

# Foreign Aid Facts

## U.S. Agency for International Development

**S**ince 1961, the U.S. Agency for International Development (USAID) has provided financial assistance to help developing countries achieve sustainable economic growth and human progress.

USAID programs mean teaching a farmer in Africa to grow sorghum, giving a family in Asia the chance to start its own small business or showing a mother in Latin America how to use a simple formula to keep her child from dying from dehydration caused by diarrhea.

Since foreign aid programs were established in 1947 as part of the Marshall Plan to help rebuild war-torn Europe, more than \$210 billion has been made available through a variety of economic and disaster relief programs.

In 1989, U.S. foreign aid will provide approximately \$7 billion in economic assistance, which is about one-half of one percent of the federal budget.

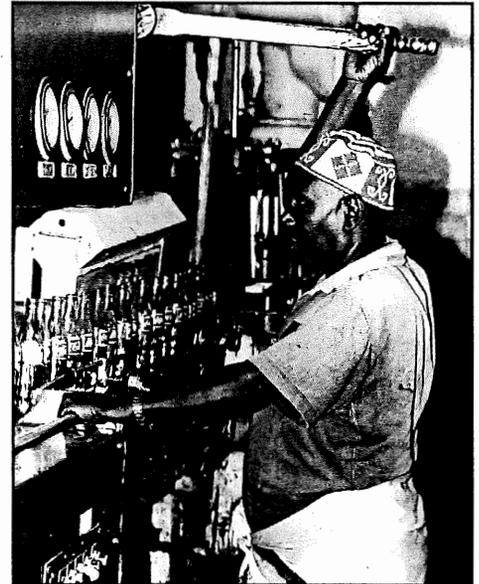
It is important for Americans to understand that much of the money spent on foreign aid actually is spent here in the United States. In

fact, 70 cents of every foreign aid dollar goes to American businesses, creating thousands of jobs in the United States while providing needed assistance to developing countries.

Although the focus of foreign aid was shifted through President Truman's Point Four Program from Europe to developing countries, the reasons the foreign aid program was established remain valid today:

- In terms of **national security interest**, we want developing countries to emerge as stable democracies with strong ties to the United States and other Western countries.
- For **humanitarian** reasons, the people of the United States place a premium on seeing poverty and misery reduced in developing countries.
- For **commercial** purposes, our foreign policy helps establish strong and credit-worthy trading and investment partners. The nations of the developing world supply many strategic minerals vital to our national defense.

History has shown repeatedly



**U.S. foreign aid programs are designed to stimulate economic growth in developing countries, thus making it possible for those countries to overcome long-term problems.**

that countries we aid become healthy trading partners and strong allies once they can stand on their own. It is no accident that Japan, West Germany and other European nations we aided are among our strongest allies today.

Dramatic progress also has been made by early recipients of U.S. foreign aid. South Korea, Taiwan, Brazil and Greece are a few examples. Many countries that were underdeveloped are now newly industrialized. Today, they are able to help other less developed countries, and we benefit from their trade.

Developing and newly industrialized countries purchase more than 35% of all U.S. exports. In the first nine months of 1988, exports to these nations were worth more than \$76 billion, a 36% increase over 1987.

### USAID: Economic Growth and Democracy

Recent history has presented us with new challenges and opportunities to support emerging democracies throughout the world. A new era is being born before our eyes, and the Agency for International Development will play a major role in bringing it about with initiatives in Eastern Europe, Central America, Africa and Asia.

Pluralistic democracy is inseparable from the economic growth that is the Agency's objective. USAID programs emphasize the rule of law, free electoral systems, and increased access for women, ethnic groups and minorities to the judicial and political process.

The Agency supports private enterprise, labor unions, cooperatives, credit unions and other non-governmental organizations that promote individual choice. It encourages initiatives that offer education, promote human rights, strengthen legislative and judicial bodies, and support the free and fair elections that make pluralistic democracy possible.

Of the 50 largest buyers of farm goods, 21 are countries that used to receive food aid from the United States. Korea, for example, now buys as much from U.S. farmers in one year as it received in its 25 years as a food aid recipient.

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## USAID MAKES A DIFFERENCE

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**I**n addition to helping countries like South Korea and Taiwan become valuable allies and trading partners, the foreign assistance program has brought about substantial improvements in the quality of life in less developed countries.

Our assistance is one of the most important means of promoting the humanitarian ideals and democratic values of the American people.

Without the food aid contributed by America in 1985, 20 million people would have died in sub-Saharan Africa in one of the worst droughts in history. Together with other international donors, USAID continues to supply food and economic support to famine-plagued areas in Africa such as the Sudan.

On the other hand, the U.S. foreign assistance program has worked with international donor organizations to help bring about breakthroughs in agriculture that have enabled many nations to become self-reliant in food.

One such country, India, has benefited from research sponsored by USAID that led to the development of hybrid crops capable of adapting to adverse weather conditions.

Foreign aid programs *can* make a difference. In health care, the Agency's efforts have led to the development and promotion of life-saving technologies, combating infectious diseases that kill millions of children in developing countries.

In the past 27 years, life expectancy in developing nations has



**Access to schools has increased in developing countries. In the 1950s less than 40% of all school-age children were enrolled in primary school; the enrollment rate is now about 70%.**

increased by 20%. Infant mortality rates declined by 4% annually in 1980-85 in USAID-assisted countries.

The results of U.S. foreign assistance programs are evident in many countries. Agency programs helped increase literacy rates in USAID-assisted developing countries by 33%. Primary school enrollment has tripled, and secondary school enrollment has expanded by an even larger amount.

In Egypt, USAID has built more than 500 schools since 1975, and total school enrollment there has increased more than 13%.

In Bangladesh, Agency programs have funded the electrification of 17 rural areas and the development of 17 privately owned electrical cooperatives. In Costa Rica, more than 3,000 loans for building or improving homes for low-income families were made available through a USAID program.

Agency-sponsored programs have worked to bring about democratic reforms by showing some countries how to revise their judicial systems and criminal codes to encourage due process and justice.

Nonetheless, it is not enough to vaccinate children against disease or give them food for a day. America's goal is to help developing countries learn how to maintain their own health care systems and provide food, clothing and jobs for their people.

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## FOREIGN AID: HOW IT WORKS

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**U**.S. foreign aid programs are designed to stimulate economic growth in developing countries, thus making it possible for these countries to make permanent inroads against long-term problems such as hunger, health deficiencies, illiteracy and unmanageable population pressures.

With sustained economic growth as the goal, USAID programs are intended to assist foreign governments make the changes needed to create a climate in which their economies can expand.

When a nation requests economic assistance from the United States, help is provided to devise economic policies that enable long-term development to succeed.

USAID, therefore, works with governments to eliminate inappropriate subsidies, price and wage controls, trade restrictions, overvalued exchange rates and interest rate ceilings that curtail economic performance.

U.S. economic assistance also promotes open and competitive markets in developing countries and advocates policies in those countries that permit the expansion of the indigenous private sector.

The foreign aid program supports privately controlled cooperatives, credit unions and other insti-

tutions that give people the means to participate in choosing their leaders and working for needed changes.

## TYPES OF PROGRAMS

The assistance provided by the U.S. Agency for International Development is divided into four major categories: Development Assistance, the Economic Support Fund, Food for Peace and Disaster Assistance.

An overview of each area follows:

### DEVELOPMENT ASSISTANCE

Development assistance projects are designed to help recipient countries achieve economic progress on their own.

Aid is given in the form of grants and loans in areas such as agriculture, rural development, nutrition, voluntary family planning, health, education, human resource development, energy, science, technology and private sector training.

Programs are concentrated in countries where U.S. assistance is needed most and where there is a clear commitment to broadly based economic growth.

USAID supports more than 1,500 development assistance projects in more than 70 countries in the following areas:

#### Education and Human

**Resource Development:** A nation's human resources are a key to sustained economic and social development. In the developing world, about 600 million adults are illiterate. Professional and technical personnel are in short supply.

A major objective of U.S. foreign aid is to raise basic education levels, establish and maintain a skilled work force and ensure that people

have social and economic opportunities to use their talents and skills productively. Because women are an important part of the work force in developing countries, USAID programs emphasize the participation of women at all levels.

USAID's Office of International Training has provided opportunities for more than 260,000 people from developing countries to receive academic and technical training in the United States. The U.S.-based training also establishes important cultural links between developing countries and the United States.

**Agriculture, Rural Development and Nutrition:** Another objective of the foreign assistance program is to increase the availability of food and improve nutrition to aid the more than 500 million malnourished people in the world today.

This is best accomplished by having countries change policies that limit agricultural production by improving agricultural technology and by providing training opportunities.

Research is a key factor in



**Enabling developing countries to achieve self-reliance in food and helping them increase their citizens' income can expand U.S. export markets.**

improving agricultural production. Development assistance for research support is furnished to a network of international agricultural research centers and U.S. land- and sea-grant colleges to enhance and expand food production.

Food aid can be an important contributor to income and human capital growth, especially among countries in the early stages of development. It also can relieve pressure on fragile natural resources while technology, institutions and policies are developed to increase agricultural production without destroying the land and the surrounding environment.

Enabling developing countries to achieve self-reliance in food and helping individuals increase their income also opens the door for expansion of U.S. export markets.

USAID support to agricultural research worldwide preserves genetic material and develops technology that can be helpful to U.S. farmers.

**Health:** Development assistance also goes to help expand basic health care through projects in areas with proven effectiveness in reducing morbidity and mortality from illnesses prevalent in the developing world.

Financial and technical support is given for the improvement of vaccines for measles, whooping cough, leprosy and rotovirus, the most common cause of infant diarrhea.

USAID was a sponsor of the research that developed oral rehydration therapy—a simple, inexpensive solution of salts, water and sugar that helps prevent death caused by dehydration from diarrhea—that can be administered by a mother. USAID works along with the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO) as partners in the global effort to promote use of the solution.

Child survival projects are a major emphasis of USAID's health program. Half of all deaths in developing countries occur among children under the age of five.

**Voluntary Family Planning:** The goal of population assistance is to enhance the well-being of families by expanding the availability and use of voluntary family planning services such as allowing more time between the births of children to improve their chances of surviving.

Unrestrained population growth compounds serious development problems and increases the cost of national and international efforts to reduce disease, poverty and malnutrition.

USAID trains workers to take voluntary family planning services and information into rural areas and to coordinate voluntary family planning with education, health and nutrition programs.

**Energy, Environment and Natural Resources:** Incorporating environmental considerations into the development process only began in the last decade when USAID focused international attention on the relationship between sustained economic growth and natural resource management.

Environmental analysis has since become a requirement for all overseas development projects. Careful procedures for pesticide use in development activities also have been adopted.

Effective forest and land management is crucial to economic development. U.S. foreign aid supports more than 70 forestry projects in 37 countries to improve management and related soil, water, forest and range-vegetation conservation efforts.

USAID also provides technical training and research to help developing countries make the most efficient use of their energy resources and manage their natural resources.

## *THE ECONOMIC SUPPORT FUND*

**O**ther U.S. assistance is provided through the Economic Support Fund (ESF). It is part of the U.S. security assistance program and addresses economic, structural and developmental problems in countries of particular security and political interest to the United States. The economic support is sometimes linked to an agreement in which the developing country allows the United States to operate a military base or to have access rights to that country's bases.

These resources support development assistance goals and meet a variety of needs, including helping countries pay off their debts and finance capital projects such as roads, markets and schools.

## *FOOD FOR PEACE*

**F**ood aid is provided in close cooperation with the U.S. Department of Agriculture through the Food for Peace Program or Public Law 480.

Food used in the program comes from surplus American crops such as corn and wheat, thus providing a way for U.S. farmers to sell more of their products.

Since 1954, the Food for Peace program has delivered some 320 million metric tons of food to nearly 2 billion people in more than 100 countries.

## *DISASTER ASSISTANCE*

**U**SAID's Office of U.S. Foreign Disaster Assistance (OFDA) coordinates American government relief work to alleviate the effects of natural and man-made disasters as quickly as possible and to reduce human suffering.

During the last 27 years, relief was provided to victims of 998 foreign disasters in 135 countries in which 2.8 million people have died and 945 million others have been adversely affected.

In 1988, for example, USAID responded to 60 disasters, including providing aid to combat a severe locust outbreak in 11 African countries, delivering emergency supplies to Bangladesh and assisting relief efforts in hurricane-ravaged Jamaica.

OFDA also has established specialized disaster response teams, provided technical assistance and training to develop early warning systems and worked to improve preparedness in disaster-prone areas.

## *ECONOMIC GROWTH AND HUMAN PROGRESS*

**U**SAID works with other international donors and developing nations to stimulate broad-based economic growth and to ensure that important services reach the people who need them the most.

The Agency is convinced there is a dynamic relationship between economic democracy and political democracy. The more nations do to involve their citizens in the economic growth process, the greater the stake in freedom those citizens acquire.

The more the United States can do to help developing countries help themselves, the better off they will be. And the better off America will be.

### *Want to Know More?*

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