

The U.S. Commitment to Development

Fact Sheet

BUREAU OF ECONOMIC, ENERGY AND BUSINESS AFFAIRS

Washington, DC

July 7, 2009

"To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds."

-President Barack Obama, Inaugural Address, January 20th, 2009

"We are committed to pursuing peace and prosperity in every corner – not only in the marble halls of governments, but also in the rural villages and distant cities where people strive to live, work, learn, raise families, contribute to their communities, and grow old with dignity. These are universal dreams that we seek to make a reality for more of the world's people."

-Secretary Hillary Clinton, Remarks on World Refugee Day, June 20th, 2009

The United Nations reaffirmed the 2002 Monterrey Consensus for development at the International Conference on Financing for Development at Doha in 2008, calling on developing countries to establish sound economic, social and governance policies and calling on developed countries to support these efforts through an open trading system, private capital flows, and development assistance. The United States is working with other donors and multilateral development banks to ensure that all sources of development finance are available to developing countries as we pass through and beyond the global economic crisis. The United States is strongly committed to helping the world's poor through a broad variety of mechanisms. Preliminary 2008 U.S. Official Development Assistance (ODA) indicates that ODA has tripled over the last decade, and President Obama has pledged further increases. [\[1\]](#)

The U.S. Record

- World's largest donor of bilateral foreign assistance.
- World's largest donor of combined multilateral development assistance.
- The United States disbursed \$26 billion in Official Development Assistance (ODA) in calendar year 2008, a \$4.2 billion, or 19% increase from the 2007 level.
- U.S. bilateral ODA to sub-Saharan Africa increased to \$6.5 billion in 2008 from \$4.6 billion in 2007.
- U.S. bilateral ODA to least developed countries increased to \$6.9 billion in 2008.
- \$6.4 billion committed to Millennium Challenge poverty reduction Compacts in 18 countries.
- \$25 billion in bilateral and multilateral HIV/AIDS and tuberculosis funding through 2009.
- \$4.4 billion in U.S. humanitarian assistance provided in 2008.
- Top net goods importer from developing countries at \$610 billion in 2008 (\$1,089 billion in imports minus \$479 billion in exports). Excluding China, net developing country imports total \$325 billion in 2008 (\$733 billion in imports minus \$408 billion in exports).
- World's largest provider of private financial flows to the developing world with net capital flows exceeding \$99 billion in 2007.

Elements of the U.S. Contribution to Development

United States Official Development Assistance (ODA) levels increased substantially across sectors and worldwide in 2008. Once again, the United States is the largest single donor in the world on the basis of net annual disbursements. In 2008, U.S. ODA was \$26 billion, an increase of 19% over the 2007 level. The United States has dramatically increased ODA from \$8.8 billion in 1998 to \$26 billion in 2008. This increase of 196% over the decade

is a faster rate than at any time since the period immediately following World War II. In 2008, over \$13 billion of the U.S. ODA was dispersed through the United States Agency for International Development (USAID).

In 2008, U.S. ODA to the Least Developed Countries increased by over 40%, to \$6.9 billion, from \$4.8 billion in 2007. In advance of the 2005 G-8 Summit, the United States committed to doubling its assistance to sub-Saharan Africa from 2004 to 2010. From a 2004 base of \$4.3 billion, with planned increases in annual disbursements, the United States remains dedicated to meet that pledge. In 2008, U.S. bilateral and imputed multilateral aid to sub-Saharan Africa was \$7.8 billion.

Committed to using assistance more effectively, the United States has endorsed both the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action to advance Paris Declaration implementation.

Millennium Challenge Account

The Millennium Challenge Account (**MCA**) is an innovative model of development assistance focused on supporting good policies, country ownership and measurable results. It is built on the principle that foreign aid is most effective when it reinforces good governance, economic freedom, and investments in people. MCA investments reduce global poverty by promoting sustainable economic growth. Since its inception in 2004, the Millennium Challenge Corporation (MCC), which implements the account, has approved agreements totaling \$6.4 billion, called Compacts, with 18 country partners. These Compacts are benefitting more than 22 million people, as improved infrastructure, agricultural systems and practices and other public services spur economic growth, investment and raise local incomes.

To provide further incentive for reform and help additional countries qualify for Compact funding, MCC provides "threshold" funding to help countries address specific areas of policy weakness; 21 countries are eligible for such assistance. To date, MCC has approved Threshold programs totaling \$470 million. The MCC Board is chaired by the Secretary of State and includes U.S. Government and private sector representatives.

President's Global Health Initiative

On May 5, 2009, President Obama announced that his Administration is committed to spending \$63 billion over six years to bring better health to people around the globe. In addition to robust funding for global HIV/AIDS, malaria, and tuberculosis, there will be increased focus on child and maternal health, family planning, neglected tropical diseases, and health system strengthening. This comprehensive global health approach can yield significant returns by investing in efforts to:

- Prevent millions of new HIV infections;
- Reduce mortality of mothers and children under five, saving millions of lives;
- Avert millions of unintended pregnancies;
- Eliminate some neglected tropical diseases.

A key component of the President's Global Health Initiative, the President's Emergency Plan for AIDS Relief (**PEPFAR**) continues to be the largest commitment by any nation to combat a single disease in history. By the end of FY 2009, the American people will have invested \$25 billion in the global fight against HIV/AIDS and tuberculosis through PEPFAR. Additionally, through PEPFAR, the U.S. Government is the largest single contributor to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, having contributed over \$3.3 billion and pledged \$5.3 billion since the launch of the Fund in 2002.

The President's Malaria Initiative (**PMI**), launched in June 2005, is a five-year, \$1.2-billion program. PMI challenges other governments and the private sector to join the U.S. Government in combating malaria, with the goal of cutting the malaria mortality rate by 50% in 15 countries in Africa. In the third year of implementation, the Initiative's work reached more than 32 million people. In FY 2009, USAID will expand the fight against malaria by committing \$585 million. These funds will contribute to reducing deaths by malaria for children under five.

The United States is taking the lead to massively scale up global integrated control of neglected tropical diseases (NTDs) that disproportionately affect approximately 1 billion people globally. In less than 3 years, the U.S. Government has delivered 136 million treatments to 60 million people in 8 countries as part of its goal to deliver at least 300 million integrated treatments to people in 30 countries by 2013. The United States has encouraged investments from other donors. More than \$590 million worth of drugs were donated in 2008 in countries where the United States expanded programs, building on the long-standing contributions from the pharmaceutical industry.

Debt Forgiveness

At the G8 summit in 2005, the United States led efforts to obtain G8 approval of the Multilateral Debt Relief Initiative (MDRI). The initiative called for 100% cancellation of heavily indebted poor countries' (HIPC) eligible debt obligations to the World Bank, African Development Bank, and the International Monetary Fund.

Twenty African countries have already benefited from MDRI debt relief and another 13 African countries are eligible to receive similar debt cancellation once they achieve the required standards. With the additional debt relief provided by the Inter-American Development Bank, this initiative has eliminated over \$43 billion in current and future multilateral debt service for 26 countries in Africa and elsewhere. Under the enhanced HIPC initiative, the United States and other creditors together have cancelled an additional \$46 billion. Taken together, these international efforts are projected to remove a debt burden of over \$117 billion in current and future debt service for 35 heavily indebted poor countries. Another six countries could eventually qualify under these initiatives.

Multilateral Contributions

The United States is the world's largest bilateral contributor to the United Nations, the multilateral development banks (MDBs), and the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Global Fund). In 2008, United States contributions to multilateral organizations including the UN, the Global Fund, the World Bank, and other MDBs totaled approximately \$2.9 billion. These contributions are to organizations promoting economic growth, poverty reduction, and increased living standards through development and humanitarian assistance. Our assistance leverages tens of billions of dollars from other donors.

Food Security

The United States is working to help countries most affected by hunger and the impact of the global financial crisis. The U.S. Government is providing over \$5.5 billion to fight global hunger in 2008 and 2009. Speaking in London in April 2009 at the G-20 Summit, President Obama announced his intention to work with Congress to double agricultural development assistance to over \$1 billion, to give "people the tools they need to lift themselves out of poverty." These funds are designed to work with partner countries to increase productivity and rural incomes by modernizing developing country agriculture. In June 2009, Secretary Clinton identified seven principles that support sustainable systems of agriculture in rural areas at the 2009 World Food Prize ceremony:

- Increasing agricultural productivity by expanding access to quality seeds, fertilizers, irrigation tools and rural credit;
- Stimulating the private sector by improving the storage and processing of foods and improving rural roads

and transportation;

- Maintaining natural resources so that land can be farmed by future generations;
- Expanding knowledge and training to cultivate the next generation of plant scientists;
- Linking small producers to markets; supporting policy reform and good governance; and
- Supporting women, who make up 70% of the world's farmers.

These seven principles will guide upcoming work and will help set benchmarks. The U.S. Government has a long tradition of providing longer term agricultural development assistance. Increasingly, such assistance focuses not only on sustainable agricultural production, but on post-production storage, land management, marketing, and food quality.

Water and Sanitation

In FY 2008, the United States through USAID and the MCC committed more than \$1 billion in over 50 developing countries around the world to increase access to safe water and sanitation, improve water resources management, and increase the productivity of water. The United States also worked to strengthen cooperation on shared waters in key river basins in Africa, Asia and the Middle East. As a result of U.S. efforts, over 4.5 million people gained first-time access to an improved water source and more than 2 million gained first-time access to basic sanitation.

Global Climate Change

The United States has committed over \$3 billion in foreign assistance funding for climate change activities as part of its development mission since 1991. President Obama and Secretary Clinton have made it clear that the United States is fully committed to addressing the climate crisis and have proposed substantial funding increases in foreign assistance to address climate change. For FY 2010, the State Department, USAID, and the Treasury Department are requesting more than \$1.2 billion in bilateral and multilateral assistance to promote clean energy in developing countries, cut emissions from forests and land use, and help the most vulnerable countries prepare for and respond to the impacts of climate change. This request includes significant increases across the board, including \$312M for climate adaptation - a nearly nine-fold increase.

Sustainable Management of Natural Resources

The U.S. investments in a multitude of conservation initiatives worldwide – from the Coral Triangle Initiative to the Congo Basin Forest Partnership – play pivotal roles in building local capacity and providing support, training, and expertise to developing countries. The United States has invested more than \$100 million through the Congo Basin Forest Partnership (CBFP) to support sustainable forest management and improve livelihoods throughout the region since 2002. The success of these investments in the region, in turn, helped to attract other donors and leverage at least \$300 million in additional investments.

Education and Exchanges

To ensure that the United States remains a global leader in efforts to assist all girls and boys to access quality basic education, the FY 2010 President's Budget includes \$1 billion (including \$20.7 million in P.L. 480 non-emergency development food aid) for international basic education programs to help all learners, including at-risk and out-of-school youth, to master basic skills. The United States Government, primarily through USAID, will support assistance for basic education programs in over 50 countries in Africa, Asia, the Middle East, Latin America and Eurasia, including improvements in early childhood, primary, and secondary education quality and access. An additional \$188 million was requested in FY2010 for higher education programs. Additionally, several other U.S.

agencies support international education-related activities as part of programs that address their broader mission goals such as the Peace Corps, the Millennium Challenge Corporation, Agriculture (USDA), Defense (DOD), and Labor (DOL). For example, DOL supports alternative school programs as a way to remove children from exploitative work, USDA supports school feeding programs, and DOD constructs dormitories and schools to provide better access for children who have to travel long distances to attend classes.

In addition, the Department of State fosters mutual understanding between the people of the United States and the people of other countries through international exchange and educational programs. These programs engage current and future leaders in many fields in the United States and over 160 other countries through academic, youth, cultural and professional exchanges and programs. Over 1 million individuals around the world have participated in these programs and alumni include more than 40 Nobel Laureates and more than 300 current and former heads of state and government. Funding for these programs is not included in Official Development Assistance figures.

Humanitarian Assistance

The United States is the largest donor country of official humanitarian aid for victims of famine, persecution, armed conflict and natural disasters. **U.S. humanitarian assistance** totaled roughly \$4.4 billion for 2008 and was aimed at helping those affected by disaster through the rapid delivery of food, water, shelter, and health care. The United States is also the largest single country supporting **refugee protection, assistance and durable solutions**. As the largest single country providing food aid, the United States gave \$2.8 billion in food aid in 2008 to food insecure countries.

In addition to funding to protect and assist victims of conflict and natural disasters, the United States has contributed over \$1.4 billion since 1993 to mine clearance, mine survivors assistance, mine risk education, and research and development on detection and clearance technologies through the Humanitarian Mine Action Program. These efforts have contributed to a dramatic drop in casualties from persistent landmines and other explosive remnants of war.

Trade

Trade is a powerful anti-poverty tool, spurring economic growth, increasing opportunity, and creating new and better paying jobs. In recognition of this fact, the U.S. Government has led by example in promoting trade with developing countries. The United States is the largest net importer from developing countries at \$610 billion in 2008 (\$1,089 billion in imports minus \$479 billion in exports). Excluding China, net developing country imports total \$325 billion in 2008 (\$733 billion in imports minus \$408 billion in exports). These amounts dwarf the size of other financial flows to these countries, creating jobs for millions of people. Through preference programs including the **African Growth and Opportunity Act**, the **Caribbean Basin Initiative**, the **Andean Trade Preference Act**, and the **Generalized System of Preferences**, many developing country goods receive zero-tariff access to the U.S. market. The United States is also a leader in **"trade capacity building"** programs (also known as "Aid for Trade") aimed at allowing developing nations to better integrate into and benefit from the global trading system and also building the competence of trade partners for effective environmental and labor protection. The United States has contributed \$9.9 billion total since 2000. For FY 2008, the U.S. Government reports an annual trade capacity building assistance total of \$2.24 billion, which is 59% higher than in FY 2007.

Other Private Financial Flows

The United States is the leading country in private financial flows to the developing world, with net capital flows exceeding \$99 billion in 2007. In addition, residents of the United States lead the world in their personal generosity,

sending over \$48 billion in personal remittances and giving an estimated \$12 billion in private charitable contributions in 2007. This funding is not included in total Official Development Assistance figures.

Public-Private Partnerships (PPPs)

USAID's Global Development Alliance (**GDA**) was created in 2001 to forge public-private alliances that leverage the skills and resources of non-traditional partners in development efforts. To date, USAID has cultivated over 900 public-private partnerships with more than 1,700 local and multi-national businesses, foundations and others to address development issues that are of mutual strategic interest. These partnerships have leveraged over \$9.6 billion^[2] in partner resources. The Overseas Private Investment Corporation, U.S. Export-Import Bank, U.S. Trade and Development Agency, the Millennium Challenge Corporation and the Office of the U.S. Global AIDS Coordinator, as well as many USAID headquarters and field offices, also engage in public-private alliances, implementing programs ranging from increasing access to potable water to providing technology for sustainable environmental protection among the world's poor.

In April 2009, Secretary Clinton announced the Global Partnership Initiative at the State Department to lead and facilitate the overall U.S. engagement with foundations, nongovernmental organizations, the private sector, faith-based groups, and diaspora in order to achieve our smart power objectives. The Secretary of State's Special Representative for Global Partnerships, Ambassador Elizabeth Frawley Bagley, will oversee the creation of the Secretary's Global Partnership Initiative.

^[1] All 2008 ODA data cited are preliminary figures. Final 2008 ODA data will be released in November 2009.

^[2] Partner contributions are estimates provided to USAID by its partners and may include contributions by various partners including the private sector, non-governmental organizations, foreign governments and other organizations. Estimated contributions include cash and in-kind resources. In-kind resources estimates may have been valued by non-USAID partner organizations. Partner contribution estimates are not audited.