

# UNITED STATES



**15% OF THE COMMITMENT HAS BEEN DELIVERED**

US'S PROMISED INCREASE



## WHAT WAS THE DEVELOPMENT ASSISTANCE COMMITMENT IN 2005?

‘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 five-year, \$660 million Global Peace Operations Initiative.’

### THE G8 COMMUNIQUÉ ON AFRICA

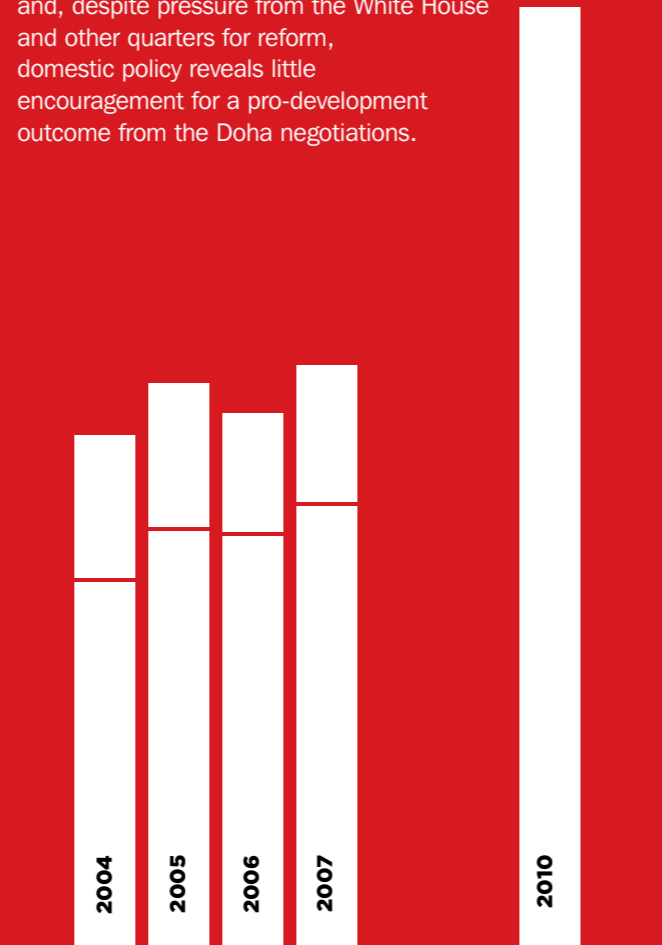
## STATEMENT FROM THE US ON COMMITMENT

‘The first four years of my administration, we doubled our assistance to Africa. At the G8 summit in 2005, I promised our assistance to Africa would double once again by 2010. I made a promise to the people. People expect us to deliver on that promise, and I expect the Congress to help. We must not short change these efforts.’

**PRESIDENT GEORGE W. BUSH**, MAY 2007

## OVERALL ASSESSMENT

The US is currently off track on its ODA commitment as compared with a straight-line trajectory, but DATA estimates it has sufficient increases in the pipeline to fulfill its commitment by 2010. The US has been a clear leader on HIV/AIDS and malaria and has made significant contributions to Africa's peace and security. The latest (2006) DAC spending figures reveal that it did not emphasise primary education or water and sanitation as much as other G8 members. The US ties for last place among the G7 on the quality of development assistance' and, despite pressure from the White House and other quarters for reform, domestic policy reveals little encouragement for a pro-development outcome from the Doha negotiations.



## HOW DOES DATA INTERPRET THE US'S COMMITMENT AND CALCULATE THE TARGET?

At the time of the 2005 Gleneagles Summit, US ODA to sub-Saharan Africa, based on preliminary 2004 data, was reported to be \$4.4 billion. This was the baseline from which the US committed to double its aid to \$8.8 billion in 2010. (The DAC figures now report that 2004 ODA to sub-Saharan Africa was \$5.1 billion.)

The US did not set interim annual targets to achieve this goal. In lieu of such targets, DATA tracks progress against a projected straight-line trajectory between the most recent year for which data are available and the 2010 target. To measure progress toward this commitment, The DATA Report tracks ODA to sub-Saharan Africa net of bilateral debt relief.<sup>2</sup> Debt relief is immensely important to development, but bilateral debt relief as recorded by the DAC skews the true value to the recipient, as well as the true cost to the donor. Though donors did not explicitly make commitments in real terms, the data in this report are recorded in 2004 prices to ensure that the full value of the commitment made in 2005 is delivered by 2010.

## IS THE US ON TRACK TO MEET ITS OWN COMMITMENTS ON DEVELOPMENT ASSISTANCE TO SUB-SAHARAN AFRICA?

**2010 TARGET \$8.8bn**  
**2007 ODA \$5.414bn**  
**CHANGE 2006-07 \$413m**  
**CHANGE 2004-07 \$581m**  
**% OF INCREASE ACHIEVED 15%**

The US set a target for 2010 of \$8.8 billion – a \$4.4 billion increase over 2004 levels. ODA to date has been significantly below the level needed for a steady ramp-up to the 2010 goal. In 2007, US ODA to sub-Saharan Africa (excluding bilateral debt relief) increased by \$413 million, or 8.26%, from 2006 levels. To be on track as determined by a straight-line trajectory, DATA estimates that the US should have increased ODA by \$950 million – an increase of 19%. To date, between 2004 and 2007, the US has only delivered a total increase of \$581 million.

The 2007 increase reflects growth in HIV/AIDS funding and general development assistance that was offset to some degree by reductions in humanitarian aid.<sup>3</sup> It is also worth noting that budgetary increases passed in FY2007 in the US were significantly delayed, thus limiting the extent to which they would emerge in a 2007 disbursement analysis.

Although The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, increases in ODA to the region occur in the context of fluctuations in global ODA. The US did not make a global ODA commitment at Gleneagles. While US ODA to sub-Saharan Africa increased in 2007, the US's global ODA net of bilateral debt relief decreased by \$640 million, due largely to declining ODA for Iraq.

FIGURE 1

**WHAT HAVE ODA FLOWS BEEN SINCE 2004?**

US ODA IN \$ MILLIONS, 2004 PRICES	2004	2005	2006	2007
<b>TOTAL GLOBAL ODA</b>	19705	27192	22255	20047
BILATERAL DEBT RELIEF (Global)	175	3999	1595	27
<b>TOTAL GLOBAL ODA (net of bilateral debt relief)</b>	<b>19530</b>	<b>23193</b>	<b>20660</b>	<b>20020</b>
<b>TOTAL SSA ODA</b>	5225	5095	6440	5422
BILATERAL DEBT RELIEF (SSA)	105	96	1440	8
MULTILATERAL ODA TO SSA <sup>4</sup>	1711	1138	1142	1296
BILATERAL ODA TO SSA (net of bilateral debt relief)	3409	3861	3859	4118
<b>TOTAL SSA ODA (net of bilateral debt relief)</b>	<b>5120</b>	<b>4999</b>	<b>5001</b>	<b>5414</b>

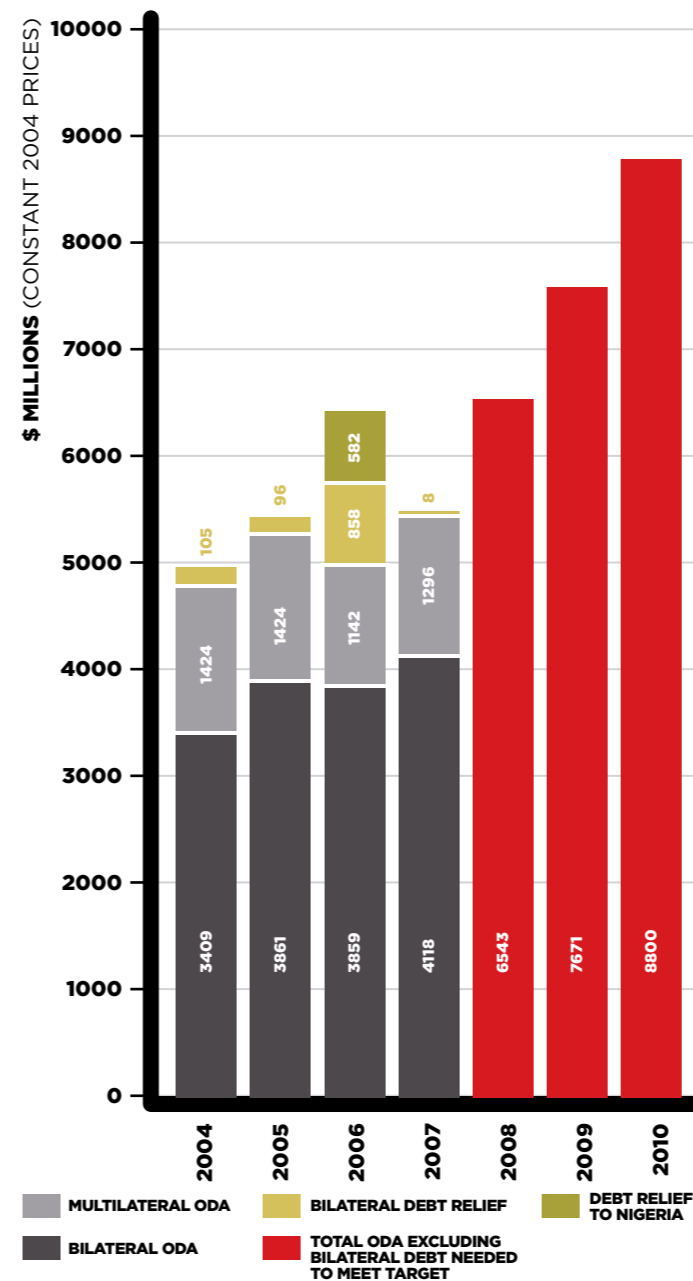
**WHAT PROGRESS DOES THE US NEED TO MAKE ON AID TARGETS TO AFRICA?**

All figures in this section are provided in US dollars in both 2007 prices and 2004 prices for the purposes of comparing these figures with both the current US federal budget and with the DAC figures given elsewhere in The DATA Report that are in 2004 prices.

Assuming a straight-line trajectory, the US would need to allocate a total of \$7.1 billion (\$6.5 billion) for Africa in 2008. Reaching such a target would require a \$1.2 billion (\$1.1 billion in 2004 prices) increase (net of bilateral debt relief) in 2008 (a 21% increase).<sup>5</sup>

FIGURE 2

**US'S ODA TO SUB-SAHARAN AFRICA AND TRAJECTORY TO 2010 TARGET**



**ESTIMATED INCREASE 2007-08**  
**\$940m** (\$868m IN 2004 PRICES)

**INCREASE NEEDED 2007-08**  
**\$1.2bn** (\$1.1bn IN 2004 PRICES)

US appropriations levels have increased in recent years. However, slower-than-expected disbursements, in some cases due to the late passage of appropriations bills, have tempered the progress in ODA as reported by the DAC. Unless the pace of disbursement previously appropriated assistance for sub-Saharan Africa accelerates significantly, DATA estimates that in 2008 the US will once again be below a steady ramp-up to reach its 2010 goal. DATA estimates that the US will increase ODA to sub-Saharan Africa by \$940 million (\$868 million in 2004 prices) in 2008, a level more than twice as high as the increase between 2006 and 2007. The increase, however, would fall short of the \$1.2 billion (\$1.1 billion in 2004 prices) increase needed to be on a steady track.

Data for 2009 and 2010 are far less certain, given that the budgets have not yet been approved. However, due to continued scale-up in disbursement rates for key programmes such as the Millennium Challenge Account (MCA) and President's Emergency Plan for AIDS Relief (PEPFAR), funding is expected to increase in 2009 and 2010 as current budgeted resources are spent. DATA's conservative estimate is that the US will increase ODA for sub-Saharan Africa by \$1.2 billion in 2009 prices (\$1.1 billion in 2004 prices).

Based on the known pipeline for sub-Saharan Africa, DATA estimates that disbursements for the region in 2010 will total approximately \$8.9 billion in 2004 prices, slightly exceeding the Gleneagles commitment.

## IS THE US DOING ITS PART TO MEET THE G8'S SECTORAL COMMITMENTS?

Since the Gleneagles commitment in 2005, the US has increased assistance for Africa primarily through three new initiatives. The President's Emergency Plan for AIDS Relief (PEPFAR) and the President's Malaria Initiative (PMI) are both primarily focused on Africa. Together, the two programmes have allocated \$20 billion in appropriations over the five years FY2004–08. The third programme, the Millennium Challenge Account (MCA) represents a new effort to scale up ODA for a sub-set of well-governed countries. It has grown at a more modest pace, but between 2004 and 2008 has committed \$3.8 billion to nine African countries to be spent over five years.

The US has been a clear leader on HIV/AIDS and malaria and has made significant contributions to Africa's peace and security. However, despite funding increases in recent years, current data show that the US is not contributing a proportionate share of funding needed to reach the G8's goal of universal primary education in Africa. Compared with other G8 members, the US ranks last in its percentage of ODA to sub-Saharan Africa for water and sanitation, despite being the second largest financier of such programmes globally.

Figure 3 details the performance and efforts of the US in relation to each of the 2005 sectoral commitments that DATA monitors on debt, trade, education, health and governance and security. This section also discusses key recent changes and relevant developments in the US as they pertain to these sectors. OECD DAC numbers used in this section are from 2006 data on commitments, the most recent figures available.

## TRACKING THE COMMITMENTS

FIGURE 3

### ON TRACK DEBT

- As of 30 September 2007, the US made overall pledges of \$232.5 million (\$132.2 million qualified and \$99.6 million unqualified) for 2007–08 to compensate IDA (International Development Association) for the Multilateral Debt Relief Initiative (MDRI). In addition, the US made qualified pledges of \$1.4 billion for 2009–16 and \$5.8 billion for 2017–44.
- The US had pledged \$3.705 billion to IDA15. Beyond the technical compensation for the MDRI, this general contribution to IDA shows the political will to ensure that IDA, which is the biggest contributor to the MDRI, is properly compensated.
- The US has cancelled 100% of bilateral debts owed by HIPC countries. This includes 100% of post-cut-off-date commercial debts.

### ON/OFF TRACK CANNOT BE ASSESSED, BUT PROGRESS IS MONITORED IN THE FOLLOWING SECTORS

#### HEALTH

- The US has allocated approximately \$20 billion in appropriations over the five years FY2004–08 for the President's Emergency Plan for AIDS Relief (PEPFAR) and the President's Malaria Initiative (PMI). (This includes resources for the Global Fund.)<sup>6</sup>
- At the time this report went to press, the US was debating re-authorising PEPFAR for another five-year period. To date, PEPFAR's bilateral efforts have supported more than 1.4 million people with life-saving antiretroviral treatment, provided care for more than 6.6 million people (including 2.7 million orphans and vulnerable children), and provided services to prevent the transmission of the HIV virus from mother to child for 10 million pregnancies.
- In 2007, the US pledged \$724 million to the Global Fund, of which \$192.9 million has not yet been transferred. It has pledged \$840 million (26%) of the Global Fund's \$3.2 billion in total 2008 pledges. Since 2001, when the Global Fund started, the US has paid in \$2.5 billion (24%), making it the largest contributor by volume.
- At Gleneagles, the US committed to spend an additional \$1.2 billion between FY2005 and FY2010 through the President's Malaria Initiative (PMI), a programme designed to reduce malaria-related deaths by 50% in 15 focus countries in Africa. The PMI programme has distributed 2.3 million insecticide-treated bed nets, procured 15 million treatments and conducted indoor residual spraying to benefit five million people in need.

- In February 2008, the US announced a \$350 million, five-year Neglected Tropical Disease Initiative, a programme aimed at providing integrated treatment to more than 300 million people in Africa, Asia and Latin America. It targets seven major NTDs: lymphatic filariasis (elephantiasis); schistosomiasis (snail fever); trachoma (eye infection); onchocerciasis (river blindness); and three soil-transmitted helminthes (STHs) – hookworm, roundworm and whipworm.

#### GOVERNANCE AND SECURITY

- The US has ratified and signed both the UN Convention Against Corruption (UNCAC) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- With contributions of \$1 million in FY2007 and \$3 million in FY2008, the US has nearly met its proportionate share of the \$12.5 million provided to date to the EITI (Extractive Industries Transparency Initiative) Multi Donor Trust Fund.
- The US Global Peace Operations Initiative (GPOI) is a \$660 million, five-year programme running from FY2005 to FY2009. GPOI's primary goal is to train and equip 75,000 troops, a majority of them African, for peacekeeping operations by 2010. While not focused exclusively on Africa, the initiative's largest training component is the existing African Contingency Operations Training and Assistance (ACOTA) programme. Between FY2005 and FY2007 (as of end December 2007), 36,013 peacekeeping trainees and 2,452 trainers had been trained through GPOI funds in sub-Saharan Africa with ACOTA's 18 partner nations, not including soldiers trained by GPOI-trained trainers.<sup>7</sup> In FY2008, the US contributed \$96.4 million, and the proposed budget for FY2009 is \$106 million. This funding level will train an additional 15,000 peacekeepers in Africa and enable the initiative to achieve its goal of 75,000.<sup>8</sup>
- In FY2008, the US approved a total of \$2.55 billion for all UN and non-UN peacekeeping operations. These funds include support for UN peacekeeping operations in the Democratic Republic of Congo (\$285 million), Liberia (\$180 million), Sudan (\$242 million) and Darfur (\$884 million for the UN-AU hybrid mission).
- From 2004–06, the US provided more than \$350 million to the African Union Mission in Sudan (AMIS) and contributed an estimated \$1 billion in FY2007 for humanitarian, development and peacekeeping assistance in Sudan.
- The UN Peacebuilding Commission has set an annual target of \$250 million, of which the US's proportionate share would be \$68 million. The US, however, has not made a pledge to the Commission.

## OFF TRACK TRADE

- The US is a key player in the Doha negotiations, but WTO members' unsuccessful efforts to negotiate a deal have not been focused on the needs of developing countries. Even if progress is made, lack of reform in the Farm Bill, as well as political sensitivities around trade during a presidential election year, could make it difficult for the Administration and Congress to finalise a Doha deal.
- In 2006, the OECD estimated that the US spent almost \$6 billion on market price support, the most trade-distorting type of agricultural subsidy.<sup>9</sup> This was more than total US ODA to sub-Saharan Africa in 2006. 2007 marked the five-year review of the Farm Bill, which funds US agricultural programmes. Congress approved a new Farm Bill that made no significant changes to the programmes that negatively impact African farmers most. The President vetoed the bill, but congress overrode his veto, thus putting in place a five-year bill that continues US subsidy programmes.
- The African Growth and Opportunity Act (AGOA) provides duty-free access to the US for 39 African countries. In 2006, over 98% of US imports from the 39 AGOA-eligible countries entered the US duty-free. Nevertheless, some key African exports, such as sugar and peanuts, are limited by quotas and high tariffs. To date, petroleum products have been the biggest beneficiaries.
- At the 2005 WTO Ministerial Conference in Hong Kong, the US announced that it would double its contributions to global aid for trade, from \$1.3 billion in 2005 to \$2.7 billion by 2010. According to OECD estimates, aid for trade funding for Africa reached just \$364 million in 2006. The Millennium Challenge Corporation, which

provides assistance in trade-related activities such as infrastructure development, has become a significant channel for US aid for trade funding for certain countries.

- In FY2008, the US announced the creation of several investment funds for Africa, supported by the Overseas Private Investment Corporation (OPIC), mobilising over \$1.6 billion in investment capital for the region.

## EDUCATION

- The US delivered \$93 million for primary education to Africa in 2006. In order to provide a proportionate share of the finances required to support universal primary education, it would need to increase its assistance by \$892 million in 2008 to a total of \$985 million. US education spending in Africa is increasing significantly, although not at a pace to reach the universal primary education target. In FY2007, the US allocated \$175 million for basic education in Africa and plans to commit \$245 million in FY2008. Such funding is directed to programmes such as the African Education Initiative, which provides teacher training, scholarships, textbooks and other learning materials.
- In September 2007, the White House announced an additional five-year, \$525 million President's International Education Initiative, which aims to provide comprehensive basic education for four million children in six Education for All Fast Track Initiative countries – Ethiopia, Liberia, Ghana, Mali, Honduras and Yemen.
- In May 2007, a bipartisan, five-year \$10 billion Education for All Act was introduced in Congress and remains under consideration.

## WATER AND SANITATION

- The US directs a very small share of its ODA to Africa towards water and sanitation. The DATA Report interprets the G8 commitment on water to mean that a donor should direct 5.5% of its ODA for Africa to the sector. In 2006, the US directed 1.22% of its ODA commitment to water and sanitation (\$86 million including multilateral and bilateral funding) – an even lower level than in 2005 when it directed 1.37% of its ODA for Africa to the sector. In order to meet the 5.5% target, the US would have needed to spend a total of \$388 million in 2006.
- The US is the world's second largest financier of global water and sanitation – \$1.01 billion in 2006 – but prioritises Africa the least of all the G8 members. Of its \$773.4 million spent bilaterally on water and sanitation in 2006, the US allocated only 1.1% to sub-Saharan Africa (\$8.6 million). Iraq received 81.74% of bilateral US ODA to water and sanitation in 2006 (\$632.1 million).
- In FY2008, the US appropriated \$150 million to sub-Saharan Africa for water, which indicates that future ODA flows to water and sanitation will increase.

## EFFECTIVENESS AND QUALITY OF US DEVELOPMENT ASSISTANCE

The US ties with Italy for last among all G7 countries when ranked on a series of 10 indicators across four measures in aid effectiveness.

The Declaration agreed at the Paris High Level Forum on Aid Effectiveness in 2005 set out a growing consensus on what is necessary for aid to be most effective. At Gleneagles, the G8 referenced the Declaration in agreeing to 'implement and be monitored on all commitments we made in the Paris Declaration on aid effectiveness'. DATA has chosen four indicators of aid effectiveness to measure country performance: predictability (as measured by the extent to which planned ODA is delivered), transparency and reporting (as measured by the extent to which ODA is reflected in recipient budgets), the use of national systems (as measured by the extent to which ODA uses recipient systems) and the extent to which aid is untied and open to local competitive bidding. These four indicators were chosen both because of their importance and because of the availability of data.

The US leads the G8 in terms of the share of its ODA to the government that is recorded on the national budget, but it ties for last place with Canada in the proportion of total aid recorded in the recipient's national budget (due to the fact that aid to NGOs is not recorded). On the other indicators of aid effectiveness measured in this report, the US ranks fourth or lower. Predictability of ODA is poor, according to the DAC parameter, and the US ranks next to last in making multi-year commitments. The US makes strikingly less use than any other G7 member of host country systems for public financial management and procurement, and yet US delays in procurement are longer than any other G7 donor, except for Japan.

The relevant DAC table gives no figures at all for US untied aid, as the US does not report this information. The Paris Declaration survey estimates that only 7% of US aid is untied, compared with 41% for the next-to-last G7 country.

## LOOKING AHEAD

The US appears likely to meet its 2010 goal of doubling assistance to Africa to \$8.8 billion, despite a slow ramp-up in funding disbursed in recent years. This conclusion is based on an analysis of already-approved spending bills and existing programmes that benefit Africa (particularly PEPFAR, MCA and PMI). The extent to which the US final figures in 2010 meet or do not meet the Gleneagles commitments will depend largely on the rate of disbursement of assistance to the continent.

The upcoming 2008 presidential elections could have some impact on DATA's 2010 projection and potentially a dramatic impact on both ODA flows to sub-Saharan Africa beyond 2010 and the type of programming the US government prioritises. At the time of writing, Congress was considering re-authorising PEPFAR for FY2009–13 at a level of \$50 billion. New priorities and funding decisions by the next President and Congress will affect ODA, as well as any new effort to reform the manner in which foreign assistance is organised and delivered. In addition, the highly cyclical nature of food assistance and disaster relief could sway overall ODA up or down.

As the international community mobilises to address the deepening food crisis, the US has taken steps to increase emergency food aid reserves. These and subsequent actions, in the context of potential G8 or multilateral food and agriculture initiatives, might also result in higher future levels of US ODA to sub-Saharan Africa.