



U.S. ASSISTANCE FOR GLOBAL DEVELOPMENT

WHAT IS U.S. DEVELOPMENT ASSISTANCE?

U.S. “development assistance” refers to the transfer of resources from the United States to developing countries and to some strategic allies. It is delivered in the form of money (via loans or grants), contributions of goods (such as food aid), and technical assistance. The U.S. gives assistance to other countries for a variety of reasons, not all of them having directly to do with development:

- **National security** and foreign policy interests—for example, to Uzbekistan and Pakistan in exchange for use of their territory for military operations in Afghanistan
- **Political development and stability**—for conflict prevention, to build peace after conflict, and to strengthen failing states
- **Humanitarian crises**—to countries and people suffering famine, recovering from a natural disaster, or displaced by conflict

- **Long-term development purposes**—to help countries fight poverty, build roads, educate children, fight health crises, create small businesses, and spur economic growth

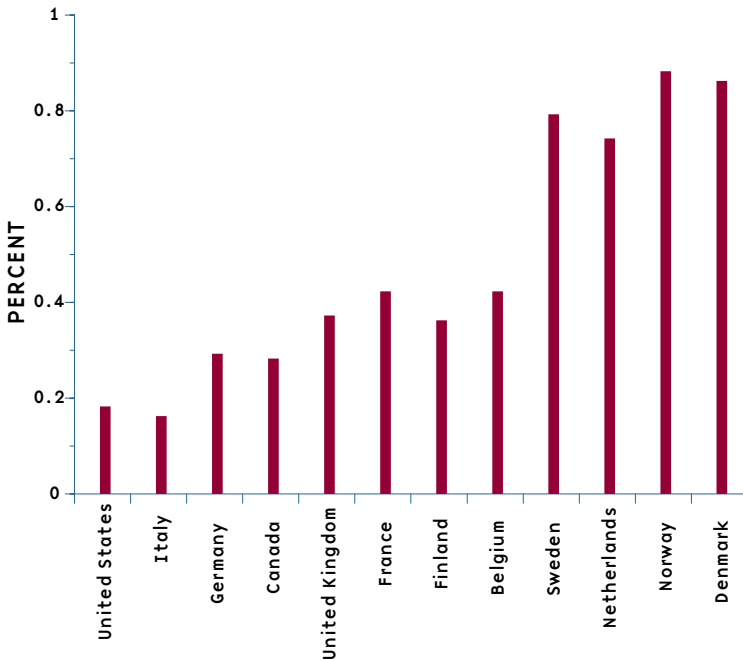
To learn more about why global development is in the U.S. interest, see the Rich World Poor World brief “Why Global Development Matters for the U.S.” at www.cgdev.org

HOW MUCH DOES THE U.S. GIVE?

Many Americans vastly overestimate the amount of development assistance the U.S. gives to other countries. The facts are:

- In 2005, the U.S. gave \$27.5 billion in development assistance to other countries, \$10 billion of which was for aid in Iraq and Afghanistan.
- The U.S. is the largest donor in terms of dollars spent, but it is one of the least generous based on its capacity to help, that is, in terms of the amount it spends as a share of its national income.

FIGURE 1.
DEVELOPMENT ASSISTANCE AS A PERCENTAGE
OF NATIONAL INCOME



Source: OECD, Development Assistance Committee, 2004.

- The U.S. devotes less than 1% of the federal budget to development assistance, which amounts to \$92 a year, or 25¢ a day, for each American. This is less than half of what the average American spends on carbonated soft drinks every year—\$224.
- U.S. private charitable contributions to poor countries amount to about \$10.6 billion a year, which represents an additional \$36 a year, or 10¢ a day, for each American.
- The Bush administration has proposed two new initiatives:
 - The Millennium Challenge Account, designed to increase assistance by \$5 billion a year to poor countries committed to policies that promote development; in 2006 the U.S. will allocate \$1.75 billion for the initiative.
 - The President's Emergency Plan for AIDS Relief (PEPFAR), designed to increase funding by \$15 billion over five years for HIV/AIDS prevention, treatment, and care, in the most affected countries; in 2005, the U.S. budget provides some \$1.4 billion for PEPFAR.
- These initiatives represent an important commitment of additional assistance to the poorest countries. But even if they are fully funded with new money, and even taking private charitable giving into account, the U.S. will

remain last among the rich nations in terms of how much of its economy is dedicated to development assistance.

To learn more about how the U.S. compares with other rich countries on development, see the Commitment to Development Index at www.cgdev.org/rankingtherich.

WHO RECEIVES U.S. DEVELOPMENT ASSISTANCE?

- The largest recipients have historically been strategic allies such as Egypt, Israel, and Russia (see Figure 3). Most recently, Afghanistan, Iraq, and Pakistan have also received substantial assistance.
- Less than half goes to the poorest countries where people earn less than \$2 a day. This amounts to \$3 of assistance each year per citizen of these countries.
- Countries in which people earn up to \$30 per day, such as South Africa, Brazil, and Thailand, receive similar amounts.
- Israel is the richest country to receive U.S. assistance—about \$77 a year per Israeli.

U.S. DEVELOPMENT ASSISTANCE WORKS...

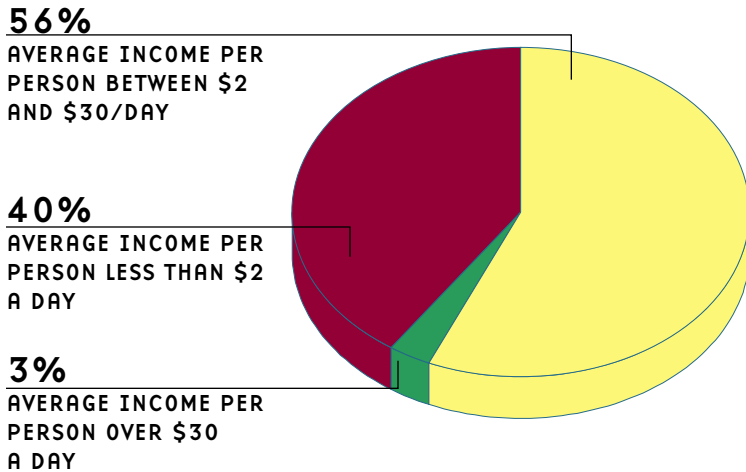
The past 50 years have seen dramatic improvements in income, health, and education in poor countries. The U.S. has contributed to this trend by helping people around the world help themselves out of poverty and by responding to humanitarian crises. For example:

WHAT DO AMERICANS THINK?

- On average, Americans believe that the U.S. spends 24% of the federal budget on development assistance, and they would prefer that only 10% be spent in this way. In reality, the U.S. dedicates less than 1% of total federal spending to development assistance.
- A majority (59%) of Americans believe that it is most important to give assistance to the poorest countries; 23% say that it is best to give assistance to countries that are important to U.S. security.
- More than three-quarters (78%) of Americans favor helping poor countries develop their economies as a way to fight terrorism.

Sources: Americans on Foreign Aid and World Hunger: A Study of U.S. Public Attitudes, Program on International Policy Attitudes, 2001; Survey of American and European Attitudes and Public Opinion on Foreign Policy, Chicago Council on Foreign Relations, 2002

FIGURE 2.
U.S. DEVELOPMENT ASSISTANCE, BY COUNTRY INCOME LEVEL



Source: Data from OECD, Development Assistance Committee, 2003.

ON THE GLOBAL SCALE:

- The U.S. was the largest single donor in a global campaign that eradicated smallpox from the world by 1977.
- The U.S. provided funding for the Onchocerciasis Control Program to prevent river blindness in 11 West African countries. As a result of these efforts, 18 million children now living in the program’s region are free from the risk of river blindness.

ASSISTANCE TO COUNTRIES:

- U.S. assistance to Botswana and Korea in the early stages of their development accounted for 5%–10% of their national incomes and helped them become the two fastest-growing low-income countries over the past 40 years. As their incomes grew, U.S. assistance tapered off, and both countries now rely on private capital markets to finance their development.
- In Central America, after the devastation of Hurricane Mitch in 1998, the U.S. provided substantial assistance to rebuild roads, repair municipal water systems, and strengthen public health systems.

WORKING WITH COMMUNITIES:

- In Kenya, HIV/AIDS programs have trained 400 community health workers, who in turn have trained 2,200 caregivers to provide nursing care, referrals for voluntary counseling and testing, and services for preventing mother-to-child transmission of HIV.

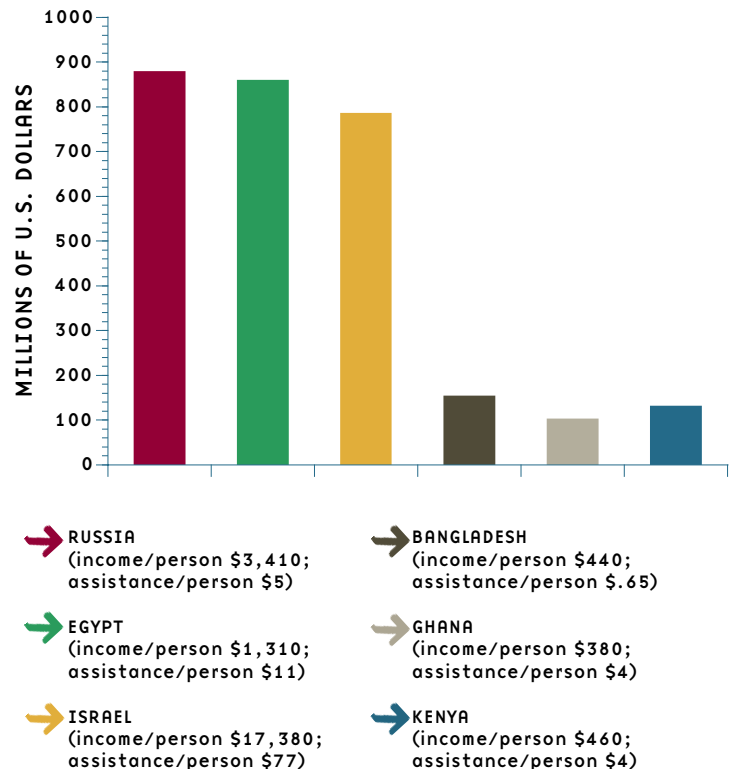
- In Nepal, nearly 40,000 farmers participated in a program to increase the output and quality of their crops and to market their goods. In the areas where the project worked, the farmers’ incomes increased 10- to 20-fold.

BUT COULD BE IMPROVED...

The effectiveness of assistance depends in part on the way donors deliver it. For example:

- How much bang for the buck? Because of U.S. laws governing development assistance, 70% of these funds must be spent on U.S. contractors and goods. This “tied aid” may be good for the U.S. economy, but it reduces the value of U.S. assistance by up to 25%, because poor countries are not permitted to purchase less expensive goods and services of equal quality elsewhere.
- Flexible enough to meet the most pressing needs? Congressional directives, or “earmarks,” stipulate exactly what activities most U.S. assistance must fund. While this makes it easier to track U.S. aid dollars, a country might end up with three new schools when what it needed most was to train 3,000 new teachers.

FIGURE 3.
WHO GETS WHAT: SAMPLE RECIPIENTS OF U.S. DEVELOPMENT ASSISTANCE



Source: Data from OECD, Development Assistance Committee, 2003

- Laden with bureaucratic requirements? For poor countries, managing the different requirements the U.S. and many other donors impose on them is an enormous burden. In just one year, Tanzanian officials prepared 2,400 reports and hosted over 1,000 meetings for donors. “Donor coordination” would ease this burden by consolidating resources, time, and reducing administrative costs.

...AND DEVELOPMENT TAKES TIME

Some ask why we have not seen a more dramatic reduction in poverty after years of development assistance. Part of the answer is that we have—but development is a long-term venture. It has taken since 1965 for the average annual income in Thailand to increase fivefold. It took Botswana—for years the world’s fastest growing economy—30 years to go from an average annual income of \$675 to the current \$4,300.

QUESTIONS ABOUT DEVELOPMENT ASSISTANCE

If you think global development is important to the United States, talk with your friends, neighbors, civic leaders, elected officials and candidates about it. Here are some questions to get you started:

1. A lot of Americans believe that the U.S. gives 24% of its budget in assistance, when the real figure is less than 1%. Do you think the U.S. does its fair share in promoting global development?
2. How should the U.S. collaborate with other donor countries to support poverty reduction abroad?
3. It seems sensible to give assistance for both economic development and national security purposes. How would you balance these aims?
4. Will you support the new Millennium Challenge Account and the Emergency Plan for AIDS Relief? Will you try to change them in any way?
5. What do you say to people who think we should not spend money abroad when we have so many needs at home? Do you believe that it is important to do both?

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1776 MASSACHUSETTS AVE THIRD FLOOR WASHINGTON, DC 20036 WWW.CGDEV.ORG