U.S. Foreign Assistance and Trade Policies in Africa

Princeton N Lyman*

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Introduction and Summary

The Bush administration accomplished some of its most well received achievements in its aid and trade policies in Africa. Under President George W. Bush, aid to Sub-Saharan Africa tripled from $2.3 billion in 2000 to $6.6 billion 2006, and the President pledged to increase it further to nearly $9 billion by 2010. President Bush's initiative on HIV/AIDS, the President's Emergency Program for AIDS Relief (PEPFAR), not only dramatically increased U.S. aid for combating this disease but stimulated major increases from other donors. Other initiatives in Africa addressed malaria, education, debt relief, and multi-year commitments to well governed countries through the Millennium Challenge Corporation (MCC). On trade, the Bush administration improved the conditions of the African Growth and Opportunities Act, helped African countries cope with strong competition from China and other textile producers, and provided substantial trade capacity assistance through infrastructure projects under the MCC and through regional trade assistance hubs.

Pledges like those of President Bush for 2010, and that of President-elect Obama during the campaign, to double foreign aid worldwide, may nevertheless be circumscribed by the worldwide financial and economic crisis that erupted in late 2008. This crisis will force a hard look at foreign aid priorities in general and perhaps strain the remarkable bipartisan support that has existed for more than a decade on behalf of increased aid and improved trade opportunities for Africa. It will be important that recent gains, especially the broad commitment to global health, the achievements in treating AIDS victims, and the lessons learned from the PEPFAR and MCC operational innovations be preserved and built upon in undertaking any new directions. Most of all the Obama administration will have to make clear to the American people and the Congress the importance of these past commitments and continued dedication to such international cooperation.

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* Ambassador Princeton Lyman is adjunct senior fellow for Africa policy studies at the Council on Foreign Relations (CFR) and is an adjunct professor at Georgetown University. He is former U.S. ambassador to Nigeria and South Africa. The author is grateful to Katy Robinette, CFR research associate for Europe and Africa, for her research assistance.

A new administration will also need to address the structural problems in the aid program, which have given rise to a plethora of calls for reform, as well as its future composition. The pattern whereby the Bush administration created new independent programs and institutions for its various initiatives has led to calls in Congress and by nongovernmental organizations for a major overhaul of the U.S. aid program, with greater consolidation and in most cases a higher priority for long-term development. Advocates for relatively neglected areas such as agriculture, health infrastructure, and family planning as well as closer coordination of aid and trade policy are all pressing for new programs, in some cases special new funds, and new White House coordinators for these fields. The new administration would do well, however, to avoid undertaking major organizational overhaul of the aid program, a process that would be time consuming and subject to intense bureaucratic and political infighting and would keep the administration from quickly pursuing important initiatives of its own while preserving the substantial gains that have been made in recent years. The same is true for bringing greater cohesion to U.S trade policies. New trade strategies do need to be developed for the resumption of the Doha round, for preserving special African preferences, and new vehicles need to be found for trade capacity building. Better coordination of aid and trade is clearly desirable.

However, judicious use of an empowered coordinator, strongly backed by the president and secretary of state, could achieve much in the first two years in developing overall strategy and achieving substantial coordination of aid programs, and could—and should—be charged with integrating aid and trade policies for Africa that would benefit both Africa and the United States. A high-level commission should be established to examine the range of aid and trade issues that would impinge on any reorganization of these functions and provide a roadmap for any such reorganization later in the first term.

Foreign Assistance

Accomplishments of the Bush Administration

The increases in aid to Africa have been particularly significant, comprising nearly a tripling of aid to Africa from 2000 to 2006. The signature global aid initiatives of the Bush administration, PEPFAR and the MCC, have been heavily focused on Africa. Much of the increase also comes from debt relief for the poorest African countries, as well as Nigeria and the Democratic Republic of Congo (DRC), taken in line with G-8 and international financial institutions' (IFIs) actions along the same lines.

The specific accomplishments of the Bush programs for Africa can be summarized as follows (figures are in disbursements):[1]

• U.S. development assistance to sub-Sahara Africa (in 2005 dollars) went from $2.3 billion in 2000 to $6.6 billion in 2006, a near tripling as the Bush Administration has often indicated. Of this latter amount, $5.4 billion was in bilateral assistance, $1.2 billion multilateral.

- Debt relief was a substantial contributor to the figures for 2006, including relief for Nigeria ($597 million), the DRC ($689 million), and Zambia ($188 million).
- Excluding debt relief, the increase was still substantial, going from $2 billion in 2000 to over $5 billion in 2006.
- Humanitarian assistance was a substantial part of the total: $1.7 billion in 2006, accounting for 31 percent of disbursements that year.
- PEPFAR was also a substantial contributor, accounting for approximately 25 percent of disbursements of non-debt aid in 2006.
- The MCC committed $3.1 billion to eight sub-Saharan African countries, based on their meeting 16 specific criteria of good governance, though disbursements by late 2007 amounted to only $100 million. Three other countries are in line for compacts. The President initially proposed that MCC commitments globally should rise to $5 billion annually by 2010, although Congress has cut his requests for MCC each year since 2006.
- Other specific initiatives of the Bush administration, included in the above figures, are a $1.2 billion program to combat malaria, a three-year $350 million program for Neglected Tropical Diseases, and an African education initiative expected to reach $245 million in 2008.

On top of these achievements, President Bush pledged at the 2005 G-8 summit that the U.S. would double its aid to sub-Saharan Africa by 2010 from the then 2004 level of nearly $4.5 billion. While the aid level reached $6.6 billion in 2006, a 45 percent increase, much of this was in the form of one-time debt relief. To reach the 2010 goal will require further high levels of disbursement under PEPFAR and from the existing MCC grants as well as further development assistance. There is strong bipartisan support for PEPFAR; indeed Congress has authorized an increase from $30 billion in the first five years to $48 billion for the coming cycle. And the backlog of existing commitments from MCC grants should allow for substantial outlays through 2010.

In his campaign, President-elect Obama promised to double aid overall. For Africa he proposed additional funding for malaria, education, agriculture, and health. However, with the burgeoning financial and economic crisis, the new administration will face severe budget problems as it and the new Congress wrestle with domestic stimulus packages, a backlog of domestic demands, increasing deficits, and other foreign affairs pressures. Thus even if the Bush target is met in 2010, lack of strong support for follow-on commitments to programs such as the MCC could produce a dropping off after 2010, hardly what was intended by the G-8 pledge.

Disaggregating the Bush figures points to other challenges. Despite the impressive rise in assistance, it still averages less than $9 per African per year, this for the poorest continent in the world. Second, the rise in humanitarian assistance, for example to Sudan and Ethiopia, the two largest recipients of assistance in 2006, and the large amounts of debt relief to three countries alone, meant that increases in broad development assistance to the bulk of the poorest countries were not large. This factor was influenced as well by the focus of PEPFAR, understandably enough, on countries where HIV/AIDS was most prominent, including middle-income South Africa, rather than on the basis of the poorest. As a result of these other priorities, the share going to the best governed states dropped from 33 percent in 2000 to 11 percent in 2006, though this decrease should be redressed by steadily increased disbursements from the MCC.[2]

The call for reform

The rapid rise in assistance in the Bush administration created structural problems as well as questions of distribution. Proliferation of special programs with different organizational leadership has complicated the coordination and focus of U.S. assistance. The administration began with a feeling, fair or not, that USAID had by and large been ineffective. Large amounts of assistance to Africa in particular seemed to have produced few results. The MCC was thus established as a separate corporation, outside of USAID. PEPFAR was placed under the direction of the State Department rather than with USAID, and even within State was established separately from the Department's Office of International Health. Programs from other U.S. government agencies have proliferated, with Treasury, Health and Human Services (HHS), Energy, and other agencies operating in many countries, sometimes through USAID support but sometimes with their own resources. Another development has been the increased role of the Department of Defense. The establishment in October 2008 of the U.S. Africa Command has raised questions of how development and security considerations need to be managed, especially on a continent with many weak states and, at least in the Horn, with a significant terrorist presence. Whatever the rationales, the proliferation of responsibilities for assistance is clear. In 1998, USAID managed 64.3 percent of official development assistance, State 12.9 percent, and DOD only 3.3 percent. In 2006, USAID's share had dropped to 45 percent while DOD's had risen to 18 percent. Responsibility of other agencies than USAID, DOD, or State rose from 19.3 percent to 23.6 percent.[3]

The feeling that significant reorganization of U.S. assistance is needed came from within the Bush administration itself, when Secretary of State Condoleezza Rice asked the USAID Administrator, who was then given a joint high-level appointment in State, to undertake a process of bringing greater coordination and an even closer relationship to State for those programs already under State and USAID's direction. That process was slowed with the resignation shortly into his term of USAID Administrator Randall Tobias, and it did not address fully the relationships and coordination of programs outside State control. Moreover, the process did not receive substantial support or authority from Congress to make major reforms.

Even more forceful calls for reform come now from Congress and from a host of experts, nongovernmental organizations (NGOs), and think tanks.

House Foreign Affairs Committee Chairman Howard Berman has stated:

> It is painfully obvious to Congress, the administration, foreign aid experts, and NGOs alike, that our foreign assistance program is fragmented and broken and in critical need of overhaul. I strongly believe that America's foreign assistance program in not in need of some minor change, but, rather, it needs to be reinvented and retooled in order to respond to the significant challenges our country and the world faces in the 21st century.[4]

The number of studies and recommendations for aid reform from the community of experts and NGOs is legion. Among them are:

- Carol Lancaster, *George Bush's Foreign Aid: Transformation or Chaos?*, (Washington, DC: Center for Global Development, May 2008) http://www.cgdev.org/content/publications/detail/16085.

- The United States Commission on Helping to Enhance the Livelihood of People Around the Globe, *The HELP Commission Report on Foreign Assistance Reform: Beyond Assistance*, (Washington, DC: HELP, December 2007) http://www.helpcommission.gov/portals/0/Beyond%20Assistance_HELP_Commission_Report.pdf.

- A series of reports from the Center for Global Development, including:

  Steve Radelet, "Modernizing Foreign Assistance for the 21st Century: An Agenda for the Next U.S. President," in *The White House and the World: A Global Development Agenda for the Next U.S. President* (Washington, DC: Center for Global Development, March 2008) http://www.cgdev.org/content/publications/detail/15561.

  Steve Radelet, "U.S. Assistance to Africa and the World: What do the Numbers Say?," Center for Global Development Note, http://www.cgdev.org/content/general/detail/15423.

  Vijay Ramachandran, "Power and Roads for Africa," in *The White House and the World: A Global Development Agenda for the Next U.S. President* (Washington, DC: Center for Global Development, March 2008) http://www.cgdev.org/content/publications/detail/15659/.

  Testimony of Nancy Birdsall, U.S. Senate Foreign Relations Committee, *Building on International Debt Relief Initiatives*, 110th Cong., 2nd Session, April 24, 2008, http://foreign.senate.gov/testimony/2008/BirdsallTestimony080424p.pdf.

  Testimony of Steven Radelet, U.S. House Foreign Affairs Committee, *Foreign Assistance Reform in the New Administration: Challenges and Solutions*, 110th Cong., 2nd Session, April 23, 2008, http://foreignaffairs.house.gov/110/41994.pdf.

- Oxfam Briefing Paper 103, *The World is still Waiting: Broken G8 Promises are Costing Millions of Lives* (Oxford: Oxfam International, May 2007), http://www.oxfam.org/files/the%20world%20is%20still%20waiting.pdf.

- Oxfam America, *Smart Development: Why U.S. Foreign Aid Demands Major Reform* (Boston: Oxfam America, February 2008), http://www.oxfamamerica.org/newsandpublications/publications/briefing_papers/smart-development/smart-development-may2008.pdf.

- Modernizing Foreign Assistance Network, *New Day, New Way: U.S. Foreign Assistance for the 21st Century* (Washington, DC: Modernizing Foreign Assistance Network, June 2008) http://modernizingforeignassistance.net/documents/newdaynewway.pdf.

- Testimony of J. Brian Atwood and Peter McPherson, House Committee on Foreign Affairs, *Foreign Assistance Reform: Rebuilding U.S. Civilian Development and Diplomatic Capacity in the 21st Century*, 110th Cong., 2nd Session, June 25, 2008, http://www.hcfa.house.gov/110/41994.pdf

- J. Brian Atwood, M. Peter McPherson and Andrew Natsios, "Arrested Development: Making Foreign Aid a More Effective Tool," *Foreign Affairs* 87, no. 6 (2008).

- The DATA Report 2008, *Keep the G8 Promise to Africa* (Washington, DC: ONE, 2008) http://www.one.org/report/en/index.html.

- Brookings Blum Roundtable on Poverty, *Making Poverty History?: How Activists, Philanthropists, and the Public Are Changing Global Development* (Washington, DC: The Brookings Institution, 2007) http://www.brookings.edu/reports/2008/02_global_development_brainard.aspx.

- Interaction, *Proposed Major Components and Organization of a Cabinet-level Department for Global and Human Development* (Washington, DC: Interaction, June 2008) http://www.interaction.org/files.cgi/6306_Cabinet-level_org_paper.pdf.

- Task Force on Nontraditional Security Assistance, *Integrating 21st Century Development and Security Assistance* (Washington, DC: Center for Strategic and International Studies, January 2008) http://www.csis.org/index.php?option=com_csis_pubs&task=view&id=4236.

- Gordon Adams, *The Politics of National Security Budgets* (Muscatine: The Stanley Foundation, February 2007) http://www.stanleyfoundation.org/resources.cfm?id=207.

- Two recent specialized studies also raise significant implications for reorganization:

  Kurt Campbell, Alexander T.J. Lennon, and Julianne Smith, *The Age of Consequences: The Foreign Policy and National Security Implications of Global Climate Change* (Washington, DC: Center for Strategic and International Studies, November 2007) http://www.csis.org/component/option,com_csis_pubs/task,view/id,4154/.

  J. Stephen Morrison and Johanna Nesseth Tuttle, *A Call for a Strategic U.S. Approach to the Global Food Crisis* (Washington, DC: Center for Strategic and International Studies, July 2008) http://www.abtassociates.com/reports/CSIS_080728_food_security.pdf.

These studies all confirm the achievements of the Bush administration but argue the need for reform. Emphases vary. Most argue for higher-level influence within the administration on long-term development. They recommend keeping to the president's pledge to double aid to Africa, but with more focus on relatively neglected sectors, for example, agriculture, education, democracy, family planning, and infrastructure. There is some tension growing between those calling for renewed emphasis on these neglected sectors, on the one hand, and the forward commitment to HIV/AIDS and attendant attention to global health on the other which may well occupy much of the room for increased assistance in the years ahead.

Some also want more aid to go to the poorest countries, while others argue for giving more attention to addressing weak and fragile states, like the DRC and Nigeria, and those where security considerations may be greatest such as in the Horn of Africa. Particular attention is paid to the need to reverse the decline over the past two decades of USAID staff, with the trend toward management of contractors in place of previous direct responsibility for programs, and the consequent loss of in-house development expertise. Some nongovernmental organizations, for example, Oxfam, emphasize greater reliance on ideas, ownership, and leadership coming from within the recipient countries (a "bottom up" approach) and longer-term objectives.

Some worry about the growing role of DOD, but others (Morrison and Hicks, Adams), though wary of too great an emphasis on short-term "hearts and minds" programs, emphasize closer coordination of development and security objectives even while greatly strengthening the civilian development capacities. Most of these studies call for greater coordination of aid and trade policy to meet African needs, though specifics on how to balance overseas and domestic interests are scarce.

Overall these studies and papers provide a rich source of assessments, ideas, and recommendations on which a new administration can draw. But while pressure for reform is widespread, the new administration will face a number of difficult issues and challenges in doing so.

Competing Reorganization Proposals

Virtually every recent study of assistance programs calls for greater unification of programs, and much greater coordination. But the argument breaks down between those who argue that long term economic development must be raised to a higher priority in U.S. policy vis-à-vis other foreign policy and security objectives, and those who argue for closer coordination of assistance in relation to a broad range of foreign policy objectives, including security. Most of those studies which stress the need for greater attention to development, more clearly separated from shorter term political and security objectives, argue for one of two alternative structures to achieve this:

a. A cabinet level department of development, similar to DFID in the UK**.,** or

b. Bringing several of the current programs (USAID, MCC, PEPFAR in particular, but also some control over programs in other agencies) under a restructured and greatly strengthened USAID, which would nevertheless continue as an autonomous agency under the State Department.[5]

A cabinet level department is seen by many of the development experts as the ideal: it would raise the importance of economic development to equal that of diplomacy and security as a basic tool and objective of U.S. foreign policy; it would attract the needed expertise; it would give the development secretary input at home and abroad into related policies such as trade; and it would counter the increasing trend of development-related programs shifting to DOD. Nevertheless, many development advocates, even some who prefer a cabinet-level solution, believe that there may be insufficient political support in the public or Congress for such a radical change and see the second alternative as the more practical. In this scenario, USAID would regain the subject expertise it once had, as well as the responsibility in setting development policy, and would manage all but the most specific security-related security programs. Some studies focused more exclusively on Africa argue for a separate budget for development assistance to Africa, which would shield Africa from more security-oriented accounts elsewhere and allow for a continental strategy that would better integrate development, trade, and governance activities.

Running almost in the opposite direction are those studies, for example by Stephen Morrison and Kathleen Hicks, and by Gordon Adams. They argue that the need for closer relationships between foreign assistance and foreign policy, including security policy, is a given in the present world, whether dealing with weak states, terrorist threats, or in support of longer-term development as a foreign policy objective. These studies say less about how to restructure the aid programs *per se* but advocate more integration of strategy and budgetary planning for national security to include foreign assistance, covering both short- and longer-term objectives; Adams advocates closer operational cooperation among personnel from aid agencies, State, and DOD to create an "interagency national security culture." The Morrison and Hicks study argues specifically for elevating long-term development, but as part of such a security strategy. These approaches are not entirely incompatible with the ones cited earlier—the Interaction proposal tries to bridge some of this gap—but it will take some work to bring them closer together.

The argument against major reorganization

While there may be a strong argument for organizational reform, the long and arduous process of reorganization may be well beyond a new administration, faced with so many other major foreign policy issues and crises. Bureaucratic rivalries will be intense in any major overhaul. Considering the proposal to create a cabinet-level department of development, for example, it is worth recalling that all recent secretaries of state have sought greater, not less, control over the assistance program, including total integration with State (advocated, for example, by Madeleine Albright). This same predilection could well arise in the Obama administration. Congressional cooperation will also be essential. Most studies advocate a rewriting of the Foreign Assistance Act, with its 247 directives and 33 policy goals. Congress has indeed supplemented the basic Foreign Assistance Act with 20 separate pieces of related legislation. No single committee in Congress has sufficient mandate alone to address these matters (for example, the relation of trade and aid, or even uses of food aid) and there will be resistance to doing so in any case.

Any serious effort at reorganization also faces several critical questions:

a. **How extensive?** The wider the reach of reorganization—for example, if it is to include policy toward the IFIs, trade, the State Department's current post-conflict reconstruction programs, domestic agency (Labor, HHS, Interior, among others) programs, relations with AFRICOM—the more complex, the more challenging politically and bureaucratically, and the more time required for doing so. What is the optimal degree of reorganization that does not inhibit ongoing programs and the relatively rapid introduction of better and new programs of a new administration?

b. **How much consolidation?** While most analysts and advocates have a predilection toward consolidation of programs under one agency or department, with a national strategy for global development, there may be merit in keeping distinct entities for the purpose of carrying out diverse objectives of U.S. foreign policy. An MCC will be better able to reward truly well governed countries—without undue pressure for including more strategically important if less well governed countries—if it is not under a single agency closely integrated with other policy objectives. The programs needed in weak and fragile states, or more politically important but poorly governed ones, may themselves demand a different direction, skills, and focus from those in the sights of the MCC. Similarly, if PEPFAR were placed under USAID, as some consolidation proposals suggest, would the high funding levels and political salience of that program be so great as to occupy most of the time and attention of senior and staff attention to the detriment of the other sectors which USAID now serves? Finally, is a single agency like USAID likely to have all the staff expertise needed, say for trade assistance, or fiscal and monetary policy reform, when other agencies are steeped in such issues? In other words, there may be argument for a number of flowers blooming within a well planned garden, rather than a single organic structure.

c. **Central policy direction versus field and country input and ownership.** How to balance the nearly unanimous recommendations of the development advocates for central policy direction and a national strategy for global development—focusing more attention on agriculture, climate change, and governance—with the need for greater flexibility at the country level, more ownership by recipient governments and local communities, and more diversity of programming (which many of the same studies advocate)? It is hard to have it both ways.

d. **The new security reality.** How to balance the advantages of staff presence in the field with today's security context? There are now some 900 unaccompanied (*i.e.*, no family members) State Foreign Service positions and over 1,000 unaccompanied USAID positions worldwide, reflecting the greater insecurity overseas today. Many officers in these posts serve shortened tours. Nongovernmental organizations carrying out humanitarian programs face threats of attack in such places as Darfur and eastern Congo. The implications of this factor for implementing development programs needs to be studied. It is one thing to expand USAID staffing and expertise, as almost all the studies cited above recommend, but another to be able to have people on the ground long enough to carry out such programs with the sensitivity and time required. With all the advantages of strong field presence, is there in fact a new paradigm necessary?

The substantive issues

Any reorganization should also first address issues that remain within the development and security communities about the purposes and role of foreign assistance. These may well determine the nature of any reorganization. Indeed if these other issues are not addressed conceptually, any reorganization will be all bureaucratic bargaining and movement of chairs, but will not necessarily provide real improvement in the foreign assistance program. These other issues are discussed below.

Development and Security It is easy to say that in the age of terrorism foreign assistance policy should be more closely integrated with security policy. Most of the studies cited above agree at least in principle. But after that, the differences are significant.

a. Should there be an integrated *foreign assistance strategy* as some recommend (Lancaster, Radelet), or an integrated *national security strategy* that links foreign aid closer to U.S. security objectives (Morrison and Hicks, Adams)? The former would emphasize the importance of long-term development, with allocations based largely on economic need, linked to building institutions and capacities for economic growth and social progress. The latter would tend to emphasize the importance of relating assistance more to concerns with weak or failing states, advocating quicker on-the-ground results, and the allocation of assistance more to countries of strategic importance than to countries most in need.

b. How great a role should DOD play in foreign assistance? DOD today accounts for 21 percent of official U.S. development assistance. Some believe the lessons from Iraq and Afghanistan, in particular the use of interagency Provincial Reconstruction Teams, should be extended to other regions, including Africa. Others believe this is a dangerous idea, misconceiving the nature of development, and threatening the role and credibility of development agencies and NGOs.

Targets of Development Assistance. There are several issues here:

a. Should development assistance focus on the poorest people or on countries with the greatest potential? With a possibly shrinking budget for foreign assistance, or one increasingly dominated by the commitment to HIV/AIDS, this is more than an academic question. It pits those most concerned with poverty reduction and the Millennium Development Goals (MGDs) against those in the development community who emphasize the need for integrated sub-regional development, a strategy that requires among other things strengthening the better endowed anchor states in those sub regions.

b. Related to the above issues, should development aid focus mostly on achieving the MDGs, or promoting economic growth? The tendency of development advocates is to argue that the two are not inconsistent, that the social objectives of the MDGs—education, health, and so forth—empower people and undergird growth. But others concerned with growth argue for more investment in infrastructure, power, entrepreneurial development, and aid for trade, none of which is included in the MDGs. Efforts to close the gap by advocating it all (for example, the HELP Commission report, p. 170) only skirt the issue. Even if rising aid levels were posited to cover all these sectors, it is questionable that such a broad mandate will have the necessary political support and clarity of purpose that both Congress and the public often demand.

c. How important is building self-sufficiency and avoiding long-term dependency? The HELP Commission (and others) recommends avoiding long-term dependency by supporting growth strategies and programs. But the reality is that achieving the MDGs (which the HELP Commission and most other studies also advocate) in countries as poor as Mali or Burkina Faso, for example, can only be done by long-term (if not permanent) subsidization by donors.

d. What will be the impact of increased allocations to HIV/AIDS, already one of the largest U.S. commitments in Africa? There is growing concern that the new larger authorization for PEPFAR, and the long term G-8 commitment to providing treatment to all who need it for AIDS, will crowd out other assistance needs. Even if it does not do so in the short term, the rising numbers and rising costs for treatment over time could well do so, as well as create a backlash in public and political support for this program, especially if new infections continue to outstrip the number of those who gain access to treatment.

e. Another question is whether the generous U.S. commitment to HIV/AIDS is serving America's political interests in Africa, where leaders may well have other priorities, or to put it more crudely, whether the U.S. is gaining influence from this program commensurate with its size? It can be argued that the United States will be unable to discontinue or even reduce what is becoming its major aid program, in countries with which it has serious disagreements, because the PEPFAR program is directly tied to keeping people alive. Ethiopia, which currently receives $350 million from PEPFAR, and nearly twice that much in emergency relief, may already be demonstrating this dilemma as it flouts U.S. concerns over backsliding in democracy and human rights. (Phillip Nieburg and Stephen Morrison offer a fuller discussion of these issues in a separate chapter on public health.)

Corruption. Almost none of the studies address in any depth the problem of corruption and how to operate development programs within societies, admittedly poor and in need, where this problem is endemic. Even less well addressed is getting at the second side of corruption, that is, corruption carried out by multinational corporations, tolerated by export finance agencies and financial institutions, and prosecuted to only a limited degree by members of the Organization for Economic Cooperation and Development (OECD). A World Bank study reports that 60 percent of multinational corporations recently paid undocumented bribes in non-OECD countries**.** How valid are anti-corruption programs in developing countries if this side of the problem is not addressed? How should a reorganized aid program relate to enforcement agencies and be able to help raise priorities for prosecution both in the United States and other members of the OECD? How central, as recommended in this chapter, should this be as a theme of the Obama administration?

New Issues Less Well Addressed

In addition, foreign assistance programs will need to turn attention to new issues beyond education, health, and infrastructure. (Michelle Gavin addresses some of these new issues in a separate chapter within this volume on Africa's "mega-challenges.") These new challenges may well demand not only new skills but changes in priorities and perhaps major changes in the way traditional programs have been conceived.

Food security. The recent rise in food prices, though abating, has raised anew the priority of agricultural investments. In response, the Bush administration rushed through an emergency $1.8 billion program in 2008 to help countries most affected. The Morrison and Tuttle report cited above calls for changes in emergency programs, biofuels policy, and trade policy advances, and puts forward a number of other recommendations that go beyond just aid. Senator Lugar, following on that report, has proposed a five-year, $5 billion program for agricultural and rural development. New emphasis on agriculture is welcome, but there are serious policy questions raised by the recent crisis not fully addressed even in these reports and recommendations. There will surely be more emphasis now by developing countries on greater domestic food security rather than dependence on the world market. How will this affect aid policies on market development, privatization, subsidies, and trade? (Malawi boasts having rejected virtually unanimous donor advice last year during a similar crisis when it in provided free fertilizer to its farmers; this year it is a food exporter.) The importance of genetically modified foods will surely receive more attention in this context. What position will the U.S. aid program take on this matter, and how hard will the U.S. press the EU on the issue?

Climate change. Africa will be hit hard by climate change. The impact on development could be catastrophic. It could also have serious destabilizing effects and create added security threats. One estimate is that Africa's agricultural yields, already low by global standards, could be reduced by 50 percent.[6] This goes well beyond the current food security crisis. Are any of the current or newly proposed U.S. development programs structured to address such a calamitous possibility? How much is there a need to rethink overall aid and development strategies in regions where drought, floods, and disease will increase in major ways in the next few decades? Should foreign assistance agencies contemplate major changes in geographic investments, readying for major shifts in population? Where should such policy thinking be located and how should this be factored in with Congress? On the positive side, Africa could benefit from renewed attention to climate change, with Africa's vast forests and biodiversity. Several projects are already under way for protecting this diversity and stopping environmentally damaging deforestation. Other donors are even more engaged than is the United States, and this also may be a valuable area for collaboration.

Migration. Migration is already a serous destabilizing problem in several African countries (Côte d'Ivoire, South Africa, and Kenya, for example) and will surely become more so. One of the major projected impacts of climate change in Africa is massive movement of people, both within Africa and to Europe and the Americas. Much of this will be rural to urban, but current U.S. priorities are only indirectly related to urban development and many of the new emphases being advocated are specifically directed to the rural areas. Job creation, which no country in Africa has managed well, will become an even greater problem. No really new and more effective strategy for employment is evident in the development literature so far or in any of the several studies cited above.

Population. This is not a new but a badly neglected sector of concern. Few studies give this subject high priority. Yet population growth in Africa is aggravating the problems of food security, environmental degradation, and migration. How should this issue be addressed within the health, education, and other programs that the new administration will implement? How high a priority should the administration make this with the new Congress, especially if there is not sufficient majority support for such programs within the Congress?

New Players. The development field will become more complex as China, India, Russia, and Brazil increase their involvement on the continent. China is making the largest impact, with very large loan commitments to countries like DRC, Nigeria, and Angola, and engagement in a wide number of infrastructure and other projects. (See the related chapter in this study by Ambassador David Shinn.) Multilateral cooperation has always been the bane of donors in Africa. Despite a myriad of agreements and commitments, donors continue to demand a multitude of distinctive management structures, reports, and attention to high-level visitors. In Mozambique, there are still nearly 1,000 different donor activities, with an average value of $2 million. Some countries report hosting more than 1,000 donor missions and providing as many as 2,400 quarterly progress reports.[7] If the OECD countries are unable to coordinate better, there are few prospects for doing better with the new players. Yet, without better coordination, at least on basic principles, there is a danger of donors working at cross purposes in such areas as debt management, corruption, environmental protection, promotion of democracy, and governance. The new players, moreover, mix public and private commercial activities well beyond practiced or allowed under the OECD's Development Assistance Committee (DAC) rules, raising important questions of aid policy and corporate social responsibility. One of the arguments in favor of an enhanced assistance entity within the U.S. government is to provide a strong focal point for negotiating such issues with other donors, including such strategically important countries as China with which the U.S. has so many other issues demanding attention.

Avoiding Organizational Breakdown; Keeping Focus

Given the differing approaches being advocated by various important constituencies, the bureaucratic complexities, and the important substantive issues that need to be resolved, initiating a major restructuring of the aid program in the beginning of the Obama administration could sap the energies of new administrative leaders and actually slow offerings of new policies and implementation of new programs. The new administration would be well advised instead to initiate a vigorous process of cross-cutting coordination mechanisms, i.e., various forms of matrix management, in its first few years, while commissioning a high-level study with Congress of more widespread reorganization alternatives that deal with both the substantive and structural questions. In its first years, as this study proceeds, the administration could appoint a high-level administrator, perhaps best in the National Security Council (rather than several new NSC coordinators for the various issues that have been raised), backed by the president and secretary of state, and empowered to coordinate existing programs as needed, for example, PEPFAR and USAID on issues of health infrastructure; USAID and State on post-conflict reconstruction programs; State, USAID, MCC and others on food security; USAID, MCC, and the U.S. Trade Representative on trade; USAID, the Environmental Protection Agency, and others on the implications of climate change, and so forth. This would permit speedier initiation new programs and ideas, and the testing of new directions. Meanwhile, the high-level commission, including non-government stakeholders, administration officials, and members of Congress, could be charged with studying the issues of organization and prioritization. Subsequently, perhaps toward the middle or end of the first term, after building more consensus, any needed major reorganization could be undertaken, more quickly and with less disruption to ongoing programs.

Trade

As with foreign assistance, the Bush administration established a solid record of support for sub-Saharan Africa in the area of trade. This was truer in terms of trade agreements such as the African Growth and Opportunity Act (AGOA) and in provision of trade capacity building than it was in multilateral trade negotiations, in particular in the Doha round. Nevertheless, the U.S. is Africa's largest single-country export market, with 98 percent of AGOA-related exports entering the U.S. duty free. China is the largest single-country exporter to sub-Saharan Africa.

AGOA began during the Clinton administration as a bipartisan congressional initiative, and was warmly supported and strengthened under the Bush administration. Legislative improvements were passed in 2002, 2004, and 2006, promoting better opportunities for African producers and promoting diversification and competitiveness. Today 40 African countries are AGOA-eligible, and 27 receive AGOA apparel benefits, with 18 of those receiving approval for hand loomed and handmade articles.[8]

Recent overall increases in African exports to the U.S. are distorted to the extent that the very largest increases are in oil and related energy products. Of $67 billion in African exports to the U.S. in 2006, only $3.4 billion represent AGOA-related non-petroleum products. Nevertheless the latter are growing. One of Africa's earliest successes under AGOA was in the growth of textiles and apparel products. Africa saw a drop of $300 million in these items in 2005 with the expiration of the restrictions on Chinese exports to the U.S, but it is heartening that the fall was reversed in 2006 and apparel exports reached $1.3 billion in 2007, compared to $359.4 million in 2001. In 2007, 21 African countries exported such products to the U.S. with Lesotho, Madagascar, Kenya, Swaziland, and Mauritius being the top exporters in this field. Minerals, transportation equipment, chemicals and related products were particular gainers in 2007, while agricultural exports declined. Overall, South Africa, with its highly diversified economy, is the single greatest beneficiary of AGOA.

Increasing African diversity of exports and competitiveness has been a major focus of U.S. trade policy, in part to take the pressure off the politically sensitive area of textiles and apparel. The U.S. has provided $1.6 billion in trade capacity assistance to sub-Saharan Africa since 2001, with $505 million in FY 2007. The largest source of that assistance is through the MCC, which has restored U.S. assistance to infrastructure after a long hiatus. Infrastructure expenditures constitute a large component of MCC's trade capacity contribution. USAID, through its Africa Global Competitiveness Initiative (AGCI), provides the bulk of U.S. technical assistance for trade capacity, with four regional Trade Hubs for Global Competitiveness, which help African countries improve procedures for transit and customs and other efficiency matters.[9] The Bush administration has also promoted negotiation of six additional Trade and Investment Frameworks Agreements (TIFAs), including two with sub-regional African economic organizations, establishing policy frameworks and the bases for further cooperation in these areas. After efforts to negotiate a free trade agreement with the Southern Africa Customs Union collapsed, the administration signed a Trade, Investment, and Development Cooperation Agreement (TIDCA) with those countries in July 2008.

The Trade Challenge

Despite recent increases in economic growth, trade preference programs such as AGOA and the EU's "Everything but Arms," and indeed increases in African exports, Africa's share of world trade remains miniscule. In 2006, sub-Saharan Africa accounted for only 1.74 percent of world trade. Trade capacity, moreover, is highly concentrated, with South Africa and Nigeria, the latter because of oil, accounting for 50.7 percent of all sub-Saharan exports. If bringing Africa more into the global economy is essential for its long-term growth and stability, as many argue, then the task ahead is enormous. Although U.S. bilateral efforts are commendable and helpful, Africa's larger successes will rely first of all on Africa's increased trade capacity, and second on worldwide and/or regional trade agreements which enhance African opportunities. In this regard, failure to reach agreement so far in the Doha round, which was supposed to be directed specifically to helping developing countries, is a blow to such hopes, though sub-Saharan Africa did not necessarily stand to benefit from some of the proposals—even those coming from the developing countries.[10] Nevertheless, with the lack of progress on Doha, Africa has become subject to the appeals of its trading partners for interim, sub-regional, or individual trading agreements which may further impede African competitiveness. The commitment at the G-20 summit in November 2008 to reinvigorate the Doha process is thus promising. But Africa will not benefit unless there are some changes in the U.S and European negotiating positions and those of sub-Saharan Africa as well.

Policy Reform Proposals

There have been several recent studies and recommendations on trade issues affecting Africa, although not as many as for the foreign assistance program. There is more focus here on policy than organizational changes. Conferences co-sponsored by Realizing Rights: the Ethical Globalization Initiative and the Council on Foreign Relations, and studies by Oxfam, the Institute for Agriculture and Trade Policy, and the American Enterprise Institute have focused over several years on African trade issues and U.S. trade policy, including negotiating strategies in the Doha round and the effect of farm subsidies. In 2008, USTR documented the experience of AGOA and other Bush administration trade initiatives, as has USAID, and identified some of the issues the new administration will face. Manchester Trade has produced a number of reports and analyses on U.S. trade policy, the problems posed by European trade practices, and recommendations for the Obama administration. Some of the relevant publications include:

- Office of the United States Trade Representative, *2008 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act* (Washington, DC: Office of the United States Trade Representative, May 2008) http://www.ustr.gov/assets/Trade_Development/Preference_Programs/AGOA/asset_upload_file203_14905.pdf?ht=.

- African Global Competitiveness Initiative, *2007 Compendium of Trade-Related Success Stories* (Washington, DC: U.S Agency of International Development, July 2008). http://pdf.usaid.gov/pdf_docs/PNADM772.pdf.

- Carin Smaller, *Can Aid Fix Trade? Assessing the WTO's Aid for Trade Agenda* (Minneapolis: Institute for Agriculture and Trade Policy, September 2006) http://www.tradeobservatory.org/library.cfm?refid=89070.

- Anne Laure Constatin, *Turning High Prices Into An Opportunity: What Is Needed?* (Minneapolis: Institute for Agriculture and Trade Policy, April 2008) http://www.iatp.org/iatp/publications.cfm?accountID=451&refID=102867.

- Oxfam America, *Presidential Transition Brief: Trade and Development* (Washington, DC: Oxfam America, November 2008) http://www.oxfamamerica.org/whatwedo/issues_we_work_on/presidential-transition/trade-and-development.pdf.

- Oxfam Briefing Paper 110, *Partnership or Power Play? How Europe should bring development into its trade deals with African, Caribbean, and Pacific countries* (Oxford: Oxfam International, April 2008) http://www.oxfam.org/files/bp110_europe_EPAs_trade_deals_with_acp_countries_0804.pdf.

- Stephen Lande and Tony Carroll, "Proactive Approach for Incorporation of a Sub Saharan African Dimension into U.S. Trade Policy," (Unpublished Paper, Manchester Trade, November 2008).

- Stephen Lande and Tony Carroll, "Suggestions for U.S. Economic Policy towards Sub-Saharan Africa (SSA): Focus on Regional Integration," (Unpublished Paper, Manchester Trade, November 2008).

- Stephen Lande and Sudha Meiyappan, "Strategy for Economic Partnership Agreements (EPAs)," (Unpublished Paper, Manchester Trade, November 2008).

Almost all these studies point to the need to bring U.S. trade policy more into line in support of African development and recommend closer coordination between USTR trade policies and aid for trade and related programs of USAID and MCC. Yet trade issues are in many ways more complex than foreign assistance, for trade policy reflects and affects important U.S. domestic concerns. The farm bill passed in 2008 is a prime example, pitting U.S. domestic pressures for subsidies against obligations under the WTO and negotiations in the Doha round to reduce them. Recent changes in the world also may require a rethinking of those positions that have been advocated by both developed and developing countries in the recent Doha round.

Some of the specific issues facing a new administration are these:

Treating Africa as a whole. One of the dangers for African development, in the mind of some experts, is the focus in recent trade discussions on the Least Developed Countries (LDCs). While there are quite a few LDCs in sub-Saharan Africa, there are also critically important countries like Kenya, Ghana, Côte d'Ivoire, South Africa, and Nigeria which are not. Proposals to provide Duty Free and Quota Free (DFQF) access to all LDCs, a position advocated by several international NGOs (for example, Oxfam) and of course by many LDCs, would in fact hurt much of Africa in several ways. First of all, large, better organized LDCs like Bangladesh could very well take away precious gains, especially in textiles, which African LDCs have enjoyed under AGOA. Second, distinguishing between trade access for African LDCs and their relatively better off neighbors undermines plans and potential for African sub-regional free trade and customs union arrangements, which some analysts believe is one of the most important ways to develop African trade and trade capacity.[11] The European Union's proposed Economic Partnership Agreements (EPAs) have been criticized precisely on these grounds, as they establish separate trade liberalization and tariff schedules for countries in West Africa like Ghana and Côte d'Ivoire with potentially negative effects on the plans for the Economic Community of West Africa (ECOWAS), and similarly in East Africa through separate agreements with Kenya, Tanzania, Burundi, Rwanda, and Uganda, all members of the East Africa Community and of an expanding Common Market of Eastern and Southern Africa (COMESA).[12]

One way to counter this trend is to have the WTO agree to treat Africa as a single entity for trade purposes, without distinguishing between its LDCs and relatively better off nations. This would at a minimum lend support and legitimacy to the sub-regional economic entities being developed in Africa and work against divisive trade agreements. Neither the U.S., nor for that matter African nations, have advocated this at WTO. But the issue may be a valuable one for the U.S and for Africa to champion. The U.S. should back this policy by greater support to sub-regional economic integration in Africa, including the development of mechanisms and funding lines for regional infrastructure projects, technical assistance to sub regional organizations like COMESA, ECOWAS, the EAC and the Southern Africa Development Community (SADC).

African Preference: How Long? AGOA has been a singular, bipartisan success for both the Clinton and Bush administrations. But, as noted earlier, with the end of the multi-fiber agreement restricting Chinese exports, the early successes in textiles have given way to more challenging problems for African countries. While African manufacturers recovered somewhat from that challenge, they still compete at fairly low levels of output. One issue, therefore, is how much to defend Africa's special preferences under AGOA against pressure for DFQF and other worldwide preference or freer trade demands. The challenges from other large developing countries, whose capacity is farther advanced, like Bangladesh, along with Africa's still limited trade capacity, argue for continuing to extend AGOA and the special preferences therein to give Africa more time to develop capacity and attract more private investment. Extending the third country fabric provision and making other improvements in AGOA, such as adding items now excluded (luggage, handbags, hats and agricultural products like sugar, dairy, beef, groundnuts, cotton, and some chocolate), are ways the Obama administration could expand and sustain such preferential treatment.

On the other hand, there is room for argument that maintaining such preferences too long only perpetuates Africa's special status without necessarily providing the incentives for Africa to become more competitive. The U.S. may well face greater pressures from other regions, and countries of greater strategic importance for either similar preference or an end to Africa's special status. African countries would like to see AGOA made permanent, but this is unlikely and perhaps not in Africa's own interest. At what point, in other words, should policy shift more to helping Africa become more competitive in the global market place and less toward protecting its special preferences?

More Free Trade Agreements (FTAs)? There has been a certain bifurcation in U.S. policy, promoting AGOA while seeking a free trade agreement with the Southern Africa Customs Union (SACU) in place of the unilateral concessions of AGOA. The new administration may be faced with more such pressure to reexamine whether AGOA should continue to be an Africa-wide program, unilateral in its benefits—that is, without reciprocal concessions for U.S. exports—or at a minimum directed more narrowly to the poorer African countries. Moving in the latter direction would, like the EPAs, undermine some of Africa's sub-regional development and upset regional trade patterns. Another challenge for the U.S. in seeking FTAs is the Most Favored Nation (MFN) clause in the EPAs, which give Europe the benefit of any advantages that the U.S. might seek to negotiate in a post-AGOA phase. For example, one of the problems in the negotiations between the U.S. and SACU was that any opening of the auto market to the United States, would, by dint of the EU's MFN clause in its agreement with SACU, open the South African market to Europe as well. The U.S.-SACU negotiations also revealed the difficulty in applying the U.S. comprehensive template to Africa where some cut-outs and exceptions may make more sense. The U.S. might want to consider whether it can develop an "FTA lite" model for Africa allowing advancement of reciprocity on a more limited basis.

The Doha round. Neither the U.S. nor Africa should take any satisfaction from how the Doha negotiations nearly collapsed. The U.S. farm bill passed in May 2008 ran counter to much of Bush administration policy for reducing agricultural subsidies, including the U.S. positions on this issue being advocated within the Doha round. Despite the brave front of U.S. negotiators that such reductions were still on the table, the politics in the U.S. seemed to be running the other way. There is possible retaliation from countries like Brazil, pointing to the fact that the bill violates WTO rulings. In Africa, the cotton producing countries, including security-sensitive countries like those in the Sahel, will be negatively affected as well and may join in a WTO challenge. African negotiating strategy at Doha, however, raises questions as well. South Africa, in alliance with Brazil, India, and other middle income countries, led Africa as a whole into supporting China's and India's resistance to liberalization of their markets, whether in agriculture or manufacturing and services. This is a nice position to take from a South-South perspective, but it does not necessarily serve most of Africa's purposes. Middle-income countries like India, China, and Brazil maintain tariff and non-tariff barriers to African goods as high or higher than those in the EU or U.S. Moreover, U.S. concessions on cotton were more likely to be politically palatable in the U.S. if part of an overall agreement that opened markets to the U.S. in countries like India and Brazil. It is thus not clear what advantages most African countries get from supporting the positions of these countries, at least if not getting concessions from those countries on barriers to African exports. Yet, the U.S. was not able to break African unity in the negotiations. The new administration will need to ponder what its trade strategy with Africa could be and how it would change this lineup as the Doha round resumes.

Food security. As noted earlier, the recent crisis over rising food prices may lead to a major revision in thinking about global agricultural policies, including subsidies and trade. First, one of the arguments against U.S. and EU subsidies—that they increase production and lower prices to the disadvantage of developing countries—may become moot if the objective is now to lower food prices. Lower subsidies, however, could lead to lower production of some key food grains in formerly subsidizing countries making the price impact neutral, or even lead to higher food prices with added hardship to food importing countries. The outcome is thus not so clear. Second, with more emphasis on national food security, there will be more pressure for allowing developing countries special exceptions to liberalization of agricultural trade. The whole issue of agricultural liberalization will thus be subject to new debate and review and likely considerable controversy. Here is where coordination of development assistance and trade policy is most needed, but where divergent interests may make such coordination nearly impossible. The U.S. has recognized that assistance for agricultural research and productivity has been badly neglected in the past decade, and, as noted, there are several proposals for increased attention to the sector. But whether U.S. trade policy in the WTO will support greater protection for African agricultural development, or do so without reevaluation of other trade preferences such as in AGOA is uncertain.

Trade Capacity Assistance. Africa has difficulty in many aspects of trade capacity, for example, in scaling up to meet large import opportunities, overcoming border and transport costs, and quality control matters. The question is whether—and how—trade and aid strategy will be coordinated well enough in the new administration to enable making an informed decision on its priority and its place in the various aid and trade structures. Much of trade capacity assistance to Africa has come through the MCC and the AGCI, the latter the source of some $200 million in technical assistance. The MCC however, has not garnered strong support in Congress, as noted earlier in this chapter, and does not fund regional projects; it has also only so far scheduled to reach 11 of sub-Saharan Africa's 43 countries. AGCI legislation extends only to 2010. In a tight aid budget environment, trade capacity will thus be competing with many other demands. In 2007, Congressman Jim McDermott proposed a special office be established in USAID for trade capacity building and that hundreds of millions of dollars be authorized each year for this purpose. That proposal of course competes with proposals by Senator Lugar for new funds to agriculture and rural development and would add to the proliferation of special line items in the aid budget.

Bringing about Cohesion

For all the reasons described above, there will be a need for the new administration to reexamine U.S. trade policy toward Africa more broadly, with a clearer long-term view on development and sustainability, and an understanding of how to balance the various cross-cutting pressures that it will confront worldwide. Given the strong domestic interests in U.S. trade policy, however, it is highly unlikely that any reorganization of foreign assistance will bring U.S. trade policy under the direction of a single overall development czar or agency. Coordination and trade-offs of interests will therefore be required to be by negotiation, sometimes at Cabinet level, sometimes at the level of the National Security Council. However the foreign assistance programs may be reorganized there will be no substitute for broad policy direction, from either a strengthened and broadened State Department or from the National Security Council, or both. Below, this author recommends both.

In bringing about this coordination, certain policy improvements seem especially important:

- Develop a comprehensive trade and development strategy that will appeal to African nations and allow for a more effective line-up of African votes and policies within the Doha negotiations.
- As part of this strategy, vigorously support designation of sub-Saharan Africa as a single trading entity, allowing Africa to compete more effectively under any DFQF agreements and to develop strong sub-regional trading entities.
- Provide strong support for strengthening Africa's sub-regional trading blocs through development of means and funding for regional infrastructure projects, and continued provision of trade capacity assistance at least at current levels.
- Engage the European Union to support the designation of sub-Saharan Africa as a single trading entity and to postpone finalization of individual EPAs already signed.

- Negotiate new rules of the road with the EU, the "new players" in Africa, and African governments that both support Africa's trade capacity and avoid beggar-thy-neighbor trade practices among donors.

Conclusion

The Bush administration leaves a commendable record of achievement in Africa in both aid and trade. But the current worldwide economic and financial crisis and competing views on priorities in a new Obama administration call for careful steps in order to preserve this legacy and improve upon it in a way that is consistent with the new realities and the changing circumstances in Africa. Recapping some of the recommendations earlier in this chapter, the steps to achieve this are as follows:

1. Appoint an NSC coordinator for African development, not separate ones for health, trade, or agriculture, etc. (For other reasons, there could be a separate NSC coordinator for global health, but deferring to the Africa coordinator for implementing any such strategies in Africa). Charge this coordinator with getting quick coordination and new program initiatives among aid agencies for existing or largely agreed new priorities, such as between PEPFAR and USAID to improve health infrastructure, and other agencies working on trade capacity, food security, and post-conflict reconstruction. A coordinator at the Under Secretary level in State should be appointed to chair a coordinating body of agencies to work on developing the specific programs that flow from this process and implementing them.

2. Defer any major reorganization of the aid program until these new coordination efforts are under way and tested, and priorities are better established. Charge a high-level commission to undertake with Congress examination of all the issues related to any reorganization and to seek consensus that would ease implementation of any major changes.

3. In its first assistance budget, the Obama administration should preserve the major achievements and the current, if not modestly enhanced, budget levels for the major ongoing programs, and in the process preserve the bipartisan consensus around them, to include PEPFAR, AGOA, malaria and TB programs, food security, and improved governance. MCC should be maintained sufficiently to test the efficacy of its compacts as disbursements grow, and not be dismantled or changed before then. Appropriation for new MCC compacts (not yet under negotiation) can be deferred for the first year or two.

4. The NSC coordinator should charge an appropriate body to examine the long-range problems associated with climate change, the directions in world trade, and the current financial crisis, to recommend major changes as needed in the approaches to development in Africa in the future. This planning should be done in conjunction with the International Financial Institutions, the UN Economic Commission for Africa, the

African Union, and the DAC. The results would be a major input to the commission studying reorganization proposals and form the basis for the administration's FY 2011 assistance budget.

5. The NSC Coordinator should develop with relevant agencies a trade and development strategy for Africa that would be pursued in the renewed Doha negotiations, with the key African players in those negotiations, and with relevant aid agencies. A new program for trade capacity building, integral to that strategy, and involving all the relevant agencies, should be presented to Congress for FY 2011.

6. The Obama administration should make a singular effort to inspire and assist a moral regeneration in Africa and its partners, taking advantage of the particular credibility that President Obama will have. This should be pursued through statements and speeches, high-level visits, support for the strengthening of democratic and governance institutions, conditioning some forms of assistance on such reforms, and a pledge to pursue and prosecute foreign corporations or individuals who act to corrupt African governments or individuals. This could be the foundation of a distinctly Obama legacy that in eight years would profoundly improve Africa's hopes for development and peace. It could well be a more important legacy than doubling aid.

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[1] Steve Radelet and Sami Bazzi, "U.S. Development Assistance to Africa and the World: What Do the Numbers Say?" Center for Global Development Note, http://www.cgdev.org/content/general/detail/15423, p. 3-5.
[2] *Ibid*, 5.
[3] Oxfam America, *Smart Development: Why U.S. Foreign Aid Demands Major Reform* (Boston: Oxfam America, February 2008), p. 12.
http://www.oxfamamerica.org/newsandpublications/publications/briefing_papers/smart-development/smart-development-may2008.pdf.
[4] Chairman Howard Berman "Opening Remarks," U.S. House Foreign Affairs Committee, *Foreign Assistance Reform in the New Administration: Challenges and Solutions*, 110th Cong., April 23, 2008, http://foreignaffairs.house.gov/press_display.asp?id=507.
[5] A much more extensive approach is proposed in the HELP Commission Report which recommends a totally new Department of Foreign Affairs, patterned after the Pentagon with its Secretaries of the Army, Navy and Air Force. This new department would be led by a secretary, but development, including related trade issues, would be under a secretary-level official, with other secretary-level officials over political affairs and public diplomacy. The United States Commission on Helping to Enhance the Livelihood of People Around the Globe, *The HELP Commission Report on Foreign Assistance Reform: Beyond Assistance*, (Washington, DC: HELP, December 2007),
[6] Anne Laure Constatin, *Turning High Prices into an Opportunity: What is Needed?* (Minneapolis: Institute for Agriculture and Trade Policy, April 2008, http://www.iatp.org/iatp/publications.cfm?accountID=451&refID=102867, p. 8.
[7] *Ibid*, 18-19.
[8] For details of these and other special allowances for AGOA-eligible countries, see The Office of the United States Trade Representative, *2008 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act* (Washington, DC: Office of the United States Trade Representative, May 2008) http://www.ustr.gov/assets/Trade_Development/Preference_Programs/AGOA/asset_upload_file203_14905.pdf?ht=, p. 7-8 and 17-27.

[9] For details of USAID trade and investment programs and specific achievements, see African Global Competitiveness Initiative, *2007 Compendium of Trade-Related Success Stories* (Washington, DC: U.S Agency of International Development, July 2008) http://pdf.usaid.gov/pdf_docs/PNADM772.pdf.

[10] For example, opening EU and the U.S. markets to more agricultural imports would most likely have benefited large export-capable countries like Brazil, India, and South Africa, but not the largely subsistence farming communities of Africa's poorer countries. See Constatin, *Turning High Prices,* 11. It is not entirely clear, moreover, that reducing subsidies would lower food prices in a way helpful to food importing countries, of which there are many in Africa. Moreover, some of the Doha provisions might inhibit African countries from protective measures for their agricultural sectors. See Jagdish Bhagwati and Arvind Panagriya, "How the Food Crisis Could Solve the Doha Round," op-ed, *Financial Times*, June 22, 2008. That does not take away from the benefits African cotton farmers would receive from an end to U.S. cotton subsidies, nor to the longer term potential for African farmers that open markets might provide.

[11] K.Y. Amoako, "Africa's trade priorities in wake of probable Doha failure," Attachment B to the statement of Realizing Rights: The Ethical Globalization Initiative and the Council on Foreign Relations, *Trade and Development in Africa: A Policy Approach in Light of the Suspension of the WTO Round Negotiations*, November 2006.

[12] Stephen Lande and Sudha Meiyappan, "A Possible Strategic Approach toward EPAs," (Unpublished Paper, Manchester Trade, May 2008).