

US Pledges of Aid to Africa: Let's Do the Numbers

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CGD Notes

The United States has tripled overseas development aid to Africa during my presidency and we're making a strong commitment for the future: between 2004 and 2010, I propose to double aid to Africa once again.
—George W. Bush, June 30, 2005

The administration deserves credit for significantly increasing aid to Africa, continuing the trend that began in 1996. However, the increases over the last few years are not as large as is sometimes claimed by the administration.

In his speech on the eve of the 2005 G8 summit in Gleneagles, President Bush made two claims: that US aid to sub-Saharan Africa has tripled since 2000, and that it would double again by 2010. Our analysis of these statements reaches three conclusions:¹

- Using the officially recognized international definitions of foreign assistance, *total* U.S. aid to Africa doubled (rather than tripled) from \$2.1 billion in 2000 to \$4.3 billion in 2004. This continues a trend of sharp increases that began in 1996, when US aid to Africa was \$1.3 billion.
- U.S. *bilateral* assistance nearly tripled from \$1.1 billion to \$3.2 billion between 2000 and 2004 – the basis for the President's claim. At the same time, US aid to Africa through *multilateral* channels increased only slightly.
- Going forward, the pledge to double aid implies an additional \$4.3 billion in aid to Africa by 2010, accounted for by projected increases in the Millennium Challenge Account (\$2.0-\$2.5 billion), the global AIDS program (PEPFAR) (\$1.5 billion), and the recently announced malaria program (\$0.5 billion). The pledge to double aid should be seen as a recommitment to previous (important) pledges, rather than an announcement of something new.

The administration deserves credit for significantly increasing aid to Africa, continuing the trend that began in 1996. US aid to Africa has increased both in total dollars and as a share of total global aid to Africa, indicating that US increases have outpaced the rest of the world since 1996. However, the increases over the last few years are not as large as is sometimes claimed by the administration. Moreover, even with the increases, US aid to Africa remains small, roughly equivalent to about \$6 dollars per African per year, or about one percent of the Defense Department's budget.

US Aid to Africa 1996-2004

US Official Development Assistance (ODA)² reaches Africa through two broad channels: (1) bilateral programs through USAID, the State Department, the Department of Agriculture, HHS, the Millennium Challenge Corporation, and other agencies; and (2) multilateral organizations to which the U.S. contributes, such as the World Bank, regional development banks (e.g. the African Development Bank), and various UN bodies.

Table 1. US Official Development Assistance to Sub-Saharan Africa (US\$ Millions)

	1996	2000	2004*
Bilateral Aid ^a	635	1,139	3,195
Aid through Multilateral Organizations ^b	650	914	1,105
Total Aid (Bilateral and Multilateral)	1,285	2,053	4,300

Source: OECD/DAC database. 2004 figures for total US aid to Africa from June 30, 2005 White House Press Briefing by Stephen Hadley (Assistant to the President for National Security Affairs)

*2004 figures are preliminary and may change

a. Official Development Assistance (Net of Loans Received)

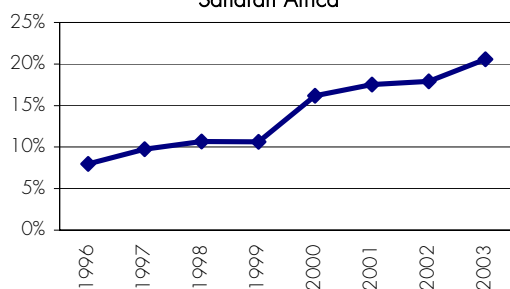
b. Imputed Multilateral Assistance

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US foreign assistance fell sharply in the early 1990s, both globally and to Africa, following the end of the Cold War and as a result of stiff opposition to aid from certain members of Congress. It reached its nadir in 1996 before beginning to increase again. US *bilateral* assistance to Africa increased 80% from 1996 to 2000, growing from \$635 million to \$1.139 billion (Table 1). In the following four years, it almost tripled, from \$1.139 billion in 2000 to \$3.195 billion in 2004.

The increase in bilateral assistance between 2000 and 2004 is the basis for the president's claim that "the United States has tripled overseas development aid to Africa during my presidency." However, the claim is not fully accurate. US *multilateral* assistance to Africa increased by a much smaller amount from \$914 million to \$1,105 million.³ Total US ODA (bilateral and multilateral) increased from \$2.1 billion in 2000 to \$4.3 billion in 2004.⁴ **Thus, total US ODA to sub-Saharan Africa has slightly more than doubled since 2000, an important achievement, but it has not tripled.**

Figure 1. US share of World Aid to Sub-Saharan Africa

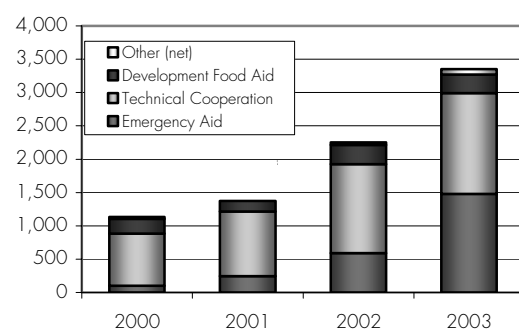


Source: OECD/DAC database

Relative to contributions from other donors, the US share of aid to Africa has increased substantially in recent years (Figure 1). In 1996, the US accounted for 8% of global aid to Africa, but this share doubled to 16% by 2000 as the US sharply increased aid to Africa while the global total continued to fall. The US share has continued to grow since that

time, reaching 20.6% in 2004. Thus, the US now accounts for one-fifth of all aid to Africa, another important achievement, but it does not account for one-fourth of aid to Africa as is sometimes claimed by the administration.

Figure 2. Composition of US Bilateral Aid to Africa (Excluding Debt Relief) (US\$ Millions)



Source: OECD/DAC database

Most of the jump in bilateral aid is explained by increases in emergency aid⁵ (up by almost \$1.4 billion over 2000-03) and technical cooperation⁶ (which doubled over the same period). Development food aid⁷ has remained roughly unchanged. Details are provided in Figure 2, which breaks down US ODA into three major constituent elements over 2000-03 (detailed data for 2004 are as yet unavailable).⁸

The increases in US aid to Africa since 1996 are an important change. **However, the amounts remain relatively small: the \$4.3 billion in aid to Africa in 2004 is about \$6 per African**, about the amount that many Americans spend on lunch each day. This is about one thirtieth the amount of aid per capita the US provided to Jordan in 2003, about one twentieth of aid per capita to Iraq, one thirteenth the economic assistance per capita to Israel, and a quarter of US aid per capita to Armenia, Serbia and Montenegro, Georgia, Bolivia, Afghanistan, and Macedonia, among other countries (see Table 2).

The \$4.3 billion in aid to Africa in 2004 is about \$6 per African, or the equivalent of about one percent of the Defense Department's budget.

Table 2. US ODA/OA per capita, 2003
(\$ per person)

Jordan	179
Iraq*	114
Israel*	79
Palestinian Territories	58
Macedonia	34
Afghanistan*	30
Bolivia	28
Georgia*	27
Serbia & Montenegro	26
Armenia	24
Colombia	15
Sub-Saharan Africa (2004)	6

Source: World Development Indicators 2005 and OECD/DAC database

*Figures are for 2004, and include only bilateral assistance. Multilateral assistance will make these figures higher.

Doubling Aid to Africa by 2010

The US commitment, as outlined in *The Gleneagles Communiqué* released immediately after the G8 summit, states:

*"The US proposes to double aid to Sub-Saharan Africa between 2004 and 2010. It has launched the Millennium Challenge Account, with the aim of providing up to \$5 billion a year, the \$15 billion Emergency Plan for AIDS Relief, an initiative to address Humanitarian Emergencies in Africa of more than \$2 billion in 2005, and a new \$1.2 billion malaria initiative. The US will continue to work to prevent and mitigate conflict, including through the 5-year, \$660 million Global Peace Operations Initiative."*⁹

This message is consistent with the President's June 30th speech preceding the summit. In a White House Press Briefing delivered on the same day as the President's speech, National Security Advisor Stephen Hadley explicitly stated that the doubling involved an increase from the 2004 figure of \$4.3 billion to a projected 2010 figure of \$8.6 billion. Deputy National Security Advisor Faryar Shirzad, referring to the *Communiqué*, noted that "there wasn't a new commitment reflected in the text,

but it was an articulation of previous commitments."¹⁰

A preliminary analysis suggests that the projected increase is comprised of:

- \$2.0-\$2.5 billion per year for Africa from the Millennium Challenge Account (MCA). The administration originally pledged that the MCA would ramp up to \$5 billion per year, and they have unofficially noted that they expect about half of the funds to go to Africa. Obviously, to the extent that the MCA is funded less than \$5 billion (which looks likely), the amount of actual aid to Africa will be smaller.
- An increase of \$1.5 billion per year for the President's Emergency Plan for AIDS Relief (PEPFAR). Appropriations for PEPFAR were about \$2.3 billion in 2004, and the administration plans to ramp up to \$3.8 billion by 2008, the fifth year of the program. While appropriations are not the same as actual disbursements, the administration appears to be anticipating a similar increase in the level of actual disbursements by 2010.
- \$500 million from the new malaria initiative announced by the President in his June 30th speech. The administration has called for allocations of \$35m in 2006, \$135m in 2007, \$300m in 2008, \$300m in 2009, and finally \$500m in 2010. Of the \$1.2 billion proposed for this program, \$800 million will come into effect after 2008.

Other programs could (possibly) add to this sum, including perhaps \$200 million per year in new disbursements to the World Bank and other agencies to cover debt relief (although these funds are likely to come from accelerated disbursements of current commitments), and much smaller amounts for other initiatives the administration has proposed. In addition, the administration pledged \$674 million for emergency famine relief for Africa earlier in June 2005, but this appears to be seen as a one-time increase rather than an initiative that would continue to 2010. **Importantly, this total increase also assumes that funding for**

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other ongoing programs is not cut in any significant way.

Finally, it is worth bearing in mind that the promises by the US and other members of the G8 are pledges, and there is often a big difference between pledges and actual delivery. For example, the President originally promised that the MCA would ramp up to \$5 billion per year after three years, but three years later almost nothing has actually been spent (although programs are now being started). The pledges for doubling aid are aimed at 2010, a year after the President leaves office, so he will not be the one making the 2010 budget requests. And whatever the President requests, Congress may have different ideas. The fact that Gleneagles reiterated previous commitments rather than unveiling new ones is less important than whether the administration is able to follow through on these commitments. Of course, the potential disconnect between promises and actual delivery is an issue not only for the United States, but for all the members of the G8. Only time will tell whether the recent pledges to double aid to Africa are matched by reality.

¹ All figures are in current US\$.

² The official source for definitions, data and information on foreign aid is the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). The DAC does not produce data on aid; rather, it reports data sent to it by member countries, conforming to agreed definitions and standards. Aid to low-income countries – technically referred to as Official Development Assistance (ODA) – consists of grants and subsidized loans (including technical assistance and commodities) that are designed to promote economic development and welfare as their main objective (thus excluding aid for military or other non-development purposes). This definition of aid is not perfect, and is sometimes criticized for not distinguishing among different types of aid (e.g., humanitarian or food aid versus assistance for economic development), excluding certain types of assistance (like the value of peacekeeping forces), or for other reasons. Nevertheless, the DAC data are based on internationally recognized agreements and standards, and have the advantage of (by-and-large) consistency over time and across countries.

³ Budgetary delays in 2003 caused disbursements to the World Bank and the African Development Bank to be accounted for in FY04, deflating the figure for US imputed multilateral assistance in 2003 and inflating it for 2004. Had this not occurred, the 2004 number would have been smaller.

⁴ The final 2004 ODA figures have not yet been released by the DAC. Its preliminary data show \$3.2 billion in US bilateral aid to sub-Saharan Africa. The total (bilateral plus multilateral) of \$4.3 billion is quoted from a White House Press Briefing by Stephen Hadley, Assistant to the President for National Security Affairs, June 30, 2005.

⁵ Note that this includes *emergency food relief aid*. Emergency aid is defined by OECD/DAC (<http://www.oecd.org/dataoecd/36/32/31723929.htm>) as aid to countries suffering “from i) sudden natural or man-made disasters, including wars or severe civil unrest; or ii) food scarcity conditions arising from crop failure owing to drought, pests and diseases.” This includes relief food aid (supplies of food, and associated costs, provided for humanitarian relief purposes); aid to refugees; and support for disaster preparedness.

⁶ Defined by OECD/DAC as “the provision of know-how in the form of personnel, training, research and associated costs” and includes both *free-standing technical co-operation* (augmenting the general human capital stock) and *investment-related technical co-operation* (project or program-specific training, consulting services, technical support, and the contribution of the donor’s own personnel).

⁷ Defined by OECD/DAC as “Supplies and transport of food, cash for food, and intermediate products (fertilisers, seeds, etc.) provided as part of a food aid programme.”

⁸ The figures exclude debt relief. The 2003 ODA figures (globally and from the U.S.) are inflated by a one-time, very large debt relief operation for the Democratic Republic of Congo. This deal added \$4.8 billion to global aid flows and \$1.3 billion to US ODA flows, but it involved no cash flow, had no cost to the U.S. budget, and did not represent new real resources for Congo. It simply recognized that non-aid loans provided to Congo (then Zaire) in the 1980s were not going to be repaid and formally wrote off those debts. Because of its unusual magnitude, including this operation would distort the analysis.

⁹ *The Gleneagles Communiqué* (http://www.fco.gov.uk/Files/kfile/PostG8_Gleneagles_Communique.pdf)

¹⁰ *Press Gaggle by Scott McClellan and Faryar Shirzad*, July 8, 2005. <http://www.whitehouse.gov/news/releases/2005/07/20050708-7.html>