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Getting Real: How the United States Can Deliver on its Commitment to African Infrastructure

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Investing in African infrastructure has long been a high-profile objective of U.S. foreign policy—but lofty rhetoric over the course of decades has fed both outsized expectations and deep skepticism. In the face of rising geopolitical tensions with China and Russia, energy security threats, rapidly evolving digital sectors, and climate change, the United States is under increasing pressure to deliver on its big promises. African infrastructure has rarely (if ever) been more relevant to U.S. interests. The United States must take this opportunity to deploy and strengthen the tools it has to support it—and create new ones where necessary.

Supporting African Infrastructure Is About Much More Than Development

Where does African infrastructure fit in U.S. President Joe Biden's foreign policy agenda—and why does it matter? The current administration frames its support for global infrastructure in terms of three broader policy goals.

First, it links global infrastructure investment closely and explicitly to a policy priority much closer to home: its efforts to consolidate U.S. economic power and to stimulate domestic industry, particularly in crucial supply chains such as clean energy and microchips. In a speech at the Brookings Institution, U.S. National Security Adviser Jake Sullivan directly linked infrastructure investment in lower-income countries with a sweeping domestic agenda that includes revamping the U.S. industrial base, reducing economic dependence on China and Russia, and building a domestic clean energy sector that creates American jobs.[1] This approach—which puts into practice many of the ideas advanced in the "Foreign Policy for the Middle Class" agenda—frames global infrastructure investment as a tool to counter U.S. competitors and position the United States itself to thrive in a rapidly changing global economy.[2]

The Biden administration also believes that U.S. investment in infrastructure overseas can be used to bolster vulnerable democracies against authoritarianism. Samantha Power, administrator of the U.S. Agency for International Development (USAID), wrote in

Foreign Affairs that the United States has historically paid too little attention to the role of economic inequality in fueling the rise of populist demagogues and has not done enough to provide tangible evidence of democracy's benefits. She went on to say that by mobilizing investment in clean energy, climate-resilient infrastructure, mining, digital networks, and water and sanitation services in democratic countries, the United States will demonstrate that "democracies can deliver for their people."[3]

Finally, the Biden administration positions its infrastructure commitment as a marker of profound change in the way the U.S. engages with its foreign partners, particularly those in Africa. The U.S. Strategy Toward Sub-Saharan Africa, released in August 2022, aims to help "close the global infrastructure gap" and "deliver game-changing projects" as part of a renewed "21st Century U.S.-African Partnership."[4] In his speech at the Brookings Institution, Sullivan also presented the U.S. investment approach in emerging economies as a "different brand of U.S. diplomacy." Fundamentally, he noted, "We have to—and we intend to—dispel the notion that America's most important partnerships are only with established economies."[5]

The Biden administration is not the first administration to make infrastructure investment a central component of its Africa strategy or to commit to mobilizing private capital in low-income economies. In fact, both the Barack Obama and Donald Trump administrations (in their own fashions) made investment and private capital key pillars of their Africa agendas. For example, the Trump administration's Prosper Africa initiative tied investment in Africa with U.S. prosperity and business opportunities, and its Africa Strategy aimed to benefit Americans by creating jobs and expanding U.S. exports.[6] Elements of the Biden administration's rhetorical framing—particularly around geopolitical competition with China—also echo bipartisan assertions being made on Capitol Hill. In October 2023, during testimony by the chief executive officer of the U.S. International Development Finance Corporation (DFC) to the Senate Foreign Relations Committee, senators of both parties agreed that the agency should focus more on supporting infrastructure investments that support U.S. national security by helping counter China, Russia, and other authoritarian states.[7]

African Partners May Have Their Doubts

U.S. policymakers are right to think big about how infrastructure support can deliver both direct and indirect benefits, and their ambition has led to tangible policy outcomes. But there are valid reasons why global counterparts—particularly those in Africa—might be skeptical about the sweeping rhetoric. What can the Biden administration's infrastructure push actually do for African economies in the immediate and longer term, and will it help strengthen U.S.-Africa relations? There are three reasons why African partners may harbor doubts.

1. Multiple U.S. global infrastructure initiatives have been announced with great fanfare over the years, but some of them quietly disappeared from the headlines shortly afterward. Since 2013, the United States has announced at least seven major initiatives with significant relevance for African infrastructure (see Figure 1). Some, including Power Africa and Prosper Africa, have become enduring components of U.S. foreign policy with bipartisan support. Others, like the Blue Dot Network, are ongoing multilateral efforts. But several, such as Build Back Better World, have since been transformed, significantly reoriented, or absorbed into follow-on initiatives. Such a complex landscape can leave international partners unsure about what is actually being funded and how each new initiative differs from the last.

2. The portion of total U.S. foreign assistance dollars dedicated to Africa's economic development continues to lag far behind funding for health and humanitarian assistance. Despite the initiatives summarized in Figure 1, the portion of U.S. assistance

Figure 1. Timeline of U.S. Initiatives That Support African Infrastructure

2013

Power Africa: An initiative to mobilize capital for power sector infrastructure and to fight energy poverty. Still operational, coordinated by USAID.

2018

Prosper Africa: A coordination mechanism, modeled in part on Power Africa, to help companies and investors do business in U.S. and African markets. Still operational, coordinated by USAID.

2019

Blue Dot Network: An initiative launched by the United States, Australia, and Japan to promote trusted global standards for transparent, financially sustainable infrastructure development. Currently completing a second round of pilot projects, including one in Africa (Morocco), managed by the Organization for Economic Co-operation and Development.

2021

Build Back Better World (B3W): A G7 coordination mechanism to help mobilize capital for financing infrastructure in developing economies. B3W no longer exists as a stand-alone initiative, having been largely rebranded as the Partnership for Global Infrastructure and Investment in 2022.

2021

Net Zero World: A partnership to create and implement country-specific technical and investment pathways for decarbonization. Still operational, originally framed as part of B3W but now led by the U.S. Department of Energy.

2022

Partnership for Global Infrastructure and Investment (PGII): A G7 initiative to mobilize $600 billion of investment (including $200 billion mobilized by the United States) for infrastructure in low- and middle-income countries, across sectors including energy, transportation, mining, information and communication technology, and health. Still operational, primarily as an umbrella for diverse programs and investments.

2022

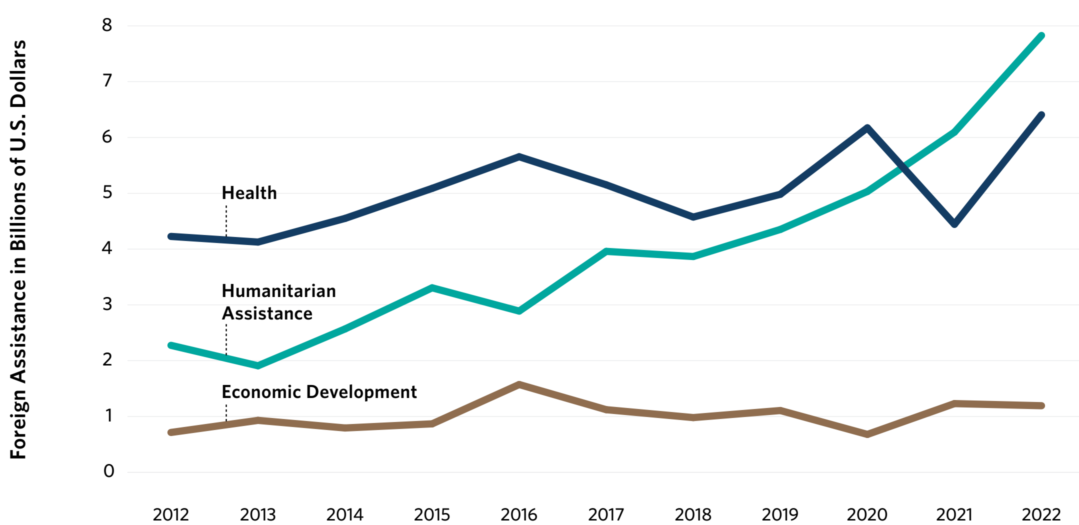
Digital Invest: A flagship program under PGII to mobilize private capital for digital connectivity infrastructure and digital finance services in emerging markets. The Digital Transformation With Africa initiative includes a pillar on digital economy and infrastructure. Still operational, led by USAID.

funding dedicated to Africa's economic development has remained largely stagnant over the past decade, while portfolios for health and humanitarian assistance have grown significantly (see Figure 2).

There are several caveats to keep in mind when looking at this data. First, funding for economic development is not a perfect proxy for the level of infrastructure support (health infrastructure, for example, can be captured under the health portfolio). Second, the types of expenditure in these various categories are not directly comparable: to some extent, these funding levels reflect the types of assistance being provided. U.S. health and humanitarian assistance programs typically include direct procurement of medicine, emergency supplies, and vaccines—and therefore require large U.S. expenditures. By contrast, U.S. economic development programs often rely heavily on technical assistance designed to leverage much greater amounts of private investment. Third, the Foreign Assistance database does not currently include DFC financing, which directly supports infrastructure via loans, guarantees, equity stakes, and insurance. Nevertheless, to someone looking at this data on its face, the overall disparity in funding levels might suggest that U.S. foreign policy, despite its rhetoric on infrastructure, continues to prioritize the health and humanitarian aid sectors in Africa over economic development.

3. The web of U.S. commercial and diplomatic engagement overseas can be maddeningly complex. Each implementing agency, and each operating bureau within it, has its own mandate, set of tools, and priorities. For international partners, this makes getting a clear picture of what exactly is being delivered extremely challenging. A non-exhaustive list of the main U.S. tools available to support African infrastructure spans at least ten different agencies (see Table 1). The U.S. government recognizes that this complexity can make it difficult for partners to identify and access these tools. A driving force behind the creation of Power Africa and Prosper Africa was the desire to increase clarity and coordination; both initiatives aim to operate as "one-stop shops" for investment support.

Figure 2. U.S. Foreign Assistance Obligated for Sub-Saharan Africa



Source: ForeignAssistance.gov database, U.S. Department of State and the U.S. Agency for International Development, accessed on March 26, 2024.

Note: DFC support is not currently included in the Foreign Assistance database. Health, humanitarian assistance, and economic development constitute the top-three nonmilitary sectors of U.S. foreign assistance. Others include program support; democracy, human rights, and governance; peace and security; multisector; education and social services; and environment.

Table 1. Main U.S. Tools to Support African Infrastructure

Implementing Agency or Department	Tool	Purpose and Relevance to Infrastructure
Millennium Challenge Corporation Mandate relevant to African infrastructure: Promote economic growth and reduce poverty by funding infrastructure that addresses key constraints to economic growth.	**Compacts**	Through five-year bilateral grant-based partnerships, help individual countries address primary obstacles to economic development.
	Concurrent compacts for regional investments	Provide support for cross-border integration and collaboration (for example, cross-border transmission or road infrastructure development).
	Threshold programs	Through smaller time-limited programs, support policy and institutional reforms.
U.S. African Development Foundation Mandate relevant to African infrastructure: Invest directly in grassroots African businesses and social entrepreneurs.	**Grant capital for small business**	Provides capital of up to 250,000$ to help African businesses build capacity, expand operations, and access new capital.
U.S. Agency for International Development Mandate relevant to African infrastructure: Advance development goals by supporting market reforms and providing capacity-building, technical assistance, and grant capital.	**Technical assistance**	Offers a wide range of support, including transaction assistance, feasibility studies, and so on.
	Grant capital	Provides capital typically on a small scale and private sector–oriented.
U.S. Department of Commerce Mandate relevant to African infrastructure: Help U.S. companies do business overseas.	**Advocacy Center**	Helps U.S. businesses win foreign government procurements (including by arranging meetings with key decisionmakers and by providing support from U.S. government officials).
	Gold Key Service	For a fee, helps U.S. companies build relationships with potential partners in foreign markets.
	Trade missions	Facilitate meetings, briefings, and site visits for U.S. businesses traveling to foreign markets.
	U.S. Commercial Service	Commercial service officers based at U.S. embassies and consulates help U.S. firms operate in foreign markets.
U.S. Department of Energy Mandate relevant to African infrastructure: Support partnerships in clean energy technology and deployment.	**Technical assistance**	Provides training, diplomatic outreach, and policy advocacy related to clean energy technology and supply chains, and helps governments to conduct energy sector planning and assess technical energy challenges.
U.S. Department of State Mandate relevant to African infrastructure: Advance and protect U.S. interests.	**Diplomatic engagement**	Bolsters broader U.S. foreign policy goals. In the infrastructure space, focuses on advancing trade and commercial ties.
	Infrastructure Transaction Advisory Services	Provides on-demand legal and consultative services (including feasibility studies, environmental and social impact studies, contract review, and other project preparations) to country governments on the development of infrastructure.

Implementing Agency or Department	Tool	Purpose and Relevance to Infrastructure
U.S. Department of Treasury Mandates relevant to African infrastructure: [1] Support development of strong financial sectors, sound public financial management, and market-based financial policies across five core disciplines including government debt and infrastructure finance. [2] Lead U.S. engagement in multilateral development banks, which finance infrastructure.	**Technical assistance**	Executes projects managed by the Office of Technical Assistance in nearly fifty countries.
	Multilateral development bank engagement	Leads U.S. engagement in multilateral development banks to which the United States is a shareholder, helping guide the banks' policies and project approvals.
U.S. Export-Import Bank Mandate relevant to African infrastructure: Facilitate the export of U.S. goods and services.	**Export credit insurance**	Protects against commercial and political nonpayment risk.
	Loan guarantees	Guarantee working capital.
	Direct loans	Provide fixed rate financing (generally for up to twelve years, but up to eighteen years for renewable energy projects) to creditworthy international buyers.
	Project finance	Provides limited recourse or structured finance.
U.S. International Development Finance Corporation Mandate relevant to African infrastructure: Finance private sector-led development projects.	**Equity investments**	Direct U.S. investment into projects or companies (particularly early and growth-stage companies).
	Debt financing	Directs loans and guarantees of up to 1$ billion, including for critical infrastructure, energy, and other large projects.
	Political risk insurance	Covers up to 1$ billion against losses due to factors including currency inconvertibility, political violence, and government interference.
	Technical assistance	Offers grants for feasibility studies and technical assistance to help a project increase its development impact or commercial sustainability.
U.S. Trade and Development Agency Mandate relevant to African infrastructure: Integrate U.S. innovation and technology into projects at the critical early stages.	**Grant funding for project preparation**	Provides support for feasibility studies and pilot projects.
	Reverse trade missions and conferences	Connect overseas project sponsors with potential U.S. partners.

Three Recommendations to Strengthen U.S. and African Collaboration on Infrastructure

Investment in African infrastructure across key sectors, including health, clean energy, and transport, is more important than ever. Fortunately, rapidly evolving technologies offer the United States and its African partners new opportunities to collaborate, but success will require a modernized set of tools and better communication. The United States should consider the following core recommendations.

Be Upfront About What's Offered and the Timeline

The DFC has authority to maintain a global project portfolio of up to $60 billion across all sectors.[8] In comparison, since 2000, Chinese development finance institutions have lent $225 billion in the energy sector alone.[9] Even with Chinese global financing now declining, the United States is still not in a position to lend at a similar scale.10 The United States should be upfront about that and avoid rhetoric that implies it intends to "counter China" by operating in the same way or by matching China's tools and approach. The United States *does* have a diverse and robust set of available tools to support African infrastructure—from grant funding and business development to debt and equity—and a chance to lean into what works.

The United States should also be transparent about the purpose and value of initiatives that bundle or reorganize existing tools and resources. Many of the high-profile U.S. initiatives launched in the past decade to support infrastructure—such as Power Africa, Prosper Africa, and PGI—were not focused on creating new tools but on building frameworks to deploy existing ones more effectively. Initiatives like this have the potential to be quite powerful, but only if they actually deliver on improving efficiency, effectiveness, or scale. If not, they risk looking to global partners like mere pretense. When advancing such initiatives, the United States should speak frankly about its intended goals, why a new framework is necessary, and how it intends to deploy tools in ways that leverage greater value.

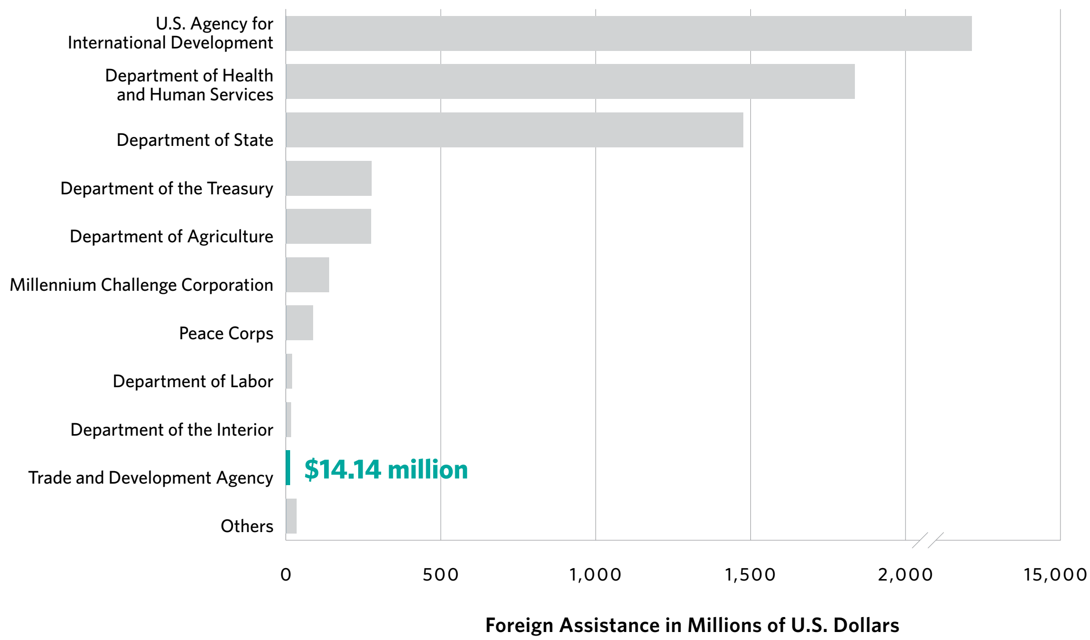
Finally, U.S. initiatives should be more upfront about how long it takes to develop infrastructure projects—particularly at a larger scale, or in riskier, more uncertain markets. Infrastructure projects take time, often years, to come to fruition. In most cases, U.S. support cannot keep pace with unrealistic political timelines or demands for immediate deliverables. Being too ambitious raises expectations unfairly and sets promising initiatives up to be perceived as failing.

Double Down on Early-Stage Project Development

Most existing U.S. tools for infrastructure investment are designed explicitly to support late-stage transactions: for example, cases in which private sector–led projects already have the foundational aspects (such as sponsors, feasibility studies, and basic contracting agreements) in place. This approach relies on there being a robust pipeline of credible, high-quality projects looking for financing. This works well in relatively advanced markets with high levels of private sector investment and competition, but faces significant challenges in smaller, lower-income countries. For instance, the DFC has made clean energy a major priority but is still finding it difficult to source enough deals across Africa to match its ambition. It was not until September 2022 that the DFC approved a $25 million loan for a 20-megawatt solar and storage facility in Malawi, the agency's *first* utility-scale clean energy project in Africa.[11]

Leveraging the full potential of U.S. investment tools requires expanding support for early-stage project development (for example, helping sponsors conduct feasibility studies, providing early-stage capital, or helping governments structure calls for proposals). To date, the U.S. Trade and Development Agency (USTDA) is the only U.S. agency focused specifically on early-stage project support, but its footprint is

Figure 3. U.S. Non-Military Assistance Obligations in Sub-Saharan Africa by Managing Agency, 2022



Source: ForeignAssistance.gov database, U.S. Department of State and the U.S. Agency for International Development, accessed on March 26, 2024.

Note: Support from the Development Finance Corporation is not currently included in the Foreign Assistance database.

comparatively small (see Figure 3). This type of support should be scaled, both within USTDA and at other agencies. The DFC can deploy technical assistance funds from its programmatic budget to support early-stage project development, and it should prioritize deploying this capital faster and across more projects. Reducing (or eliminating) the cost-share and repayment requirements for early-stage technical assistance in priority sectors could further strengthen the impact of DFC funding.

Mobilize Capital for Public Infrastructure Through the Millennium Challenge Corporation.

Current development policy rhetoric, both within the U.S. government and at other development finance institutions, stresses the importance of mobilizing *private* capital.[12] It is true that public funding will never be anywhere near sufficient to cover global infrastructure needs and that a flow of private capital allows precious public dollars to be reprioritized for other types of projects in which the private sector has less interest. Accordingly, the majority of U.S. tools to advance global infrastructure provide either (1) technical support and advisory services to strengthen private markets or (2) investments in the form of loans, guarantees, and other risk mitigation measures designed to make it easier and more appealing for private investors to get involved.

But this preeminent focus on crowding in private capital belies the significant amount of *public* infrastructure that needs to be built in many countries before private capital can come in at scale. For example, Africa's electric

Table 2. MCC Compacts Signed or Being Implemented in Africa (as of March 2024)

	U.S. Grant Funding (in millions)	**Infrastructure Supported**	**Status**
Benin-Niger Regional Transport Compact	$317	Transportation corridor between Cotonou and Niamey	Signed *(Note: The MCC has suspended its relationship with Niger.)*
Côte d'Ivoire Compact	$536.7	Roads and transport	Implementation
Malawi Transport and Land Compact	$350	Roads and transport	Signed
Mozambique Connectivity and Coastal Resilience Compact	$500	Roads, bridges, and coastal ecosystems	Signed
Senegal Power Compact	$550	Electricity transmission and distribution grids	Implementation
Niger Compact	$442.6	Irrigation systems and road networks	Suspended

Source: Millennium Challenge Corporation, "Where We Work," accessed March 26, 2024, https://www.mcc.gov/where-we-work/.

Note: In September 2023, the Board of Directors voted to suspend MCC's partnership with Niger as a result of the Niger military's coup against the government. This paused the agency's $442.6 million Niger Compact and the $504 Benin-Niger Regional Transport Compact.

grids are predominantly public assets and will need to be upgraded and significantly expanded before private companies can develop large amounts of renewable power generation.

By and large, existing U.S. tools are not built to provide significant support for this type of public infrastructure. But there is one major exception: the Millennium Challenge Corporation (MCC). The MCC works with eligible partner countries to design large bilateral "compacts" (multiple hundreds of millions in grant funding) to address economic growth constraints by funding infrastructure, institutional strengthening, and reform. As of March 2024, it has two Compacts being implemented in Africa, totaling more than $1 billion in grant money (mostly for transportation and energy) (see Table 2). Because of its unique ability to provide grant-based funding at scale to support vital public infrastructure, the MCC can (and should) play an enormously important role in supporting sectors undergoing rapid transition, such as the energy and digital sectors. Congressional legislation to expand the countries in which MCC can operate would help strengthen the agency's global reach. The MCC's mandate and model could also be expanded to focus on specific high-priority sectors, such as global energy security.[13]

Conclusion

Ambitious U.S. rhetoric and commitment to African infrastructure is a great thing. U.S. policymakers are absolutely right to stress the importance of African infrastructure and to link it to shared values and the future of the global (and the American) economy—but the follow-through is crucial. Infrastructure is about much more than pipes, roadways, and power lines. It is about investing in basic services that improve people's lives, in communities that can power economic activity and creativity, and in governments that can be trusted to show up and follow through. By taking a few of the concrete steps outlined above, the United States can make real progress on this worthy goal—to the benefit of Africans and Americans alike.

About the Author

Katie Auth is a nonresident scholar with the Carnegie Endowment for International Peace's Africa Program, where her research focuses on U.S. government policy on Africa and evolving relationships with African partners, particularly related to climate change, energy, and investment. She is also the policy director at the Energy for Growth Hub, a global think tank advancing data-driven solutions to end energy poverty.

Notes

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