The Africa Fund welcomes the review of foreign aid programs being undertaken by this Committee. We recognize the importance of subjecting programs to ongoing scrutiny and review, so that ineffective or poorly performing programs can be strengthened or shut down; Such hearings should also provide a platform for educating the American public about the importance of U.S. foreign assistance.

We are concerned, however at the tenor of much of the language now being used to set the framework within which this review is being conducted and are deeply disturbed by the proliferation of arguments against sustaining current programs of assistance for Africa.

* We challenge the view espoused in recent testimony by Senator Mitch McConnell that "national security interests have little relevance to the current debate over Africa."

* We believe the U.S. should continue to provide assistance to Africa, directed toward long term sustainable development and poverty alleviation.

* We support the earmarking of a set amount of funds for Africa through the Development Fund for Africa.

The National Interest - Why AID to Africa Is Important.

Only blinkered vision can avoid seeing the compelling American stake in a prosperous, democratic and peaceful Africa, or the shared history, culture, economic links and social aspirations that make up America's longstanding and far-reaching national interest in Africa and its people.

Mutual Economic growth

Africa, today the poorest continent on earth, remains one of the world's last great undeveloped repositories of natural, mineral and human resources. Its nearly 600 million people have the potential to become important trade and investment partners.


Over the medium term, U.S. economic aid targeted at the poor majority and designed to foster internally sustainable development will create new markets for U.S. goods and services and new jobs for U.S. workers. Aid directed not at propping up favored political leaders, but at raising living standards and creating productive wealth, strongly reinforces the competitive U.S. business advantage provided by historical, cultural and economic ties.
between Africa and particularly the African-American community.

**Emergencies are Expensive**

In an ever-shrinking, ever more interdependent world, where exchange rates in Mexico can stagger capital markets in Singapore and New York, the United States cannot escape the consequences of African poverty and the political instability it fuels. Hard experience demonstrates that development assistance is cheaper and more cost-effective than disaster relief. Somalia is a case in point. There the onset of mass starvation spurred the United States and other Western nations to spend some $2 billion in two years on military and emergency relief operations -- more than 5 times the total amount of development aid provided Somalia in three decades.

**Crisis Prevention - Seizing New Opportunities**

There are serious limits to the longer term effectiveness of emergency responses. Political conflicts and wars have their own dynamic, but are often rooted in the fundamental development challenges that Africa has faced for many centuries. Africans all across the Continent are now engaged in meeting these challenges, engaging in struggles to expand democracy, devise new economic policies and develop their countries.

The frequently stated American support for democracy and human rights has been warmly welcomed in many African countries. Dramatic expansion of democratic rights in the region opens new doors for U.S. co-operation with African forces for progress.

In southern Africa, for example, democratic transformations have swept aside apartheid in South Africa and Namibia, one-party rule in Zambia and Malawi, and ended a decade of war in Mozambique. In recent years 13 African countries have embraced multi-party democracy and strengthened human rights protections. Yet at a time when Africans are overthrowing tyrannies and facing difficult, politically unpopular economic choices, material US support has declined from a Reagan-administration high of $1.7 billion in total US aid in 1985 to $1.2 billion in 1992. Now Africa faces the elimination of the Development Fund For Africa.

U.S. assistance played an important role in enabling the democratic transitions in South Africa and Mozambique. If the fragile new democracies in Africa are to survive, and if America is to keep faith with the brave African men and women who are risking their lives to bring democracy to their impoverished people they must be given the resources to deliver the economic goods, or hope for the future will turn to bitterness and conflict.

Long term sustainable development driven by Africans will ultimately do more to address the root causes of political and social unrest on the continent than any number of United Nations peacekeeping missions, international relief programs or regional mediation efforts. This not to disparage such programs, but simply to reiterate that a substantial mobilization to provide development assistance to Africa now could pay handsome dividends in the future in terms of wars averted, Africans empowered to address natural disasters and ultimately economic potential unleashed.

**Ties That Bind**

Any debate about U.S. interests in Africa must be based on the recognition that American involvement with Africa and African people in fact pre-dates the United States itself. African slave labor in the Americas created the wealth that financed the industrial revolution and laid the foundations for our modern society. One in eight U.S. citizens today, some 33 million people are of African ancestry. The legacy of slavery and racism in the U.S. can be seen in the disproportionate numbers of these men and women still represented in the ranks of
the domestic poor and disenfranchised. That history has also bred a keen concern and desire for involvement in the African struggle for justice, empowerment and economic development among many African-Americans, even as they continue to seek full empowerment in the U.S.

**Continuing Assistance - Supporting the Development Fund for Africa**

For the reasons set out above we believe that continued U.S. development assistance to Africa should be a high priority for this Congress. The Africa Fund also believes that the Development Fund for Africa has played an important role in helping to define and shape assistance to Africa at a time when federal budgets are getting tighter and tighter.

**Why preserve the Development Fund for Africa now?**

Because it has helped to shift the focus of U.S. assistance programs toward long term sustainable development. There are several substantive studies which have demonstrated that the DFA has helped to shape aid priorities in the direction of development and sustainability. Because the existence of the earmark of development funds for Africa within the appropriations process provides Congress with an opportunity, each year to set a minimum amount of money to be devoted to this important process. U.S. assistance to Africa exceeds the sums set aside in the DFA, but the monies that Congress appropriates through this important legislative vehicle are devoted primarily to the kinds of longterm sustainable development that will help Africa towards fundamental solutions to its problems.

Large numbers of Americans support the existence of the Development Fund for Africa as do many internationally recognized African leaders. I would like to insert into the Congressional record copies of a resolution in support of continued funding of the DFA endorsed by the International Affairs Committee of the United States Conference of Mayors, this January. I also attach a recent statement by Nobel Laureate Archbishop Despond Tutu, who has urged us to continue working to maintain assistance for Africa's people.

**Goals That Should Drive U.S. Assistance to Africa.**

U.S. assistance to Africa should be driven by a clearly delineated set of goals which include:

-- contributing to the long term, sustainable development of Africa; -- working in consultation with and with respect for the priorities of the peoples of the countries that are the intended beneficiaries;

-- targeting the poorer sectors of the population in Africa so that programs are designed to achieve poverty alleviation, while empowering communities to achieve sustainable development;

-- operating in an open, transparent manner that allows people in the host countries to easily understand the programs, priorities and recipients of U.S. funding.

**One Case History - Assistance for South Africa.**

The nearly $600 million assistance package for South Africa provides a valuable illustration of the central points of the arguments set out above.

Last year President Bill Clinton announced a three year, trade, aid and investment package to assist the new South African government in building a new, non-racial democratic society. This ambitious package, involving ten federal agencies, is intended to provide transitional assistance to South Africa as it seeks to overcome the structural inequalities that are
a legacy of apartheid and develop an economy which may well become an engine for growth in the entire region.

The largest component of this package is the approximately $540 million that the U.S. Agency for International Development is providing through a mixture of grants and loan guarantees to support private sector development, jobs and infrastructure, to strengthen democratic and political institutions and to support the rationalization of South Africa's education and health delivery systems.

In Fiscal Year 1994 USAID provided approximately $212 million in assistance to South Africa, including $133 million in development assistance through the Development Fund for Africa and $79 million in loan guarantees for housing programs and small business. For the current fiscal year the program intends to obligate approximately $166 million.

This South Africa program is an important model because it is not emergency relief, but is rather a program designed to assist in the long term transition to a sustainable, prosperous and equitably developed South Africa.

There is an expectation that in five or ten years South Africa will "graduate" from the foreign assistance program, thus becoming an example of a country that we have helped reach the point where it is no longer in need of sustained U.S. assistance.

The development of the South African economy will also have a ripple effect throughout the region, spurri ng economic growth and development from Mozambique to Zambia, from Zimbabwe to Namibia. Direct U.S. assistance to regional integration efforts is also important and I want to indicate our support for the regional assistance package that has been developed by the Clinton administration.

The South African Program - Accomplishments and Questions.

In the brief time available I can only highlight some examples of successful projects, and point to the problems which have to be overcome if assistance programs are to become increasingly effective.

The present U.S. assistance program for South Africa illustrates both the importance of sustaining U.S. assistance and the continuing need for efforts to ensure that this assistance is provided in full consultation with the government and others it is intending to benefit, is directed at the poorer sections of the population and contributes to long term, people driven sustainable development.

Nelson Mandela's government has made serious attempts to draw up development plans based on an assessment of the urgent needs facing a population still living with the legacy of apartheid. These proposals are contained in the Reconstruction and Development Program and are based on a one year consultation process, begun even before the elections, to develop a national consensus on key development priorities.

The Reconstruction and Development Program aims to determine priorities and set targets for development in a broad range of social and economic areas, from health and education, to housing, trade, industry and employment.

The first U.S. grant to Nelson Mandela's new government of National Unity provided $9 million to assist the South African Ministry of Justice as it embarked on the difficult task of transforming the judicial system from a central mechanism for enforcing apartheid-era racial discrimination to the lynch-pin of a system designed to ensure the protection of basic human rights and the rule of law.
Although it is too early to assess this program fully, our researcher, currently in South Africa, has found nearly universal praise for this program. U.S. funds enabled the Ministry of Justice to move very quickly to pull together the advocates and attorneys, the organizations representing black lawyers, white lawyers, business lawyers, the universities and law schools, the judges and the human rights community, to discuss what the transformation should mean and to enlist their help in this important process. U.S. funds were used to organize several symposiums and conferences out of which consensus emerged for changes in legislation, in the training of attorneys and advocates and proposals for new structures to encourage the development of black lawyers. The funds are also enabling several non-governmental organizations to assist the Ministry of Justice in follow up work with these constituencies.

This grant might be cited as an example of how U.S. funds, provided quickly after the democratic government took over with a minimum of delays and constraints, are assisting the transition in South Africa.

Another much smaller U.S. grant was given to a South African technical assistance organization to help the Duncan Village Residents Association organize community meetings and forums to assess their collective needs and prepare a comprehensive development plan for their township. Duncan Village, in the Eastern Cape region near the town of East London, is one of many black townships established by the architects of apartheid as holding grounds for African workers whose labor was needed in the nearby cities.

USAID provided a $200,000 grant to assist in this planning process, involving community participation and technical experts from the South African organization CORPLAN. Much has been written about the importance of "empowering" local communities to ensure "ownership" of development efforts and continuing involvement toward "sustainability." It is the nature of efforts epitomized by this grantmaking which can transform these phrases into realities on the ground.

The comprehensive development plan for Duncan Village that the residents and COREPLAN prepared out of this effort was then submitted to the new government's central development structure known as the Reconstruction and Development Ministry. In August 1994 Nelson Mandela announced that he had selected Duncan Village as one of six urban Presidential "model" projects and pledged $40 million in government funds toward the Duncan Village redevelopment plan.

Weaknesses of the U.S. - S.A. Program

The RDP program is an effort by South Africans to determine their own development priorities and make the difficult decisions about what will and will not get funded in the first years of their new democracy. The U.S. interaction with the RDP illustrates one of the serious weaknesses of current U.S. assistance programs. U.S. assistance programs in South Africa are more often initiatives of American aid personnel or Congressional mandates than they are programs developed by South Africans based on priorities determined by the people they are intended to benefit.

While the Dutch Foreign Ministry and the European Union appear to be trying to work closely with the new government's Reconstruction and Development Office, established to help determine development priorities, the U.S. has in general avoided working closely with this important ministry, as far as we can determine.

Although U.S. projects generally fit into the framework of the broad guidelines of the Reconstruction and Development Programs, American officials have not been willing as yet to
provide even a small grant to any one of the 22 priority projects identified by the Reconstruction and Development Office.

U.S. programs, in fact, have at best a mixed record of success in working cooperatively with South Africans to develop assistance grants guided by the priorities of the people they are intended to assist. While many foreign donors in the past have worked in close collaboration with or in some cases through South African donor organizations, the U.S. has avoided such mechanisms -- often with the effect that the American aid program is perceived to be separate, and aloof from other assistance efforts.

**Targeting the Poor**

The Africa Fund is also concerned that U.S. assistance programs in the past have often been directed at supporting the more urban and affluent sectors of the black population. We would continue to urge efforts to shift the focus of U.S. aid toward programs that benefit the very large, black majority population who seek to be economically active but still live in intense poverty.

Several new U.S. programs, particularly in housing, are structured as loan guarantee programs directed at ensuring that banks provide home mortgage loans to the black community. Because of their structure as loans, these programs are generally directed at those sectors of the population that can reasonably be expected to have good repayment rates -- the more economically affluent sectors of the black population. The U.S. is still developing another loan guarantee scheme that is targeted at poorer segments of the black population, but even these programs are unlikely to reach the more than 50% of the economically active population that earns less than R800 a month.

**Congressional Mandates**

We believe that Congress bears some responsibility for the sometimes erratic and confusing structure of U.S. foreign aid programs in Africa. The Congressional mandates process often inserts either in the actual appropriation legislation, or even in the report, language that requires USAID officials to direct funds in very prescribed ways. Sometimes these Congressional mandates are the result of concerns about development priorities, but other times members insert language simply intending to ensure that foreign aid funds flow to a favored non-governmental organization or to a home-state corporation.

Africa provides various examples of Congressional mandates that have reprioritized assistance programs in directions that are not primarily of benefit to Africa. For instance, U.S. family planning programs in Africa are now required to purchase condoms at three times the world market price from one U.S. manufacturer. Why should this program not be opened up to competitive bidding on the world market?

U.S. PL 480 food export programs have provided another illustration of this phenomena. When famine struck Mozambique a few years ago, U.S. grain exports were rushed to the country and helped prevent literally hundreds of thousands of people from dying of starvation. Yet the structure of these programs requires that they be based on U.S. grain exports, rather than buying surplus food from neighboring African countries. While these programs are obviously of great interest to American farmers, they do nothing to break the cycle of poverty famine and relief in Africa because they do not encourage African providers to grow export crops that can be used by their neighbors in times of crisis.

There is a tendency in Congress and government to view foreign aid at least as much as an assistance program for American companies and organizations as it is assistance for
the countries that receive the aid. This is shortsighted action, not consonant with long term enlightened U.S. self interest. Vital U.S. national interests are best guaranteed by long term sustainable development driven by Africans themselves.

In a similar vein we would caution against the tendency to provide U.S. assistance to Africa through U.S. organizations, particularly in instances when competent, well developed African organizations already exist. For instance, of the $133 million provided to South Africa in Fiscal Year 1994 out of the Development Fund for Africa, USAID reports that 47% went to U.S. organizations to administer programs in South Africa.

We would conclude by urging the Committee to accept these criticisms in the spirit in which they are offered: We are not seeking, by criticizing U.S. assistance programs to support those who would eliminate them. We believe such programs are an important arm of U.S. foreign policy, and can achieve important benefits for the people of the U.S. by achieving maximum benefits for the people of Africa.

It is in this spirit that we offer some comments aimed at achieving the continuation of the Development Fund for Africa and the strengthening of Africa assistance programs in general.
12 March 1995

THE DEVELOPMENT FUND FOR AFRICA

Africa is in danger of being forgotten. An entire continent, dozens of countries and millions of people. Forgotten as if they never were, as if they did not exist. How is it possible to overlook so much of God’s wonderful creation? His children, who are our brothers and sisters in the world’s family, God’s family.

As our brothers and sisters we do have a responsibility to them. A responsibility to care and to share what God has blessed us with in such great abundance. We take so much for granted - clean running water at the touch of a tap, roads, transport, schools and health services. Where resources are few competition for them leads to social disruption. Governments are all too keen to sell arms and weapons of destruction which further disintegrate societies. I call on you to help reverse the trend. To make a positive contribution to help the people of Africa stand on their feet. Protest against the distribution of weapons and put the tools of peace into the eager hands of the children of Africa through the Development Fund for Africa.

I ask for your support and especially your prayers. There is a prayer for Africa used regularly in most of our churches:

*God bless Africa,*
*Guard her children,*
*Guide her leaders*
*And give her Peace.*

Thank you for sharing in this with us.

God bless you

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*“Beloved, let us love one another, for love is of God — if there is this love among you, then all will know that you are my disciples.”*
SUPPORT FOR SOUTH AFRICA

a resolution
passed
by The United States Conference of Mayors International Affairs Committee
at the Winter Meeting, January 1995

WHEREAS, the old economic order—apartheid, colonialism, and slavery—helped devastate Africa, leaving it the poorest of continents;

WHEREAS, Congress created the Development Fund for Africa more than a decade ago to protect badly needed development aid to Africa;

WHEREAS, Congress earmarked $802 million for the Development Fund for Africa;

WHEREAS, African countries desperately need foreign aid to build schools and roads, purify drinking water, pay for immunization medicines and fight childhood diseases;

WHEREAS, Congress is debating destroying the safety net which secures survival living standards in the United States, thereby forcing states and cities to assume the burden;

NOW, THEREFORE BE IT RESOLVED, THAT the U. S. Conference of Mayors urges Congress to fulfill its responsibility in the United States by ensuing public and private investment in productivity-enhancing training and education for the disadvantaged; and call upon Congress to help Africa achieve sustainable development for Africa by maintaining the Development Fund for Africa at its current level.