in the region and a non-traditional focus on conflict prevention and drivers of instability.

Falling Short on Critical Fronts

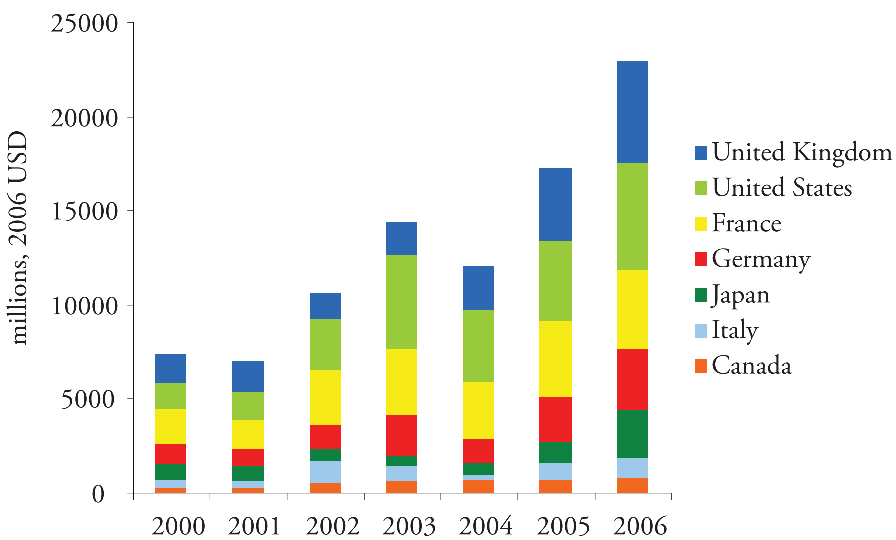
Despite significant increases in aggregate aid figures and the establishment of the Millennium Challenge Corporation to manage the MCA, the growth of assistance for long term development has been relatively anemic. Of the ODA reported to the OECD DAC, assistance for long-term development (referred to as country programmable aid or CPA), has ranged between 0 and 2 percent of total net ODA during this period (see figure 3).[7] The vast majority of ODA instead targets technical cooperation and humanitarian assistance. Technical cooperation is one facet of developing in-country capacity that entails the provision of expert advice in the form of specialist personnel, training, scholarships, and grants for research and associated costs. Aid in the form of technical cooperation has been widely criticized on the grounds that it has variable impact (largely because it fails to ensure sufficient country ownership of projects) and high costs levied through tying aid (where donors require recipients to use their consultants, goods, and services). For its part, humanitarian aid targets emergency response, reconstruction and rehabilitation, and disaster prevention and preparedness. Though critically important, humanitarian assistance is focused on the short-term and is not aimed at expanding the asset base of the poor.

Figure 3: U.S. Official Development Assistance to Sub-Saharan Africa



Source: OECD DAC, accessed 9/2008; author's calculations.

Figure 4: G7 Official Development Assistance to Sub-Saharan Africa (total net aid)



Source: OECD DAC, accessed 9/2008.

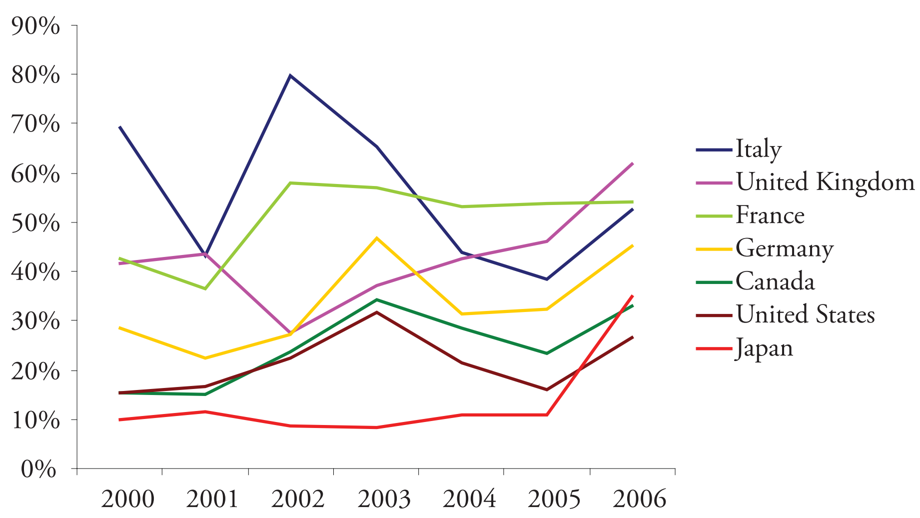
Stacking Up Against the G-7

The United States has been the top G-7 donor to Sub-Saharan Africa since 2003 despite the fact that giving to the region represents only a small fraction of its total net ODA to developing countries (see figure 4). In 2006, for example, ODA to Sub-Saharan Africa commanded only 26 percent of the U.S. total net giving to developing countries (see figure 5). Colonial ties to Sub-Saharan Africa might account for the European members of the G-7 apportioning greater shares of total net ODA to the region.

Relative to other G-7 nations, the United States woefully underfunds long-term development projects (see figure 6). The United States has consistently had the lowest ratio of development assistance or CPA to ODA of any G-7 donor to Sub-Saharan Africa during the Bush administration. On the other hand, the United Kingdom has averaged the highest CPA to ODA ratio (in giving to Sub-Saharan Africa) throughout the period, followed closely by Canada. Germany and France, occupying fifth place, still have CPA to ODA ratios fifteen times that of the United States.

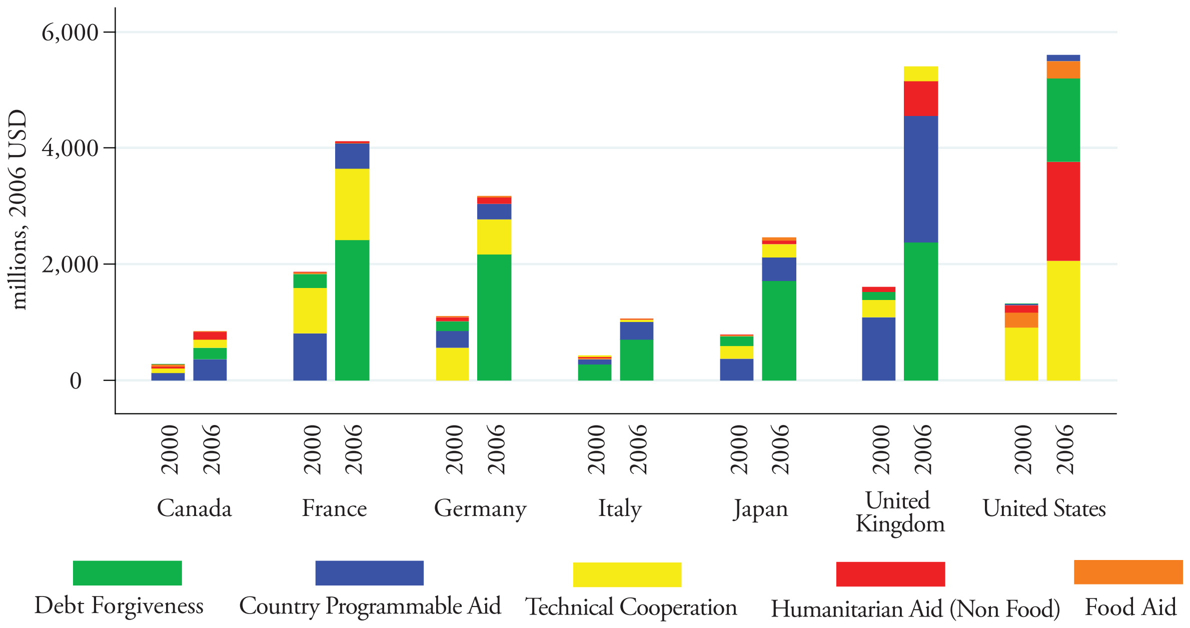
In cooperation with other DAC donors, the United States committed to double ODA to Sub-Saharan Africa by 2010 at the Gleneagles G-8 Summit in 2005 and reaffirmed this pledge at Heiligendamm in 2007.[8] Using 2004 as the base year, the U.S. would need to increase total ODA to $8.7 billion (2006 USD) to make good on its commitment to the region.[9] In 2006, the U.S. was roughly $2 billion away from meeting the 2010 target, but according to The DATA Report 2008 it is likely to exceed its Gleneagles commitment based on known pipelines. As far as meeting the longstanding UN target of spending 0.7 percent of gross national income (GNI) on development assistance, the U.S. falls considerably short (as do other G-7 donors). In 2007, the U.S. spent 0.16 percent of GNI on ODA whereas France and the United Kingdom apportioned 0.39 percent and 0.36 percent of GNI on ODA respectively—all well short of the 0.7 percent target.

Figure 5: Of total net ODA to developing countries, how much goes to SSA?



Source: OECD DAC, accessed 9/2008.

Figure 6: G7 Official Development Assistance to Sub-Saharan Africa



Source: OECD DAC, accessed 9/2008; author's calculations.

Lessons for the Next Administration

Despite much progress worth celebrating, the Bush administration has prioritized funding for short-term, unsustainable poverty interventions at the expense of long-term development projects in Sub-Saharan Africa. Dominated by HIV/AIDS, food, and emergency assistance, U.S. foreign aid is set to continue on course through 2013 as Congress exceeded even President Bush's plans by authorizing up to $48 billion over the next five years to combat HIV/AIDS, tuberculosis, and malaria. So while we should celebrate the undeniable contribution this administration has made in Sub-Saharan Africa, the Obama administration can certainly do much more to promote long-term growth and development, including the following:

- **Increase the share of aid devoted to long-term development**. The Obama administration should make long term poverty reduction and economic growth a greater priority in its assistance to Africa. While aid programs that target near-term humanitarian challenges will remain important, long-term development-oriented assistance will be critical for supporting African economies to attain sustained growth. U.S. assistance should be harmonized with DAC donors in accord with the Paris Declaration on Aid Effectiveness.

- **Reform food aid to buttress local markets**. Assistance provided through food aid does not adequately promote food security. The present system requiring that food be purchased from

U.S. producers and shipped on domestically-registered vessels is slow, inefficient and undermines in-country agricultural sectors. Other donors (both multilateral and bilateral) have begun to reform. Organizations like the World Food Program have recently made commitments to increase their purchase of local food. Canada has shifted from 90 percent tied food aid to 100 percent untied food aid, joining the United Kingdom and a growing chorus of European donors that have moved away from tied assistance. The U.S. Congress, however, has consistently rejected a Bush administration proposal to use a portion of U.S. food aid funding to begin purchasing crops directly from farmers in Africa. The new administration should continue the effort and press Congress to pass a requirement stipulating that a significant portion of P.L. 480 Title II emergency food assistance (25 percent has served as a reasonable benchmark) fund local and regional procurement in developing countries. A faster and more flexible system can result in saving more lives while building up local agriculture markets. Additionally, a green revolution in Africa will only be possible through support of local markets, innovative investments in research and development, and agricultural extension.

- **Mainstream climate change into foreign assistance**. By most predictions, Sub-Saharan Africa may prove to be ground zero in a warming world. Adverse climate impacts could decrease agricultural yields, place greater stress on scarce water supplies, and increase the geographic scope and incidence of vector borne diseases, like malaria. The next U.S. administration should help align development outcomes with climate resilience and redirect bilateral and multilateral funding to projects that are carbon neutral. Doing so will have long-term effects that insulate vulnerable populations from adverse climate impacts, as well as minimize the threat of promoting maladaptation in recipient countries. Helping the region fully integrate its climate adaptation activities into each country's broader national program for reducing poverty and creating wealth will be instrumental in the long-term viability of Sub-Saharan Africa's growth strategies.

- **Elevate development to equal footing and independent standing alongside diplomacy and defense**. A Cabinet-level Department for Global Development would serve as a bold commitment, showcasing America's true spirit in recognition of global interdependence. Elevating and consolidating development as a strong independent component of U.S. global engagement would establish unified leadership responsible for most U.S. foreign assistance in the interest of coherent policies and programs, and insure against the subordination of long-term investments in growth and poverty alleviation to shorter-term foreign policy objectives. Instead of the damaging fragmentation that currently plagues its foreign assistance, the U.S. could reassert its leadership role with a single powerful voice to make the case for much needed flexibility and capacity in the field.

- **Reduce the role of DOD in development while increasing civilian capacity**. The next administration should enhance U.S. civilian capacity in Africa so that DOD institutions like AFRICOM do not represent such an imbalanced policy approach. More generally, to unburden its overstretched military from roles it is neither trained nor well-poised to undertake, the U.S. must accelerate efforts to fill the civilian capacity gap in critical areas such as conflict prevention and post-conflict stabilization.

- **Enhance the MCA approach within a consolidated and coherent development assistance system.** Even in the context of broader structural reforms, the MCA model, a performance-awarded and demand-driven approach, should be supported and strengthened as a distinct component of our assistance to Sub-Saharan Africa because it innovatively incorporates key principles of aid effectiveness such as country ownership and transparency. With new compacts on hold, the MCC must focus heavily on implementation and disbursing those funds it has already promised. Congress and the MCC should consider enhancing the model by incorporating a broader approach to project financing and partnering. Another reform—adding flexibility to enter into concurrent compacts—would create greater incentives for good performance and encourage the design of manageable compacts. With tangible results in hand and feasible improvements to its model, the MCA framework might garner greater support in Congress.

Endnotes

1. This poverty line is $1.25/day in 2005 PPP (World Bank's Povcal).

2. Key U.S. foreign assistance accounts to Sub-Saharan Africa in this analysis include Department of State managed accounts (Global HIV/AIDS Initiative; International Narcotics Control and Law Enforcement; Migration and Refugee Assistance; Non-Proliferation, Ant-terrorism, Demining and Related Programs), USAID managed accounts (Child Survival and Health Programs Fund; Development Assistance; Economic Support Fund; International Disaster and Famine Assistance), other economic assistance (Millennium Challenge Corporation; Peace Corps; African Development Bank; African Development Foundation), voluntary contributions to multilateral organizations (African Development Fund), military assistance (Foreign Military Financing Program; International Military Education and Training; Peacekeeping Operations), and Department of Agriculture administered assistance (Food for Education; Title I Programs; Title II Programs; Title III Programs; Section 416b/Commodity Credit Corporation Food for Progress).

3. Eric Edelman, "Defining the Military's Role Towards Foreign Policy," Testimony for Senate Foreign Relations Committee Hearing, July 31, 2008: 5.

4. Robert Andrews, Mark Kirk, J. Stephen Morrison, and Kathleen Hicks, "Integrating 21st Century Development and Security Assistance," Final Report of the Task Force on Nontraditional Security Assistance, Center for Strategic and International Studies, January 2008: 2-5.

5. Department of Defense Directive No. 3000.05, November 28, 2005; http://www.dtic.mil/whs/directives/corres/pdf/300005p.pdf.

6. For more information on the Combined Joint Task Force Horn of Africa, see http://www.hoa.africom.mil/AboutCJTF-HOA.asp.

7. To calculate CPA we use Brookings scholar Homi Kharas' methodology outlined in "Trends and Issues in Development Aid," Wolfensohn Center for Development Working Paper 1 (November 2007) and subtract the

special purpose flows—humanitarian and emergency relief, food aid, technical cooperation and debt relief (on private credits and non-aid official financial flows)—from total net aid.

8. G8 commitments varied widely within the overall goal of mobilizing an additional $25 billion in development assistance for SSA. EU targets committed France, Germany, Italy and the UK to apportioning 0.51 percent of their GNI to ODA by 2010 (allocating half of the increases to SSA). For its part, the U.S. committed to double its ODA to the region. For more information, see The DATA Report 2008.

9. For the purposes of establishing a baseline for the U.S. ODA commitment to Sub-Saharan Africa, the imputed multilateral ODA has been averaged between 2003 and 2004 (to account for the volatility of multilateral contributions) and then added to total net ODA to SSA in 2004 (2006 USD).