

A United States Comeback in Africa?



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In the first two reports of this “Blue Dot Network” White Paper Series, we drew your attention to the Biden administration’s effort to rally allies to breathe new life into the Blue Dot Network. In the infrastructure area, the U.S. initiated with its G7 allies the Build Back Better World program to counter the Chinese-led Belt and Road Initiative. Other countries, in addition to the U.S. and China, should also be actively involved in the global infrastructure-development race.

We have previously put forward a notion that Africa is the next competition ground for the United States and China.

In this report, we are taking a look at China’s infrastructure involvements around the world and particularly in Africa. We are also taking a closer look at how the U.S. is stepping up its activities in Africa.

For More Than a Decade, China Helped Build the World

Since before the last decade, China had started “a modern-day version of the Marshall Plan,” a bolder, more expensive, and far riskier strategy, as noted by a November 18, 2018 *New York Times* article titled “The World, Built by China.” The article examined nearly 600 projects in the 10 years leading into 2018 that China helped finance through billions of dollars in grants, loans, and investment.

These projects, spreading over 112 countries and most fall under the Belt and Road Initiative (BRI), include, among others:

- 41 pipelines and other oil and gas infrastructure
- 203 bridges, roads, and railways
- 199 power plants – for nuclear, natural gas, coal, and renewables



While many countries are benefiting from improved infrastructure built by China, there are non-stop voices of accusation that China is using a “Debit Trap Diplomacy” – supporting infrastructure projects in strategically located developing countries, often by extending huge loans to their governments; when some of these countries become saddled with debt, they became even more indebted to China. India’s Prime Minister Narendra Modi is a vocal critic, calling BRI a “colonial enterprise” that threatens to strew “debt and broken communities in its wake.”

Others criticized China’s infrastructure plan for harming other countries' environment. Steve Inskeep’s April 29, 2019 NPR Morning Edition report noted:

“China is a world leader in building wind farms and making solar panels, many of them sold in the U.S. It's won praise for fighting climate change. But experts say that's not quite so true with those Belt and Road infrastructure projects. China needs to keep the workers who built coal-fired power plants working.

“China is building coal-fired plants in other countries, where they do not pollute China but still affect the climate. About 240 were built in recent years, and more are coming.

“Turkey, Vietnam, Indonesia, Bangladesh, Egypt, Pakistan, Philippines. All of those countries together have about 145 or so gigawatts of coal-fired power plants that are being announced and being built.”

In June 2019, Joyce Msuya, Head of the UN Environment Program, said bad infrastructure could have a negative environmental impact. She appealed to China to apply the same environmental standards to infrastructure projects it develops overseas under its Belt and Road Initiative as it does to those built on its own soil.

The United States and Allies are Stepping Up their Global Infrastructure Game

In 2021, the Group of Seven (G7) undertook and launched the Build Back Better World (B3W) initiative. The model is seen as “a climate change Marshall Plan” that will offer developing nations assistance with “green” international infrastructure projects. It is designed to counter China's strategic influence by providing an alternative to BRI for the infrastructural development of the low-and-middle-income countries.

The United States and its G7 partners vowed to provide US\$40+ trillion to the developing countries by 2035 under B3W. The funds will be generated from the private sector and will be invested to improve conditions in climate, health and health security, digital technology, and gender equity and equality.

G7 and Allies

The U.S.-led B3W certainly has takers. Of the G7 industrialized nations, only Italian Prime Minister Paolo Gentiloni attended the 2017 BRI Forum hosted by Chinese President Xi Jinping. Absent from the gathering were India and South Korea, among others.

While more details of B3W are yet to be released, one of the big beneficiaries of the program should be the continent of Africa because it now has B3W as another suiter than just BRI.

Africa is Posed to Gain

The rich natural resources in Africa had been the biggest appeal for inbound investment as well as trade and commerce. The new draw, however, is its growing population and consumer market, supply of youth labor-force, and being viewed as a virgin land for economic growth.

China has Long been Focusing its Attention in Africa

China started to engage with Africa in 1955. Though China had its own economic and political challenges during the earlier years, it had committed aid and support to various African leaders and countries. According to a 2010 McKinsey report, “even in 1978, when China was just emerging from the devastating effects of its Cultural Revolution and was itself one of the world’s poorest countries, it provided foreign aid to 74 countries – and to more in Africa than the United States did. By 1984, China was the eighth-largest bilateral



donor of sub-Saharan Africa. From 2002 to 2007, China offered over US\$33-billion worth of government-sponsored aid and investment, over half for infrastructure projects, to African countries.” The report pointed out that “evidence suggests that many Africans welcome the involvement of China not only because of the scale of its resources and commitments but also because it has credibility.”

In 2006, the China-Africa Development Fund was established. It is one of the eight policy measures proposed by the Chinese government during the Beijing Summit of the Forum on China-Africa Cooperation to promote practical cooperation between China and African countries. The Fund’s objective is to support and encourage Chinese companies to invest in Africa. The fund’s size was originally set at US\$5 billion.

“Building Bridges,” a World Bank report released in July 2008, noted Chinese infrastructure-financing in Africa as “a very welcome development because Africa has an infrastructure deficit and China has both the financial resources and the construction industry capacity to help meet the demands.”

In 2015, President Xi Jinping announced that China would inject an additional US\$5 billion into the China-Africa Development Fund in support of the “10 Cooperation Programs” between China and Africa, raising the fund’s size to US\$10 billion.

At the close of the 2018 China-Africa Forum for Cooperation Summit, held in Beijing in September, China announced that it had set up a new US\$60-billion fund for Africa’s development. Among railway projects, mine explorations, power plants, oil refineries, and

economic zones scheduled to build on the Continent, there would be a brand-new city to be built in Egypt.

U.S.-African Relations

United States has not approached Africa with anything near China's current strong focus measured by high-level attention and resources.

“The United States’ trade relationship with sub-Saharan Africa remains under-developed,” as noted by Joshua Meltzer in his January 28, 2016 Brookings report. “In fact, U.S. trade with Africa has been declining since 2011. Currently (2016), only approximately 1.5 percent of U.S. exports are to sub-Saharan Africa.” The decline was the result of lower exports of crude oil to the U.S., which previously accounted for some 90 percent of all U.S.-Africa trade.

In 2019, Africa accounted for 1.4 percent of U.S. global trade and received 0.7 percent of U.S. foreign direct-investment.



President George W. Bush, during his presidency, substantially increased aid to Africa. As for President Barack Obama's eight years in the White House, the U.S.-Africa policy had moved further away from aid and closer towards business. “Trade not Aid” was the cornerstone of U.S. policy for Africa under the Obama reign. In August 2014, 50 African leaders joined President Barack Obama in Washington for the first-ever U.S.-Africa Leaders Summit. African leaders came with clear priorities focused on moving Africa forward and the opportunities available on the Continent. They wanted to talk about trade, foreign direct investment, resource management, and the environment.

Brooking Institution's Senior Fellow, Dr. Brahim Coulibaly, testified before the U.S. House of Representatives on March 27, 2019. He asserted: “This is an opportune time to re-examine the future of U.S.-Africa relations because there is an emerging consensus, which I share, that the U.S. is falling behind in Africa. In my view, this is not because U.S. policies toward Africa have failed, but rather because Africa is transforming rapidly and the

architecture of the United States’ engagement is not adapting fast enough to this dynamism and to the evolving aspirations of African countries.”

Africa’s rapid population growth, youth bulge and urbanization will lead to higher demand for goods and services – in particular infrastructure building (housing, health, transport, and power). Dr. Coulibaly quoted that Africa’s infrastructure-financing needs range from US\$130 billion to US\$170 billion per year. However, about two-thirds was unfunded.

U.S. policies and programs toward Africa include:

- The African Growth and Opportunity Act (AGOA) has boosted trade between the U.S. and Africa, and created thousands of jobs in Africa as well as in the United States.
- The U.S. trade and investment hubs in Africa are facilitating intraregional as well as U.S.-Africa trade. In sub-Saharan Africa, USAID works with its partners to improve access to and delivery of health services, to support more accountable and democratic institutions, to start businesses and foster an environment attractive to private investment, and to stave off conflict and strengthen communities. In Fiscal Year 2020, USAID and the U.S. Department of State provided US\$8.5 billion of assistance to 47 countries and eight regional programs in sub-Saharan Africa.



- The President’s Malaria Initiative (PMI, started in 2005) has benefited almost 500 million people, resulting in significant decline in malaria cases.
- The President’s Emergency Plan for AIDS Relief (PEPFAR, incepted in 2003) has helped contain the scourge of HIV/AIDS.
- Feed the Future Initiative (FTF, launched in 2010) boosted crop yields and has saved 5.2 million people from hunger.
- Through Power Africa (launched in 2013), more than 12 million homes and businesses have gained electricity connections since 2014, and the program is on track to reach the goal of 60 million connections in 2030.

- The Millennium Challenge Corporation (MCC, started in 2004) is providing tailored, country-specific support for economic growth and poverty reduction.
- The Young African Leaders Initiative (YALI, started in 2010), has trained about 4,000 of the next generation of African leaders, and created a vast network among them across almost 50 countries.

The U.S. “Prosper Africa Build Together” Campaign

Prosper Africa is a U.S. government-led initiative announced in 2018 by the Trump administration. It is not a new foreign-aid program. Its goal is to harmonize and mobilize the existing programs, resources, and capabilities of 17 U.S. agencies and departments (listed in Appendix 1) in a cohesive, coordinated manner to achieve the Initiative’s goals.

Prosper Africa aims to substantially increase two-way trade and investment between the United States and Africa.

The Prosper Africa Build Together Campaign will connect U.S. and African businesses and investors with new trade and investment opportunities, and the U.S. Government tools to advance those opportunities – driving sustainable growth across the continent, supporting economic recovery at home, and creating jobs across all our nations as we Build Back Better together.

Similar to the Blue Dot Network, Prosper Africa, which was introduced by the previous administration, received a push by the Biden administration and is getting back to life. In the Prosper Africa website, the “Prosper Africa Build Together” campaign is tied into the B3W program.

Dana Banks, Special Assistant to the President and Senior Director for Africa, National Security Council, noted: “The Prosper Africa Build Together Campaign will drive billions of dollars of investment in Africa, build new markets for American products, and create thousands of jobs for both African and American workers.”

Through the Prosper Africa Build Together Campaign, the Biden administration will work hand-in-hand with the private sector, African governments, and multilateral

organizations to advance trade and investment in key sectors such as clean energy and climate-smart solutions.

As noted earlier in Dr. Brahim Coulibaly’s testimony before the U.S. House of Representatives, Africa has very large infrastructure-financing needs. The economic benefits to Africa from improved infrastructure are substantial – up to 2 percentage points in income per capita growth.

Given the critical role of infrastructure in Africa’s development and the expertise of U.S. companies in the infrastructure space, the B3W initiative and the Prosper Africa Build Together campaign can act as a new and strong driving force in U.S.-Africa relations.

Africa will be the Power Play Hotbed

Prosper Africa is a “Whole-of-Government Approach” for the United States. It is bringing together services and resources from across the U.S. government to support this initiative, aiming at substantially increasing two-way trade and investment between the United States and Africa.

China is already well networked into the continent and is continuing to put resources and attention behind it.

Aside from financial contributions, the United States and China have much to offer to countries in the Continent in terms of technical expertise, management, and governance, as commonly referred to as software and hardware.

We will follow through with more analysis on this as activities in Africa develop – to continue to keep track on the “Power Play” scorecard. For Africa, it does not have to choose one country over the other or one world alliance over the other – it can have both.



Appendix 1

U.S. Agencies and Departments Involved with the Prosper Africa Initiative

1. U.S. Agency for International Development (USAID)
2. U.S. International Development Finance Corporation (DFC)
3. Export-Import Bank (EXIM)
4. Trade and Development Agency (TDA)
5. Small Business Administration (SBA)
6. Office of the U.S. Trade Representative (USTR)
7. Millennium Challenge Corporation (MCC)
8. U.S. African Development Foundation (USADF)
9. Departments of Agriculture
10. Departments of Commerce
11. Department of Energy
12. Department of Homeland Security
13. Department of Labor
14. Department of State
15. Department of Transportation
16. Department of Treasury

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