

## The United States and International Development: Partnering for Growth

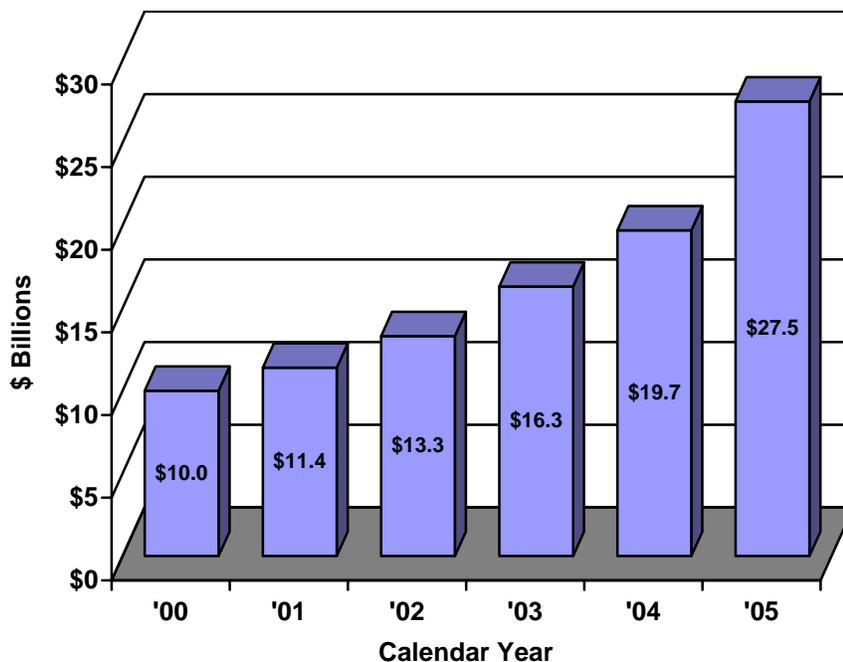
Bureau of Public Affairs  
Washington, DC  
May, 2006

*“When nations respect their people, open markets, invest in better health and education, every dollar of aid, every dollar of trade revenue and domestic capital is used more effectively.” – President George W. Bush*

The United States is deeply committed to helping the world's poor. Development depends on good, accountable governance, and economic policies that unleash private sector growth. At the International Conference on Financing for Development at Monterrey in 2002, the world articulated a new model for development that called on developing countries to establish sound economic and social policies, and for developed countries to support these efforts through an open trading system, private capital flows, and additional development assistance. The U.S. believes that foreign assistance best supports those nations that make necessary political and economic reforms.

### The U.S. Record <sup>1</sup>

- Top importer of goods from developing countries in 2004 with \$661 billion
- World's largest single country donor of foreign aid. According to preliminary figures, annual official development assistance nearly tripled from \$10 billion in 2000 to \$27.5 billion in 2005
- \$2.7 billion in HIV/AIDS funding through the President's Emergency Plan for AIDS Relief in 2005
- \$7.8 billion in bilateral humanitarian relief and reconstruction assistance in 2005. This expenditure consisted of \$3.6 billion for humanitarian relief and \$4.2 billion for reconstruction
- \$6.8 billion in private charitable contributions to developing countries



Total Net U.S.  
Official Development  
Assistance  
2000 – 2005

<sup>1</sup> All figures in the fact sheet represent the most current data available.

## **Elements of the U.S. Contribution to Development from the Private and Public Sectors<sup>2</sup>**

### **Trade**

The United States is the leading importer from developing countries, with the total import of goods valued at \$661 billion in 2004. Trade creates jobs and jobs can help reduce poverty. The agricultural sector is a major contributor to the GNP of developing countries, and agricultural liberalization is a direct and powerful antipoverty measure. Because of this, the U.S. actively seeks greatly reduced developed world agricultural export subsidies and tariffs in the WTO Doha Development Agenda trade negotiations. In 2005, Congress approved the Central America Free Trade Agreement (CAFTA) and is currently negotiating or seeking Congressional approval of additional FTAs with developing countries. The U.S. has further demonstrated its commitment to helping developing countries benefit from the global trading system by pledging to double annual "Aid for Trade" assistance from \$1.34 billion in 2005 to \$2.7 billion by 2010.

### **Other Private Financial Flows**

The U.S. is an important source of private financial flows to the developing world. Besides trade, the largest private financial flows in 2004 include personal remittances of \$47 billion from the U.S. to developing countries and total net private sector flow of \$6.5 billion between the U.S. and developing countries, consisting of both net foreign direct investment and the net flow of securities.<sup>3</sup>

### **Official Development Assistance (ODA)**

The Bush Administration has dramatically increased official development assistance (ODA), at a faster rate than at any time since the Marshall Plan. U.S. ODA spending increased from \$10 billion in 2000 to \$27.5 billion in 2005, according to preliminary assessments, an increase of 175%. U.S. bilateral ODA to Sub-Saharan Africa increased to \$4.1 billion in 2005, an increase of more than 250% over 2000 ODA levels. In 2005, the three largest recipients of bilateral aid and debt relief were: Iraq (\$10.2 billion), Afghanistan, (\$1.5 billion) and Sudan (\$760 million).

### **Millennium Challenge Account (MCA)**

In 2004, President Bush established an innovative mechanism for providing development assistance, the Millennium Challenge Account. It is built on the principle that foreign aid yields better results where sound economic policies and good governance promote an enabling environment for economic growth. Since its inception, the Millennium Challenge Corporation (MCC) has signed Compacts with 8 countries—Madagascar, Cape Verde, Honduras, Nicaragua, Georgia, Vanuatu, Benin, and Armenia—totaling over \$1.5 billion dollars.

### **President's Emergency Plan for Aids Relief (PEPFAR)**

President Bush's Emergency Plan for AIDS Relief continues to fight the pandemic in Africa, Asia and the Caribbean. Building on prior success and in partnership with the host nations, the \$2.7 billion in 2005 funding supported prevention outreach to 42 million people; the counseling and testing of over 9.4 million people; distribution of anti-retroviral treatment to over 471,000 individuals worldwide; and care for nearly 3 million people, including over 1.2 million orphans and vulnerable children and over 1.7 million people living with HIV/AIDS. These results demonstrate important progress towards the goals of treating at least two million people with anti-retroviral therapy, preventing seven million new infections, and providing care for 10 million persons infected with and affected by HIV. The Emergency Plan works in over 120 countries worldwide with a focus on 15 of the most afflicted countries in Africa, Asia and the Caribbean. In 2006, the Emergency Plan is committing an additional \$ 3.3 billion to the fight against Global AIDS.

---

<sup>2</sup> Some forms of government expenditures promote development but are not counted under the OECD DAC definition as part of Official Development Assistance (e.g. some forms of military assistance). All private sector programs and international trade are not considered part of ODA.

<sup>3</sup> Personal remittances figures are from the 2006 Hudson Institute's report [The Index of Global Philanthropy](#). U.S. private sector flows are from the OECD DAC, [Development Co-operation Report 2005](#).

## **Humanitarian and Reconstruction Assistance**

Total USG funding for humanitarian and reconstruction assistance was \$7.8 billion in 2005. The U.S. is the largest donor country of official humanitarian aid for victims of famine, war and natural disasters. We give humanitarian aid to people without regard to political or military relations with their governments. Our emergency relief includes the rapid delivery of food, water, shelter, and medicines. The U.S. also provides major resources for ongoing reconstruction efforts to help nations recovering from conflict and natural disasters. Often, the U.S. military is mobilized in order to deliver life-saving aid to victims as quickly as possible, such as after the Asian Tsunami of 2004 and the Pakistan/South Asian earthquake of 2005.

## **Debt Forgiveness**

At the G8 summit in 2005, the U.S. led efforts to obtain G8 approval of what is now the Multilateral Debt Relief Initiative (MDRI) for the Heavily Indebted Poor Countries (HIPC). This bold initiative could result in the elimination of up to \$60 billion of debt over 40 years. Additionally, the U.S. government cancelled a total of approximately \$4.2 billion in bilateral debt during 2005, including 100% of Iraq's debt.

## **Multilateral Contributions**

The U.S. is the world's single largest contributor to the United Nations and to the multi-lateral development banks (MDBs). In 2005, U.S. donations to multilateral organizations including the UN, World Bank and other MDBs totaled \$2.2 billion. U.S. ODA contributions to the United Nations totaled \$531 million in 2005.

## **Public-Private Partnerships**

USAID's Global Development Alliance (GDA) was created in 2002 to forge public-private alliances to stimulate economic growth, address health and environmental issues, and expand access to education and technology. More than 1,400 organizations, including international and local businesses, private foundations, NGOs, and governments are alliance partners in 97 countries in the developing world. USAID funded about 400 alliances, with over \$1.4 billion in government funding leveraging more than \$4.6 billion in partner resources. OPIC, the Export-Import Bank, and the United States Trade and Development Agency also engage in public-private alliances.

## **Peace and Security Cooperation**

Peace and stability are important preconditions for development. U.S. spending on overseas security programs increases stability and contributes to the environment needed for sustainable economic growth and poverty reduction. In FY 2005, U.S. security assistance was \$5.6 billion, with an additional \$1.1 billion spent for UN peacekeeping activities from the Contributions for International Peacekeeping Activities (CIPA) account.

## **Private Charity**

Year after year, Americans are among the most generous people, per capita, in the world. During 2004, U.S. NGOs donated at least \$6.8 billion to developing countries. Since comprehensive data on private giving are limited, estimating the total level of donations by private charities is difficult. The Hudson Institute, an independent organization, placed the value of total U.S. private assistance in 2004 at approximately \$24.2 billion.<sup>4</sup>

---

<sup>4</sup> The Hudson Institute figure for total charitable giving in 2004 was \$71.2 billion, of which \$47.0 billion was remittances according to their 2006 report [The Index of Global Philanthropy](#).