

The New Cold War and Foreign Aid: US Aid to Africa

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Introduction

After the initial interest in Africa following the end of the Cold War, Africa seemed to have vanished. Renewed interest in Eastern European countries and rising tension in the Middle East pushed Africa from the priority list of donor governments. Yet, 9-11 and the war on terrorism have renewed calls for increased foreign aid to Africa. Africa is once again on the radar of many governments, especially their foreign aid agencies. The US, in particular, has been surprisingly active in promoting ways to increase foreign aid to the continent. While on the one hand, the US administration should be commended for focusing on this large, impoverished, and unstable region, we also should be cautious in trying to understand the timing of this renewed interest in Africa. This paper examines the recent expansion of US foreign aid to Africa and, by looking at the data and policy statements, this article argues that contemporary US aid policy to Africa is heavily shaped by the national security objectives. And these security objectives create important dilemmas for US policy.

The New Cold War and Foreign Aid

The year 2005 indeed was noteworthy in terms of activity and commitments to Africa. At the 2005 Gleneagles Summit, the Group of 8 leaders promised to increase aid to Africa by \$25 billion annually by 2010. The European Union countries pledged to provide 0.7 percent of their Gross National Product in development assistance for poor countries by 2015. And both Japan and the US com-

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I would like to thank Professor Motoki TAKAHASHI for his support of my research while at Kobe University. I also would like to thank Professor Yasuyuki SAWADA and Dr. Hidemi KIMURA for inviting me to present an earlier version of this paper at the Research Institute of Economy, Trade and Industry in Tokyo.

mitted to a doubling of foreign aid to Africa over a five year period. Moreover, more targeted pledges also were made in 2005. The Bush administration requested \$3 billion for the Millennium Challenge Account in the 2007 budget, below the original figure of \$5 billion. In late 2005, the IMF and the World Bank approved a debt cancellation plan that eliminated the debts of 18 countries, 14 in Africa, beginning in 2006. And the US has steadily increased the amount of funding to fight HIV/AIDS through the President's Emergency Plan for AIDS Relief. Finally, for a brief moment, much of the world was entertained and even energized by the successful Live 8 concerts around the globe.

Yet, at the same time verbal commitments have been made to Africa, we need to contextualize US foreign aid and place it in the dominant ideological framework. An important lesson from the post-Cold War era and made more pronounced by the war on terrorism is the interrelationship between economic assistance and security objectives. Foreign aid can no longer be adequately isolated from broader geo-strategic requirements and restraints. The US war on terrorism has radically shifted the lens through which the government identifies issues and implements policies to resolve those issues. The primary context by which the government makes important foreign policy decisions centers on the war on terrorism. To a great extent, the current geo-political global environment matches the previous Cold War. There are many interesting parallel features. Even President Bush remarked on these similar features in a recent speech. Bush said that "because the war on terror will require resolve and patience, it will also require firm moral purpose. In this way our struggle is similar to the Cold War. Now, as then, our enemies are totalitarians, holding a creed of power with no place for human dignity. Now, as then, they seek to impose a joyless conformity, to control every life and all of life." Moreover, this particular war must be fought on many sides, in many ways. Bush asserted that the US must "uncover terror cells in 60 or more countries, using every tool of finance, intelligence and law enforcement." And, in a powerful reference to the moral argument behind the first Cold War, Bush argued that "moral truth is the same in every culture, in every time, and in every place.... There can be no neutrality between justice and cruelty, between the innocent and the guilty. We are in a conflict between

good and evil, and America will call evil by its name.” In other words, the bipolar world of the old Cold War has resurfaced in a battle of moral values and political power that, from Bush’s opinion, has united the “United States, Japan and our Pacific friends, and now all of Europe, (who) share a deep commitment to human freedom, embodied in strong alliances such as NATO.” (Bush, 2006).

The importance of Bush’s speech and broader strategic vision cannot be overstated. The US worldview has returned to the combination of moral absolutes and political power. The world is divided between friends and enemies, between those who will gain from close cooperation with the US and those who will be punished for distancing themselves from the goals of the US. While the US pursues its strategic goals mainly through military means, in today’s globalized world, the US recognizes the significance of economic and social dimensions that facilitate or foster threats against the US. The 2006 *National Security Strategy* report highlights this policy recognition by asserting that “terrorism is a byproduct of poverty” and that US strategy to counter terrorism is in reality a means to empower the people the terrorist most want to exploit. Indeed, the report notes that “the US recognizes that our security depends upon partnering with Africans to strengthen fragile and failing states and bring ungoverned areas under the control of effective democracies” (2006).

Twin Dilemmas of US Foreign Aid to Africa

A crucial implication of this shift towards international terrorism has been a more sweeping emphasis on foreign aid. A recent book on US relations towards Africa published by the Council on Foreign Affairs has the relevant title of *More Than Humanitarianism: A Strategic US Approach Toward Africa*. This new argument highlights the underlying foreign aid strategy of the US. Aid today is influenced by strategic economic and political objectives as guided by the national security strategy and the new aid paradigm is based on the perceived level of global security threat (Lake, et al, 2006).

The new aid paradigm towards Africa is documented in the most recent statement published by USAID. In its 2006 *Strategic Framework for Africa*, USAID underscores several contemporary objectives of US foreign policy. The

official US position focuses on the expansion of democratic values, the increase in economic development, the fight against terrorism, the creation of regional stability, and the counter of the spread of HIV/AIDS (2006). But the underlying theme of these objectives remains the war on terrorism. In reality, US interests in Africa are focusing more on strategic and economic affairs. The US imports 15 percent of its oil from African countries. The US will invest over \$10 billion per year in oil activities in Africa over the next ten years (Booker and Colgan, 2006). Moreover, US military programs are in many African countries with one report suggesting that it is the “most widespread and extensive role of US military in Africa since Somalia in 1992 (ibid.).

And yet, US foreign aid policy to Africa is not as clear cut or unambiguous as the US government is suggesting. The move towards the war on terrorism creates twin dilemmas with US foreign aid policy to Africa. First, on the one hand, US policy is motivated by strong national security goals and it also is affected by long-term development objectives. That is, should foreign aid be used in a direct way to fight terrorism or should it be used as a means to eradicate poverty in Africa? The relationship between the war on terrorism and how it affects economic development, especially in terms of eradicating diseases and poverty, needs to be further explored (Abadie, 2004). The goals of anti-terrorism and anti-poverty create an uneasy relationship.

Second, a significant economic theme in US foreign aid to Africa has directly evolved from neo-liberal economic policy. The so-called Washington Consensus framework strongly supports a limited role of the government in managing the economic affairs of the country, a promotion of human rights, expansion of civil society, and the establishment of democratic practices. Yet, the means of fighting global terrorism has led, in part, to a weakening of those democratic principles and values and paradoxically has reinforced the powers of the state. USAID purposefully has targeted fragile states with the goal of strengthening their capacities, yet this policy contradicts neo-liberal ideology. (*Strategic Framework for Africa*, 2006). A significant study on the relationship between foreign aid allocation and good governance is found in the article by Burnside and Dollar (2000). A critical analysis of the Burnside-Dollar argument is by Easterly (2003).

Analysis of US Foreign Aid Data

The analysis of US foreign aid to Africa illustrates these twin dilemmas. The aid data can be broken down into three categories: Economic/Humanitarian, Military, and Food Aid. Several important trends can be identified in these categories. First, there was an 81 percent increase in Development Assistance between 2000 and 2005. This program assists in the promotion of transformational development in stable developing countries which are committed to promoting economic freedom, ruling justly and investing in people. Development Assistance funds support programs in fragile states that enhance stability and develop key institutional capacities for lasting recovery. Clearly, the most significant increase during this period was in the Global Health and AIDS: The President's Emergency Plan for AIDS Relief program (PEPFAR). This was a one-time increase contained in the President's budget. Nevertheless, this was a substantial increase in the fight against AIDS. Another significant category in US aid to Africa is in the Child Survival and Health Programs. These programs focus on the improvement of health interventions that address critical health, HIV/AIDS, nutrition and family planning needs worldwide. Finally, the Economic Support Fund received a substantial increase. These funds will assist countries to recover from conflict and bring about enduring peace; advance the development of democracy, including support for human rights and rule of law; promote economic stability, sustainable development, and U.S. investment opportunities in Africa; and combat terrorism. Although there was an 81 percent increase in the disbursement of economic and humanitarian aid to Africa between 2000 and 2005, the relative portion of this type of aid compared to total foreign aid to Africa actually dropped from 63 percent in 2000 to 57 percent in 2005. (See Table 1).

The primary reason for this reduction was the significant increase in the amount of foreign aid for military purposes. Total amount of foreign aid allocated for military purposes increased by 200 percent during this period. The largest increases occurred in all areas with the most significant rise in peace operations. The specific parts of this program included support of the Africa Crisis Response Initiative, the tribunal courts in Rwanda, and peacekeeping operations in Sierra Leone, Congo, Liberia, and the Sudan. Indeed, this period

witnessed the most widespread and extensive role of US military operations in Africa since Somalia in 1992. All in all, the portion of US foreign aid to Africa during this period increased from 37 percent in 2000 to 43 percent in 2005. (See Table 2).

The third important category in US foreign aid to Africa is food shipments. Food aid increased by more than 100 percent in this period, but more importantly food aid as a percentage of economic and humanitarian aid to Africa increased from 50 percent in 2000 to 55 percent in 2005. In other words, short-term emergency and food assistance contributed to much more than half of this form of foreign aid. Actual development assistance is becoming increasingly smaller. The Fiscal Year 2007 budget request provides an informative perspective

**Table 1 Economic and Humanitarian Assistance to Africa
FY 2000 vs FY 2005 in \$ (thousands)**

| | FY2000 | FY2005 | Change | % Change |
|------------------------------------|-----------|-----------|-----------|----------|
| Child Survival and Health Programs | 281,000 | 356,774 | 75,774 | 27 |
| Development Assistance | 446,988 | 547,446 | 100,458 | 22 |
| Economic Support Fund | 62,500 | 104,160 | 41,660 | 67 |
| Global Health and AIDS | 0 | 781,469 | 781,469 | 100 |
| Migration and Refugee | 154,847 | 229,351 | 74,504 | 48 |
| Peace Corps | 52,347 | 66,937 | 14,590 | 28 |
| African Development Bank | 4100 | 4067 | -33 | -1 |
| African Development Found. | 14,345 | 18,848 | 4503 | 31 |
| African Development Fund | 127,000 | 105,152 | -21,848 | -17 |
| Sudan: IDFA-SUP | 0 | 17,856 | 17,856 | 100 |
| Int'l Disaster Assistance | 25,000 | 0 | -25,000 | -100 |
| MCA | 0 | 400 | 400 | 100 |
| HIPC Debt Relief | 110,000 | 79,336 | -30,664 | -28 |
| Total | 1,278,137 | 2,311,796 | 1,033,659 | 81 |

Source: USAID, Budget: Africa FY06, www.usaid.gov/policy/budget/cbj2006/af/; Copson (2005).

**Table 2: US Military Foreign Assistance to Africa
FY 2000 vs FY 2005 in \$ (thousands)**

| | FY2000 | FY2005 | Change | % Change |
|---|-----------|-----------|-----------|----------|
| Foreign Military Financing | 10,000 | 26,288 | 16,288 | 162 |
| International Military Education/Training | 7,543 | 10,807 | 3,264 | 43 |
| Int'l Narcotics Control and Law Enforcement | 0 | 10,500 | 10,500 | 100 |
| Nonproliferation, Anti-terrorism, De-mining | 16,445 | 31,518 | 15,073 | 92 |
| Peacekeeping Operations | 36,654 | 133,192 | 96,538 | 263 |
| Sub-Total: Military and Other | 70,642 | 212,305 | 141,663 | 200 |
| Total | 1,348,779 | 2,524,101 | 1,175,322 | 87 |

Source: USAID, Budget: Africa FY06, www.usaid.gov/policy/budget/cbj2006/af/; Copson (2005).

of current US policy towards Africa. The US budget statement specifically argues that development makes a vital contribution to enhancing U.S. national security. It acknowledges that foreign assistance supports several goals, including promoting transformational development, stabilizing fragile states, supporting strategic states, and responding to humanitarian needs. Analysis of the current budget request is suggestive of my argument that we have entered a New Cold War. Implications of this budget highlights the war on terrorism, the reward of allies and good performers and the punishment of enemies, and the maintenance of US leadership in the world. (See Table 3).

Another angle by which we can interpret US foreign aid data is bilateral aid. In light of the US preoccupation with linking economic development with the war on global terrorism, it is not surprising that the US nearly tripled bilateral foreign aid to African countries between 2000 and 2005. The ten African countries that are receiving the most US foreign aid share some important characteristics, such as political stability, economic structure, and commitment on the war against terrorism. In terms of US contribution to multilateral aid, the data does underscore the recent US interest in providing foreign aid. US allocation for multilateral aid nearly doubled between 2000 and 2004. In particular, the World Bank, lending through its International Development Association, received \$900 million from the US of which \$400 million went to Africa in 2004. (See Table 4).

Overall, while the US is the largest bilateral donor of net bilateral foreign aid to Africa, most other countries give a larger proportion of their assistance to Africa than the US. In 2002, the African continent received 32 percent of US foreign compared to 57 percent of French aid, 47 percent of German aid, and 37 percent of British aid.

**Table 3: Total US Foreign Aid to Africa
FY 2000 vs FY 2004 in \$ (thousands)**

| | FY2000 | FY2005 | Change | % Change |
|-----------------------|-----------|-----------|-----------|----------|
| Economic/Humanitarian | 1,278,137 | 2,311,796 | 1,033,659 | 81 |
| Military | 1,348,779 | 2,524,101 | 1,175,322 | 87 |
| Food Aid | 685,500 | 1,400,000 | 714,500 | 104 |
| Total | 3,312,416 | 6,235,897 | 2,923,481 | 88 |

Table 4: Bilateral Aid: Top Ten US Assistance Recipients In Millions of \$

| Country | FY2004 Actual | FY2205 Estimate | FY2006 Request |
|--------------|---------------|-----------------|----------------|
| Uganda | 112.8 | 148.6 | 220.4 |
| Kenya | 101.2 | 159.1 | 212.9 |
| South Africa | 99.1 | 139.4 | 189.9 |
| Nigeria | 80.2 | 130.1 | 175.7 |
| Zambia | 82.1 | 113.4 | 160.0 |
| Ethiopia | 74.3 | 114.1 | 145.0 |
| Tanzania | 58.9 | 103.4 | 127.5 |
| Sudan | 170.7 | 200.9 | 112.4 |
| Mozambique | 59.9 | 80.3 | 81.3 |
| Liberia | 203.0 | 44.1 | 89.8 |

Source: Copson (2005).

Challenges of US Foreign Aid to Africa

In the last few years, US foreign aid to Africa has increased in some important ways. US contribution to foreign aid is part of a more global assistance strategy by donor governments. Aid has increased in economic, humanitarian, food, and military categories. Yet, US foreign aid to Africa remains problematic for many different reasons. Indeed, the current aid strategy is suggestive of several challenges. First, the US provides about \$17.5 billion in total foreign aid, which is less than five percent of the annual military budget for the US. Of this \$17.5 billion, only about \$6 billion goes toward humanitarian and development assistance. Most striking, Israel and Egypt regularly receive about \$4.5 billion compared to the entire continent of Africa which receives \$4.3 billion. In other words, while the Bush administration recently has portrayed itself as a significant player in foreign aid to Africa, in comparison to what the US spends on its military or even on a few other countries, this new and increased amount is small (Bryden, 2005).

Second, there has been much publicity concerning the generosity of the US government towards Africa. While there indeed has been an increase in foreign aid, it needs to be placed in the appropriate context. Much of the so-called new aid is allocated towards emergency funding of important goals. However, food aid and emergency assistance do not necessarily promote long-term sustainable development (Rice, 2005). Moreover, the new emphasis on debt cancellation, while potentially helpful, also should be separated from long-term development assistance. The contribution to the MCA and the US support of the New Partnership

for Africa's Development (NEPAD) is commendable, but the general perception is that many African countries are unable to meet the MCA's eligibility criteria and the program is slow to disburse funds (Copson, 2005).

Third, the effectiveness of US aid has come under attack. If most of the money is targeting either emergency or food objectives, then how effective is this aid in terms of resolving long-term development needs of the continent? The US administration needs to decide on the most effective route to take towards long-term development goals. Another issue concerns the dilemma of improving effectiveness by demanding higher standards of eligibility and of selectivity for aid programs. Funds are often provided to countries which already have a better chance of success; but where does that leave struggling or failing countries?

The final challenge facing the US government today is the reform of the aid bureaucracy. The US State Department recently created a new director position over the Office of US Foreign Assistance. This position carries with it the rank of Deputy Secretary of State and will oversee the Office of Global AIDS, the Millennium Challenge Corporation, and USAID. For the first time, the most significant aid agencies will be housed in the same office. One of the stated purposes of this bureaucratic change was to align the office with the objectives of "transformational democracy." That is, the primary purpose of this reform was to concentrate foreign assistance to serve US strategic aims in the recipient countries. But what may occur is the merging of the political objectives of the war on terror with economic development programs. This change poses a dilemma in which the US seeks to advance the growth of democratic and capitalist states yet will support non-democratic regimes using state intervention in the fight against global terror.

Conclusion

The role of foreign aid in the 21st century needs to be placed in the context of the reality of the war on terror. Especially in the US, this new emphasis must be understood as foreign aid is allocated to various countries and groups in the developing world. As Bush and others have warned, the war of terror is not a short-term conflict, but one that will likely continue for many years. Thus,

analysis of US foreign aid must equally be long-term and understood within this context of the New Cold War.

A related recommendation is a renewed examination of the causes of terrorism. This renewed interest in providing foreign aid to Africa must be considered as part of a geo-strategic outlook towards the war on terrorism. The military struggle against terrorism needs to be merged with an effective analysis of the roots of terrorism. Can foreign aid be used appropriately in order to fight against terrorism? Is that an effective use of foreign assistance? In other words, foreign aid needs to be contextualized by the current and long-term war on terror. In this context, the twin dilemmas will surface in the next several years. There needs to be a more comprehensive analysis of the relationship between economic development, political institutions, democratic values and the war on terrorism. Additionally, the long-term implication of this war may weaken the neo-liberal impulse of a reduction in state intervention in economic affairs and a weakening of liberal values of human rights and a protected civil society.

Finally, the US government needs to recognize that nearly half of annual aid is allocated for short-term, emergency relief, and food aid. How will these types of assistance bring about long-term and sustainable development in the developing world? These questions need to be asked and answered in order to improve US foreign aid programs.

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