

# Statement of Lloyd O. Pierson USAID Assistant Administrator for Africa

## African Organizations and Institutions: Positive Cross-Continental Progress

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### I. Introduction

Mr. Chairman and members of the Committee, I am pleased to have the opportunity to appear before you once again as Assistant Administrator for Africa to update you on our work at the United States Agency for International Development (USAID) to support development and peace and security efforts in sub-Saharan Africa. In today's testimony, I'd like to address the importance of African ownership of regional development and humanitarian efforts and the critical role of African regional and sub-regional organizations, in the areas of democracy and governance, trade and economic development, and security sector reform.

As the G-8 summit in Gleneagles, Scotland in July demonstrated, there is a general consensus among world leaders to focus more attention on African development needs. The United States has been and will remain a leader in this effort. It is our role at USAID to work with our African partners to support the advent of peace, democracy, good governance and security on the continent, as well as help ensure the conservation of Africa's natural resource base and address major humanitarian crises such as the potential imminent spread of Avian Influenza.

As you are aware, sub-Saharan Africa is the world's poorest region: over half of its 700 million people live on less than \$1 per day. Rapid urbanization poses new and difficult challenges as the demographic landscape changes and cities struggle to provide sufficient jobs and services, particularly for the young, who can become easy targets for extremists, criminal gangs or armed militias. The HIV/AIDS pandemic has completely overwhelmed many health systems and impoverished families. The aftermath of lingering conflicts and armed strife have exacted a huge toll on economic growth. And, if not averted, Avian Influenza could have a similarly disastrous effect on the region.

Yet despite these challenges, significant progress has been made on several fronts. The number of free democracies in Africa has almost tripled from four to 11 over the past decade and more than half of the remaining countries in the region are in the transition process toward transparent and free democracy. The number of conflicts in sub-Saharan Africa has decreased in recent years, signaling achievements in conflict mitigation and resolution. Liberia, Angola, and Sierra Leone have restored peace after years of civil war. And the peace agreements in Congo and the Sudan give rise to renewed hope that an end to these prolonged conflicts is in sight.

Furthermore, sub-Saharan Africa posted its strongest level of overall GDP growth in eight years in 2004, topping five percent. Mozambique, Tanzania, and Senegal are among countries with robust growth rates. However average GDP per capita in Africa is still only \$500, less than one-tenth the global average of \$5,510, meaning that much work remains.

During President Bush's June 10, 2005 speech, he noted that the link between democracy and development is critical as experience has shown that "aid works best when certain conditions are in place such as a commitment to just governance, respecting the rule of law, investing in citizens' health and education, and opening up economies." The number of African countries that pass the Millennium Challenge Account (MCA) indicator test is a clear indication of the continent's progress and potential. As you know, the MCA funds only countries that have demonstrated a commitment to democracy and good governance, investing in people and economic freedom. In FY06, twelve of the twenty-three countries that are fully eligible for MCA funding, and seven of the fifteen countries eligible for threshold assistance, were located in Africa. Also for FY06, four of the seven new countries selected as

eligible to apply are Sub-Saharan African.

USAID programs in Africa are rooted in the President's commitments to Africa. Funding for these Presidential initiatives is programmed to countries where the impact is expected to be the highest. I will briefly discuss the most significant and far-reaching of these Presidential and Agency commitments towards the end of my testimony.

## **II. The importance of regional organizations**

Country programming is the central avenue for U.S. assistance, but many of the most complex development challenges do not respect national boundaries and are best addressed on a regional basis.

Examples of regional program priorities include:

1. Programs that address cross-border problems requiring action from several countries. For example, inter-regional trade programs to reduce barriers to movement of goods and services across borders; cross-border peace or counter-terrorism initiatives; and health initiatives to stop the spread of diseases like HIV/AIDS through regional transportation channels.
2. Programs to help indigenous governmental and non-governmental regional organizations to promote policy reforms and improve the institutional capacity of member countries. These include programs to improve governance, fight infectious diseases, expand trade, improve food security, protect biodiversity, mitigate the risks of conflicts, and address the sources of state fragility that cross national boundaries.
3. Regional programming is also used to improve information-sharing, technology transfer and research among neighboring countries and support joint management of shared resources (e.g., water).

To effectively implement regional programs, efficient coordination mechanisms are required. African regional organizations, such as the New Partnership for Africa's Development (NEPAD) and Common Market for Eastern and Southern Africa (COMESA) are ideally suited to provide this mechanism. Therefore, USAID seeks to improve the effectiveness of African regional organizations to perform their missions and to work through these organizations to target regional development objectives.

USAID programs promote and enhance partnerships between African leaders, governments, multilateral development institutions, business, universities, and other nongovernmental organizations. We also value the principle of ownership and strive to build on the leadership, participation and commitment of countries and their peoples by supporting and strengthening African regional organizations. Regional organizations are key partners and stakeholders in our work to improve the lives of the continent's citizens for a variety of reasons.

First, because regional organizations are backed by national African leadership, they provide a level of local legitimacy to critical issues in ways that global or bilateral institutions cannot. For example, the African Union (AU) and the Economic Community of West African States (ECOWAS) have played pivotal roles in mediating conflict and securing peace in the Sudan and Liberia.

Second, as I noted earlier, many of Africa's challenges require a regional approach. It is essential to address the HIV/AIDS crisis through regional mechanisms, as this disease travels freely across borders. With this in mind, USAID is providing a grant to the West Africa Health Organization (WAHO) to allow key personnel to receive joint training and share critical information needed to combat HIV/AIDS more systematically.

Third, coordination of multi-donor, multi-country initiatives is far more efficient when carried out through a single institution that is engaged with all relevant partners and has a significant presence in each participating country. Each donor is thus engaged with a single partner, rather than one or more per country; and the regional organization is able to harmonize donor support, thereby greatly reducing transaction costs.

For these reasons, the USAID is aligning several key programs to support African leaders in strengthening African regional institutions.

## **III. Strengthening Regional Organizations**

African regional and sub-regional organizations were established and have evolved during different time periods and for distinct purposes. As you are aware, there are organizations that encompass the continent, such as the African Union (AU) and the New Partnership for Africa's Development (NEPAD), as well as those that operate within small geographic regions, such as the Economic Community of West African States (ECOWAS) and the Common Market for Eastern and Southern Africa (COMESA). They currently possess varying levels of capacity and do not always coordinate their efforts.

The Africa Bureau is collaborating with regional organizations in an effort to achieve mutual goals and objectives. We, along with other international and bilateral donor agencies, see great promise in these institutions as they continue to increase their capacity to bring about peace and security, and improve the policy environment for sustainable development in Africa. I will highlight several examples in which African leadership and ownership of a regional initiative contributed to the overall positive outcome.

## **a. Democracy and Governance**

We are beginning to see the genuine results of African regional leadership in the area of democracy and governance. One innovative instrument introduced by African leaders through the New Partnership for Africa's Development (NEPAD) is the African Peer Review Mechanism (APRM). NEPAD was launched in July, 2001. Its mission is to "establish the necessary conditions which enable the continent to play its rightful role in the global economy and in international negotiations" and to "promote sustainable development at the economic, social and cultural levels as well as the integration of African economies." NEPAD falls under the African Union (AU) umbrella of regional organizations and is both a framework and a vision for sustainable development in Africa. As part of NEPAD, African leaders have made a commitment to seek the end of conflicts in Africa and improve political, economic and corporate governance to foster a better climate for transformational development.

The African Peer Review Mechanism (APRM) is designed to monitor progress in improving political, economic and corporate governance. This Peer Review process began in late 2004 in Ghana, Mauritius, Kenya and Rwanda. As of today, 24 African countries have agreed to undergo peer review. The NEPAD Secretariat oversees the process, with participation from African institutions such as the UN Economic Commission on Africa, the African Development Bank, the Africa Commission on Human Rights, and the Africa Institute. Representatives from these institutions serve on Peer Review Teams assigned to the countries volunteering for review. Though the implementation of the review process is proceeding much slower than expected, the results of the reviews of two countries -Ghana and Rwanda-should be made known soon.

While recognizing that Africans have the principal responsibility for the continent's development, African leaders look to their development partners-primarily donor countries, multilateral organizations and international financial institutions -to help create a more enabling external environment for African development. Specifically, they seek to increase Official Development Assistance (ODA) with lower transaction costs, greater access to markets in the industrialized countries, a reduction in the debt burden, and expanded foreign direct investment. NEPAD refers to these African commitments and desired changes by donors as "mutual accountability."

The United States has expressed its support for the commitments that African governments have made to improve political, economic, and corporate governance. As an active participant in the G-8 African Personal Representatives Meetings, the United States is involved in assessing the progress in implementing the G-8 African Action Plan.

The Southern African Development Community (SADC) was founded in 1979 as the Southern African Co-ordination Conference (SADCC), to harmonize economic development among the countries in Southern Africa. In 2001, SADC reorganized to focus on trade and finance, infrastructure, food and agriculture, and social and human development.

USAID has supported SADC initiatives since the early 1980s in areas such as strengthening regional transportation systems, agricultural development through research and food security and environmental and natural resource activities. With the end of apartheid in South Africa, SADC has placed an increasing priority on regional economic integration. USAID has provided assistance, particularly in the implementation of the SADC Trade Protocol, which lays the groundwork for a free trade area among SADC member states by 2008.

Our current relationship with SADC can best be described as strained. In 2003, the SADC Secretariat decided to cease official cooperation with USAID because U.S. policy and legislation restricts assistance to Zimbabwe, a SADC member. For our part, we were disappointed that SADC did not support our position on Zimbabwe. However, we continued to support regional integration in Southern Africa by working directly with the SADC technical working groups and independent units. For example, USAID has supported the SADC Parliamentary Forum, an autonomous

unit, to promote compliance with regional norms and standards for free and fair elections.

## **b. Trade and Economic Development**

USAID actively supports African regional and sub-regional organizations in the area of trade and economic development. For example, USAID is playing a major role in supporting NEPAD by funding and facilitating the implementation of the Comprehensive African Agricultural Development Program (CAADP). One of NEPAD's major initiatives, CAADP was established by African Heads of State, who have committed the resources and leadership of their governments to support its implementation.

USAID's support for the African Union is channeled through NEPAD, as just noted, to establish a CAADP process and investment plan. CAADP is a growth-oriented agriculture program, aimed at increasing agricultural growth rates to six percent per annum to create the wealth needed for rural communities and households in Africa to prosper. The CAADP has four key components: 1) Extending the area under sustainable land management and reliable water systems; 2) improving rural infrastructure and trade-related capacities for market access; 3) increasing food supply, reducing hunger, and improving responses to food emergency crises; and 4) improving agricultural research, technology dissemination and adoption.

We will also support AU/NEPAD's CAADP implementation through other regional economic communities that will build the regional capacity needed for achieving agricultural growth and increase the availability of and access to food within regions. CAADP will enable the AU to build a global multi-donor partnership that will align with African agriculture resources and country and regional contexts, help African leaders create the conditions needed to achieve a six percent agricultural growth rate per year and finally break the cycle of famine.

USAID will support the CAADP in up to six countries that are meeting their pledges to increase support for and attention to the agricultural sector. In addition, we will collaborate on efforts in hunger hot spots to develop a process and plan to address the policy and technical barriers that make countries famine prone and ultimately integrate them into the CAADP. This past year, USAID, through the President's Initiative to End Hunger in Africa (IEHA), actively facilitated NEPAD's leadership to organize five regional meetings-along with a continent-wide summit, which was held in Accra, Ghana in May of this year. This was a featured G-8 action promised at Sea Island. The meetings engaged almost every African country and over 1,000 stakeholders took part. Subsequently, the G-8 members at Gleneagles committed to supporting CAADP. NEPAD and its Regional Economic Communities continue to look to USAID for leadership and advice on CAADP, and we expect this initiative to yield tangible results in the very near future.

At a sub-regional level, the Economic Community of West African States (ECOWAS) was founded in 1975 to attain regional integration through cooperation and development in all fields of economic activity that would raise the standard of living and increase the stability of West African countries. ECOWAS works towards creating region-wide policies and programs in key sectors including energy, transportation and agriculture, as well as on developing a common external tariff for the region. ECOWAS also has been actively engaged in mitigating conflict in the region in order to enable stronger economic ties.

In the energy sector, USAID is currently assisting ECOWAS to create a West Africa Power Pool (WAPP) for energy trading and to build linking lines throughout the region to integrate the fragmented national electric power systems of West Africa, increasing access to affordable, reliable electricity. USAID's technical assistance was a deciding factor in the World Bank's June 2005 approval of a \$350 million adaptable program lending facility to support the WAPP. We plan to continue our collaboration with ECOWAS to speed development of this critical sector.

USAID is also helping ECOWAS to enhance regional economic integration by increasing trade and reducing customs barriers. In addition, we are currently providing financial and capacity building support to ECOWAS in the areas of agriculture, humanitarian concerns such as trafficking in persons, health, and organizational development, primarily in financial management and manpower systems. Prospects for ECOWAS' continued growth and development are good primarily because there is widespread recognition in the region that an effective regional organization must exist if economic and political integration is to occur and, within the donor community, there is a willingness to collaborate and to coordinate assistance efforts, with an emphasis on capacity building.

In another sub-region of the continent, the Common Market for Eastern and Southern Africa (COMESA) is a group of 20 African nations which agree to promote integration through trade, natural resource and human development for the benefit of their respective populations. The primary objectives of COMESA are to create a Free Trade Area, establish a Common External Tariff among member states, and to remove structural and institutional weaknesses of

member states to attain collective sustainable development. With a combined population of 385 million and a market of \$388 billion, the COMESA region constitutes an important potential market for the United States.

Since 1998, USAID has viewed COMESA as a key development partner, providing approximately \$25 million in assistance to support capacity building for COMESA in the areas of 1) trade and institutional strengthening and 2) conflict prevention, mitigation and response.

COMESA is a principal USAID partner in promoting and fostering U.S. - Africa trade relationships. Our programs seek to help the private sector and governments in the region understand the challenges of the global marketplace and take advantage of the opportunities stemming from the World Trade Organization and the COMESA Free Trade Area. Specific areas of focus include drafting a regional approach to biotechnology and biosafety, harmonization of telecommunications policy, development of a common investment area, and the creation of a regional customs bond guarantee program. It should be noted that in 2002 COMESA member states experienced an intraregional trade growth rate of 22%. Finally, USAID funding is helping COMESA to develop stronger linkages between the Secretariat and the relevant Ministries in member states to improve capacity in financial management, human resource development and information technology.

### **c. Security Sector Reform**

USAID is aligning its efforts in security sector reform to complement the extensive initiatives of the State Department and other USG agencies. For example, USAID is working with ECOWAS to develop its conflict prevention and mitigation mechanism, which involves setting up a central unit at headquarters, establishing Observation and Monitoring Centers and setting up ancillary entities for conflict resolution. While progress towards achievement of its economic objectives has been slower, ECOWAS has established a strong track record in its peace keeping operations in conflict-prone areas, which substantially improves the regional economic climate and sets the stage for sustained growth. For example, ECOWAS had a pivotal role in brokering peace in Togo, Cote d'Ivoire, Liberia and Guinea Bissau in recent years. ECOWAS and the African Union were instrumental in overturning the coup in Togo earlier this year.

USAID is also working with COMESA in conflict prevention and mitigation to provide governance skills training for parliamentarians and civil society organizations throughout the region. Support was also provided to the COMESA Court of Justice to adjudicate cases and disputes at a regional level. In addition, USAID funds are being used to design a protocol and accreditation system for private sector and civil society organizations, along with the establishment of a Peace Desk to advise the Secretariat on peace and security issues among member states.

Finally, I would like to note our work with the Intergovernmental Authority on Development (IGAD). Comprised of seven member states (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda) located in the Horn of Africa, IGAD was established in 1986. Its focus is on three priority areas: food security and environmental protection, conflict prevention and management, and economic cooperation and integration.

Although USG funding for IGAD is complicated by statutory restrictions regarding Sudan and Somalia, both IGAD member states, IGAD is a significant partner. Most concerns have abated since Uganda took on the rotating Chairmanship of IGAD in 2003. Currently, we assist IGAD in three critical areas.

IGAD provides the platform for the organization of the peace talks for both Sudan and Somalia. Kenya has been designated by IGAD as the member state to lead these negotiations. The IGAD Secretariat has played a substantial role in mobilizing financing for both initiatives; without the contribution of IGAD, these regionally led negotiations might never have taken place.

A second major IGAD activity is the implementation of a conflict early warning mechanism (CEWARN). From its inception in 1987, this initiative has been financed jointly by USAID and the German Technical Cooperation Organization. While CEWARN had no actual response mechanism, it has the near-term potential to significantly reduce the level of livestock theft, conflict, violence and death in trans-border areas by providing information on causes and events that will permit IGAD member states to intervene in local conflicts before they escalate. If successful, this activity will help moderate conflict in a severely conflict-prone region.

The third IGAD activity supported by USAID is the Drought Monitoring Centre based in Nairobi. IGAD member states have assumed responsibility for financing the operational costs of the center, which was previously operated through the World Meteorological Organization. The Centre's reports on drought conditions, food production projections and forage conditions are essential for the planning of food and other emergency assistance in the region.

Each of these regional organizations cited in this testimony has assumed a critical coordination and technical role to advance economic development and trade, improve conditions conducive to democracy and good governance, and to bring about an end to violent conflict and to secure peace in Africa. By supporting activities to increase institutional effectiveness and improve the enabling environment in which they operate, USAID support enables these regional partners to fulfill the missions that their members have laid out for them.

## **IV. Key Presidential and Agency Initiatives for Strengthening Regional Organizations**

As I noted in my testimony before you last March, over the past four years, USAID has significantly expanded our level of official development assistance in Africa. Our strategy in Africa is shaped by new thinking about the role of foreign assistance that has crystallized since the millennium began. First, U.S. strategic and foreign policy interests are front and center, in keeping with USG recognition that development-along with diplomacy and defense-is one of the three tools of foreign policy and is consistent with the joint objectives laid out in the State Department-USAID Strategic Plan.

Second, our strategy reflects a new paradigm for foreign aid focusing on the distinction between "transformational development" and "fragile states." Africa has more "top performing" transformational states and more "fragile" states than any other region. And many of the transformational development countries have important vulnerabilities that, if neglected, may cause them to slip into fragility.

Third, we are exercising a more directive role in USAID/Washington, to ensure that funds are allocated to those country and regional programs and towards those sectors and goals with the greatest likelihood of significant impact. For its part, Washington will align its staffing, operating expense and programmatic resources to assist recipient Missions to achieve that impact. A significant portion of our assistance will be channeled through six Presidential Initiatives.

The President's Emergency Plan for Aids Relief provides major funding to address the most serious effects of the HIV/AIDS pandemic;

Another health initiative, the President's Initiative on Malaria, will expand malaria prevention and treatment programs in up to 15 African countries where the incidence is highest by 2008. USAID is the lead managing agency of this program;

In the area of education, the Presidential Africa Education Initiative supports training of new teachers and provides more textbooks and scholarships for children throughout Africa;

The Presidential Initiative to End Hunger in Africa focuses on programs to improve the use of modern technology and increase agricultural productivity and income for small-scale farmers, thereby increasing food availability;

Formerly known as the Africa TRADE Initiative, the President's African Global Competitiveness Initiative is working to improve the trade and investment environment and promote the fuller integration of Africa into the global economy;

The Congo Basin Forest Partnership supports efforts to conserve the outstanding forest and wildlife resources of the Congo Basin Forest, which is the second largest remaining tropical rain forest in the world; and finally,

The Africa Bureau Anti-Corruption Initiative is designed to reduce corruption in sub-Saharan Africa and to lend specific support to recent efforts by African leaders to link good governance with sustainable development practices.

## **V. Conclusion**

As the largest bilateral donor in sub-Saharan Africa, we must actively collaborate with our African counterparts in order to achieve our common goal of a better quality of life for all Africans. Regional organizations are key development actors in the countries they serve. Their successes contribute to overall levels of peace and security, and economic development. As they strengthen their institutional and technical capacity, their potential impact will only increase. By supporting discrete regional activities and by helping to strengthen these regional organizations through training and well-targeted technical assistance, USAID will continue to play a leadership role in this process.

Mr. Chairman, I sincerely appreciate this Committee's continuing interest in Africa and USAID's critical role in the continent. I would be happy to discuss these and other issues of concern in Africa with you and members of the committee at this time.